Mary G. Morris
Chief Executive Officer
Direct: 804-786-0832

December 14, 2023

Hal E. Greer, Director
Joint Legislative Audit and Review Commission
919 East Main Street
Suite 2100
Richmond, Virginia 23219

Dear Mr. Greer:

It is our pleasure to present the Annual Comprehensive Financial Report (the Report) of the Virginia College Savings Plan (Virginia529) for the fiscal year ended June 30, 2023, as required by Section 30-332 (A) and (B) of the Code of Virginia.

Report Contents

This Report contains the following attachments:

- Attachment A - Audited Financial Statements for the year ended June 30, 2023
- Attachment B - Actuarial Valuation Report for the Defined Benefit 529 Program for the year ended June 30, 2023
- Attachment C - Asset Allocation and Performance of the Defined Benefit 529 Program for the fiscal year ended June 30, 2023
- Attachment D - Asset Allocation and Performance of the Invest529 Program for the fiscal year ended June 30, 2023
- Attachment E - Investment Policies and Guidelines for the Defined Benefit 529, Invest529, ABLEnow and RetirePath Program

Overview

Virginia529 has multiple statutory mandates and missions, centered on financial health and education leading to educational attainment and preparation for a financially secure future. Information on the mission and programs, as well as FY2023 program and fiscal highlights, account growth, and program changes may be found in the Letter of Transmittal and Management's Discussion and Analysis sections of the fiscal year 2023 Audited Financial Statements, which is included as **Attachment A** of this submission.

JLARC staff also has access to all documents and meeting materials posted on a secure portal maintained for the Virginia529 Board and Committee members and receives all documents and materials disseminated during meetings, including items included in this Report. Finally, JLARC staff has full access to Virginia529 staff to answer questions.

Specific Report Criteria Pursuant to § 30-332 (A) and (B)

(i) Planned or Actual Material Changes in Asset Allocation

The Investment Advisory Committee and Board in August 2021 approved asset allocation changes for the DB529 Program and the transition to the target allocation was completed in fiscal 2023. Details related to the current asset allocation are available in the Audited Financial Statements and DB529 Asset Allocation and Performance Reports, which are included in this submission as **Attachments A and C,** respectively.

In accordance with the operation of the glide path of Invest529 target enrollment portfolios, in FY23 Virginia529 successfully completed a portfolio transition, which resulted in the closure of the 2018 Portfolio, with its assets being transferred to the existing Stable Value Portfolio, and the addition of the 2042 Portfolio as the newest 80/20 (Equity/Fixed Income) portfolio. Additional details related to Invest529, including asset allocations for the target enrollment portfolios, are available in the Audited Financial Statements and Invest529 Asset Allocation and Performance Reports, which are included in this submission as **Attachments A and D,** respectively.

Information related to approved and available funds within the CollegeAmerica, ABLEnow, ABLEAmerica and RetirePath VA programs may be found in the Other Information section of the fiscal year 2023 Audited Financial Statements, which are included as **Attachment A**.

(ii) Investment Performance of All Asset Classes and Subclasses

Virginia529's Investment Advisory Committee reviews the investment performance of all Virginia529 programs on a quarterly basis. The complete performance and asset allocation reports for fiscal year 2023 and prior years are available to JLARC staff on Virginia529's secure portal for Board and Committee members and materials.

Attachments C and D hereto contain detailed performance information on the Defined Benefit 529 and Invest529 Programs as of June 30, 2023.

Virginia529 has assumed a long-term rate of return of 5.75 percent on DB529 investments. As of June 30, 2023, the total return since inception was 6.06 percent, net of fees, which includes the fiscal year 2023 performance of 4.00 percent, net of fees. The actuarial funded status of DB529 as of June 30, 2023, was 179.4%. A copy of the DB529 Actuarial Valuation Report for the year ended June 30, 2023, is included as **Attachment B.**

(iii) Investment Policies and Programs

Virginia529's Investment Advisory Committee regularly reviews the Investment Policies and Guidelines for its programs. **Attachment E** hereto contains the Investment Policies and Guidelines for four of its Programs, most recently updated in August 2022 for College America, ABLEAmerica and ABLEnow, and in February 2023 for RetirePath VA.

(iv) Other Information

- **Tuition Track Portfolio**

The Tuition Track Portfolio (TTP), the successor defined benefit option to the legacy Prepaid529 program, continued to grow during its second full year in operation during fiscal year 2023. Please refer to the Letter of Transmittal in the Report for statistics on growth in accounts and assets under management for TTP.

- **State Facilitated Private Retirement**

Virginia529's auto-enrollment IRA savings program, RetirePath VA, successfully launched statewide in late June of 2023. Details and statistics related to the RetirePath program can be found within the Other Information section of the Audited Financial statements, provided as **Attachment A** of this submission.

- **Awards and Acknowledgments**

In fiscal 2023, Virginia529 earned multiple awards and national recognitions. Morningstar, a provider of independent investment research and advice, evaluates 529 education savings plans on four key pillars - Process, People, Parent and Price. Both the Invest529 and CollegeAmerica programs received medalist ratings of Bronze based on these attributes in fiscal 2023. In October of 2023, it was announced that both these programs had been upgraded to a rating of Silver based on a re-evaluation of each program by Morningstar.

In July of 2023, Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Virginia529 for its annual comprehensive financial report for the fiscal year ended June 30, 2022. Virginia529 believes its current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will be submitting it to GFOA to determine its eligibility for another certificate.

Virginia529 remains committed to helping make the financial lives of Virginians, and all Americans, better through its commitment to affordable and accessible education; education, disability, and retirement savings programs; financial education and to being responsible stewards of the funds in our care. Virginia529 is always cognizant of its mission to help make higher education more accessible and affordable to all citizens of the Commonwealth. We appreciate the opportunity to work with JLARC staff throughout the year and present this Report to the General Assembly through JLARC. We welcome any questions or comments.

Sincerely,

s/Mary G. Morris

Mary G. Morris

Attachments
pc: Virginia529 Board

Attachment A

Financial Statements
for the year ended June 30, 2023

Virginia College Savings Plan

An Enterprise Fund and Fiduciary Fund of the Commonwealth of Virginia

Annual Comprehensive Financial Report for the fiscal year ending June 30, 2023

Virginia529℠

ABLEnow®

retirepathVA℠

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Virginia College Savings Plan

Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

AN INDEPENDENT AGENCY
OF THE COMMONWEALTH OF VIRGINIA

Prepared by the Finance Division
of the Virginia College Savings Plan

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Statistical Section

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LETTER OF TRANSMITTAL

November 17, 2023

Board of the Virginia College Savings Plan
9001 Arboretum Parkway
North Chesterfield, Virginia 23236

To Members of the VA529 Board, Customers and Commonwealth of Virginia Citizens:

It is our pleasure to present the *Annual Comprehensive Financial Report (the Report)* of the Virginia College Savings Plan (VA529) for the fiscal year ended June 30, 2023, as required by Section 23.1-709 of the *Code of Virginia*. This Report is delivered to the Governor, the Senate Committee on Finance and Appropriations, the House Committees on Appropriations and Finance, and the Joint Legislative Audit and Review Commission. The Report is also available on our website at Virginia529.com.

MISSION AND PROGRAMS

As an independent non-general fund agency, VA529 has multiple statutory mandates and missions, all centered on financial wellness and preparation for the future of Virginia citizens. The longest standing mandate centers on educational attainment, which VA529 has done since it opened in 1996 offering education savings programs to help make higher education more affordable and accessible. Those mature programs include its Defined Benefit 529 Program (legacy Prepaid529℠ and the Tuition Track Portfolio), Invest529℠ (which includes the Tuition Track Portfolio), and CollegeAmerica®. The results of operations of the Defined Benefit 529 Program and Invest529℠ are reported in the financial statements. In addition to the savings programs, which are open to all Virginians and across the country, VA529 also meets its mission to help make college more affordable and accessible to all Virginians through its access and affordability initiatives, which started twelve years ago with SOAR Virginia®. This program focuses on three primary areas (mentoring and coaching, scholarships and workforce training) including its longest standing initiative SOAR Scholars, an early commitment scholarship program for students interested in continuing their education beyond high school. Expansion initiatives that began in 2021 closely align with administration and legislative priorities around access to higher education by funding a variety of mentoring, coaching, and scholarship programs. During 2023, in anticipation of further expansion of access initiatives, VA529 created an access fund with an initial allocation of $500 million from the DB529 Fund.

VA529's statutory mission was expanded in 2015 to establish programs to provide tax-advantaged savings options to individuals with disabilities, allowing them to save for qualified disability expenses without losing important federal and state means tested benefits. VA529 opened the ABLEnow program in 2016 and ABLEAmerica in 2019.

In 2021 VA529's statutory mission was expanded once more to include developing a workplace private retirement savings option for many working Virginians without access to retirement savings through their employers. VA529 launched RetirePath Virginia, an auto-enrollment program, in June 2023.

FIDUCIARY RESPONSIBILITY OF THE BOARD

The Board, as trustee of the funds administered by VA529 has a fiduciary duty to its customers, to VA529 programs and to the Commonwealth. To assist in fulfilling its responsibility with respect to the investment of VA529 assets, the Board has appointed an Investment Advisory Committee (IAC). In addition, it has adopted various investment policies and guidelines for its programs. The assets of the DB529 program are invested in a prudent manner that is intended to provide for the adequate funding of the program's education benefit liability. To assist the Board in fulfilling its responsibilities relating to the integrity of VA529's financial statements, financial reporting processes and systems of internal and financial controls, the Board has appointed an Audit and Actuarial Committee (A&AC). The IAC and A&AC are permanent advisory committees of the Board pursuant to §23.1-702 of the Code of Virginia, as amended.

The Board has appointed a Retirement Program Advisory Committee (RetirePAC) to assist with fulfilling its responsibilities with respect to the auto-enrollment IRA savings program, and a Compensation Committee to oversee the compensation of VA529 employees. The Board has also appointed an Access Advisory Committee to assist in identifying opportunities to advance access, affordability and attainment of education through management of the SOAR Virginia program. In addition to these five standing committees, the Board has the authority to appoint other advisory committees and set forth the qualifications for those members by resolution. Charters have been adopted for committees to describe their purpose, composition, and how to conduct business, as well as their duties and responsibilities.

ACCOUNTING SYSTEM AND INTERNAL CONTROL

VA529's management assumes full responsibility for the accuracy, completeness and reliability of the information presented. The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). The financial statements contain a description of the accounting principles used in the preparation of the statements. In accordance with GASB principles per the Codification of Governmental Accounting and Financial Reporting Standards, the financial statements include Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it.

VA529's management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits that are likely to be derived from the control. The internal control system includes the organization plan, the appropriate segregation of duties and responsibilities and sound practices in the performance of duties, data security, and personnel with capabilities commensurate with their responsibilities.

ACTUARIAL VALUATION AND OUTLOOK - DEFINED BENEFIT 529 PROGRAM

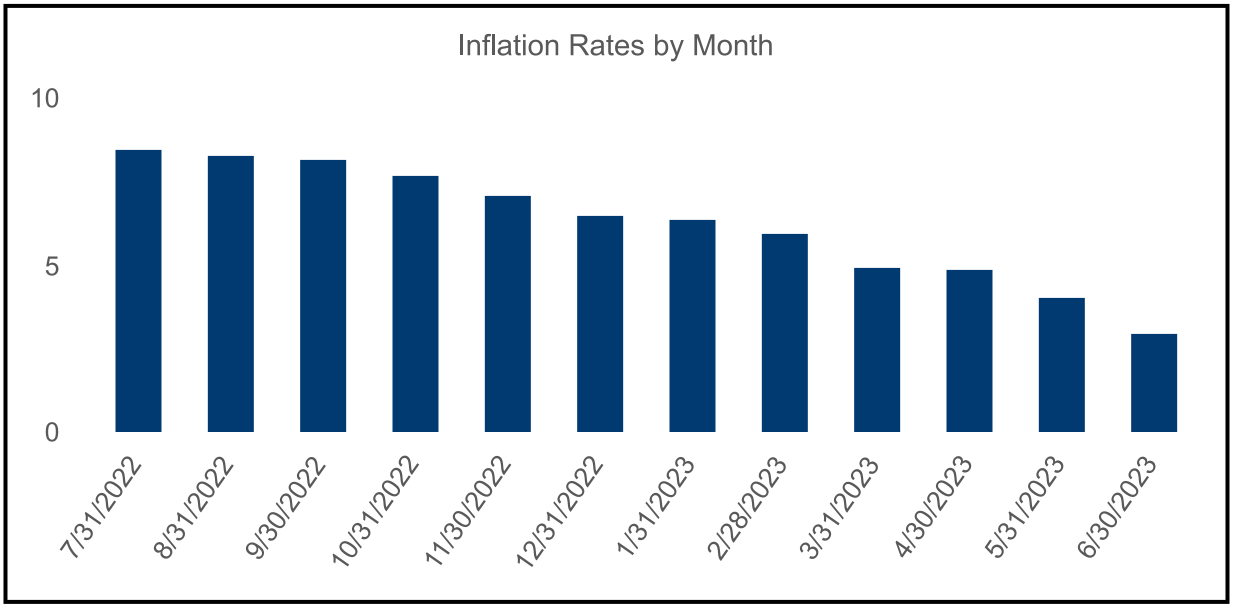
VA529's most recent actuarial valuation report for the Defined Benefit 529 Program (DB529), which includes the legacy Prepaid529 Program and the Tuition Track Portfolio of Invest529, was prepared by VA529's actuary as of June 30, 2023. The actuarial report compares the value of the current and projected assets to the value of the expected future disbursements and program costs. The actuarial valuation was performed based upon generally accepted actuarial principles, which differ from GAAP due to the different purposes and uses of the information. The two most significant assumptions used to prepare the actuarial valuation report are the long-term rate of investment return and future tuition growth. Upon completion of an actuarial experience study in fiscal 2023, certain demographic assumptions were also updated for use in preparing the valuations.

The report indicated a decrease in the DB529's actuarially determined funded position as of June 30, 2023 from the previous fiscal year. This was partially due to the allocation of funds in the amount of $500 million, which VA529 made during fiscal 2023 at the direction of the Board to the newly created Access Fund, and to changes in actuarial assumptions. Investment market volatility during fiscal 2023 resulted in slightly lower than expected overall fund performance during fiscal 2023. We are pleased to report that the Program was 179.4 percent funded on an actuarial basis as of June 30, 2023.

VA529 continues to remain optimistic that its asset allocation and investment strategies will result in the DB529 Program meeting or exceeding performance expectations over the long term. VA529 has an assumed rate of return of 5.75 percent on DB529 Program investments for future periods. As of June 30, 2023 the total return since inception was 6.06 percent net of fees, reflecting the lower-than-expected 4.0 percent overall fund performance during fiscal 2023 based on overall global market performance, as discussed below. VA529 has adopted a long-term target asset allocation strategy for the DB529 as set forth within its Investment Policy and Guidelines. During fiscal 2023 VA529 completed an asset and liability study which resulted in the Board's reaffirmation of the target asset allocation that was established in previous years. The DB529 portfolio continued to transition to the target allocation that was revised by the Investment Advisory Committee and Board in August 2021 and full transition was completed in fiscal 2023.

Overall, global financial markets have done well over the course of the fiscal year. After a disappointing calendar year 2022, the S&P 500 had a strong recovery, gaining over 15% in the first half of calendar year 2023. The Dow Jones Industrial Average increased 14.2 percent throughout fiscal 2023. Similarly, the MSCI ACWI ex. US Index and the MSCI Emerging Markets Index were up 12.7 and 2.2 percent, respectively for fiscal 2023. Fixed Income markets concomitantly posted slightly negative returns amid rising interest rates and tightening credit spreads with the Bloomberg Aggregate declining 0.9% during fiscal 2023.

Beginning at 3.50 percent in July 2022, the U.S. unemployment rate remained flat at 3.60 percent by the end of the fiscal year, settling at a 3.55 percent average for this period. After reaching a 40 year high at the end of fiscal 2022, inflation began to decrease to market and Federal Reserve expectations during fiscal 2023, with the consumer price index beginning around 8.50 percent in July 2022 and settling down to 2.97 percent by June 2023. Inflation rates by month can be seen in the chart below.



Source: tradingeconomics.com | Bureau of Labor Statistics

These macroeconomic factors contributed to the returns of the DB529 Program, shown below:

Prepaid529 Fund Returns (as of June 30, 2023)

Type of Investment	1 Year Return	1 Year Return Benchmark	Calendar YTD Return	Calendar YTD Benchmark
Total Fund	4.00 %	6.22 %	3.88 %	6.52 %
Total Equity	16.05 %	17.13 %	13.12 %	14.26 %
Total Fixed Income	4.43 %	5.24 %	3.67 %	4.12 %
Alternatives	(4.89)%	(2.21)%	(2.04)%	4.82 %

VA529 optimistically maintains its long-term asset allocation and return focus, designed to endure economic downturns and meet established expectations for the future.

The other significant factor in the DB529's ability to meet future contractual and account obligations is the future growth in tuition and mandatory fees at Virginia's public colleges and universities. With delays in passing the Commonwealth's budget for fiscal 2024 by the General Assembly, institutions of higher education had to adopt their 2023 - 2024 tuition rates and make other decisions based on funding levels provided in the previous state budget with no additional funding beyond those amounts.

While Virginia institutions were able to control tuition and fee increases in the 2022-23 academic year, all saw some form of tuition and/or fee increase for the 2023-24 academic year. Virginia's four-year institutions increased the total charge for tuition and all mandatory fees by an average of 3.4% from the previous academic year while the Virginia Community College System increased its total tuition and fee amounts by 3.0%. As the State Council of Higher Education for Virginia (SCHEV) highlighted in its 2023-24 Tuition and Fees report, Tuition and Mandatory Educational & General (E&G) Fees increased an average of 3.3%, across four-year institutions, with Mandatory Non-E&G Fees (those related to non-instructional activities) increasing 3.6 percent for the upcoming academic year. In aggregate, tuition and total mandatory fees rose 3.4 percent, or $498, across four-year Virginia public colleges and universities. Whereas in the 2022 - 2023 academic year, many schools offset these modest increases by issuing one-time scholarships to all in-state students, no school implemented this type of one-time scholarship for the 2023 - 2024 academic year.

In its assessment of the Program's' financial condition, VA529 has forecasted tuition and fees at Virginia's public universities to increase annually at a rate of 4 percent for fall 2024 and a 6 percent increase thereafter. Tuition increases for community colleges are forecasted to increase annually at a rate of 3 percent for fall 2024 and 6 percent thereafter. Future budget shortfalls, spurred in part by a significant decrease in tax revenues, as well as reductions in funding support to higher education institutions could possibly result in more volatile tuition rates in the coming years. A significant increase in these rates could negatively affect the Defined Benefit 529 Program's portfolio, and alter projected long-term obligations. As SCHEV is statutorily obligated to report such tuition and fee changes, VA529 remains in a strong position to stay informed and adjust accordingly.

LEGISLATIVE UPDATES

During fiscal 2023, several bills were introduced in the Virginia General Assembly and the U.S. Congress that could impact on Virginia529's programs and operations. Of these, no major state legislation that directly impacts the agency passed during the 2023 General Assembly session. Two important pieces of federal legislation that affect Virginia529 were enacted as part of the retirement savings tax package, the SECURE 2.0 Act. The first significantly expanded eligibility to participate in state Achieving a Better Life Experience (ABLE) programs, including Virginia's ABLEnow program, by lifting the age of disability-onset from age 26 to 46. This increase of the age of onset restriction has a delayed effective date of January 1, 2026, so any impact likewise will be delayed. The second change, effective January 1, 2024, provides a new opportunity to rollover unused funds in a 529 account that has been open for at least 15 years to a Roth IRA of the beneficiary, up to a lifetime maximum of $35,000 and subject to other requirements. Virginia529 is taking steps to implement both provisions, including assessing new operational needs, planning marketing and outreach initiatives, and establishing industry best-practices.

2023 PROGRAM HIGHLIGHTS

Defined Benefit 529 Program

Collectively, legacy Prepaid529 and TTP are referred to as the Defined Benefit 529 Program (DB529).

VA529 enhanced its enterprise risk management (ERM) program with the launch of an internal risk committee with specific focus on risk analysis, stress testing and further evaluation of the DB529 fund beyond that of the annual actuarial valuation. This resulted in the implementation of a comprehensive risk framework, risk modeling process and enhanced reporting of information to the Audit and Actuarial Committee and Board. Other DB529 program initiatives included the completion of a full asset liability study performed by VA529's investment consultant and actuary, as well as an experience study performed by VA529's actuary. The latter resulted in changes to several assumptions, primarily related to contract utilization rates and types.

The Tuition Track Portfolio (TTP) continued to grow during its second full year in operation during fiscal 2023. TTP is the successor defined benefit option to the legacy Prepaid529 program, which closed to new accounts in 2019, and has a primary goal of providing a savings vehicle that is affordable, flexible, and simple to expand the appeal and accessibility of the benefits of the program to a broader demographic across Virginia. The benefit design is enabled by legislation passed in 2019 by the Virginia General Assembly that included provisions for benefits for all accounts at maturity based on enrollment-weighted average tuition (Average Tuition) at Virginia's public higher education institutions as determined by the Board.

TTP allows participants to purchase a desired number of units toward tuition and other qualified higher education expenses. The value of purchased units will keep pace with average tuition inflation at Virginia's 4-year public universities. When distributed at maturity, each unit is valued at 1/100th or 1% of that year's Average Tuition, regardless of how much average tuition has increased since the purchase. TTP is only available for account owners or beneficiaries who are Virginia residents at the time of initial purchase. Units can be purchased up until June 30 of the beneficiary's high school graduation year. The TTP Unit Price and the value of previously purchased units adjust annually on or around July 15, based on changes in Average Tuition. There are no administrative or investment fees assessed against the TTP.

TTP reflected 9,434 unique active accounts and $91.6 million assets under management as of June 30, 2023. Since TTP is a continuation of the legacy prepaid program, funds are combined and invested with the Prepaid529 assets to meet future obligations of the DB529 Program.

Access and Affordability Initiatives

Since 2010, VA529 has carried out its mission to make higher education more accessible and affordable to all Virginians through SOAR Virginia, which includes the SOAR Scholars early commitment scholarship program as well as initiatives focused on mentoring and coaching, scholarships, and workforce training. After July 1, 2022, SOAR Virginia became the overarching program and brand for all VA529 access, affordability, and attainment programs and initiatives. A new Agency and Community Engagement Division was created and assigned responsibility for the management of the SOAR Virginia program. Staff with dedicated focus on VA529's mission as it relates to access and affordability also provide staff support to an Access Advisory Committee of the Board, which launched in fiscal 2022.

The SOAR Scholars program provides resources for mentoring, coaching, and scholarships to low and moderate income high school students in schools across the state. In 2021, the Board expanded its commitment to access, affordability, and attainment by committing resources to additional partners who serve low income, at-risk, and minority populations in rural, urban, and suburban communities. In addition, VA529 uses a fund and investment structure similar to that which is in place for its defined benefit and education savings programs. A new access fund was launched in fiscal 2023 and received a $500 million allocation from the actuarial reserves of the

DB529 fund. The assets and earnings thereon, will remain in VA529's statutory non-reverting fund and be invested alongside those of the DB529 fund for potential future usage in accordance with its mission, subject to Board and statutory authority.

Invest529 and CollegeAmerica Investment Updates

During fiscal 2023, VA529 successfully completed a portfolio transition, which resulted in the closure of the 2018 Portfolio with assets being transferred to the existing Stable Value Portfolio in accordance with the Invest529 glide path. The 2042 Portfolio was also opened to investors as the newest 80/20 (Equity/Fixed Income) portfolio, also in accordance with the Invest529 glide path.

In the previous fiscal year, VA529 reduced Invest529 administrative fees by 44 percent from the previous 9 basis points on underlying assets under management of the program. Fiscal 2023 was the first full fiscal year of this reduced, tiered fee structure, which results in 6 basis points being charged on underlying assets up to $5 billion dollars and 3 basis points on underlying assets exceeding $5 billion. The blended effective rate as of June 30, 2023 was .049%. These fees are calculated and accrued daily by the investment custodian and redemption is made by VA529 on a quarterly basis. The administrative fee was eliminated from the Invest529 FDIC-Insured Portfolio in the previous year. The TTP of Invest529 does not charge administrative or other investment management fees. VA529 performs regular due diligence reviews over its investment managers to ensure alignment and compliance with investment objectives and strategy. This occurs through regular in-person visits and interim calls and meetings as well as a review of documentation and inquiry responses.

During fiscal 2023, both Invest529 and CollegeAmerica received medalist ratings of Bronze from Morningstar, a provider of independent investment research and advice. Morningstar evaluates 529 education savings plans on four key pillars - Process, People, Parent, and Price. Performance analysis takes a broader assessment in the Process, People and Parent pillars, and therefore, Performance is not a separate pillar. Morningstar reviewed 54 education savings plans in 2022. From this population, only 34 received a recommended rating in the form of Gold, Silver, or Bronze. Others received Neutral and Negative ratings. Medalist plans stand out and are noted for low costs, strong stewardship, and exceptional investment options.

VA529 has partnered with the Capital Group Companies (American Funds) for over 21 years to provide the CollegeAmerica 529 program. During this past year, joint efforts continued in improving marketing, education, and ongoing due diligence. Key leadership personnel from Capital Group meet at least annually with the VA529 IAC and Board. Capital Group and VA529 staff also continued the virtual monthly due diligence series which began in fiscal 2020 in response to the pandemic to discuss ongoing operations, marketing, legislative, regulatory, and industry topics. The year culminated with an onsite visit to Capital Group offices in San Antonio, TX by Virginia529 staff to cover topics ranging from investment management, regulations and compliance, technology, marketing and education, business continuity and disaster recovery, diversity, equity, and inclusion and human capital. Both organizations collaborated extensively on federal legislative initiatives, including work on federal-level advocacy towards passage of the ABLE Age Adjustment Act, the Freedom to Invest in Tomorrow's Workforce Act, and the College Savings Recovery Act. Both the ABLE Age Adjustment Act and the College Savings Recovery Act were signed into law as part of the passage of the SECURE Act 2.0 Act during fiscal 2023. Capital Group and VA529 staff continue working closely on soliciting regulatory enhancements and legislative guidance pertaining to the implementation of the SECURE Act 2.0 provisions as well as monitoring other legal and regulatory developments impacting 529 plan administrators. The Capital Group and VA529 teams continuing to hold key leadership positions within 529 industry organizations the College Savings Plans Network (CSPN) and the College Savings Foundation (CSF).

In January 2022, the CollegeAmerica administrative fee was reduced to an effective rate across accounts of approximately 5 basis points or 0.05%. The American Funds now pays VA529 an annual fee equal to nine basis points (.09 percent) of the average daily net asset value of the underlying funds held in CollegeAmerica up to $20 billion. No changes were made at this first tier in the fee structure. The fee is reduced to five basis points (.05 percent) for amounts in excess of $20 billion up to $75 billion (previously $100 billion) with further reductions to three basis points (.03 percent) for amounts above $75 billion (previously $100 billion). Fiscal 2023 was the first full fiscal year of this reduced, tiered fee structure. This fee is calculated and accrued daily and paid to VA529 on a quarterly basis. The blended effective rate as of June 30, 2023 was .058%. As of June 30, 2023, the CollegeAmerica program offered 46 American Funds mutual funds, including its Portfolio Series and College Target Date Funds, and Invest529 offered 22 investment options, including its Target Enrollment Portfolios, FDIC=Insured Portfolio and Tuition Track Portfolio.

Contributing to the success of its programs over the past two decades has been the strength of its relationships and ongoing partnership and work with the leadership at Capital Group. In January of 2023, Capital Group announced the start of its long-planned leadership transition. Tim Armour, Chairman and CEO and Rob Lovelace, Vice-Chair and President both announced they would be stepping down from Capital Group's management committee in October of 2023. The Capital Group Board of Directors elected Mike Gitlin President and CEO of Capital Group and Chair of Capital Group's management committee. Martin Romo will become Chairman of Capital Group and Chief Investment Officer. Jody Jonsson will become Vice Chair of Capital Group and will continue as President of Capital Research Management Company (CRMC) and Chair of the CRMC Executive Committee. VA529 looks forward to a seamless transition as these leadership changes become effective.

ABLE Program Updates

Fiscal 2023 brought continued growth in disability savings programs, ABLEnow and ABLEAmerica. VA529, through its partnership with PNC Bank, N.A., continued to focus on strategic initiatives to improve the overall customer experience and engagement with ABLEnow accounts. This included an enhanced group home onboarding process, which contributed to the growth in accounts and assets of the program. ABLEnow continued to be supported by an internal program management team that provides ongoing due diligence and strategic partnering that impacts operational enhancements. As of June 30, 2023 ABLEnow had 15,494 active accounts and over $116.6 million in assets under management.

ABLEAmerica is offered through VA529's partnership with the Capital Group (American Funds) and it complements ABLEnow by giving those individuals and families who utilize financial advisors another means through which to access an ABLE plan. Investments are offered through seven approved American Funds mutual funds at the ABLE-A and ABLE F-2 share class levels. As of June 30, 2023, ABLEAmerica had 2,556 total accounts and over $37.8 million in assets under management.

RetirePath

After a successful pilot beginning in February 2023, RetirePath Virginia, the Commonwealth's auto-enrollment IRA savings program launched statewide in June 2023. In 2021, the Virginia General Assembly passed legislation directing Virginia529 to establish a state-facilitated retirement savings program to expand access to retirement savings in the workplace. Virginia businesses that do not already offer a qualified retirement plan, employ at least 25 eligible employees and have been operating for two or more years are required to register and facilitate the program. Employees are eligible if they are 18 years of age or older, currently employed at least 30 hours per week and receiving wages in the state of Virginia.

Eligible employees are enrolled in the program by employers but may opt out at any time. Participation for employees is voluntary. Accounts in the program offer tax advantages and are structured by default as Roth Individual Retirement Accounts (Roth IRAs), with the option for certain employees to direct contributions to a traditional IRA. The default contribution rate is 5% of wages, which automatically increase 1% up to a maximum 10% January of each year. Individuals who are self-employed or don't work for an employer registered with RetirePath can open an account and contribute on their own. For 2023, individuals can save up to $6,500 per year in an IRA ($7,500 if age 50 or older).

Virginia529 serves as program manager for RetirePath Virginia and has contracted with Vestwell State Savings, LLC (Vestwell) and The Bank of New York Mellon (BNY Mellon) and BNY Mellon Investment Servicing Trust Company (Trust Company) to provide program administration, record keeping, and custodial services for the program. RetirePath offers both employer and saver portals to manage accounts and offers employers an easy way to integrate with payroll providers to facilitate automatic payroll deduction of saver contributions. There are five mutual fund investment options, all of which are managed by BlackRock, including their LifePath® Index Retirement Funds.

Account Growth and Transaction Volume

During fiscal 2023, VA529 experienced varying account growth by program as shown in the table below. Invest529's 7.0 percent growth rate depicts continued strong program satisfaction and corresponds to an additional 51,381 accounts opened during the fiscal year. Within the DB529 Program, Prepaid529 accounts decreased, as anticipated, as the program was closed to new enrollment in May 2019 and contracts/accounts are used for their intended purpose. The growth of TTP accounts, within the Invest529 program, will reduce the impact of the Prepaid529 account distributions and over time the total accounts should again show year over year gains.

Fiscal 2023 Growth in Accounts[1]	
DB529 (includes TTP accounts[2])	(2.5)%
Invest529[2]	7.0%
CollegeAmerica	0.5%
ABLEnow	22.0%
ABLEAmerica	28.6%
RetirePath[3]	100.0%

[1] *New accounts opened during fiscal year net of account closures*
[2] *The Tuition Track Portfolio (TTP) is a defined benefit option within Invest529.*
[3] *RetirePath Launched in June of fiscal year 2023*

Transaction volume also continued to increase as participants utilized their education savings accounts. During fiscal 2023, the Plan processed 109,484 Invest529 distribution requests and 19,187 Prepaid529 payments to institutions, representing a 13 percent increase and 8 percent decrease over the prior fiscal year, respectively.

Operational and System Improvements

VA529 made improvements to its technology platforms to improve the customer experience and support agency and program operations. Other technology enhancements continued to focus on the safeguarding of customer identity and assets and web responsiveness and VA529 completed several internal projects.

Leadership and staff enhanced its agency strategic planning and goal setting process. To better manage major agency initiatives and align business processes, VA529 created new teams by centralizing resources to create the Strategy Implementation Team inclusive of an enterprise Project Management Office, an Agency and Community Engagement division, and an enterprise Administrative Pool.

VA529 completed its first full fiscal year on a new cloud based contact center platform. Business process enhancements also led to the establishment of effective quality assurance and workforce management modules that have enhanced the customer experience. The agent experience has also been improved with new technology for queue management, disposition of customer interactions, and real time workforce management assistance that contribute to operational efficiencies and timely service to customers. The next phase is focused on creating a knowledge base that will house all customer related content and allow the agents to quickly respond to customer inquiries.

VA529 completed enhancements to its content management solution for customer communications in fiscal 2023. This system provides libraries for content management, automated workflows from creation to approval, quality management, and interfaces with data system and fulfillment platforms. Specific efforts to enhance the customer experience also focused on language simplification in program materials.

Financial Operations teams continued efforts to improve accounting systems and replace legacy systems. The first phase of a multi-year project was completed to implement a new cloud-based accounting reconciliation solution that automates processes and enhances overall general ledger controls. This project is expected to continue through fiscal 2024. Financial Reporting staff also completed the first phase of a project to implement a new cloud-based reporting solution to integrate data from disparate sources. This new solution will increase efficiency by automating the process of feeding and aggregating data directly into reports for analysts to review. This project is expected to be completed by the middle of fiscal 2024.

The final release of the Commonwealth of Virginia's Cardinal Human Capital Management (Cardinal HCM) project was completed in fiscal 2023 and staff participated in this statewide project to replace legacy personnel, benefit, and payroll systems. Throughout the project, VA529 assisted with the rollout of the direct deposit functionality to Commonwealth agencies. This functionality included enhancements for direct deposit of 529 contributions by Commonwealth employees.

Awards and Acknowledgments

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Virginia529 for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We remain committed to providing the best possible customer service to our program participants and to the citizens of the Commonwealth, and to being responsible stewards of the funds in our care. We express our sincere thanks and appreciation to our outstanding staff and our business partners and for the guidance and dedication of our Board and Committee members.

Respectfully Submitted,

Mary G. Morris
Chief Executive Officer

Vivian L. Shields
Chief Finance Officer

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Virginia College Savings Plan (Virginia529)

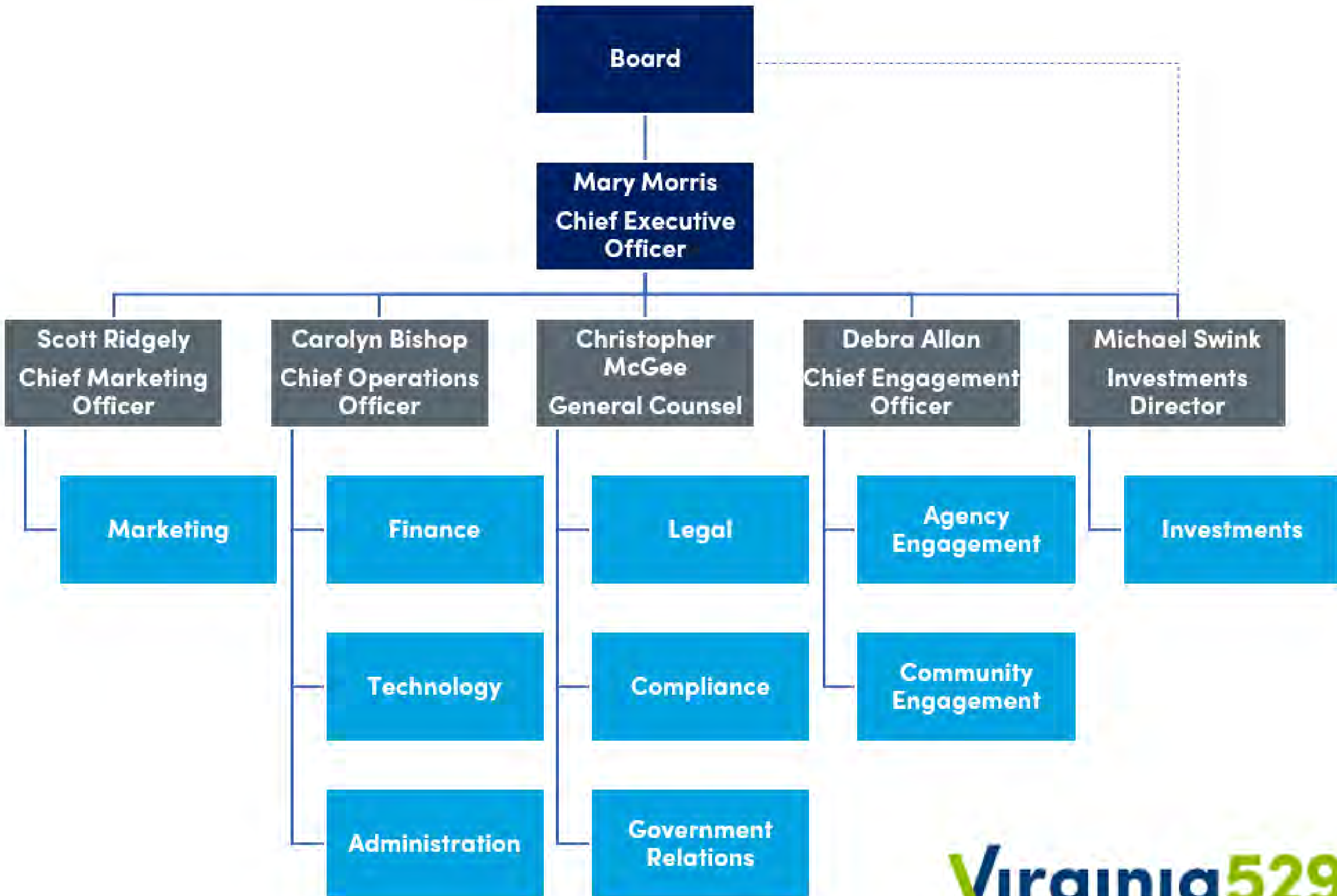
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Virginia529 Organization



Virginia529 Leadership Team

Mary G. Morris
Chief Executive Officer

Vivian L. Shields
Chief Financial Officer

Elizabeth Dutton
Chief Administrative Officer

Carolyn Bishop
Chief Operations Officer

Michael Swink, CFA, CPA
Investments Director

Scott Ridgely
Chief Marketing Officer

Chris McGee
General Counsel

Michael Henry
Chief Technology Officer

Debra Allan, SPHR, SHRM-SCP
Chief Engagement Officer

Sherri Wyatt
Chief Compliance Officer

Professional Consultants

ACTUARIES
Alan S. Perry, FSA, MAAA, CFA
Principal and Consulting Actuary
Milliman, Inc.

Glenn Bowen, FSA, MAAA, EA
Principal and Consulting Actuary
Milliman, Inc.

AUDITORS
Staci Henshaw, CPA
Auditor of Public Accounts
Commonwealth of Virginia

CONSULTANTS
Nick Davies, CAIA
Partner
Mercer

Andrea Feirstein
Chief Executive Officer
AKF Consulting Group

MASTER CUSTODIAN
BNY Mellon

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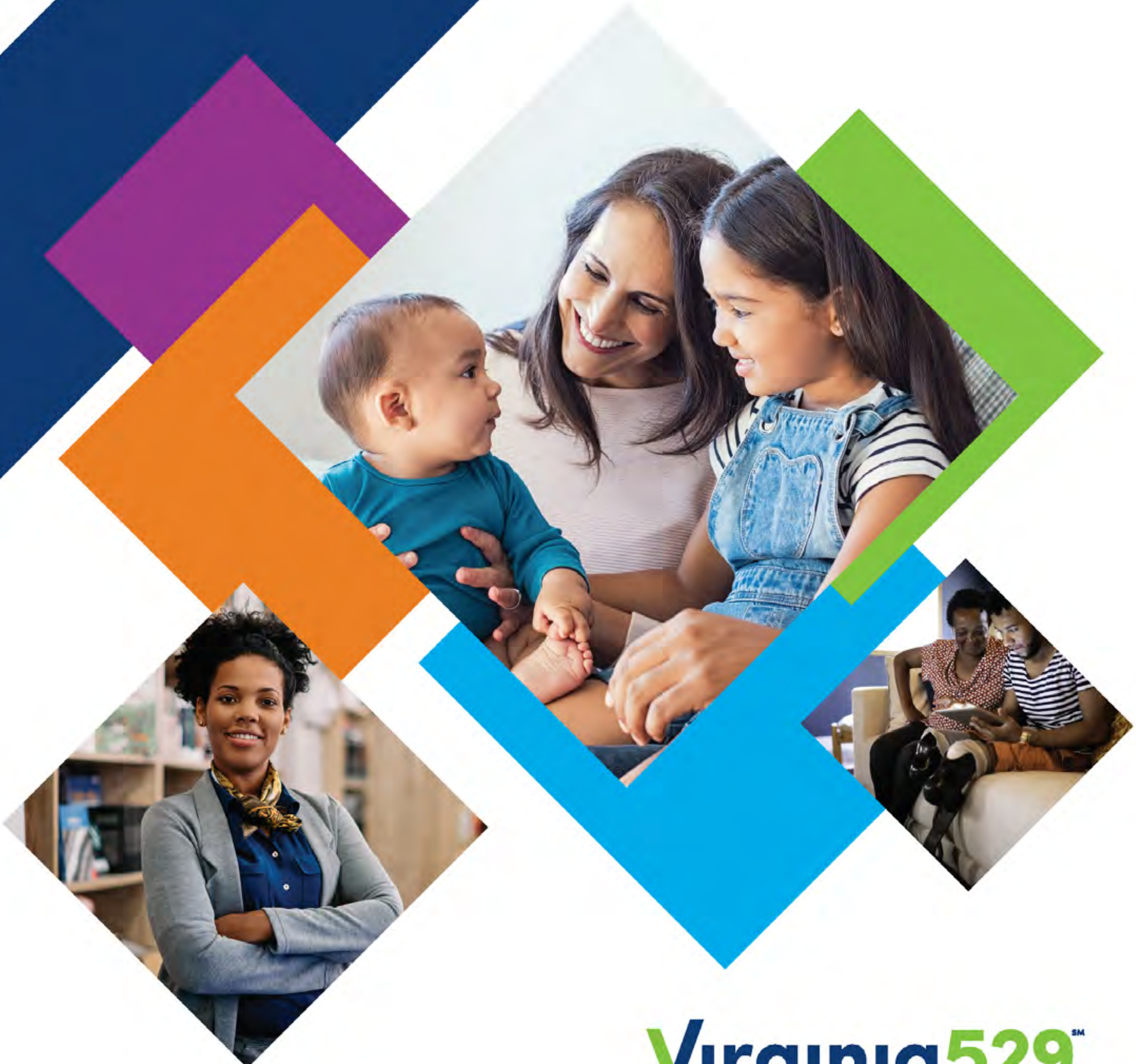

Virginia529℠

ABLEnow®

retirepathVA℠

Board & Committee Members

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Virginia529 Board as of June 30, 2023

Lauren Kent Stack
Board Chair
Independent Trustee, Six Circles Funds
Citizen Mbr- Gubernatorial Appointee
Appointed August 9, 2019

Dante Jackson
Board Vice Chair
Vice President Atlantic Union Private Bank
Citizen Mbr- Gubernatorial Appointee
Appointed July 10, 2020

Peter A. Blake
Director, State Council of Higher Education
Ex-Officio Member

Randall McCabe
State Comptroller, Virginia Department of Accounts
Ex-Officio Member

Dr. Elliott J. Dubin
Policy Research Director (ret), Multi-State Tax Commission
Appointed July 1, 2021

David Richardson
Treasurer of Virginia
Ex-Officio Member

Dr. Craig Herndon
Senior Vice Chancellor, VCCS
(Designee for Dr. David Doré, Chancellor, VCCS)
Ex-Officio Member

Reggie Samuel
Investment Manager, Leumas Group
Citizen Mbr– Gubernatorial Appointee
Appointed August 5, 2015

Lisa N. Jennings
Chief Financial Officer, Spirit of Virginia
Citizen Mbr - Gubernatorial Appointee
Appointed April 5, 2017

Hon. Walter A. Stosch
State Senator (ret)
Citizen Mbr - Gubernatorial Appointee
Appointed April 5, 2017

Mary G. Morris
CEO, Virginia529
Ex-Officio Member

Committee Assignments

as of June 30, 2023

Access Advisory Committee

Board Members:

Dr. Craig Herndon, Chair (permanent designee for Dr. David Doré)
Erin McGrath (permanent designee for Peter A. Blake)
Lauren Kent Stack

Non-Board Members

Jessica Costa
Kirk Cox
Elizabeth Creamer
Melissa Goodrich
Megan Healy
Aaron Montgomery
Lyons Sanchezconcha
Regina Barnett-Tyler

Audit and Actuarial Committee

Board Members:

Hon. Walter A. Stosch, Chair
Randall McCabe, Vice Chair
Dr. Craig Herndon (permanent designee for Dr. David Doré)
Lisa N. Jennings
Peter A. Blake
David L. Richardson
Lauren Kent Stack

Compensation Committee

Board Members

Lauren Kent Stack, Chair
Dr. Craig Herndon, Vice Chair (permanent designee for Dr. David Doré)
Lisa N. Jennings
Reggie Samuel

Investment Advisory Committee

Board Members

Dr. Elliott J. Dubin
Dante D. Jackson
Lauren Kent Stack
Randall McCabe
David L. Richardson

Non-Board Members

Timothy G. Berry, CFA, Chair
Frederick Nolde, CFA, Vice Chair
Sheila Corcoran
Chris Culbertson, CFA
Farrah Holder

Ex Officio:

Mary G. Morris, Chief Executive Officer

Retirement Program Advisory Committee

Board Members

Dante D. Jackson, Chair
Dr. Elliott J. Dubin
Lauren Kent Stack
David L. Richardson

Non-Board Members

Evelyn Small Traub, Vice Chair
Wendy Young Carter
Michael L. Hadley
Kelly Hiers
LaJuanna Russell

FINANCIAL SECTION

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Financial Statements

Required Supplementary Information

Supplementary Information

Other Information

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 14, 2023

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Members of the Board
Virginia College Savings Plan

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities (the Enterprise Fund) and the fiduciary activities (the Private Purpose Trust Fund) of the **Virginia College Savings Plan** (Virginia529) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Virginia529's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund and the Private Purpose Trust Fund of Virginia529 as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Virginia529, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

Relationship to the Commonwealth of Virginia

As discussed in Note 1, the financial statements of Virginia529 are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities and the aggregate remaining fund activities of the Commonwealth of Virginia that is attributable to the transactions of Virginia529. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Virginia, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Investments with Values that are not Readily Determined

As discussed in Notes 1 and 5, total Virginia529 investments include investments valued at $1,783.1 million (57.6 percent of total assets) for the Enterprise Fund and $320.2 million (4 percent of total assets) for the Private Purpose Trust Fund, respectively, as of June 30, 2023, whose fair values have been estimated by management in the absence of readily determinable values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinions are not modified with respect to this matter.

Other Matter

Predecessor Auditor

Virginia529's basic financial statements for the year ended June 30, 2022 (not presented herein), were audited by other auditors whose report thereon dated November 2, 2022, expressed unmodified opinions on the respective financial statements of the Enterprise Fund and the Private Purpose Trust Fund. The report of the other auditors dated November 2, 2022, stated that the accompanying supplementary information for the year ended June 30, 2022, was subjected to the auditing procedures applied in the audit of the 2022 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with GAAS and, in their opinion, was fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022. The report of other auditors dated November 2, 2022, also included emphasis of matter paragraphs concerning Virginia529's relationship to the Commonwealth of Virginia and alternative investments.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Virginia529's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 27 through 41; the Schedule of VA529's Share of Net Pension Liability, the Schedule of VA529 Pension Contributions, and the Notes to the Required Supplementary Information – State Retirement Employment Plan on pages 95 through 96; the Schedule of VA529's Share of Net OPEB Liability - GLIP, the Schedule of VA529 Contributions - GLIP, the Schedule of VA529's Share of Net OPEB Liability - HICP, the Schedule of VA529 Contributions – HICP, the Schedule of VA529's Share of Net OPEB Liability - VSDP, the Schedule of VA529 Contributions – VSDP, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, and Disability

Insurance programs on pages 97 through 103; the Schedule of VA529's Share of Total OPEB Liability and the Notes to the Required Supplementary Information for the Pre-Medicare Retiree Healthcare program on page 104. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Virginia529's basic financial statements. Appendix A, Appendix B, and Appendix C (supplementary information) are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and Other Information within the financial section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2023, on our consideration of Virginia529's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. We anticipate releasing that report in December 2023. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Virginia529's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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Virginia529

ABLEnow

retirepathVA

Management's Discussion & Analysis

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Management's Discussion and Analysis (Unaudited)

The Virginia College Savings Plan's (VA529's) Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues and provides an overview of financial activity. This discussion includes an analysis of VA529's financial condition and results of operations for the fiscal year ended June 30, 2023. This presentation includes summarized data and should be read in conjunction with the accompanying financial statements and notes.

VA529 operates the Commonwealth of Virginia's (the Commonwealth's) Internal Revenue Code (IRC) Section 529 qualified tuition plan, which includes the Defined Benefit 529 Program (DB529 or the Program), comprised of the legacy Prepaid529 and the Tuition Track Portfolio (TTP), Invest529 (which includes TTP), and CollegeAmerica. In addition, VA529 administers access and affordability initiatives through its SOAR Virginia program that has been in existence since 2010 with its SOAR Scholars early commitment scholarship program, and an expanded Access and Affordability program that launched in 2021. This program further expanded in fiscal 2023 with the creation of a new fund, which will support future access and affordability initiatives.

The legacy Prepaid529 program is a defined benefit program, which closed to new participants in fiscal 2019. Contracts in this program are based on actuarially determined prices that provide the future payment of undergraduate tuition for the normal full-time course load for students enrolled in a general course of study at any Virginia public higher educational institution and all mandatory fees required as a condition of enrollment of all students, and differing payouts at private or out-of-state institutions. The Tuition Track Portfolio of Invest529 is also a defined benefit program, which opened in February of 2021 as the successor to Prepaid529. Units purchased in this program are based on the weighted average tuition costs (Average Tuition) of Virginia 4-year public higher educational institutions. The TTP unit price is solely based on Average Tuition and does not include any actuarial pricing reserve or additional load in the unit price. Benefits are paid out at Average Tuition at the time of maturity. Average Tuition includes tuition payments at the in-state undergraduate rates and all mandatory fees required as a condition of enrollment of all students. Annually, VA529's actuary determines the actuarial soundness of DB529. Key factors used in the actuarial analysis include anticipated tuition increases (both short- and long-term) as well as anticipated long-term investment performance. Collectively, the legacy Prepaid529 program and TTP are defined as VA529's Defined Benefit 529 Program (DB529). VA529's administration and operations fund combined with the DB529 fund and the new access and affordability fund make up the Enterprise Fund in the financial statements.

Invest529, without TTP, is the Defined Contribution 529 Program (DC529). Participants can make contributions into selected investment portfolio(s) and those accounts are subject to market investment risks, including the possible loss of principal. The SOAR Scholars program exists within the Invest529 program and there is also a separate Access and Affordability fund that comprise the Fiduciary Fund. Collectively, the DC529 Program (Invest529, including SOAR Scholars, but not TTP) and the separate Access and Affordability fund comprise the overall Fiduciary Fund in the financial statements.

CollegeAmerica is also a defined contribution savings program. CollegeAmerica, a broker-sold program, which offers 46 different American Funds mutual fund products as investment options. CollegeAmerica participants bear all market risk for their investment, including the potential loss of principal. Capital Group (American Funds), acts as program manager for CollegeAmerica and provides all back office and operational services for the program.

VA529 also operates the Commonwealth's IRC Section 529A programs. The Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act authorized states to offer tax-advantaged savings programs for individuals with disabilities. ABLEnow® and ABLEAmerica®, both defined contribution plans, are VA529's tax-advantaged savings programs for people with disabilities. VA529 is the program sponsor for ABLEnow and provides customer service, investment management, and marketing services, however, PNC Bank, N.A. acts as the program administrator and is responsible for account management. The American Funds acts as program manager for ABLEAmerica and provides all back office and operational services for the program. Programs managed and administered by the American Funds and PNC, respectively, are presented in Other Information and are not included in the accompanying audited financial statements.

RetirePath Virginia (RetirePath) is a state-facilitated IRA savings program which VA529 administers. VA529 offers program oversight, investment management and marketing services for RetirePath. Vestwell State Savings, LLC and The Bank of New York Mellon provide program administration, record keeping and custodial services. Information related to RetirePath and its funds and activities can also be found in Other Information and are not included in the accompanying audited financial statements.

Overview

This discussion and analysis is an introduction to VA529's basic financial statements, which include VA529's business-type activities or Enterprise Fund, the Fiduciary or Private Purpose Trust Fund, and notes to the financial statements.

Business Type Activities – Enterprise Fund

An enterprise fund (a statutorily-created special nonreverting fund), is typically used to account for governmental operations that are financed and operated in a manner similar to a private sector business. Enterprise funds typically report activities that charge fees for supplies or services to the general public. This activity is reported on the full accrual basis of accounting; all revenue and expenses are reflected in the financial statements even if the related cash has not been received or paid as of the June 30th fiscal year-end.

The Statement of Net Position presents information on the Agency's Administration & Operations Funds (Operating Fund), the new access fund and DB529 Program's assets and deferred outflows of resources as well as liabilities and deferred inflows of resources, with the difference between the two reported as total net position. Annually, VA529's actuary conducts a valuation that determines the actuarial soundness of the DB529.

The Statement of Revenues, Expenses, and Changes in Net Position presents the Operating Fund, the DB529 Program and Access and Affordability Fund revenues earned and expenses incurred during the year, including both actual and actuarially determined contributions and contract payments from participants and payments for higher education expenses.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, financing and investing activities.

Fiduciary Fund

The DC529 and a portion of VA529's Access and Affordability Programs are reported in the private purpose trust fund, which is a type of fiduciary fund. A private purpose trust fund accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations or other governments, and uses the full accrual basis of accounting. Activities of both programs are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The Statement of Fiduciary Net Position presents information on all assets and liabilities, with the difference between the two reported as net position held in trust for program participants. The Statement of Changes in Fiduciary Net Position presents the revenues earned and expenses incurred during the year.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements and are an integral part of the basic financial statements.

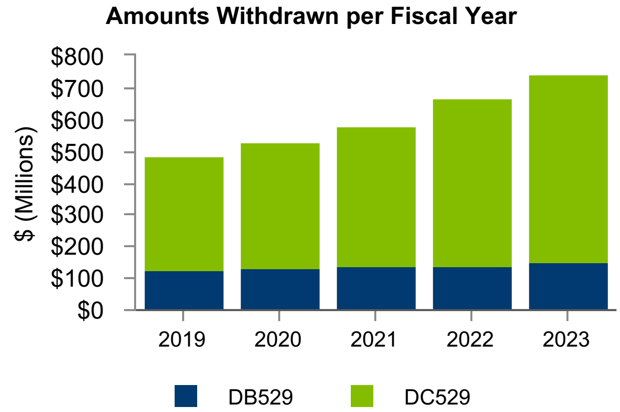
Other Information

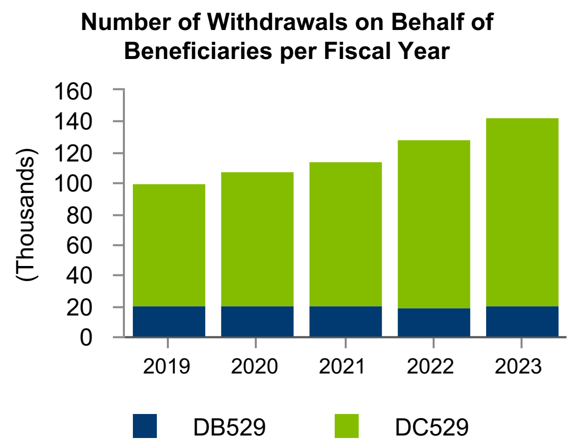
CollegeAmerica, ABLEnow and ABLEAmerica are defined contribution savings programs and are presented as Other Information. CollegeWealth, which closed to new participants in fiscal 2017, is also presented as Other Information. RetirePath is a state-facilitated private retirement savings program, which is presented as other information. Other Information is unaudited but presented as additional information.

Fiscal 2023 Financial Highlights

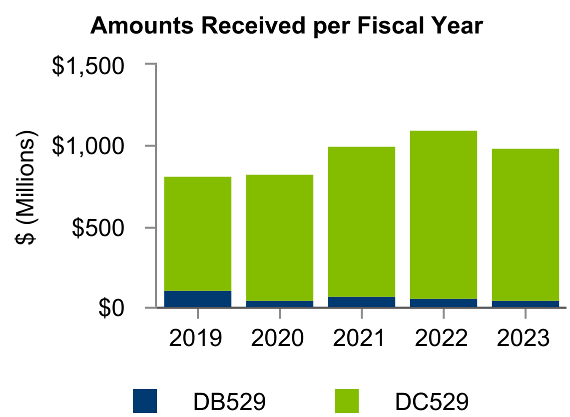
In aggregate, market movements had an overall net positive effect on fixed income and equity security prices in both the DB529 and DC529 Programs' portfolios for the fiscal year ended June 30, 2023. Transaction activity increased overall as customers continued to fund their education savings accounts and use them to pay higher education expenses. From the DB529 Program's perspective, the Prepaid529 program is closed to new participants and therefore, total Prepaid529 accounts under management and receipts from contract payments will continue to decline over time. However, growth in TTP accounts and activity will offset that decline over time and will increase as new TTP units are purchased.

The two following graphs represent Defined Benefit and Defined Contribution 529 program withdrawals since fiscal 2019. This does not include rollovers to other qualified tuition plans.

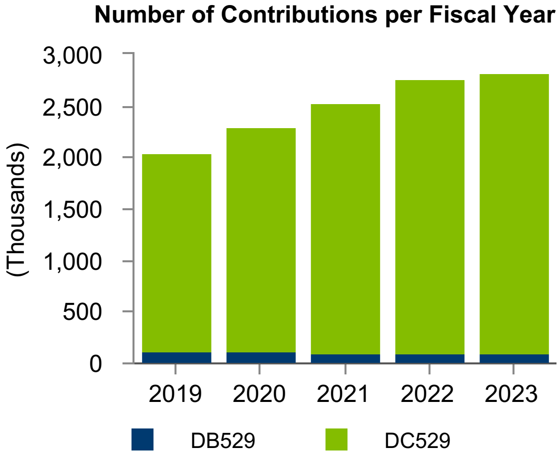


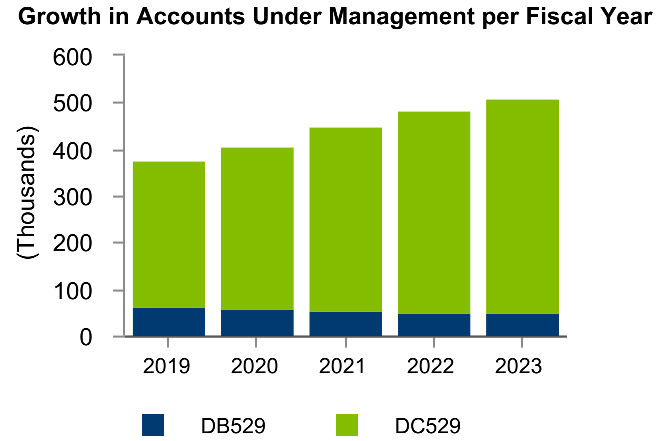


The two following graphs represent Defined Benefit and Defined Contribution 529 program contributions received since 2019.



The graph below represents the Defined Benefit and Defined Contribution 529 Program's active accounts under management at fiscal year-end since fiscal 2019.





The Rotunda - University of Virginia Campus

Table 1 demonstrates the numbers of students served, the amounts paid from the DB529 program, directly to Virginia public universities and community colleges, and the amounts paid from the DC529 program on behalf of beneficiaries associated with the respective university or community college during fiscal year 2023. Actual DC529 payments may have been issued to account owners, beneficiaries, or the respective institution.

Table 1
Defined Benefit and Defined Contribution Program Payments to or Associated with Virginia Public Universities and Community Colleges
Fiscal Year 2023

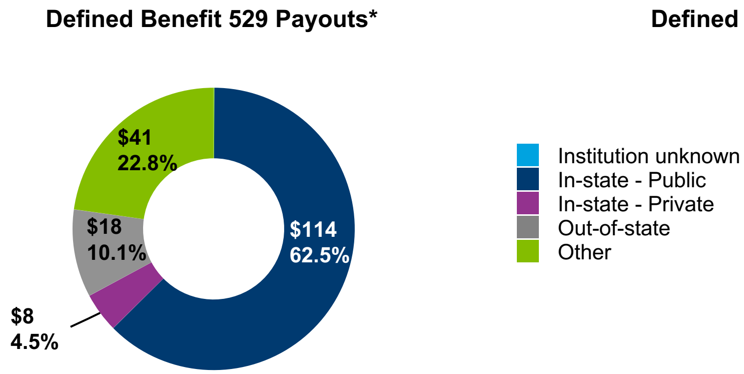
	DB529*		DC529	
Public Universities	**Number of Students with Contracts**	**Payments to Universities**	**Number of Students with Accounts**	**Payments Associated with Universities**
University of Virginia	1,438	$ 26,059,939	3,220	$ 42,288,411
Virginia Tech University	1,711	23,378,507	3,802	41,714,313
James Madison University	1,136	14,508,697	2,563	27,658,478
Virginia Commonwealth University	923	11,270,242	1,965	18,601,472
George Mason University	835	9,803,565	2,067	18,496,872
College of William & Mary	587	12,597,507	1,185	15,980,339
Christopher Newport University	359	5,173,506	655	7,474,862
Old Dominion University	238	2,133,333	634	4,684,860
University of Mary Washington	215	2,713,962	437	4,420,796
Radford University	140	1,546,873	305	2,424,220
Longwood University	144	1,683,023	260	2,363,638
Virginia Military Institute	50	862,320	106	1,093,059
University of Virginia's College at Wise	10	123,176	29	276,619
Virginia State University	4	26,983	42	206,585
Norfolk State University	8	64,212	25	203,936
Total Universities	**7,798**	**$ 111,945,845**	**17,295**	**$ 187,888,460**

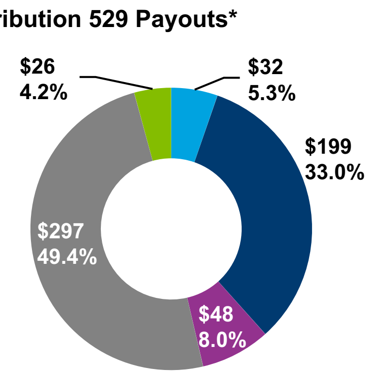
	DB529*		DC529	
Community Colleges**	**Number of Students with Contracts**	**Payments to Community Colleges**	**Number of Students with Accounts**	**Payments Associated with Community Colleges**
Northern Virginia Community College	358	$1,028,458	1,470	$5,442,252
Tidewater Community College	53	155,944	212	848,037
Brightpoint Community College	70	176,507	211	712,307
Germanna Community College	50	113,181	189	650,559
J Sargeant Reynolds Community College	62	147,006	168	624,967
Piedmont Virginia Community College	34	89,043	105	451,708
Laurel Ridge Community College	28	74,016	103	390,865
Virginia Peninsula Community College	23	67,121	90	369,358
Blue Ridge Community College	17	55,481	52	240,241
Virginia Western Community College	28	64,080	69	231,136
New River Community College	14	34,128	62	215,646
Central Virginia Community College	7	19,284	45	172,441
Richard Bland College	14	55,183	34	124,482
Rappahannock Community College	6	7,551	28	78,157
Patrick Henry Community College	—	—	8	36,291
Southside Virginia Community College	4	9,234	12	34,255
Danville Community College	2	6,254	10	29,884
Southwest Virginia Community College	3	11,070	8	23,723
Virginia Highlands Community College	6	18,263	9	18,725
Paul D Camp Community College	4	16,553	9	17,117
Eastern Shore Community College	2	3,680	3	9,470
Mountain Gateway Community College	3	4,804	5	9,171
Wytheville Community College	4	10,731	4	8,540
Mountain Empire Community College	—	—	2	870
Total Community Colleges**	**792**	**$ 2,167,572**	**2,908**	**$ 10,740,202**

*Includes the Tuition Track Portfolio (TTP)
**Includes Richard Bland College; Virginia's only 2-year junior college

Chart 1 below reflects the types of institutions to which benefits are paid. From the DB529 Program, roughly 77 percent of payouts are payments on behalf of students for higher education purposes. This includes $113.8 million for students attending Virginia public institutions and community colleges and $18.3 million for students attending out-of-state institutions. Benefits may also be paid to in-state private institutions. "Other" DB529 payouts represents rollovers to Invest529 by account owners who desire to use more than the allowable semester under their contract for out-of-state payouts or transfers to Invest529 for accounts which reached their expiration period of ten years past high school graduation. This category may also include voluntary rollovers by account owners to other VA529 programs or external programs for various reasons. The majority of DC529 Program payments are made directly to account owners or beneficiaries for expenses paid to institutions, including out-of-state institutions. "Other" DC529 payments reflected in Chart 1 include rollovers to another state's plan, rollovers/transfers to another VA529 program, other withdrawals made by account owners and beneficiaries, and refunds to the account owner.

Chart 1
2023 Program Payouts by Institution Type (in millions)*





*Amounts may not sum due to rounding
**Includes TTP

Analysis of Enterprise Fund

Financial Activities

The Enterprise Fund includes the activities of the DB529 Program, the new access and affordability fund (A&A Fund) and VA529's general operating activities. The A&A Fund is part of the SOAR Virginia program expansion in fiscal 2023. In the following tables related to the Enterprise Fund, information related to the previous fiscal year have been re-stated to reflect the implementation of GASB Statement Number 96 (GASB 96) as well as a change in the way actuarial gains/(losses) are reported. In previous years, the change in actuarial Prepaid529 contract receivables was reported as a separate actuarial contribution line item and the change in actuarially-determined payables was reported as an actuarial education benefits expense. In fiscal 2023 and going forward, the net of these two changes is shown as one net actuarial gain/(loss) line item. The Enterprise Fund ended the year with net position of $1,657.5 million, which is an increase of $201.3 million from fiscal 2022. The results of the Enterprise Fund activity this year shows an operating gain due to an increase in the market value of long-term investments held with the DB529 Program's investments managers, compared to a significant decrease in the previous year. As a result of investment performance, operating revenues were positive.

Table 2 – Enterprise Fund
Summary of Net Position (in millions)*

As of JUNE 30	2023	2022**	$ CHANGE	% CHANGE
Assets and deferred outflows:				
Current assets	$ 198.8	$ 227.1	$ (28.3)	(12.5)%
Investments	2,843.4	2,816.6	26.7	0.9 %
Capital assets, net	2.5	2.4	0.1	3.9 %
Other noncurrent assets	52.4	68.6	(16.2)	(23.6)%
Total assets	3,097.1	3,114.7	(17.6)	(0.6)%
Total deferred outflows	4.1	5.0	(0.9)	(18.1)%
Assets and deferred outflows	3,101.2	3,119.7	(18.5)	(0.6)%
Liabilities and deferred inflows:				
Current liabilities	225.7	299.4	(73.7)	(24.6)%
Noncurrent liabilities	1,214.5	1,356.2	(141.7)	(10.5)%
Total liabilities	1,440.2	1,655.6	(215.4)	(13.0)%
Total deferred inflows	3.5	7.9	(4.4)	(55.7)%
Liabilities and deferred inflows	1,443.7	1,663.5	(219.8)	(13.2)%
Net position				
Investment in capital assets	1.0	1.5	(0.5)	(33.0)%
Restricted	0.4	0.5	(0.1)	(22.1)%
Unrestricted	1,656.1	1,454.2	201.9	13.9 %
Total net position	$ 1,657.5	$ 1,456.2	$ 201.3	13.8 %

*Amounts may not sum due to rounding

**Restated

Assets - Current assets decreased by $28.3 million in fiscal 2023. This is attributable to investment managers' decisions to hold a smaller portion of assets in cash equivalent positions, which is at their discretion. Long-term investments increased by 26.7 million, primarily attributable to overall market increases throughout fiscal 2023. Other noncurrent assets represent the noncurrent portion of tuition contributions receivables which decreased by $16.2 million for fiscal 2023.This represents the decrease in the actuarially determined amount expected to be collected from contract holders of record in future years. This decrease is primarily due to the closure of the Prepaid529 program to new participants in fiscal 2019. There is no contract receivable associated with Prepaid529's successor program, TTP.

Liabilities - Current liabilities decreased by $73.7 million, primarily attributable to a decrease in the current portion of educational expense benefits payable. This is due to the closure of the Prepaid529 program in 2019 and updated actuarial assumptions from an actuarial experience study performed in fiscal 2023 to better reflect actual usage of benefits. The revised assumptions encompass both economic and demographic assumptions, aiming to more accurately reflect how contracts are utilized in terms of students' college attendance and the timing of benefit usage. Noncurrent liabilities decreased by $141.7 million. This decrease is due to the change in the actuarial present value of the future tuition obligations. Changes in the present value of the future tuition benefit obligation can be attributed to the passage of time, unit payouts, differences between actual experience and the actuarial assumptions used, and changes to the actuarial assumptions. A decrease of $4.4 million in deferred inflows contributed to the increase in net position as well, which is the result of a change in VA529's share of the net pension liability.

Table 3 is a summary comparison of the Enterprise Fund's Statement of Revenues, Expenses, and Changes in Net Position for fiscal 2023 as compared to the prior year. The table reflects the change in the enterprise fund's net position, which increased by 13.8 percent for fiscal 2023.

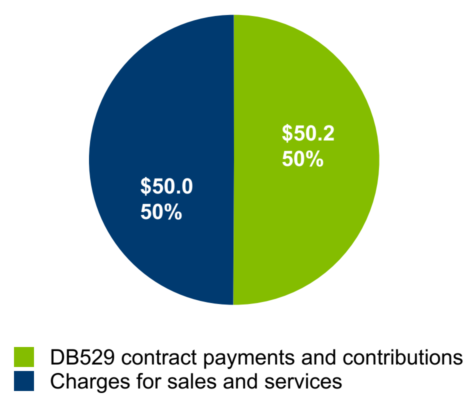
Table 3 – Enterprise Fund
Changes in Net Position (in millions)*

YEARS ENDED JUNE 30	2023	2022**	$ CHANGE	% CHANGE
Operating revenues				
Charges for sales and services	$ 50.0	$ 55.4	$ (5.4)	(9.8)%
Net increase (decrease) in investment income	112.9	(164.7)	277.7	168.5 %
Contributions	50.2	68.7	(18.5)	(26.9)%
Net actuarial gain/(loss)	208.6	89.7	118.9	132.6 %
Net operating revenues	421.7	49.1	372.7	759.1 %
Operating expenses				
Educational benefits expense	181.2	202.5	(21.3)	(10.5)%
Other operating expenses	39.4	40.8	(1.5)	(3.6)%
Net operating expenses	220.6	243.3	(22.8)	(9.4)%
Operating income (loss)	201.1	(194.3)	395.4	(203.5)%
Non operating revenue (expense) net	0.4	—	0.4	100.0 %
Income (loss) before transfers	201.5	(194.3)	395.8	(203.7)%
Non-operating revenues/(expenses)	(0.3)	(0.4)	0.1	— %
Change in net position	201.2	(194.7)	395.9	(203.4)%
Net position, beginning	1,456.3	1,650.9	(194.6)	(11.8)%
Net position, ending	$ 1,657.5	$ 1,456.2	$ 201.3	13.8 %

*Amounts may not sum due to rounding
**Restated

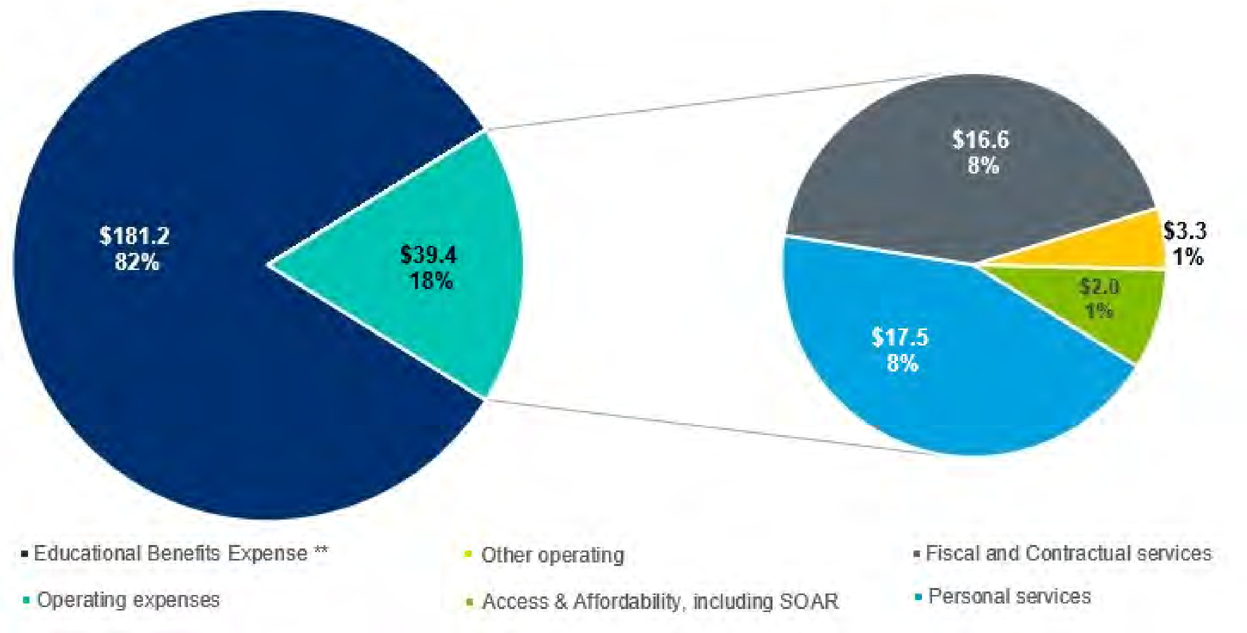
Revenues - For the fiscal year ended June 30, 2023, a net increase is reflected in the market value of investments of approximately $112.9 million, versus the decrease in the prior fiscal year of $164.7 million. The fair values of investment securities change on a daily basis depending upon market conditions. This number will fluctuate from year to year, depending upon market conditions as of June 30th, or the last business day of the fiscal year. The DB529 Program's asset allocation had positive performance in fiscal 2023 compared to the net loss incurred in the previous year. Contributions from customers make up a large portion of revenues and decreased by 26.9 percent from 2022. Participant contributions include actual Prepaid529 contract payments as well as purchases of TTP units, and represent approximately 50 percent of enterprise fund revenue. The decrease of $18.5 million in contributions is due to the closure of the Prepaid529 program in 2019. This decrease in contributions toward Prepaid529 will be offset by purchases of TTP units in future years. The actuarial gain increased by 132.6%. This was largely due to updated actuarial assumptions, which occurred as a result of an actuarial experience study performed in 2023. This updated demographic, usage and economic assumptions used in the actuarial valuation of the DB529 plan. Receipts for charges for sales and services decreased during fiscal 2023 by $5.4 million. This decrease is partially attributable to fee reductions in the CollegeAmerica and Invest529 Programs. Chart 2 shows a breakdown of the enterprise fund's main revenue streams.

Chart 2
2023 Enterprise Fund Revenue (in millions)



Expenses - Educational benefits expenses decreased from fiscal 2022 by 10.5 percent or $21.3 million. This decrease is mainly due to the closure of the Prepaid529 program in 2019, resulting in less payouts as accounts use up their benefits. There are no significant distributions from TTP as most of these accounts have not yet reached matriculation. The remaining operating expenses remained consistent from the previous year. Chart 3 below provides a breakdown of the enterprise fund's main expenses.

Chart 3
2023 Enterprise Fund Expenses
in millions



** Does not include actuarial tuition benefits
Amounts may not exactly agree to the table below due to rounding

As shown in Chart 3, tuition benefit payments represent 82 percent of actual expenses of the Enterprise Fund. Of the $39.4 million expended for plan administration and operations expenses, 87 percent were for personal and contractual services.

Table 4 – Enterprise Fund
Plan Administration and Operations Expenses (in thousands)*

YEARS ENDED JUNE 30,	2023	2022**	$ CHANGE	% CHANGE
Personal services	$ 17,520	$ 15,509	$ 2,012	13.0 %
Actuarial pension expense	1,453	1,082	371	34.3 %
Fiscal and contractual services	16,601	12,674	3,927	31.0 %
Supplies and materials	64	42	22	51.1 %
Depreciation and amortization	1,049	467	582	124.7 %
Expendable equipment	416	433	(17)	(3.9)%
SOAR Virginia	2,000	2,000	—	— %
Access and affordability	—	8,000	(8,000)	(100.0)%
Other	282	567	(285)	(50.2)%
Administration and Operations Expenses	$ 39,386	$ 40,774	$ (1,388)	(3.4)%

* Amounts may not sum due to rounding
**Restated

Table 4 provides a comparison of administration and operations expenses between fiscal years 2023 and 2022, which decreased by 3.4 percent.

Personal services expense increased by $2.0 million, or 13.0 percent, over the prior year's amount. The increase is attributable to hiring additional staff, paying out benefits for those who retired or voluntarily terminated employment, and salary and incentive increases as provided in VA529's Compensation Plan approved by the General Assembly. Increased labor costs due to market conditions also contributed to this increase. Actuarial Pension expense increased by $0.4 million. This expense is a function of the annual pension obligation recognition. Information on this expense can be found in Footnote 11 - Retirement and Pension Plan. Expenses for fiscal and contractual services represent about 42.1 percent of fiscal 2023 administrative expenses and increased by 31.0% from the previous year. This increase was due to increased professional services to support several of VA529's initiatives including system implementations, information technology enhancements and additional banking and actuarial services. The enhancement of services and growth in programs also contributed to increases in fiscal and contractual services. Depreciation and amortization increased by $0.6 million in fiscal 2023, largely due to the implementation of GASB 96, which required the capitalization of SBITAs. Access and affordability expense represents an expansion of VA529's initiatives beyond the SOAR Scholars early commitment scholarship program. This expanded program, which was authorized by the VA529 Board in February, 2021 and increased in fiscal 2022 did not occur in fiscal 2023. Other expense represents the scholarship awards programs described in Note 16, which decreased by $0.3 million from fiscal 2022 as the amount allocated in fiscal 2022 included awards from 2021.

Actuarial Soundness

VA529's statute requires that it annually determine the actuarial soundness of the DB529 Program; which means the actuary's projection that the Program will have the funds needed to pay future obligations. The purpose of VA529's actuarial valuation is to calculate the actuarial present value of the obligations under the DB529 program's accounts purchased through June 30, 2023 and compare the value of those obligations with the DB529 program's assets as of that date.

During fiscal 2023, the DB529 program's actuarial reserve position, as calculated by VA529's actuary and reported in the 2023 Actuarial Valuation Report, decreased from an actuarial reserve of 1,411.5 million to $1,099.8 million. In fiscal 2023, an allocation of $500 million was made from the DB529 fund into a separate fund in support of potential access and affordability initiatives of the SOAR Virginia Program. The access and affordability fund exists within the enterprise fund financial statements. This was the primary driver of the decrease in actuarial reserves of the DB529 fund. Actuarial assumptions are discussed in Note 10 and the SOAR Virginia Program is discussed further in Note 15 in the Notes to the Financial Statements.

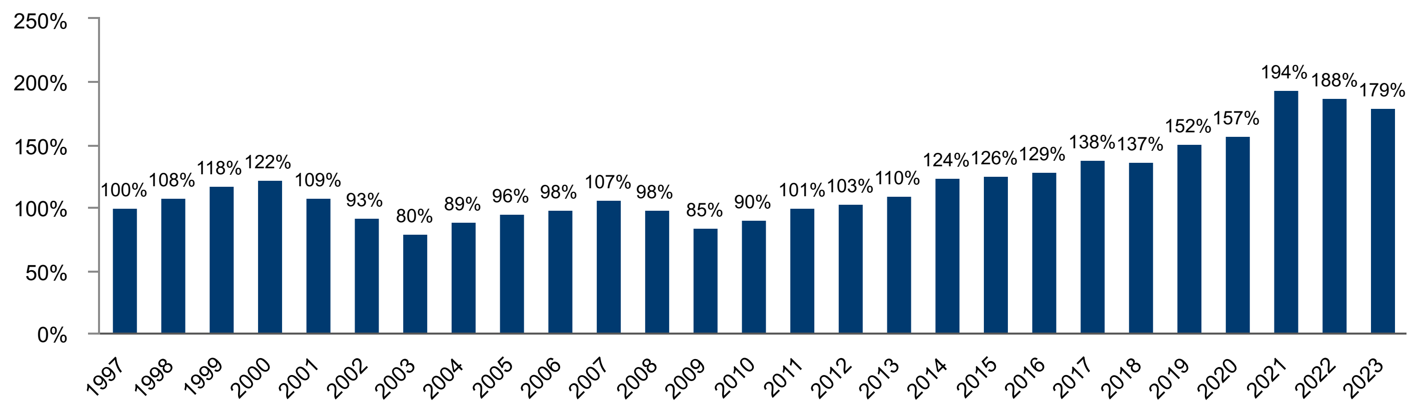
The overall effect of the changes on the actuarial reserve is summarized in Table 5. This table reflects the actuarial gains and losses and the Actuarial Reserve as of June 30, 2023 as calculated by VA529's actuary using preliminary financial statements developed and provided by VA529 as reflected in the draft Actuarial Valuation Report as of September 29, 2023. The final report is expected to be completed no later than mid-December 2023. Any adjustments to the final Actuarial Reserve and the estimated valuation will be reflected and disclosed in the subsequent year's financial statements. A copy of the 2023 Actuarial Valuation Report may be obtained from VA529.

Table 5 – DB529 Program
Statement of Changes in Actuarial Reserve (dollars in millions)

Actuarial Reserve / (Deficit) as of June 30, 2022	$	1,411.5
Interest on the reserve at 5.50%	$	77.6
New TTP unit sales	$	(2.0)
Investment return during 2022-2023 lower than expected	$	(44.1)
Change to Reasonable Rate and Actual account balances	$	(5.3)
Tuition increases for 2023-2024 lower than expected	$	(0.3)
Account maintenance expenses paid by Operating Fund	$	3.7
Update to bias assumption	$	(1.2)
Change to investment and tuition volatility assumptions	$	(1.9)
Change to reasonable rate assumption	$	(24.7)
Change to investment return assumption	$	14.2
Change to demographic assumptions	$	133.2
Allocation to access fund	$	(500.0)
Other experience	$	39.1
Total changes to the actuarial reserve	$	(311.7)
Actuarial Reserve / (Deficit) as of June 30, 2023	$	1,099.8

The DB529 Program's overall actuarial funded status, as calculated by the actuary, as of June 30, 2023 was 179% (rounded). Chart 4 below provides the Defined Benefit 529 Program's' funded status since inception. The funded status is a result of the combination of market returns and tuition increase assumptions and generally follows the overall macro-economic environment. As shown in the chart below, the DB529 Program has experienced funded statuses from a low of 80% to a high of 193.5% with several periods of ups and downs in between.

Chart 4
DB529 Programs Actuarially Funded Percentage as of June 30th (rounded)



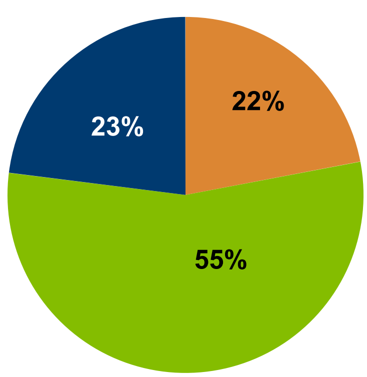
Defined Benefit 529 Program's Asset Allocation and Investments

Chart 5 illustrates the target asset allocation of the DB529 program, as approved by the VA529 Board, as well as the actual asset allocations as of fiscal year-end. Each asset class is within its allowable range approved by the Board.

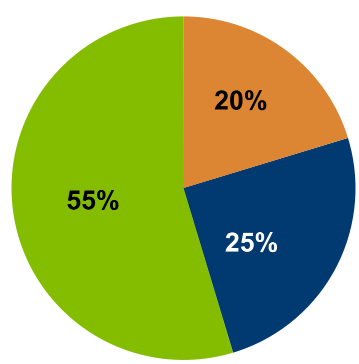
In fiscal 2023, several investment manager changes were made to meet various mandates within the existing target asset allocation, which was approved by the Virginia529 Board in August, 2021 and reaffirmed by the Board in June 2023. The strategic asset allocation policy was not changed from the previous fiscal year. The allocation is designed to meet performance objectives while reflecting a proper balance between program needs for liquidity and return on assets, combined with an appropriate level of risk. Blackrock, Inc. was terminated as an intermediate term credit core bond index fund and Advent Capital Management, LLC was terminated as a convertible fixed income manager. Schroders Investment Management North America, Inc. was terminated as a mortgage backed securities manager. Each of these changes were made as part of a fixed income transition during fiscal 2023. Hamilton Lane was engaged for a custom private equity separately managed account in fiscal 2021 and VA529 continued to leverage this relationship in fiscal 2023 by increasing these positions. Within the private markets mandate, several additional managers were hired. Chorus Capital Management, LTD and Monarch Alternative Capital, LP were hired as private debt managers. Brigade Capital Management, LP, Ares Capital Management and the Wellington Management Co., LLP were hired as multi-asset credit managers. Also, Stockbridge Capital Group, LLC was added as a private real estate manager. Additionally, Neuberger Berman and PGIM were hired as core bond managers. A complete list of DB529 Program's managers as of June 30, 2023 may be found in Appendix B.

Chart 5
DB529 Program's Asset Allocation as of June 30, 2023

Target Asset Allocation



Actual Asset Allocation



*Amounts may not sum due to rounding

Capital Assets and Long-Term Debt Activity

In order to support its operations, VA529 invests in capital assets. VA529 continues to maintain and upgrade its current infrastructures and pursues opportunities for future equipment and facilities improvements. During fiscal 2023, VA529 increased capital assets by $135,558. Please see Note 9 for information on VA529's capital asset activity.

VA529 does not have any long-term debt.

Analysis of Fiduciary Fund Financial Activities

The Fiduciary Fund includes the activities of VA529's Invest529 (excluding TTP), including SOAR Scholars, as well as VA529's expanded Access and Affordability Programs. Table 6 presents a summary of the assets and liabilities for fiscal 2023 and 2022. Cash and cash equivalents increased by $58.3 million from fiscal year 2022, which is the result of strong growth in the FDIC-Insured portfolio. The competitive rate on this portfolio, combined with the FDIC insured protection has increased consumer demand. This portfolio also received inflows from the Prepaid529 program as expired accounts were transferred to the FDIC-insured portfolio for future usage by these customers. VA529 engages various investment managers to invest the funds of the programs. The cash and cash equivalents position fluctuates as these managers purchase and sell investments. Market recovery from the previous fiscal year partially contributed to a 14.5 percent increase in investments. Also contributing to this increase was steady account growth as the Invest529 program remains an attractive option to customers. The 3.6 percent decrease in liabilities is the result of trading activity at year-end and the accrual of lesser amounts owed for fees, but not yet paid and payables for securities purchased at fiscal year-end.

Table 6 - Statement of Fiduciary Net Position (in millions)*

Fiscal year ended June 30	2023	2022	$ Change	% Change
Assets:				
Cash	$ 337.3	$ 279.1	$ 58.3	20.9 %
Receivables	$ 15.0	$ 14.6	0.4	2.6 %
Investments	$ 7,647.5	$ 6,677.1	970.4	14.5 %
Total Assets	$ 7,999.7	$ 6,970.8	1,029.0	14.8 %
Liabilities	$ 12.2	$ 11.8	0.4	3.6 %
Net position held in trust, ending	$ 7,987.5	$ 6,959.0	$ 1,028.6	14.8 %

*Amounts may not sum due to rounding

Table 7 reflects the change in the Fiduciary Fund's net position for fiscal 2023. Additions to the fiduciary net position held in trust include contributions from participants as well as net investment income. Investment income increased $1.5 billion from fiscal 2022, which is ultimately attributable to the overall market performance during the year. The decrease in contributions from program participants, which amounted to $100 million partially offset the impact of investment income on fiduciary net position. Educational expense benefit payments and shares redeemed represent 100 percent of DC529 Program deductions and, as anticipated, the overall disbursements to DC529 Program account owners, beneficiaries, and institutions increased over the prior year by approximately 6.6 percent as more participants withdrew funds for higher education expenses. Included in these deductions are payments to partners for Access & Affordability Initiatives as well as benefit payments to SOAR Scholarship recipients. These totaled $3.7 million and $0.9 million, respectively in fiscal 2023.

Table 7 - Change in Fiduciary Net Position (in millions)

Fiscal year ended June 30	2023	2022	$ Change	% Change
Additions	$ 1,635.2	$ 209.5	$ 1,425.7	680.5 %
Deductions	606.7	569.1	37.5	6.6 %
Net Increase (decrease)	1,028.6	(359.6)	1,388.2	386.0 %
Net position held in trust, beginning	6,959.0	7,318.6	(359.6)	(4.9)%
Net position held in trust, ending	$ 7,987.5	$ 6,959.0	$ 1,028.6	14.8 %

*Amounts may not sum due to rounding

In November 2022, the Invest529 Program received a Bronze medal rating from Morningstar, Inc. Morningstar is a provider of independent investment research in North America, Europe, Australia, and Asia. Morningstar offers an extensive line of products and services for individual investors, financial advisors, asset managers, and retirement plan providers and sponsors. Morningstar introduced its ratings on 529 plans in 2010 and evaluates college savings plans on four key pillars – Process, People, Parent, and Price. Morningstar evaluated the majority of 529 plans in calendar year 2022. Morningstar's ratings from highest to lowest are Gold, Silver, Bronze, Neutral and Negative. Invest529 was one of 20 plans to receive a Bronze rating.

In fiscal 2023, the Invest529 target enrollment portfolios evolved in accordance with the rebalancing policy along their scheduled glide paths, which emphasizes more income and preservation of capital as the portfolios proceed toward their final evolution. This evolution represented one of the triennial target allocations as set forth in the Invest529 Program Description. The 2042 portfolio was also added to the glidepath in fiscal 2023. The portfolios are rebalanced annually to move towards triennial weights.

In January 2022, VA529 reduced Invest529 administrative fees by 44 percent from the previous 9 basis points on underlying assets under management of the program. For the first time in its history, a tiered fee structure was implemented in Invest529, which results in 6 basis points being charged on underlying assets up to $5 billion dollars and 3 basis points on underlying assets exceeding $5 billion. Fiscal 2023 was the first full fiscal year under the tiered fee structure. The administrative fee was also eliminated from the Invest529 FDIC-Insured Portfolio. The TTP of Invest529 is not charged administrative or other investment management fees. These fees are calculated and accrued daily by the investment custodian and redemption is made by VA529 on a quarterly basis. This fee is then collected as revenue into the enterprise fund and this reduction in fees impacts fee revenue.

Economic Factors and Outlook

VA529 continues to remain optimistic that its asset allocation and investment strategies will result in the DB529 Program meeting or exceeding performance expectations over the long term. VA529 has assumed a long-term rate of return of 5.75 percent on the DB529 Program's investments. As of June 30, 2023, the total return since inception was about 6.06 percent net of fees and reflected DB529 Program's 4.0 percent investment performance during fiscal 2023. Each asset class had positive performance during fiscal 2023. Portfolio performance through fiscal 2024 will depend on many factors.

In assessing the DB529 Program's financial condition, VA529 has projected that tuition and fee increases at Virginia's public higher education institutions will increase by approximately 4.0 percent for the academic year beginning fall 2024 and will increase by 6.0 percent each year thereafter. This applies to four-year universities. Virginia's community colleges and two-year institutions are projected to increase by 3.0 percent for the upcoming academic year beginning fall 2024 and will increase 6.0 percent for each year thereafter. These long-term tuition and fee increase projections were established for the June 30, 2023 DB529 Program's valuation.

The actuarial valuation reflects the DB529 Program's portion of the Enterprise Fund. This includes the market value of DB529 Program's assets and cash flows from program operating and investing activities. VA529 did not assign any of its net agency operating revenue to the DB529 Program during fiscal 2023.

Changes in public education funding that result in tuition increases above VA529's projections would have an immediate, detrimental impact on VA529's outstanding long-term DB529 Program's obligations. With the statutory requirement that institutions provide updated, long-term tuition projections, VA529 remains in a position to be informed of future tuition and fee increases.

Invest529, CollegeAmerica, ABLEnow, and ABLEAmerica portfolios will depend on many of the same investment factors as those impacting the DB529 program. In the education savings and disability savings programs, the participants, rather than VA529, bear the risk of portfolio declines as a result of the market or other factors.

Virginia529℠

ABLEnow®

retirepathVA℠

Basic Financial Statements

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VIRGINIA529 STATEMENT OF NET POSITION
ENTERPRISE FUND as of June 30, 2023 (amounts in thousands)

	Administration and Operations	DB529 and Access and Affordability	Total Enterprise
Assets and Deferred Outflows of Resources			
Current assets:			
Cash and cash equivalents (Note 1D, 3, and 6)	$ 61,422	$ 68,441	$ 129,864
Interest receivable	218	8,964	9,182
Prepaid529 contract payments receivable (Note 1F and 10)	—	17,828	17,828
Pending trade receivables	—	25,518	25,518
Prepaid and other assets (Note 1H)	1,899	1,599	3,497
Accounts receivable (Note 1G)	12,878	—	12,878
Total current assets	76,416	122,350	198,767
Noncurrent assets:			
Investments (Note 1D, 3, 4, 5, and 7)	—	2,843,363	2,843,363
Other post-employment benefits, net (Note 11 and 12)	706	—	706
Prepaid529 contract payments receivable (Note 1F and 10)	—	51,670	51,670
Depreciable and amortizable capital assets, net (Note 1K and 9)	2,530	24	2,554
Total noncurrent assets	3,236	2,895,057	2,898,293
Total assets	79,652	3,017,407	3,097,059
Deferred outflows of resources:			
Pension contributions made after measurement date (Note 11)	1,631	—	1,631
Pension related (Note 11)	1,340	—	1,340
Other post-employment benefits related (Note 11, 12, and 13)	1,153	—	1,153
Total deferred outflows	4,124	—	4,124
Total assets and deferred outflows of resources	83,776	3,017,407	3,101,183
Liabilities and Deferred Inflows of Resources			
Current liabilities:			
Accounts payable (Note 1L)	1,421	359	1,781
Treasury loan payable (Note 1M)	4,000	—	4,000
Pending trades payable	—	32,528	32,528
Accrued interest payable	36	—	36
Obligations under lease agreements (Note 8C)	38	—	38
Obligations under SBITA agreements (Note 8D)	883	14	897
Obligations under securities lending (Note 6)	1,478	—	1,478
Educational benefits payable (Note 10)	—	184,019	184,019
Compensated absences (Note 1N and 8B)	843	—	843
Net other post-employment benefits liability (Note 1N and 12)	65	—	65
Total current liabilities	8,764	216,920	225,684
Noncurrent liabilities:			
Obligations under lease agreements (Note 8C)	73	—	73
Obligations under SBITA agreements (Note 8D)	499	—	499
Educational benefits payable (Note 8A and 10)	—	1,200,680	1,200,680
Compensated absences (Note 1N and 8B)	191	—	191
Net pension liability (Note 11)	10,690	—	10,690
Net other post-employment benefits liability (Note 11, 12, and 13)	2,336	—	2,336
Total noncurrent liabilities	13,788	1,200,681	1,214,469
Total liabilities	22,552	1,417,601	1,440,153
Deferred inflows of resources:			
Pension related (Note 11)	2,271	—	2,271
Other post-employment benefits related (Note 11, 12, and 13)	1,233	—	1,233
Total deferred inflows	3,503	—	3,503
Total Liabilities and Deferred Inflows of Resources	26,055	1,417,601	1,443,656
Net Position			
Investment in capital assets	1,038	9	1,047
Restricted for net other postemployment asset (Note 12)	382	—	382
Unrestricted	56,300	1,599,797	1,656,098
Total net position	$ 57,721	$ 1,599,806	$ 1,657,527

*The notes to financial statements are an integral part of this statement

VIRGINIA529
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUND
For the Year Ended June 30, 2023 (amounts in thousands)

	Administration and Operations	DB529 and Access and Affordability	Total Enterprise
Operating revenues/(loss):			
Charges for sales and services (Note 1C)	$ 50,011	$ —	$ 50,011
Investment income (net)	2,210	110,707	112,917
Participant contributions (Note 1F)	—	50,191	50,191
Net actuarial gain/(loss) (Note 10)	—	208,600	208,600
Other revenue	2	—	2
Total operating revenues/(loss)	52,223	369,498	421,721
Operating expenses:			
Personal services (Note 11 and 12)	17,520	—	17,520
Actuarial pension expense (Note 11)	1,453	—	1,453
Fiscal and contractual services	16,601	—	16,601
Supplies and materials	64	—	64
Depreciation and amortization (Note 9)	1,049	13	1,062
Educational benefits expense	—	181,208	181,208
Expendable equipment	416	—	416
SOAR Virginia (Note 15)	2,000	—	2,000
Access and affordability (Note 15)	—	—	—
Other	282	—	282
Total operating expenses	39,386	181,222	220,607
Operating income/(loss)	12,837	188,277	201,114
Nonoperating revenues/(expenses)			
Interest expense	(106)	—	(107)
Other nonoperating income	544	—	544
Operating income/(deficit) before transfers	13,275	188,276	201,551
Transfers:			
Transfers to the General Fund of the Commonwealth	(292)	—	(292)
Change in net position	12,982	188,276	201,259
Restated net position - July 1, 2022 (Note 2)	44,738	1,411,530	1,456,268
Net position - June 30, 2023	$ 57,721	$ 1,599,806	$ 1,657,527

Amounts may not sum due to rounding
The notes to financial statements are an integral part of this statement.

VIRGINIA529
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Year Ended June 30, 2023 (amounts in thousands)

Cash flows from operating activities:		
Receipts for sales and services	$	49,476
Contributions and contract payments received		47,669
Payments to suppliers for goods & services		(1,621)
Payments to employees		(19,833)
Payments for contractual services		(15,512)
Payments for educational benefits		(181,208)
Other operating expenses		(2,282)
Net cash provided by (used for) operating activities		(123,311)
Cash flows from noncapital financing activities:		
Increase in Treasury Loan		2,000
Transfer to the General Fund of the Commonwealth		(292)
Net cash provided by (used for) noncapital financing activities		1,708
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(136)
Payments of principal and interest on lease obligations		(31)
Payments of principal and interest on SBITA obligations		(999)
Net cash provided by (used for) capital and related financing activities		(1,166)
Cash flows from investing activities:		
Purchases of investments		(3,528,838)
Proceeds from sales or maturities of investments		3,515,755
Interest and dividend income on cash, cash equivalents, and investments		121,112
Net cash provided by (used for) investing activities		108,029
Net change in cash and cash equivalents		(14,740)
Cash and cash equivalents - Beginning		143,124
Cash and cash equivalents - Ending	$	128,384
Reconciliation of cash and cash equivalents:		
Per the Statement of Net Position:		
Cash and cash equivalents	$	129,864
Less:		
Securities lending cash equivalents		(1,478)
Cash and cash equivalents per the Statement of Cash Flows	$	128,385

Amounts may not sum due to rounding.
The notes to financial statements are an integral part of this statement.

For the Year Ended June 30, 2023 (amounts in thousands)

Reconciliation of operating income to net cash provided by operating activities:		
Operating income/(deficit)	$	201,114
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation and amortization		1,062
Interest, dividends, rents and other investment income, net		(112,917)
Changes in assets, liabilities, and deferred inflows and outflows:		
(Increase) decrease in receivables		(3,057)
(Increase) decrease in Prepaid 529 contract payments receivable		20,448
(Increase) decrease in prepaid and other assets		(1,141)
(Increase) decrease in other post-employment benefits asset		108
(Increase) decrease in deferred outflows of resources - pension related		882
(Increase) decrease in deferred outflows of resources - OPEB related		27
Increase (decrease) in accounts payable		(240)
Increase (decrease) in current educational benefits payable		(85,272)
Increase (decrease) in current compensated absences		33
Increase (Decrease) in current long-term lease liabilities		38
Increase (Decrease) in current long-term SBITA liabilities		897
Increase (decrease) in current obligations in net OPEB liability		13
Increase (decrease) in noncurrent educational benefits payable		(143,776)
Increase (decrease) in noncurrent compensated absences		45
Increase (Decrease) in noncurrent long-term lease liabilities		73
Increase (Decrease) in noncurrent long-term SBITA liabilities		499
Increase (decrease) in net pension liability		2,360
Increase (decrease) in net OPEB liability		25
Increase (decrease) in total OPEB liability		(126)
Increase (decrease) in deferred inflows of resources - pension related		(3,943)
Increase (decrease) in deferred inflows of resources - OPEB related		(462)
Net cash provided by (used for) operating activities	$	(123,310)
Noncash investing, capital, and financing activities:		
The following transaction occurred prior to the statement of net position date:		
Change in fair value of investments	$	109,568
Lease obligations related to right-to-use asset		(31)
SBITA obligations related to right-to-use asset		(999)

Amounts may not sum due to rounding.
The notes to financial statements are an integral part of this statement.

VIRGINIA529
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
as of June 30, 2023 (amounts in thousands)

		Total Fiduciary Fund
Assets:		
Cash and cash equivalents (Note 1D and 3)	$	337,312
Receivables:		
Interest and dividends		14,442
Accounts receivable		44
Pending trades receivable		475
Investments:		
Treasury & agency securities		10,276
Certificates of deposit		25,256
Bonds		456,415
Mutual funds - non-index		595,456
Mutual funds - index		4,573,230
Stable value		1,665,481
Equities		237,922
Real estate		83,434
Total investments		7,647,470
Total assets		7,999,743
Liabilities:		
Accounts payable		868
Pending trades payable		8,240
Due to program participants (Note 1L)		1,272
Program distributions payable		1,832
Total liabilities		12,211
Net position held in trust for program participants	$	7,987,531

Amounts may not sum due to rounding

The notes to financial statements are an integral part of this statement.

VIRGINIA529
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
For the Year Ended June 30, 2023 (amounts in thousands)

	Total Fiduciary Fund
ADDITIONS	
Contributions:	
From participants	$ 942,837
Total contributions	942,837
Investment income:	
Total investment earnings	$ 699,456
Less investment management expense	(3,452)
Less program and administrative expense	(3,616)
Total investment costs	(7,068)
Net investment income	692,388
Total additions	1,635,225
DEDUCTIONS	
Educational expense benefits	$ 581,133
Shares redeemed	25,533
Total deductions	606,667
Changes in net position	1,028,558
Net position held in trust for program participants:	
Beginning	6,958,973
Ending	$ 7,987,531

The notes to financial statements are an integral part of this statement.

Virginia529℠

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Notes to the Financial Statements

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1. Summary of Significant Accounting Policies

The Virginia College Savings Plan (VA529), a body politic and corporate and an independent agency of the Commonwealth of Virginia, was created in 1994 by the Virginia General Assembly, and its enabling legislation is codified at §23.1-700 through §23.1-713 of the Code of Virginia, as amended. VA529 operates the Commonwealth of Virginia's Internal Revenue Code (IRC) §529 qualified tuition plan, which includes its Defined Benefit 529 Program (legacy Prepaid529℠ and the Tuition Track Portfolio), Invest529℠ (Invest529), and CollegeAmerica®. The results of the operations of the Defined Benefit 529 Program and Invest529 are included in the financial statements. In addition, VA529 administers access and affordability initiatives through its SOAR Virginia program, which includes its SOAR Scholars early commitment scholarship program and an expanded Access and Affordability program that launched in 2021. This program further expanded in fiscal 2023 with the creation of a new fund, which will support future access and affordability initiatives. VA529 also operates the Commonwealth's IRC §529A disability savings plans through the ABLEnow and ABLEAmerica programs, and the RetirePath state-facilitated IRA savings program.

Prepaid529 is a defined benefit program, which closed to new participants in fiscal 2019. Contracts in this program were based on actuarially determined prices that provide the future payment of undergraduate tuition for the normal full-time course load for students enrolled in a general course of study at any Virginia public higher educational institution and all mandatory fees required as a condition of enrollment of all students. The contract provisions also allow benefits to be used at in-state private or out-of-state institutions with payouts based on earnings and the amounts charged by Virginia's public higher education institutions. Calculations and payouts differ between in-state private and out-of-state institutions. Approximately 133,951 accounts were opened throughout the program's history, with 41,358 contracts remaining active at year-end. VA529 will continue to service existing contracts for this legacy program. The program invests contract payments to meet future obligations and had total assets invested of approximately $2.8 billion as of June 30, 2023. The Tuition Track Portfolio (TTP), a principal protected portfolio offered as part of the Invest529 program, is also a defined benefit program, which sells units of the portfolio equal to all or a portion of the cost of tuition based on the weighted average tuition cost across all Virginia's public higher education institutions at the time of purchase. TTP benefits are based on the weighted average tuition cost of Virginia's public higher education institutions at the time of withdrawal. Collectively, the Prepaid529 and TTP programs are referred to as the Defined Benefit 529 Program or the DB529 Program.

In addition to the DB529 Program, VA529 has allocated $500 million from the actuarially-determined reserve amounts of the DB529 Program to be used toward the SOAR Virginia Program, which is a program designed to expand existing initiatives to increase the accessibility and affordability of post-secondary education for all Virginians. The VA529 Board approved this allocation in May of 2023 and the funds remained invested alongside the assets of the DB529 Program at the end of fiscal 2023. These funds will continue to accrue investment earnings until they are spent in future periods. The DB529 Program and the funds invested in SOAR Virginia, along with the administrative and operating funds make up the Enterprise Fund (a statutorily-created special nonreverting fund) within the financial statements.

VA529 does not receive any general fund appropriations to cover its program and agency operating costs. VA529's enabling legislation provides that all moneys remaining in its enterprise fund at the end of a biennium shall not revert to the Commonwealth's general fund. Funds remaining may be used to pay VA529's obligations, including those of the DB529 Program. VA529's assets and income are exempt from federal, state, and local income taxation, except for taxes on unrelated business income. VA529's enabling legislation also provides that a sum sufficient appropriation be included by the Governor in his budget to cover current obligations of VA529, including the obligations of the Defined Benefit 529 Program in the event of a funding shortfall.

With the exception of TTP, Invest529 is a defined contribution savings program. The portfolios which make up the defined contribution program of Invest529 (collectively referred to as the Defined Contribution 529 Program or DC529 Program) allow participants of all ages to save for qualified higher education expenses, including tuition and fees, at any qualified higher education institution or primary and secondary school by making contributions into the investment portfolio(s) of their choice. Participants are allowed to select from among 22 investment portfolios. One additional portfolio remains open but is closed to new participants. The DC529's accounts are subject to investment risks, including the possible loss of principal. The DC529 Program is open year round and has no age or residency restrictions. Invest529 began operations in December 1999. The program has had 650,445 open accounts since inception and 458,583 accounts remain active at fiscal year-end. These accounts had a net position value of approximately $7.99 billion as of June 30, 2023. The DC529 Program's investment management fees and administrative fees are paid on a pro-rata basis by each account owner and vary according to the portfolio selected. DC529 Program accounts provide investors with the same federal and state tax benefits available to participants in the DB529 Program.

An eleven-member governing Board administers VA529, consisting of four ex-officio members and seven non-legislative citizens. Four members are appointed by the Governor, one is appointed by the Senate Committee on Rules, and two are appointed by the Speaker of the House of Delegates. The ex-officio members are the Director of the State Council on Higher Education for Virginia, the Chancellor of the Virginia Community College System, the State Treasurer, and the State Comptroller. The non-legislative citizen members shall have significant experience in finance, accounting, law, investment management, higher education, disability advocacy, or defined contribution retirement plans. In order to assist the Board in fulfilling its fiduciary duty with the investment of VA529 assets, the Board has appointed an Investment Advisory Committee (IAC). To assist the Board in fulfilling its responsibilities relating to VA529's financial reporting processes and internal and financial controls, the Board has appointed an Audit and Actuarial Committee (A&AC). The IAC and A&AC are permanent advisory committees of the Board pursuant to §23.1-702 of the *Code of Virginia*, as amended. The Board has appointed a Compensation Committee to review matters relating to and/or affecting personnel and compensation policies and plans and to make recommendations to the Board regarding those matters. The Board has also appointed a RetirePath Advisory Committee (RPAC) to assist it with fulling its responsibilities relating to providing a private retirement IRA savings option for working Virginians without access to retirement savings through their employers. Additionally, the Board has appointed an Access and Advisory Committee to advise the Board on matters relating to the development and administration of initiatives to increase the access and affordability of post-secondary education to all Virginians.

The Board has adopted charters that describe the purpose of the committees as well as their duties and responsibilities, composition and conduct of business. Pursuant to the Virginia College Savings Plan Act of the General Assembly, the Joint Legislative Audit and Review Commission (JLARC) provides oversight and evaluation of VA529 on an ongoing basis and also performs special studies of VA529 as requested by the General Assembly.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises, or has the ability to exercise, oversight authority. VA529 is an integral part of the reporting entity of the Commonwealth of Virginia and is included in the Commonwealth's basic financial statements.

The following is a summary of significant accounting policies employed by VA529.

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

B. Reporting Entity

The accompanying financial statements report the financial position, changes in financial position and cash flows of VA529 as of and for the fiscal year ended June 30, 2023. For financial reporting purposes, VA529 includes all funds and entities over which VA529 is financially accountable and exercises oversight authority, which includes the Defined Benefit 529 Program and DC529.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

VA529 reports the activity of its administrative and operating activity, the DB529 Program and an additional fund for Access and Affordability and other initiatives as an enterprise fund, which is a type of proprietary fund. Enterprise funds typically account for transactions related to resources received and used for financing self-supporting entities that offer products and services for a fee to external users. All operating expenses and revenue collected to support VA529 operations, including administrative fee revenue and expenses of all VA529 college and disability savings programs are reflected in the enterprise fund. There are also funds allocated to Access and Affordability and other initiatives, which exist within the enterprise fund. VA529's enterprise fund is a proprietary fund of the Commonwealth of Virginia.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating. The principal enterprise fund revenues of VA529 are program participants' contributions toward the DB529 Program and investment income. VA529 enterprise fund expenses include tuition benefits expenses.

VA529's operating component is presented in a separate column, providing transparency in reporting operating activity and net position. Operating revenues include administrative and other fees received from VA529 programs. Operating expenses include contractual and personal services.

VA529 reports the activity of the DC529 and Access and Affordability Programs as private-purpose trust funds, which is a type of fiduciary fund. This activity primarily consists of contributions from customers into their accounts and withdrawals made for qualified education expenses. Private-purpose trust funds account for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments.

The financial statements of the proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

D. Cash Equivalents and Investments

Money market investments of VA529, which are deemed short-term, highly liquid investments, are reported at amortized cost. Long-term investments of VA529 are reported at fair value primarily based upon quoted market prices, except for stable value investments, which are reported at contract value. Cash equivalents are investments with an original maturity of three months or less. Investments are reported on a trade date basis. Nonnegotiable Certificates of Deposits are reported as investments due to their long term original maturity dates. Trade date accounting accurately depicts VA529's financial position as of fiscal year-end, as all securities pending settlements at June 30, 2023 are incorporated in the reported values.

VA529 also participated in the Commonwealth's General Account pool, which is managed by the State Treasurer. These pooled investments are valued on an amortized cost basis. VA529 receives no additional distribution of unrealized gains or losses in the fair values of the pool's investments.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The fair value estimation methodology used to value private equity, private debt and private real estate investments is one significant estimate used. As capital statements are not always available through fiscal year-end, to value these investments, the most recent capital statements available are adjusted for cash flow transactions within the investments through fiscal year-end. Additional estimates used are transactions related to pension and other post-employment benefits, discussed in Notes 11 - 13 and actuarially determined amounts, discussed in Note 10.

F. Contributions and Contract Payments

Prepaid529 contract purchasers may pay their contract in full via a lump sum payment or over a period of time. Customized financing options are available for purchasers by allowing payments to be spread over a period of time determined by the contract purchaser. However, contracts must be paid in full prior to drawing benefits; therefore the maximum number of years available for those purchasers electing to pay over time is approximately equal to the number of years between the beneficiary's current age and their expected college entrance date. Prepaid529 contract payments receivable represent the actuarially determined present value of future payments due from contract holders.

Approximately 48.2 percent of contract holders of outstanding (active) contracts as of June 30, 2023 had elected to pay over time. Prepaid529 is closed to new participants.

Customers make payments to purchase units of TTP, which are based on the weighted average tuition costs of Virginia's 4-year public higher educational institutions. The weighted average tuition costs include tuition at the in-state undergraduate rates and all mandatory fees required as a condition of enrollment of all students.

G. Accounts Receivable

Accounts receivable reflected in VA529's operating column of the enterprise fund reflect amounts due to VA529 at June 30th for administrative and other services provided. These amounts include second calendar quarter administrative fees collected on behalf of VA529 for the Invest529, CollegeAmerica, CollegeWealth and ABLEnow programs.

Invest529, excluding TTP and the FDIC-Insured Portfolio, pays VA529 an annual fee equal to six basis points (.06 percent) of the underlying assets held in the Invest529 market investment portfolios up to $5 billion. The fee is reduced to three basis points (.03 percent) for amounts above $5 billion. These fees are calculated and accrued daily by the investment custodian and redemption is made by VA529 on a quarterly basis.

The American Funds pays VA529 an annual fee equal to nine basis points (.09 percent) of the average daily net asset value of the underlying funds held in CollegeAmerica up to $20 billion. The fee is reduced to five basis points (.05 percent) for amounts in excess of $20 billion up to $75 billion with further reductions to three basis points (.03 percent) for amounts above $75 billion. This fee is calculated and accrued daily and paid to VA529 on a quarterly basis.

CollegeWealth's banking partner, Truist pays VA529 an annual fee equal to ten basis points (.10 percent) of the average daily assets held in 529 bank accounts under the Program. These fees are calculated, accrued and paid to VA529 on a quarterly basis.

PNC Bank pays VA529 an annual fee equal to ten basis points (.10 percent) of the assets held in the ABLEnow program's investment options. This fee is calculated and accrued daily and paid to VA529 on a quarterly basis. PNC Bank also pays VA529 a portion of its monthly account management fee equal to 30 percent of the fee for up to 25,000 accounts, 50 percent for 25,001 - 75,000 accounts and 70 percent for over 75,000 accounts.

ABLEAmerica fees have been waived until assets under management reach $300 million or June 2028; whichever is earlier.

RetirePath officially launched In June of 2023, with most participants still in the thirty day onboarding period at fiscal year-end. No administrative fee or associated receivable is reported as of fiscal 2023 from this program, but will be reflected in future periods.

H. Prepaid Expenses

VA529's prepaid expenses include membership dues, subscriptions, maintenance and support, insurance payments and estimated payments for future tax obligations for future fiscal years that were paid in advance as of June 30, 2023. These amounts are recorded as assets within VA529's statement of net position.

I. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are a consumption of assets by VA529 that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of assets by VA529 that is applicable to a future reporting period. VA529 reported deferred inflows and outflows for the fiscal year relating to pensions and other post-employment benefits (OPEB) in accordance with GASB Statements 68 and 75, respectively.

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Changes in net OPEB liability or asset not included in personal services expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the liabilities or assets are reported as deferred outflows of resources. For additional information, see Note 11, Retirement and Pension Plan; Note 12, Group Life Insurance Program, Virginia Sickness and Disability Plan and State Employee Health Insurance Credit Program; and Note 13, Healthcare Plan for Pre-Medicare Retirees.

J. Administrative Expenses and Budget

VA529 is an independent state agency that does not receive a general fund appropriation from the Commonwealth of Virginia. However, VA529's operating expenditures, funded with non-general fund revenues, are included in the Commonwealth's Appropriation Acts and accordingly are subject to approval by the General Assembly and the Governor. The Board annually reviews and approves an operating budget. Operating expenses are primarily funded from administrative fee revenue. VA529 prepares and submits a biennial budget to the Commonwealth in compliance with biennial budgetary requirements (cash basis). Also, in accordance with its fiduciary responsibility, the Board reviews a comparison of actual versus budgeted expenses each quarter.

K. Capital Assets

Tangible capital assets are recorded at cost at the time of acquisition and are reported net of accumulated depreciation. VA529 capitalizes all property, plant, and equipment that has a cost or value greater than $5,000 and an expected useful life greater than two years. Depreciation is computed on a straight-line basis over the estimated useful life of the property. Intangible assets with a value of $100,000 or greater are capitalized, except for internally generated software and right-to-use assets. Internally generated software with a value of $1,000,000 or greater is capitalized. Intangible assets with definite useful lives are amortized over the shorter of the term of the related contract or the useful life.

Intangible assets are nonfinancial in nature, lack physical substance and have an initial useful life extending beyond a single reporting period. These assets may be acquired by purchase or license, through non-exchange transactions, or internally generated. Intangible assets are also capital assets and adhere to the same policies of other property, plant and equipment. There are three types of intangible assets which VA529 evaluates for capitalization: purchased, internally generated computer software and right-to-use assets associated with such contractual agreements. If it is determined that VA529 has any of these categories of intangible assets, they will all be reported in Note 9 - Capital Assets.

Right-to-use assets, which represent intangible assets resulting from lease and/or subscription-based information technology arrangements (SBITA) agreements are included within capital assets. All such assets, in which the total value exceeds $50,000 with a term greater than one year are recognized. These types of assets are valued using the total future payments over the contract term discounted to present value plus any implementation costs. If the interest rate is not implicit in the lease or SBITA agreements, the interest rate which will be used in these future calculations will be the published prime interest rate at the beginning of the contract term. This is because VA529 does not have any comparable borrowings for which to determine an incremental borrowing rate and the prime rate reflects the low risk which a borrower such as VA529 would represent with 100% collateral. These assets are amortized on a straight-line basis over the shorter of the contract term or the useful life of the underlying asset.

The estimated useful lives of capital assets which VA529 currently owns are as follows:

	Years
Equipment	5-20
Software	10

L. Amounts Due To Program Participants

Amounts due to program participants reflects accrued amounts due and payable at June 30, 2023 for distributions to other qualified tuition programs, to participants for cancelled or overpaid prepaid contracts or savings accounts. A liability to the beneficiary is recognized when an event has occurred that compels a disbursement of resources. In the Fiduciary Statement of Net Position, Due to Program Participants also includes contributions received for participants that have yet to settle. These funds are classified as a liability until the settlement process is complete.

M. Treasury Loan Payable

In fiscal 2021, the mandate for VA529 to develop and administer a state-facilitated private retirement program became law. In order to establish this program, a loan from the Treasurer of Virginia (Treasury Loan) was issued to VA529 in the amount of $2 million. An additional drawdown of $2 million occurred during fiscal 2023 for a total outstanding balance of $4 million after a renegotiation of loan in October 2022. Unless the terms are renegotiated in advance, this loan becomes due and payable after one year of issuance. Funds from this loan will be used during the planning, implementation and administration phases of this program. The state-facilitated private retirement program launched in June of 2023.

N. Accrued Leave Policy

Since January 1, 2016, VA529 has administered a Paid Time Off (PTO) Policy with a defined leave year of January 1 through December 31. VA529 provides a bank of PTO that employees may use at their discretion for absences, including vacation, sick, community service, and various other leave types. The Policy applies to all leave-eligible employees including regular full-time and regular part-time employees.

When the Policy became effective, employees' existing annual leave balances converted to an annual bank up to the maximum carryover amount as dictated by VA529's previous annual leave policy. This bank will be available for employees' use throughout their remaining tenure with VA529 and will pay out upon termination according to the provisions below. While employees may use this time in lieu of or in addition to their PTO, they do not accrue time in the annual bank.

Full-time salaried employees accrue PTO at a rate of 8.3 to 13.3 hours semi-monthly, depending on their length of service. The maximum accumulation within the year is dependent upon years of service, but in no case may it exceed 40 days at the end of the calendar year. Regular part-time employees who retain eligibility for benefits receive a pro-rated accrual of PTO based on the number of regularly scheduled hours and state tenure. Employees may carryover up to 80 hours of unused PTO each year.

Employees are eligible annually for a partial payout of PTO time that was accrued but not used in the previous year. The payout of unused leave will occur automatically after the end of the plan year, by February 1 of the subsequent plan year, provided certain conditions are met as specified in the PTO Policy. Eligible accrued but unused PTO will be paid out at 50 percent of the employee's current salary up to a maximum of three to ten days based on total state tenure. Employees have the option to receive a taxable cash payment or they may defer their payment to their 457(b) deferred compensation retirement account.

All employees leaving the agency are paid for accrued unused leave up to a maximum limit, not to exceed 36 days for 15-19 years of service and 42 days for 20 or more years of service, at their current earnings rate. Employees having a negative PTO balance must pay VA529 the value of the borrowed leave as described in the PTO Policy.

In conformance with Section C60 of the GASB *Codification*, the monetary value of accumulated leave payable upon termination is included in the accompanying financial statements. The liability at June 30, 2023, was computed using salary rates effective at that date and represents annual bank, PTO bank, overtime and disability credits held by employees up to the allowable ceilings, including the liability for VA529's share of Social Security and Medicare taxes on leave balances for which employees will be compensated.

O. Other Postemployment Benefits

Eligible VA529 employees participate in postemployment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System (VRS). These programs include the Group Life Insurance Program (GLIP), Virginia Sickness and Disability Program (VSDP), and the Retiree Health Insurance Credit Program (HICP).

The GLIP is a multiple-employer, cost-sharing, defined benefit plan that provides members basic group life insurance upon employment. The VSDP is a single employer plan that is presented as a multiple-employer, cost-sharing plan that, in addition to sick, family and personal leave and short-term and long-term disability benefits provided to active members during employment, provides inactive members with long-term disability and long-term care benefits. The HICP is a single employer plan that is presented as a multiple-employer, cost-sharing plan that provides member retirees who have at least 15 years of service health insurance credits to offset their monthly health insurance premiums. GLIP, VSDP and HICP benefit payments are recognized when due and payable in accordance with benefit terms and investments are reported at fair value. The GLIP liability, VSDP asset, HICP liability, deferred outflows and inflows of resources are determined on the same basis as reported by VRS. The VSDP asset, net of deferred inflows and outflows is presented as a restricted portion of net position. See Note 12 Group Life Insurance Program, Virginia Sickness and Disability Plan and State Employee Health Insurance Credit Program for additional information on these VRS benefit programs.

VA529 also participates in the postemployment Pre-Medicare Retiree Healthcare Plan (PMRHP), which is sponsored by the Commonwealth and administered by the Department of Human Resources Management (DHRM). This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. The plan provides the option for retirees who are not eligible to participate in Medicare to participate in the Commonwealth's healthcare plan for its active employees. VA529 does not pay a portion of the retirees' healthcare premium because both active employees and retirees are included in the same pool for purposes of determining health insurance rates. This generally results in a higher rate for active employees. Therefore, VA529 effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of premiums for active employees.

The PMRHP is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. The PMRHP is reported as part of the Commonwealth's Healthcare Internal Service Fund. There are no assets accumulated in a trust to pay benefits. Benefit payments are recognized when due and payable in accordance with the benefit terms. The PMRHP liability, deferred outflows and inflows of resources are determined on the same basis as reported by DHRM. See Note 13 Healthcare Plan for Pre-Medicare Retirees for additional information. Additional information related to all of these programs or plans is available at the state-wide level in the Commonwealth's Annual Comprehensive Financial Report, available at doa.virginia.gov.

P. Defined Benefit 529 Program – Investment in Real Estate

In 2008, VA529 established Aventura Holdings LLC (Aventura), a limited liability company, to purchase a 48,500 square foot office building in Chesterfield County, Virginia; such purchase was funded by the Prepaid529 program, which was the only defined benefit program at the time. The investment in Aventura is reflected in the Defined Benefit 529 Program's assets at $7.9 million as of fiscal year-end. The value was determined by a professional real estate appraisal in June 2023.

VA529 is the sole member of Aventura and VA529's Chief Executive Officer, Chief Operations Officer, Chief Financial Officer and Chief Administrative Officer are its only non-equity managers. VA529 contracts with Aventura to maintain and operate the building. The building is held as an investment for the benefit of customers in the DB529 program. As the only value derived from Aventura is the building itself, it is valued at fair value within the Enterprise Fund financial statements to reflect the value which would be received upon liquidation to fund customers' benefits if this were ever necessary. Aventura has also established a renewal and replacement reserve funded from the annual contractual payments received from VA529 to cover capital improvements to the building.

Q. Pensions

The Virginia Retirement System's (VRS's or System's) State Employee Retirement Plans are single employer pension plans that are treated like cost-sharing plans.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 11, Retirement and Pension Plan for additional information.

R. Implementation of GASB Standard

As of July 1, 2022, the VA529 adopted GASB Statement No. 96, Subscription-Based Information Technology (IT) Arrangements (SBITAs). The implementation of this standard establishes right-to-use subscription assets and corresponding subscription liabilities for contracts which convey control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Previously, these types of contracts were expensed as the current portion of the contract liability came due. The implementation of this standard required an adjustment to the beginning net position of the enterprise fund. The additional disclosures required by this standard are included in Notes 2, 8 and 9.

2. Beginning Net Position Restatement

The Enterprise Fund's 2023 beginning net position of $1,456.3 million differs from the previous fiscal year's ending balance of $1,455.9 million as reported in VA529's fiscal 2022 financial statements. The difference of $0.34 million primarily resulted from a required beginning balance adjustment to recognize the VA529's net SBITA assets and liabilities as VA529 implemented GASB Statement No. 96, Subscription Based IT Arrangements. The values of the SBITA assets and liabilities, net of amortization differed due to the implementation costs of certain SBITAs and different amortization methodologies of the assets side versus the liabilities side of the entries. The restatement of the June 30, 2022 net position related to GASB 96 is summarized below (in millions):

Net Position as of June 30, 2022, pre-GASB 96	$ 1,455.9
Depreciable capital assets, net	1.8
Noncurrent liabilities	(1.4)
Accrued interest payable	(0.03)
Net Position as of July 1, 2022, post-GASB 96	**$ 1,456.3**

See Notes 8 and 9 for additional information on SBITA agreements.

3. Cash, Cash Equivalents, and Investments

VA529's Board has established Statements of Investment Policy and Guidelines for its investment programs in accordance with §23.1-706 of the *Code of Virginia*, as amended. This section of the *Code* requires the Board to discharge its duties in a manner which will provide the investment return and risk level consistent with the actuarial return requirements and cash flow demands of VA529 and conforming to all statutes governing the investment of VA529 funds. The Board shall exercise the judgment of care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but to the permanent disposition of funds, considering the probable income as well as the probable safety of their capital when investing funds. In order to meet the return requirements, VA529's portfolio shall be invested in a broadly diversified investment portfolio including, but not limited to, domestic and foreign stocks, bonds, mutual funds, collective trust funds, hedge funds, private equity funds and cash equivalent investments, which are defined as investments with an original maturity of three months or less. The Board's allocation target for the enterprise fund's portfolio, at fair value, is 22 percent equities, 55 percent fixed income, and 23 percent alternatives. The Board's allocation targets for the DC529 program vary according to the investment objective of each portfolio.

To assist the Board in fulfilling its fiduciary duty with the investment of VA529 assets, the Board-appointed IAC provides objective and prudent investment advice on all matters related to the management of investments, within the parameters set by the Board's Statements of Investment Policy and Guidelines and the IAC's Charter. The Board has also selected a group of external managers. Complete lists of investment managers are located in Appendices D and E of Other Information. In addition, the enterprise fund's contributions are considered Commonwealth revenue and as a result must pass through the State Treasury. Prior to being moved to VA529's custodian, these monies along with other minor balances may be invested with the State Treasurer as part of the Commonwealth's General Account. The Appropriation Act includes a provision for the allocation of interest on balances held at the State Treasury to VA529 and certain other agencies. Accordingly, VA529 receives interest earnings on a quarterly basis from the Commonwealth based on its relative participation during the quarter.

Fiduciary fund contributions are excluded as Commonwealth revenue and accordingly are deposited directly with VA529's financial institution, Wells Fargo Bank N.A.

Private Debt & Equity Investment Commitments

In fiscal 2023, VA529 extended investment commitments under limited partnership agreements for private equity and debt investments in the DB529 Program. At June 30, 2023, VA529's investment unfunded commitments amounted to $267.0 million to managers whose investments were funded prior to June 30, 2023 and an additional $15 million was committed to managers whose investments had not yet been funded as of June 30, 2023.

Custodial Credit Risk

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, VA529's deposits may not be returned to it. All deposits of the enterprise and fiduciary funds, except those accounts in the FDIC-Insured Omnibus Account up to $250,000 per account, are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, §2.2-4400, of the *Code of Virginia,* which means they are collateralized through the pledging of securities by the financial institution.

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, VA529 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2023, all investments of the Defined Benefit and Defined Contribution 529 programs, except those investments in open-end mutual funds, certain collective trusts, or private equity, were held in VA529's name by VA529's custodian, BNY Mellon. Approximately 66.8 percent of total Defined Benefit 529 Program investments and 72.3 percent of total Defined Contribution 529 Program investments are invested in vehicles that are not held in VA529's name by its custodian. All investments of the CollegeAmerica and ABLEAmerica programs are invested in mutual funds managed by the American Funds. Investments in open-end mutual funds, collective trusts, and private equity are not directly exposed to custodial credit risk because their existence is not evidenced by individual securities held by the custodian.

Interest Rate Risk – Fixed Income Securities

As of June 30, 2023, VA529 had fixed income investment securities held in the Defined Benefit and Defined Contribution 529 Programs with the following effective durations. Effective duration is a measure of interest rate and price sensitivity that takes into account options, such as early call provisions, embedded in the securities. It is widely used in the management of fixed income portfolios as it quantifies the risk of interest rate changes.

Investment Type	Fair Value	Effective Duration
Enterprise Fund		
US Treasury and Agency Securities	$ 109,775,625	12.73
Corporate Bonds and Notes	414,455,843	3.69
Non U.S. Government Bonds and Notes	37,148,685	5.99
Asset Backed Securities	136,274,631	1.74
Agency Mortgage Backed	161,166,501	5.91
Money Market Funds	107,219,629	0.08
Fixed Income & Commingled Funds	625,615,721	5.90
Convertible Bonds & Notes[1]	527,268	3.45
Total	**$ 1,592,183,903**	**5.06**
Fiduciary Fund		
Investment Type	**Fair Value**	**Effective Duration**
Mutual & Money Market Funds	76,729,693	0.08
Asset Backed Securities	9,885,882	0.07
Corporate Bonds and Notes	230,744,158	4.84
Fixed Income & Commingled Funds	956,618,932	6.64
Stable Value[2]	1,665,480,829	3.57
US Treasury and Agency Securities	10,276,287	1.78
Non U.S. Governmental Bonds and Notes	215,784,574	7.35
Total	**$ 3,165,520,355**	**4.74**

[1]Effective duration for convertible bonds and convertible bond funds is calculated using a methodology that takes into account the duration impact of equity warrants and rate-sensitive instruments.

[2]Reported at contract value.

VA529's Statements of Investment Policy and Guidelines do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Although not an explicit requirement, duration of fixed income portfolios, if applicable, is expected to be within +/-20 percent of each portfolio's designated benchmark.

Credit Risk of Fixed Income Securities

VA529's Statements of Investment Policy and Guidelines require its fixed income securities managers to invest in holdings which, on average, are comprised of high quality securities and may not include securities deemed to be below investment grade. Investment grade is generally defined as a rating of BBB or above by one of the three major rating agencies. This requirement does not apply to VA529's managers who are instructed to manage a specific investment strategy (e.g., high-yield fixed income), whether in a separate account or as a dedicated allocation within a broader fixed income portfolio. Many of VA529's fixed income investment securities held in the Defined Benefit and Defined Contribution 529 Program as of June 30, 2023 were rated by Standard & Poor's (S&P) and/or Moody's and the ratings are presented in the charts entitled credit quality by investment type. If the S&P rating is not available, the Moody's rating is presented. Otherwise the S&P rating is provided.

Concentration of Credit Risk

At June 30, 2023, VA529 had no investment securities held in separately managed accounts in the enterprise and fiduciary funds in any one issuer that represented 5 percent or more of total investments. Thus limiting the concentration of credit risk to which each program is exposed.

Mutual Fund Risks

At June 30, 2023, VA529 participated in a number of open-end domestic and foreign equity and fixed income mutual funds and collective trusts in the enterprise and fiduciary funds. These funds are subject to various investment risks, including the possibility that the value of the fund's portfolio holdings may fluctuate in response to events specific to the companies in which the fund invests, as well as economic, political or social events in the United States and abroad. Certain mutual funds may be subject to additional risks due to investments in a more limited group of sectors and industries than the broad market. Those funds with holdings issued by entities based outside the United States are subject to foreign securities risks, including currency fluctuations.

The value of and the income generated by fixed income securities held by certain mutual funds in which VA529 participates, may be affected by changing interest rates and credit risk assessments. Lower quality or longer maturity bonds may be subject to greater price volatility than higher quality or shorter maturity bonds.

Prospectuses for each of the mutual funds in which VA529 participates may be requested from VA529, 9001 Arboretum Parkway, North Chesterfield, VA 23236, or at Virginia529.com. A prospectus may also be requested directly from each of the underlying fund managers. Please see Supplementary and Other

Information for a listing of investment managers for the Defined Benefit and Defined Contribution 529 programs.

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value, in U.S. dollars (USD), of non-USD denominated securities. At June 30, 2023, VA529 had indirect exposure to this risk through its investments in certain mutual funds and other pooled vehicles. More information relating to currency risk in VA529's mutual fund investments can be found in each fund's prospectus.

Within the enterprise fund, VA529 has direct exposure to foreign currency risk through investments held in accounts managed by Acadian Asset Management, LLC (Acadian), Loomis, Sayles and Company, LP (Loomis) and Prudential Investment Management (PGIM) Fixed Income. Acadian invests in international equity with a mandate benchmarked against the MSCI EAFE. Loomis uses a multi-asset credit strategy to invest in a wide variety of fixed income instruments globally. PGIM uses a strategy of diversifying within investment-grade fixed income securities. All three managers use currency forward contracts to hedge risks associated with currency fluctuations. The table below shows exposures to non-USD denominated currencies by asset class. A similar exhibit showing non-USD denominated currency exposure associated with the forward contracts is included in Note 4, Investment in Derivative Instruments and Stable Value. Foreign currency gains and losses are recorded in net investment income in the financial statements.

Enterprise Fund Foreign Currency Exposures by Asset Class							
Currency	Cash & Short-Term Investments	Equity	Fixed Income Securities	Futures	Preferred Securities	Private Equity	Total
Australian Dollar	$ 53,240	$ 12,021,230	$ —	$ —	$ —	$ —	$ 12,074,470
Brazil Real	111,935	—	$ 2,037,353	—	—	—	2,149,288
Chilean Peso	—	—	1,650,225	—	—	—	1,650,225
Colombian Peso	161,112	—	1,920,530	—	—	—	2,081,642
Danish Krone	—	8,204,391	—	—	—	—	8,204,391
Euro Currency Unit	379,733	32,013,480	7,818,793	4,830	228,713	4,535,755	44,981,304
Hong Kong Dollar	5,574	1,336,007	—	—	—	—	1,341,581
Indonesian Rupiah	109,463	—	1,650,906	—	—	—	1,760,369
Israeli Shekel	—	669,056	—	—	—	—	669,056
Japanese Yen	92,404	18,791,926	—	—	—	—	18,884,330
Mexican Peso	135,022	—	1,844,003	—	—	—	1,979,025
Norwegian Krone	—	1,589,488	—	—	—	—	1,589,488
Polish Zloty	—	—	965,473	—	—	—	965,473
Pound Sterling	20,649	6,700,908	212,772	—	—	1,232,283	8,166,612
Singapore Dollar	—	3,141,474	—	—	—	—	3,141,474
South African Rand	151,451	—	1,502,513	—	—	—	1,653,964
Swedish Krona	—	2,323,534	—	—	—	—	2,323,534
Swiss Franc	1,670	8,617,078	—	—	—	—	8,618,748
Total	**$ 1,222,253**	**$ 95,408,572**	**$ 19,602,568**	**$ 4,830**	**$ 228,713**	**$ 5,768,038**	**$ 122,234,974**

Note: Amounts shown in U.S. dollars using June 30, 2023 foreign exchange rates.

Within the DC529 Program, fiduciary funds managed by VA529 have direct exposure to foreign currency risk through assets managed by emerging markets debt manager, Neuberger Berman. The table below shows exposures to non-USD denominated currencies by asset class.

Fiduciary Fund Foreign Currency Exposures by Asset Class				
Currency	Cash & Short-Term Investments	Fixed Income Securities	Futures	Total
Euro Currency Unit	$ 9,244,384	$ 43,553,416	$ 299,621	$ 53,097,421
Total	**$ 9,244,384**	**$ 43,553,416**	**$ 299,621**	**$ 53,097,421**

Note: Amounts shown in U.S. dollars using June 30, 2023 foreign exchange rates.

Counterparty Risk

Counterparty risk is the risk of loss arising from the failure of one party to a transaction to fulfill its contractual obligation to the other. VA529 has a minimal amount of exposure to counterparty risk through its investments. Potential examples of risk for over-the-counter transactions may include transaction costs/ inefficiencies/errors, fraud or reputation risk. As of June 30, 2023 less than 1 percent of the VA529's investments were invested in investment vehicles exposed to this type of risk.

Enterprise Fund Credit Quality by Investment Type							
Rating Agency	Asset Backed Securities	Convertible Bonds & Notes	Corporate Bonds & Notes	Fixed Income & Commingled Funds	Agency Mortgage Backed Securities	Mutual & Money Market Funds	Non-U.S. Government Bonds and Notes
S&P							
AAA	$ 106,017,071	$ —	$ 1,624,014	$ —	$ —	$ 105,307,719	$ 1,548,361
AA+	$ —	$ —	$ 898,514	$ —	$ 160,712,863	$ —	$ —
AA	$ 1,506,522	$ —	$ 1,424,716	$ —	$ —	$ —	$ 1,952,699
AA-	$ 107,711	$ —	$ 1,900,350	$ —	$ —	$ —	$ 909,909
A+	$ 142,469	$ —	$ 4,655,219	$ —	$ —	$ —	$ 1,007,999
A	$ 2,314,001	$ —	$ 2,686,846	$ —	$ —	$ —	$ 1,268,365
A-	$ 1,389,950	$ —	$ 38,671,972	$ —	$ —	$ —	$ —
BBB+	$ 1,847,204	$ —	$ 30,131,409	$ —	$ —	$ —	$ 3,634,874
BBB	$ 3,167,502	$ —	$ 37,433,035	$ —	$ —	$ —	$ 2,848,847
BBB-	$ 1,874,774	$ —	$ 34,217,906	$ —	$ —	$ —	$ 1,741,096
BB+	$ —	$ —	$ 28,316,272	$ —	$ —	$ —	$ 1,022,631
BB	$ —	$ —	$ 33,450,465	$ —	$ —	$ —	$ 3,470,996
BB-	$ —	$ —	$ 43,250,285	$ —	$ —	$ —	$ 1,435,902
B+	$ —	$ —	$ 45,056,172	$ —	$ —	$ —	$ 1,074,119
B	$ —	$ —	$ 50,493,077	$ —	$ —	$ —	$ 1,569,961
B-	$ —	$ —	$ 30,477,696	$ —	$ —	$ —	$ 1,098,070
Less than B-	$ 9,717	$ —	$ 13,405,528	$ —	$ —	$ —	$ —
Moody's							
Aaa	$ —	$ —	$ —	$ —			
Aa1	$ 910,348	$ —	$ —	$ —	$ —	$ —	$ —
Aa2	$ 1,261,296	$ —	$ 1,071,363	$ —	$ —	$ —	$ 395,920
Aa3	$ 245,223	$ —	$ 177,620	$ —	$ —	$ —	$ —
A1	$ 2,356,120	$ —	$ 1,267,343	$ —	$ —	$ —	$ 208,107
A2	$ 976,351	$ —	$ 1,571,324	$ —	$ —	$ —	$ 198,810
A3	$ 923,127	$ —	$ —	$ —	$ —	$ —	$ —
Baa1	$ —	$ —	$ 967,643	$ —	$ —	$ —	$ —
Baa2	$ —	$ —	$ 142,771	$ —	$ —	$ —	$ 383,923
Baa3	$ 1,601,348	$ —	$ 1,153,158	$ —	$ —	$ —	$ 248,427
Ba1	$ —	$ —	$ 459,116	$ —	$ —	$ —	$ 320,204
Ba2	$ —	$ —	$ 2,774,444	$ —	$ —	$ —	$ 644,361
Ba3	$ —	$ —	$ 461,125	$ —	$ —	$ —	$ —
B1	$ —	$ —	$ 891,862	$ —	$ —	$ —	$ —
B2	$ —	$ —	$ 1,771,082	$ —	$ —	$ —	$ —
Less than B2	$ 19,896	$ —	$ 1,126,754	$ —	$ —	$ —	$ 2,325,825
Unrated[1]	$ 9,604,000	$ 527,268	$ 2,526,763	$ 625,615,721	$ 453,639	$ 1,911,909	$ 7,839,276

[1]Securities have not been rated by either Standard & Poor's or Moody's
In addition to the above investments, there were $109,775,625 in U.S. Treasury and Agency Securities which are not required to be reported as a part of credit quality risk disclosure

Fiduciary Fund Credit Quality by Investment Type							
Rating Agency	Asset-Backed Securities	Corp Bonds & Notes	Fixed Income & Commingled Funds	Stable Value[2]	Mutual & Money Market Funds	Nonnegotiable Certificates of Deposit	Non-U.S. Government Bonds & Notes
S&P							
AAA	$ —	$ —	$ —	$ —	$ 74,946,524	$ —	$ —
AA+	$ —	$ —	$ —	$ —	$ —	$ —	$ —
AA	$ —	$ 3,616,797	$ —	$ —	$ —	$ —	$ 5,941,272
AA-	$ —	$ 191,810	$ —	$ —	$ —	$ —	$ —
A+	$ —	$ 2,825,349	$ —	$ —	$ —	$ —	$ 3,723,140
A	$ —	$ 3,607,745	$ —	$ —	$ —	$ —	$ 1,494,852
A-	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,654,022
BBB+	$ —	$ 2,067,046	$ —	$ —	$ —	$ —	$ 851,412
BBB	$ —	$ 14,174,389	$ —	$ —	$ —	$ —	$ 31,388,524
BBB-	$ —	$ 9,573,095	$ —	$ —	$ —	$ —	$ 16,652,835
BB+	$ —	$ 21,195,664	$ —	$ —	$ —	$ —	$ 20,034,421
BB	$ —	$ 21,429,420	$ —	$ —	$ —	$ —	$ 20,253,567
BB-	$ —	$ 38,252,064	$ —	$ —	$ —	$ —	$ 22,452,138
B+	$ —	$ 27,061,466	$ —	$ —	$ —	$ —	$ 4,777,785
B	$ —	$ 24,905,989	$ —	$ —	$ —	$ —	$ 13,093,229
B-	$ —	$ 11,698,169	$ —	$ —	$ —	$ —	$ 13,732,206
Less than B-	$ —	$ 12,859,780	$ —	$ —	$ —	$ —	$ 29,091,109
Moody's							
Aaa	$ 9,885,882	$ —	$ —	$ —	$ —	$ —	$ —
Aa1	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Aa2	$ —	$ 2,568,436	$ —	$ —	$ —	$ —	$ 1,286,740
Aa3	$ —	$ 544,266	$ —	$ —	$ —	$ —	$ —
A1	$ —	$ 1,891,478	$ —	$ —	$ —	$ —	$ —
A2	$ —	$ 626,253	$ —	$ —	$ —	$ —	$ —
A3	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Baa1	$ —	$ 793,383	$ —	$ —	$ —	$ —	$ 3,174,338
Baa2	$ —	$ 9,418,417	$ —	$ —	$ —	$ —	$ —
Baa3	$ —	$ 953,706	$ —	$ —	$ —	$ —	$ 757,886
Ba1	$ —	$ 5,688,372	$ —	$ —	$ —	$ —	$ 1,583,571
Ba2	$ —	$ 4,669,608	$ —	$ —	$ —	$ —	$ 4,599,095
Ba3	$ —	$ 1,219,113	$ —	$ —	$ —	$ —	$ 1,306,393
B1	$ —	$ 1,126,728	$ —	$ —	$ —	$ —	$ —
B2	$ —	$ 346,921	$ —	$ —	$ —	$ —	$ —
B3	$ —	$ 812,011	$ —	$ —	$ —	$ —	$ 9,749,579
Caa1	$ —	$ 739,142	$ —	$ —	$ —	$ —	$ —
Caa2	$ —	$ —	$ —	$ —	$ —	$ —	$ 887,510
Caa3	$ —	$ 398,519	$ —	$ —	$ —	$ —	$ 4,554,503
Unrated[1]	$ —	$ 5,489,023	$956,618,932	$1,665,480,829	$ 1,783,169	$ 25,256,094	$ 1,744,448

[1]Securities have not been rated by either Standard & Poor's or Moody's
[2]Stable Value Contracts (which include the Access and Affordability Program) are not rated directly by S&P, however the underlying investments weighted average credit quality rating is AA
In addition to the above investments, there were $10,276,287 in U.S. Treasury and Agency Securities which are not required to be reported as a part of credit quality risk disclosure

4. Investment Derivative Instruments (Derivatives) and Stable Value Investments

GAAP requires that VA529 disclose its exposure to investment derivative instruments and certain investments described as synthetic guaranteed investment contracts.

A. Investment Derivatives:

Pursuant to the Statements of Investment Policy and Guidelines established for VA529's investment programs, investments in derivative instrument securities are prohibited except where specifically permitted in the investment manager agreement for a separate account or prospectus for a fund. The Board may permit managers in certain asset classes to use derivative instruments consistent with the overall investment guidelines and objectives of that asset class. As of June 30, 2023, four separate account managers, in the asset classes shown below, were permitted to use derivative instruments as shown in the table below.

Fund	Manager	Asset Class
Enterprise	**Acadian Asset Management, LLC**	**Developed Markets International Equity**
Enterprise	**Loomis, Sayles & Company, L.P.**	**Multi-Asset Credit**
Fiduciary	**Neuberger Berman**	**Emerging Markets Debt**
Enterprise	**Neuberger Berman**	**Core Bond Fixed Income**
Fiduciary	**PGIM Fixed Income**	**High-yield Fixed Income**
Enterprise	**PGIM Fixed Income**	**High-yield Fixed Income**
Fiduciary	**PGIM Fixed Income**	**Core Bond Fixed Income**
Enterprise	**PGIM Fixed Income**	**Core Bond Fixed Income**

(i) Derivative Instruments held in PGIM High Yield Fixed Income Accounts

Pursuant to its investment management agreement, PGIM Fixed Income may invest in derivative instruments for hedging, duration and cash management. The portfolio's exposure to derivative instruments, as measured on a net market value basis, is limited to 10 percent of the market value of the high-yield account. Both the Defined Benefit and Defined Contributions 529 Programs' PGIM High Yield Fixed Income accounts held credit default swaps at June 30, 2023. The following tables contain information relating to fair value, changes in fair value and notional value. Credit risk is mitigated with these instruments as they are centrally cleared derivatives.

Investment Derivatives – Credit Default Swaps

	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	**Amount**	**Classification**	**Amount**	**Notional Amount**
Enterprise	Revenue	$(56,471)	Investment	$(143,488)	$7,015,000
Fiduciary	Revenue	$156,496	Investment	$20,446	$18,779,000

At June 30, 2023, PGIM High Yield Fixed Income also held total return swaps, which are permissible to gain exposure to assets with minimal cash outlay. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivative Instruments - Total Return Swaps

	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$(1,679)	Investment	$4,109	$1,150,000
Fiduciary	Revenue	$—	Investment	$16,735	$3,325,000

At June 30, 2023, PGIM High Yield Fixed Income also held futures contracts, which are permissible to hedge duration and excluded from the 10 percent limit. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – Futures Contracts					
	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$(302,895)	Investment	$(302,895)	$14,933,844
Fiduciary	Revenue	$(416,693)	Investment	$(416,693)	$23,379,844

(ii) Derivative Instruments held in PGIM Core Bond Account

At June 30, 2023, PGIM Core Bond Fixed Income also held total return swaps, which are permissible to gain exposure to assets with minimal cash outlay. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – Total Return Swaps					
	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$29,367	Investment	$29,367	$1,653,857

The enterprise fund's PGIM Core Bond Fixed Income accounts held zero coupon swaps at June 30, 2023. The following tables contain information relating to fair value, changes in fair value and notional value. Credit risk is mitigated with these instruments as they are centrally cleared derivatives.

Investment Derivatives – Zero Coupon Swaps					
	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$2,667	Investment	$2,667	$5,512,000

At June 30, 2023, PGIM Core Bond Fixed Income also held futures contracts, which are permissible to hedge duration and excluded from the 10 percent limit. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – Futures Contracts					
	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$(776,576)	Investment	$(776,576)	$36,268,503

(iii) Derivatives held in Loomis, Sayles & Company Multi-Asset Credit Account

Pursuant to its investment management agreement, Loomis, Sayles & Company may invest in derivative instruments for hedging, and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10 percent of the market value of the account. The Defined Benefit 529 Programs' Loomis, Sayles & Company (Loomis) Multi-Asset Credit Accounts held futures contracts, which are permissible to hedge duration. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. U.S. Treasury futures used to hedge duration are excluded from the 10 percent limit. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – Futures Contracts					
	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$(76,128)	Investment	$(76,128)	$6,511,406

The enterprise fund's Loomis Multi-Asset Credit account held credit default swaps at June 30, 2023. The following tables contain information relating to fair value, changes in fair value and notional value. Credit risk is mitigated with these instruments as they are centrally cleared derivatives.

Investment Derivatives – Credit Default Swaps					
	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$(186,946)	Investment	$125,229	$10,740,000

(iv) Derivatives held in Neuberger Berman Emerging Markets Debt Account

Pursuant to its investment management agreement, Neuberger Berman may invest in derivative instruments for hedging, and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10 percent of the market value of the account. The Defined Contributions 529 Programs' Neuberger Berman Emerging Markets Debt account held futures contracts, which are permissible to hedge duration. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments.

Futures contracts used to hedge duration are excluded from the 10 percent limit. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – Futures Contracts					
	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Fiduciary	Revenue	$(412,977)	Investment	$(412,977)	$32,729,358

(v) Derivatives held in Neuberger Berman Core Bond Account

Pursuant to its investment management agreement, Neuberger Berman may invest in derivative instruments for hedging, and duration management. The portfolio's notional exposure to derivative instruments, as measured on a net market value basis, is limited to 10 percent of the market value of the account. The Defined Contributions 529 Programs' Neuberger Berman Core Bond account held futures contracts, which are permissible to hedge duration. The following table contains information relating to fair value, changes in fair value and notional value of these derivative instruments. U.S. Treasury futures used to hedge duration are excluded from the 10 percent limit. Credit risk is mitigated with these instruments as they are exchange traded.

Investment Derivatives – Futures Contracts					
	Changes in Fair Value		Fair Value at June 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$(1,033,778)	Investment	$(1,033,778)	$55,197,969

(vi) Forward Foreign Exchange Contracts held in Acadian Asset Management; Loomis, Sayles & Company Accounts; and PGIM Fixed Income

Pursuant to their investment management agreements, Loomis, Sayles & Company and PGIM may invest in derivatives for hedging purposes or for efficient portfolio management. Synthetic positions are not allowed and the use of derivatives should not be considered as an alpha generator. Loomis primarily uses forward foreign exchange contracts to hedge the value of investments denominated in non-U.S. dollar currencies. Similarly the PGIM Core Bond accounts are permitted to use these instruments. Credit risk of exchange traded currency contracts lies with the clearinghouse of the exchange at which the contracts are traded, while credit risk of currency contracts traded over the counter lies with the counterparty. Counterparty risk exposure is generally equal to the unrealized gain on in-the-money contracts. The following table contains a breakdown of these forward contracts by currency.

Enterprise Fund Foreign Currency Forwards				
Currency	**Cost**	**Foreign Exchange Purchases**	**Foreign Exchange Sales**	**Market Value**
Australian Dollar	$ (135,625)	$ —	$ (136,220)	$ (136,220)
Brazil Real	$ 8,870	$ 1,863,619	$ (1,863,619)	$ —
Chilean Peso	$ 12,293	$ 1,618,731	$ (1,618,731)	$ —
Danish Krone	$ (311,852)	$ —	$ (313,052)	$ (313,052)
Euro Currency Unit	$ (7,130,364)	$ 4,252,689	$ (11,445,155)	$ (7,192,466)
Indonesian Rupiah	$ 1,565	$ 1,637,553	$ (1,637,553)	$ —
Japanese Yen	$ (12,182)	$ —	$ (12,206)	$ (12,206)
Norwegian Krone	$ (333,188)	$ —	$ (335,926)	$ (335,926)
Polish Zloty	$ 5,153	$ 954,446	$ (954,446)	$ —
Pound Sterling	$ 332,969	$ 549,521	$ (216,161)	$ 333,360
Swedish Krona	$ 356,846	$ 361,187	$ (2,406)	$ 358,780
Swiss Franc	$ 918,437	$ 922,242	$ —	$ 922,242
U.S. Dollar	$ 6,287,078	$ 17,807,318	$ (11,520,240)	$ 6,287,078
Total	**$ —**	**$ 29,967,306**	**$ (30,055,715)**	**$ (88,410)**

Note: Amounts shown in U.S. dollars using June 30, 2023 foreign exchange rates.

B. Stable Value:

GASB Statement No. 53 defines stable value investment vehicles as synthetic guaranteed investment contracts. Stable value funds are invested in a high quality, diversified, intermediate term, fixed income portfolio that is protected against interest rate volatility by wrap or investment contracts from banks and insurance companies that guarantee the payment of benefits at book value (cost plus accrued interest), which enables the entire investment to be carried at its book value. VA529 utilizes stable value investments in the Fiduciary Fund's Defined Contribution 529 and Access and Affordability Programs. VA529's stable value investments meet the definition of fully benefit-responsive synthetic guaranteed investment contracts and are reported at contract value. At June 30, 2023, VA529 had the following stable value investments outstanding as shown in the table below.

Fund	Wrap Provider	Notional Amount	Effective Date	Maturity Date	Crediting Rate
Fiduciary	American General Life	$ 277,158,857	1/16/2014	Open ended	2.62%
	Nationwide Life Insurance	$ 279,440,368	1/29/2018	Open ended	3.17%
	Prudential Retirement Ins. & Annuity	$ 277,397,279	1/30/2014	Open ended	2.63%
	RGA	$ 277,135,729	8/28/2015	Open ended	2.63%
	State Street Bank	$ 277,143,781	5/1/2002	Open ended	2.61%
	Voya Retirement & Annuity	$ 277,204,815	10/05/2012	Open ended	2.64%
	Total	$1,665,480,829			

At June 30, 2023, the fair value of the underlying investments for the Fiduciary Fund was less than the book value (notional amount) of the wrap contracts. The book value of the wrap contracts provides a guaranteed minimum value that program participants would receive upon liquidation, and therefore has a separate fair value only in the circumstance that the fair value of the associated underlying investment pool is below the book value of the wrap contracts. The fair value of the wrap contracts is the amount required to bring the total value of the stable value investments up to the book value of the wrap contracts. In the Fiduciary Fund, the fair value of the wrapped stable value investments at June 30, 2023, was $1,539,110,936.

5. Fair Value Measurement and Application

GAAP prescribes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs of valuation techniques used to determine fair value. The hierarchy gives highest priority to valuations maximizing observable inputs and lowest priority to those utilizing unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: Quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable for the asset or liability
Level 3: Unobservable inputs

GAAP also permits certain investments that do not have a readily determinable fair value to be reported at the investment's Net Asset Value (NAV). As the net asset value is not as readily determinable as the fair value, it is likely that upon liquidation, these investments would sell for amounts different than the reported NAV. These investments are excluded from the fair value hierarchy below and accordingly are reported in a separate table. The following exhibits represent VA529's investments and related disclosures in accordance with GAAP by program.

Enterprise Fund investments measured at fair value as of June 30, 2023

		Fair Value Measurements Using:		
Investments By Fair Value Level	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Debt Securities				
Asset Backed Securities	$ 136,274,631	$ —	$ 136,274,631	—
Convertible Bonds and Notes	527,268	—	527,268	—
Corporate Bonds & Notes	414,455,843	4,830	414,451,013	—
Fixed Income & Commingled Funds	2,458,253	2,458,253	—	—
Mortgage Backed Securities - Agency	161,166,501	—	161,166,501	—
Non-U.S. Government Bonds and Notes	37,148,685	—	37,148,685	—
U.S. Treasury and Agency Securities	109,775,625	109,775,625	—	—
Total Debt Securities	$ 861,806,806	$ 112,238,708	$ 749,568,098	$ —
Equity Securities				
Common & Preferred Stock	106,390,658	106,357,182	33,476	—
International and Emerging Markets Funds	83,634,303	83,634,303	—	—
Other - Equity Securities	455,147	—	455,147	—
Real Estate	7,949,998	—	—	7,949,998
Total Equity Securities	198,430,106	189,991,485	488,623	7,949,998
Total Investments at Fair Value	$ 1,060,236,912	$ 302,230,193	$ 750,056,721	$ 7,949,998

Note: Cash equivalent investments, in the amount of $108,441,880 that are measured at amortized cost are not classified in the fair value hierarchy and as a result, are not included in the above table.

Enterprise Fund's investments measured at NAV:

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity Index and Pooled Funds				
BlackRock MSCI	$ 368,212,461		Daily	5 Business Days
Fixed Income and Commingled Funds				
Ares Management	25,815,032	11,295,047		
Ares Global	69,588,159		Monthly	30 Days
Brigade Capital	67,368,529		Quarterly	60 Days
Chorus Capital	7,801,851	2,051,026		
Golub Capital	62,125,000	7,875,000		
Hamilton Lane	1,056,000	13,944,000		
Monarch Alternative Capital	4,042,511	16,000,000		
Schroder Focus II	94,686,568	10,248,656		
Wellington Emerging Market	159,915,342		Monthly	10 Days
Wellington Multi-Asset Credit	130,758,475		Monthly	15 Business Days
Other Equity Securities - Private Equity				
Adams Street	243,832,854	38,378,981		
Aether Investment Partners	43,525,535	6,942,700		
Asia Alternatives	7,944,235	16,212,520		
Carlyle Global Credit	18,603,834	3,086,577		
Commonfund	14,720,059	940,000		
Eagle Point Credit	19,241,803	—		
Hamilton Lane*	87,564,438	58,794,664		
Horsley Bridge	18,739,688	5,694,000		
LGT Capital Partners	6,831,738	2,060,000		
Neuberger Berman	32,900,131	7,200,000		
Private Advisors	28,866,852	6,947,187		
Sands	33,508,983		Monthly	10 Business Days
Real Estate				
Bain Capital	15,886,304	16,016,034		
Related Real Estate	17,976,671	19,281,325		
Morgan Stanley	80,416,944	—	Quarterly	90 Days
Starwood Capital	6,619,695	24,000,000		
Stockbridge Real Estate	65,845,336			
UBS Trumbull	48,730,636			
Total Investments Measured at the NAV	$ 1,783,125,664			

*In addition to the above commitments, as part of its agreement with Hamilton Lane, VA529 had entered into agreements with two private equity funds: Clarion Investors IV, LP and Genstar Capital Partners XI, LP, but had not yet funded these investments as of June 30, 2023. Commitments to each of these funds was $7.5 million for a total of $15 million.

Description of Enterprise Fund investments measured at NAV:

1. Equity Index and Pooled Funds: This investment type includes one index fund. The fair value of investments in this type have been determined using the NAV per share of the investments. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Investment Manager	Fund Name(s)	Invests In
BlackRock, Inc.	MSCI U.S. Equity Index Fund	The index fund invests in U.S. equity securities whose total rates of return will approximate the capitalization weighted total rates of return of the markets for equity securities in the U.S.

2. Fixed Income and Commingled Funds: This investment type includes eight limited partnerships and two investments in collective trusts. The fair value of investments in this type have been determined using the NAV per share of the investments. With the exception of funds held by Ares Global, Brigade and Wellington, capital is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. For Ares Global, Brigade and Wellington, capital can be redeemed subjection to the fund redemption terms shown in the table above. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Investment Manager	Fund Name(s)	Invests In
Ares Management	Ares Pathfinder Fund, LP	Private debt
Ares Global Multi-Asset Credit	Ares Global Multi-Asset Credit	Multi-asset credit securities
Brigade Capital Management	Brigade Credit Fund II, LP	Multi-asset credit securities
Chorus Capital	Chorus Capital Credit V	Private debt (non-core)
Golub Capital	Golub Capital Partners 11 & 12, LP	Private debt - U.S. middle markets, senior secured, low / floating rate loans
Hamilton Lane	Multiple U.S./Non-U.S. Private Equity and Venture Capital Funds	Private debt & equity funds
Monarch Alternative Capital	Monarch Capital VI, LP	Private debt (non-core)
Schroder	Schroder Focus II Fund	Private debt
Wellington	Emerging Market Debt Common Trust Fund	Securities, derivatives, private placements or other pooled vehicles in order to generate excess returns over the J.P. Morgan Emerging Markets Bond Index Plus.
Wellington	Multi-Sector Credit Portfolio	Multi-asset credit securities

3. Other Equity Securities: This investment type includes private equity funds of funds managed by 12 managers and several different funds. These investments cannot be redeemed from the fund. Capital is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. Secondary funds of funds may have an accelerated capital call and return of capital profile. VA529 invests in multiple funds with twelve of its private equity investment managers and is also diversified by vintage year with respect to these investments. The fair values of investments in this type have been determined using the March 31, 2023 NAV of VA529's ownership of the partnership, adjusted for cash flows (capital calls and distributions) through June 30, 2023. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Investment Manager	Fund Name(s)	Invests In
Adams Street Partners	Multiple U.S./Non-U.S. Centric Buyout Funds	Emerging markets, U.S. and non-U.S. developed markets funds
Adams Street Partners	Venture Innovation Funds I, II & III	Venture
Adams Street Partners	Leaders Fund	Private equity
Aether Investment Partners, LLC	Real Assets III, IV & V LP Funds	Natural resources
Asia Alternatives	Asia Alternatives Capital Partners VI, L.P.	Private equity
Carlyle	Carlyle Credit Opportunities Fund II, L.P.	Private debt
Commonfund	Capital Natural Resources Fund IX, LP	Natural resources
Eagle Point	Eagle Point Defensive Income M L.P.	Private debt
Hamilton Lane	Multiple U.S./Non-U.S. Private Equity and Venture Capital Funds	Private equity
Horsley Bridge Partners	XII Growth Buyout, LP	U.S. small company buyout (Growth)
LGT Capital Partners	Crown Global Secondaries Fund IV, plc	Private equity secondaries (Global)
Neuberger Berman	Crossroads Fund XXI - Asset Allocation, LP	Asset allocation fund of funds; diversified geographically and strategically
Private Advisors, LLC	Multiple small company buyout/private equity funds	U.S. small company growth equity/ buyout, distressed and turnaround, and opportunistic funds
Sands	Capital Emerging Markets Growth Feeder Fund, LP	Emerging markets

4. Real Estate: This investment type includes five limited partnerships and one limited liability company. For Bain Capital, Related Real Estate and Starwood Capital, capital is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying fund investments during the third through 15th years. For the remaining real estate funds, capital is generally contributed up front and can be redeemed as requested, subject to the funds' redemption terms. The fair value of investments in this type have been determined using the NAV per share of the investments. The following table provides information for this investment type by investment manager, fund name and underlying investments.

Investment Manager	Fund Name(s)	Invests In
Bain Capital Real Estate	Bain Capital Real Estate Fund II	Direct equity-owned real estate assets
Related Real Estate	Related Real Estate Fund III, LP	Direct equity-owned real estate assets
Morgan Stanley Prime	JP Morgan Prime Property Fund, LLC	Direct equity-owned real estate assets
Starwood Capital	Starwood Distressed Opportunity Fund, XII	Direct equity-owned real estate assets
Stockbridge Real Estate	Stockbridge Smart Markets Fund	Direct equity-owned real estate assets
UBS Trumbull	UBS Trumbull Property Fund	Direct equity-owned real estate assets

Description of DC529 Program investments measured at fair value:

1. Debt and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in level 2 of the fair value hierarchy utilize dealer quotes for similar securities traded in active markets.
2. Stable Value investments are held at contract value and are thus excluded from this exhibit.

DC529 Program investments measured at fair value as of June 30, 2023:

Investments By Fair Value Level	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
US Treasury & Agency Securities	$ 10,276,287	$ 10,276,287	—	—
Corporate Bonds & Notes	230,744,157	—	230,744,157	—
Non-U.S. Government Bonds & Notes	215,784,573	—	215,784,573	—
Asset Backed Securities	9,885,882	—	9,885,882	—
Fixed Income & Commingled Funds	956,618,932	956,618,932	—	—
Total Debt Securities	1,423,309,831	966,895,219	456,414,612	—
Equity Securities				
Common & Preferred Stocks	1,142,491	661,076	481,415	—
Equity Index Funds	3,616,611,041	3,616,611,041	—	—
Equity Mutual Funds	272,838,917	272,838,917	—	—
International and Emerging Markets Funds	322,617,012	322,617,012	—	—
Total Equity Securities	4,213,209,461	4,212,728,046	481,415	—
Total Investments by Fair Value Level	$ 5,636,519,292	$ 5,179,623,265	$ 456,896,027	$ —

Note: Cash equivalent investments, in the amount of $85,974,077, that are measured at amortized cost are not classified in the fair value hierarchy and as a result, are not included in the above table.

Defined Contribution 529 Program investments measured at NAV

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity Index and Pooled Funds				
Wellington Management Co., LLP	$ 236,779,664	—	Daily	N/A
Real Estate				
UBS Realty Investors	$ 25,108,025	—	Quarterly	60 Days
Blackstone Property Partners	58,325,969	—	Quarterly	90 Days
Total Investments Measured at the NAV	$ 320,213,658			

Description of DC529 Program investments measured at NAV

1. Equity Index and Pooled Funds: This investment type includes one common trust fund. The Wellington Management Co., LLP invests in developed markets international equities through the Wellington International Contrarian Value Fund. The fair value of investments in this type have been determined using the NAV per share of the investments.

2. Real Estate: This investment type includes two limited partnerships. The UBS Trumbull Property Fund's investment strategy is to invest primarily through direct equity-owned real estate assets. The fund also has flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however debt may be used where UBS determines leverage is prudent and is expected to enhance total return without undue risk. Blackstone Property Partners is an open ended commingled fund seeking core plus real estate investments in the U.S. and Canada. The fair values of investments in this type have been determined using the NAV per share of VA529's ownership of the partnership.

6. Securities Lending Transactions

As of June 30, 2023, there were $1,478,123 in investments and cash equivalents held by the Treasurer of Virginia that represent VA529's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. The Treasurer of Virginia is authorized to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future – for a fee. The Commonwealth's policy is to record unrealized gains and losses on the State Treasury's securities lending program in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies. Accordingly, VA529 recorded interest of $1,099 for securities lending transactions in fiscal year 2023. Information related to the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report found at doa.virginia.gov/.

7. Commitments

Investment-related commitments are discussed in Note 3. Commitments related to leases for business equipment which qualify as either leases under GASB 87 or SBITAs under GASB 96 are discussed in Note 8. The remaining commitment is related to the agreement to manage the office building which Virginia529 occupies.

On July 1, 2018, VA529 entered into a 10-year extension of its contract with Aventura Holdings, LLC under which it maintains the 48,500 square foot headquarters office building through June 30, 2028. As VA529 reports this as a real estate investment and reports the asset at market value as it is held for a profit within the enterprise fund, this contract does not qualify as a lease. Information related to the market value of this asset is reported within Note 5, but information related to the scheduled payments for maintenance of this building are discussed here.

Pursuant to this agreement, VA529 will make payments as reflected below on an annual basis in advance, and will make additional payments on a quarterly basis in advance in an amount sufficient to pay building operating costs for the next quarter. Aventura has entered into an agreement with a property management company for the purpose of providing facilities maintenance, grounds keeping, custodial services, etc. Any additional payments made to Aventura by VA529 will cover operating costs incurred by Aventura under the property management agreement. At the end of each quarter, VA529 and Aventura reconcile expenses before funding operating expenses for the subsequent quarter.

Base Rent Periods	Annual Payment Due
2024	$ 738,711
2025	757,178
2026	776,108
2027	795,510
2028	815,398
Total Aventura future minimum payments	$ 3,882,905

Aventura has also established a renewal and replacement reserve funded from a portion of the annual payments received from VA529 to cover capital improvements to the building. The total reserve funding expense for the fiscal year ending 2023 was $108,104. The reserve funding schedule for future periods is set forth below.

Base Reserve Periods	Annual Reserve Funding
2024	$ 110,807
2025	113,577
2026	116,416
2027	119,327
2028	122,310
Total Aventura future reserve funding	$ 582,437

8. Long-Term Liabilities

Long-term liabilities include educational benefits payable, compensated absences and obligations toward lease and SBITA agreements.

Changes in long-term liabilities are shown below:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	$ 956,317	$ 948,537	$ 870,637	$ 1,034,217	$ 843,179
Educational Benefits Payable	1,613,746,061	—	229,047,546	1,384,698,515	184,018,545
Lease Liability	—	137,675	27,482	110,193	37,690
Service-based IT arrangements	1,447,961	877,849	929,117	1,396,693	897,488
Total	$ 1,616,150,339	$ 1,964,061	$ 230,874,782	$ 1,387,239,618	$185,796,902

*Amounts may not sum due to rounding

A. Educational Benefits Payable

This liability represents the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the enterprise fund.

B. Compensated Absences

Compensated Absences represent the estimated leave liability for accrued Paid-Time-Off (PTO), or disability credits, compensatory, overtime, on-call, and other leave for all leave-eligible employees employed on June 25, 2023. This liability is further apportioned as current or noncurrent based on whether they are estimated to be due within one year or due greater than one year, respectively.

C. Lease Liabilities

GASB Statement Number 87, Leases, (GASB 87), requires VA529 to disclose the present value of its obligations under all agreements which contain a lease or a lease element. On July 1, 2022 and throughout fiscal year 2023, VA529 entered into multiple agreements considered leases under GASB 87. GASB 87 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate as the discount for the lease. Generally VA529 cannot determine the implicit interest rate as this is not a common term spelled out in the lease agreements. Additionally, VA529's incremental borrowing rate is indeterminable as the only debt which VA529 has historically ever had is the current interest-free loan from the Department of Treasury. Since it is unlikely that VA529 could obtain similar terms to pay for its leases, VA529 utilizes the prime interest rate at the time of the lease's inception to discount its lease agreements as VA529 would be a low risk borrower with over 100% collateral on its obligations.

As noted in Note 9, as of June 30, 2023, VA529 recognized a right-to-use asset of $109,613, net of accumulated amortization and a lease liability of $110,193 relating to lease agreements. During the fiscal year, VA529 recorded $28,062 in amortization expense and $6,290 in interest expense relating to the contracts. In addition, VA529 paid $3,535 in variable costs toward these agreements. The future minimum lease obligations based on the net present value as of June 30, 2023 were as follows:

Year Ending June 30	Principal	Interest	Total
2024	$ 37,690	$ 5,744	$ 43,434
2025	40,129	3,305	43,434
2026	32,374	828	33,202
Total	$ 110,193	$ 9,877	$ 120,070

D. Subscription-based IT Arrangements Liabilities

GASB Statement Number 96, SBITAs, requires VA529 to disclose the present value of its obligations under all agreements which contain a SBITA. Prior to July 1, 2022 and through fiscal year 2023, VA529 entered into multiple agreements where VA529 paid for the right to use a vendor's information technology (IT) software for a pre-determined period of time. VA529 is required to make principal and interest payments through the end dates for each of these contracts.

The liabilities for each of these contracts were valued using the present value of the total payments owed throughout the terms of each of the contracts. Similar to leases under GASB 87, VA529 has determined that when the implicit rate of the lease is unavailable or indeterminable, the prime interest rate at the time of each SBITA agreement's inception is used to discount the liability to present value.

As noted in Note 9, as of June 30, 2023, VA529 recognized a right-to-use SBITA asset of $1,880,950, net of accumulated amortization and a SBITA liability of 1,396,693 relating to license agreements. During the fiscal year, VA529 recorded $811,855 in amortization expense and $70,042 in interest expense relating to the contracts. In addition, VA529 paid $19,940 in variable costs toward these agreements. The future minimum SBITA obligations based on the present value as of June 30, 2023 were as follows:

Year Ending June 30	Principal	Interest	Total
2024	$ 897,488	$ 62,410	$ 959,898
2025	394,527	24,798	419,325
2026	104,678	104,678	209,356
Total	$ 1,396,693	$ 191,886	$ 1,588,579

9. Capital Assets

The following schedule presents capital asset activity of VA529 for the year ended June 30, 2023.

Enterprise Fund	Balance* July 1, 2022	Increases	Decreases	Balance June 30, 2023
Depreciable capital assets:				
Equipment	$ 2,371,338	$ 135,558	$ —	$ 2,506,896
Software	1,012,066	—	—	1,012,066
Right-to-use assets				
Equipment leases	—	137,675		137,675
Subscription-based IT arrangements	1,770,900	921,905	—	2,692,805
Total capital assets:	5,154,304	1,195,138	—	6,349,442
Less accumulated depreciation for:				
Equipment	1,753,021	170,910	—	1,923,931
Software	981,094	50,944	—	1,032,038
Total Accumulated Depreciation	2,734,115	221,854	—	2,955,969
Less accumulated amortization for:				
Right-to-use assets				
Equipment leases	—	28,062	—	28,062
Service-based IT arrangements	—	811,855	—	811,855
Total accumulated amortization	—	839,917	—	839,917
Total accumulated depreciation and amortization	2,734,115	1,061,771	—	3,795,887
Net depreciable and amortizable capital assets	2,420,189	133,367	—	2,553,556
Total net capital assets	$ 2,420,189	$ 133,367	$ —	$ 2,553,556

*Restated to reflect the implementation of GASB 96

10. Defined Benefit 529 Program - Summary of Actuarial Assumptions and Methods

VA529's statute requires that it annually determine the actuarial soundness of the DB529 Program, which includes Prepaid529 and the Tuition Track Portfolio (TTP). VA529 has assumed that the term "actuarially sound," when applied to the DB529 Program, means that VA529 has sufficient assets (including the value of future installment payments due under current Prepaid529 contracts) to cover the actuarially estimated value of the tuition obligations of programs, including any administrative costs associated with Prepaid529 contracts (accounts) and TTP accounts.

The two most significant assumptions used to prepare the actuarial valuation report are the rates of investment return and future tuition growth. In addition, there are other assumptions the actuary employs in the actuarial valuation. In August 2023, VA529's Board reviewed the rates of investment return and future tuition growth assumptions. The following assumptions were used in the actuarial valuation for June 30, 2023:

Investment Rate of Return: 5.75 percent per annum.

Projected Tuition Increase: The current year's assumed tuition increase rates used in the current year's valuation are outlined in the table below.

Academic Year Beginning	Universities	Community Colleges
Fall 2024	4.0%	3.0%
Fall 2025 and thereafter	6.0%	6.0%

In addition to the investment rate of return and the projected tuition increase assumptions, additional assumptions affecting the valuation include forfeiture, attendance, utilization and demographic assumptions. In 2023, an experience study was performed to update these assumptions based on recent historical experience of the DB529 Program's activities. The updated assumptions are described below.

Forfeiture: It is assumed that 0.75 percent of DB529 Program's accounts will be cancelled or otherwise forfeited each year for beneficiaries ages 0 through 17 (prior to the year of matriculation).

Attendance and Bias: It is assumed that, starting in the year of matriculation, 75.1 percent of beneficiaries will attend a public university in Virginia, 5.7 percent will attend a private university in Virginia, 14.3 percent will attend a university in another state, and 5 percent will request a cancellation, transfer, or rollover to a savings plan. These are summarized in the table below.

Institution Type	Actuarial Assumption	Cancellation Assumption	Remaining Assumed to Attend
Virginia Public	79%	4.0%	75.0%
Virginia Private	6%	0.3%	5.7%
Out-of-State	15%	0.7%	14.3%

Weighted average tuition for four-year public universities and two-year community colleges in Virginia was adjusted with 110.0 percent and 1 percent loads, respectively, to add a bias for attendance at more expensive schools. The highest tuition for a public university in Virginia was assumed to be 166 percent of weighted average tuition ($25,040/$15,083). Out-of-state students and contracts requesting a rollover are assumed to receive a benefit equal to the payments made on the contract plus interest at the composite reasonable rate of return. All TTP accounts are assumed to be paid out at weighted average tuition for units redeemed after reaching the expected enrollment year.

Reasonable Rate: The reasonable rate tracks the quarterly performance of the Institutional Money Funds Index as reported in the Money Fund Monitor by iMoneyNet. For Prepaid529 accounts, the account holder has the option of transferring the total of their payments, accumulated at the reasonable rate of return over to a savings program, such as Invest529. The accumulation of this reasonable rate also serves as the minimum benefit in the event that the Prepaid529 benefit is lower than the reasonable rate. For beneficiaries attending an out-of-state public or private college or university, Prepaid529 will pay the lesser of 1) the payments made on the contract plus interest at the composite reasonable rate of return or 2) the Average Tuition of in-state schools.

For TTP accounts, if TTP units are redeemed prior to the beneficiary's high school graduation, they will receive the purchase price of their units plus the Tuition Track Interest, which is the reasonable rate.

In the past year, the reasonable rate balance has increased from 0.48% in the first quarter to 4.21% during the fourth quarter compared to the assumption that it would remain at 0.48% during the full year. The assumption for reasonable rate is 5.0% for the current fiscal year, 4.0% in fiscal 2024 and 3.0% thereafter. For purposes of the valuation, each of Virginia's public university projected tuition and fee amounts are compared to the projected reasonable rate account balance, and the higher of the two is assumed to be paid.

Utilization: It is assumed that participants will begin utilizing their DB529 Program's accounts at actuarially determined rates, and then redeem up to two semesters of tuition per year until the account is depleted. While some participants redeem accounts and utilize benefits in the year of expected matriculation, many delay redeeming units until later years. In addition, it is assumed that TTP accounts with fewer than five semesters will eventually purchase five units.

Expenses: The expenses included in the present value of future obligations are those relating to the Annual Maintenance Expense per Legacy Prepaid529 contract and TTP account, which are $82.59 and $22.02, respectively. These expenses were developed by VA529 staff and are assumed to increase annually at the rate of inflation plus 0.50 percent.

Receivables and Payables: At June 30, 2023, the accrual of the actuarially determined Prepaid529 contract payments receivable decreased over the prior year, primarily attributable to the closure of Prepaid529 to new participants. TTP has no receivable as payment is received at the time of purchase for TTP units. The accrual of the educational benefits payable decreased over the prior year, resulting in a decrease in actuarial Prepaid529 tuition benefit expenses. This is primarily attributable to changes in assumptions. The net of the change in these estimates is reported as net actuarial gain/(loss) within the statement of revenues, expenses, and changes in net position.

	2023	2022	Change
Prepaid529 contract payments receivable	$ 69,498,515	$ 89,946,061	$ (20,447,546)
DB529 Educational benefits payable	$1,384,698,515	$1,613,746,061	$ (229,047,546)
Net actuarial gain/ (loss)*			$ 208,600,000

*Net actuarial gain/(loss) is the negative amount of the decrease in receivables, plus the absolute value of decrease in payables

11. Retirement and Pension Plan

Eligibility

VA529 employees are employees of the Commonwealth of Virginia. As such, they participate in one of two defined benefit pension plans or a hybrid retirement plan all of which are administered by the Virginia Retirement System (VRS or System). The VRS State Employee Retirement Plan is a single employer pension plan that is treated like a cost-sharing plan. The first defined benefit plan (Plan 1) includes members who became eligible for VRS prior to July 1, 2010 and vested as of January 1, 2013. Otherwise, Plan 1 is a closed plan. Plan 2 is a defined benefit plan for employees who became eligible on or after July 1, 2010 or whose membership date was before July 1, 2010 but they were not vested as of January 1, 2013. The hybrid retirement plan combines the features of a defined benefit plan and a defined contribution plan and is open to members hired on or after January 1, 2014, as well as other members who were eligible and opted into this plan. Eligibility is determined by the *Code of Virginia*, as may be amended from time to time. In addition, certain members are eligible for an optional retirement plan (ORP), having service under Plans 1 or 2 and are not eligible to elect the hybrid retirement plan option.

Benefits provided

Plan 1's and Plan 2's members are eligible for benefits based on a formula adjusting for age, creditable service and average final compensation. The hybrid retirement plan contains a similar formula to the defined benefit plans, but incorporates a defined contribution (DC) component. The DC element depends on the member and VA529's contributions made to the plan and the investment performance of those contributions, net of any required fees.

Benefit provisions, including vesting requirements, creditable service multipliers, retirement eligibility, cost of living adjustments and disability retirement, based on the Plans are detailed in the VRS annual report found at https://www.varetire.org. The following paragraphs provide information specific to VA529 employees.

Contributions

Employees in Plans 1 and 2 contribute 5 percent (4 percent for Hybrid) of their compensation each month through a pre-tax salary reduction. VA529 contributes to VRS based on an actuarial determination. For the hybrid retirement plan, an additional mandatory contribution of 1 percent of creditable compensation is made and matched by VA529. Members may choose to make additional voluntary contributions to the plan and VA529 is required to match those contributions according to specified percentages.

Contribution formulas for active employees are also provided in the *Code of Virginia*, as amended, but may be adjusted based on funding provided by the General Assembly. For the year ended June 30, 2023, the contribution rate was 14.46% of covered employee compensation, based on an actuarial valuation as of June 30, 2021. Contributions to VRS totaled $1,631,388 for the fiscal year. In June 2022, the Commonwealth made a special contribution of approximately $219.1 million to the VRS State Plan. This special payment was authorized by Chapter 1 of the 2022 Appropriation Act and is classified as a special employer contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2023, VA529 reported a liability of $10,690,248 for its proportionate share of the VRS Net Pension Liability (NPL). The NPL was measured as of June 30, 2022 and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. VA529's proportion of the NPL was based on a projection of VA529's actuarially-determined long-term share of contributions to the pension plan for the year ended June 30, 2022 relative to the projected contributions of all participating employers and the State. At June 30, 2022, VA529's proportion of the VRS State Employee Retirement Plan was 0.23555 percent as compared to 0.22967 percent at June 30, 2021.

For the year ended June 30, 2023, VA529 recognized pension expense of $1,453,122 for the VRS. Due to the change in proportionate share from June 30, 2021 to June 30, 2022, a portion of the pension expense relates to deferred amounts from changes in proportion and differences between VA529's contributions and the proportionate share of employer contributions expected to be amortized in future years.

At June 30, 2023, VA529 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 707,079
Net difference between projected and actual earnings on pension plan investments	—	1,558,111
Change in assumptions	428,904	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	911,305	5,491
Employer contributions subsequent to the measurement date	1,631,388	—
Total	$ 2,971,597	$ 2,270,681

VA529 reported $1,631,388 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the NPL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended June 30	Pension Expense
2024	$ (116,551)
2025	(465,099)
2026	(1,085,812)
2027	736,990
2028	—

Actuarial Assumptions

The total pension liability in VRS' actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on:

Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. The following adjustments were made as a result of the Study and VRS Board action:

Mortality Rates (Pre-retirement, post-retirement health, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS State Employee Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan
Total Pension Liability	$ 27,117,746
Plan Fiduciary Net Position	22,579,326
Employers' Net Pension Liability (Asset)	$ 4,538,420
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.26 %

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Estate	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi -Asset Public Strategies	6.00%	3.73%	0.22%
PIP- Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the state agency for the VRS State Employee Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of VA529's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents VA529's proportionate share of the NPL using the discount rate of 6.75 percent, as well as what VA529's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower ((5.75%)) or one percentage point higher ((7.75%)) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
VA529's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$ 18,269,917	$ 10,690,248	$ 4,408,013

Pension Plan Fiduciary Net Position

Detailed information about the VRS's fiduciary net position is available in the separately issued VRS Annual Comprehensive Financial Report found at https://www.varetire.org.

Payables to the Pension Plan

As of June 30, 2023, VA529 reported payables to VRS in the amount of $109,951. This amount is comprised of payments due to the VRS that were not made until after the fiscal year-end through the normal course of business.

12. Group Life Insurance Program, Virginia Sickness and Disability Plan and State Employee Health Insurance Credit Program

Eligibility and Plan Descriptions

VA529 employees are employees of the Commonwealth of Virginia and are eligible for programs provided separately from the Virginia Retirement System's (VRS's) pension plans but administered by the VRS. The VRS administers the Group Life Insurance Program (GLIP), Disability Insurance Program (Virginia Sickness and Disability Program or VSDP) and the State Employee Health Insurance Credit Program (HICP).

Details as to eligibility, the benefit provisions, and contribution requirements for each of these programs may be found in the VRS annual report found at https://www.varetire.org. The programs and eligibility for each plan, as they pertain to VA529, are summarized in the paragraphs below.

Group Life Insurance Program: VA529's full-time, salaried, permanent employees are automatically covered by the GLIP. The GLIP is a defined benefit plan that provides a basic group life insurance benefit. In addition to the basic group life insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program, which is a separate and fully insured program, and it is not included as part of the GLIP. The GLIP is a multiple employer, cost-sharing plan.

Virginia Sickness and Disability Program: The VSDP is a single employer plan that is presented as a multiple-employer, cost-sharing plan. VA529's full-time and part-time, salaried, permanent employees hired on or after January 1, 1999 are automatically covered by the VSDP. The VSDP also covers state employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. All VA529 employees participate in the VSDP. The VSDP is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for non-work-related and work-related disabilities.

State Employee Health Insurance Credit Program: VA529's full-time, salaried, permanent employees are automatically covered by the HICP. The HICP is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees who retire with at least 15 years of service credit. The HICP is a single employer plan that is presented as a multiple-employer, cost-sharing plan. Employees earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Benefits for each of the programs include as follows:

GLIP	VSDP	HICP
The benefits payable under the GLIP include natural death and accidental death benefits and additional benefits provided under specific circumstances. The benefit amounts provided to members are double the employee's rounded covered compensation for natural death and quadrupled for accidental death and are subject to a reduction factor. The benefit amount reduces by 25 percent on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25 percent on each subsequent January 1 until it reaches 25 percent of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLIP of $8,000. This amount is increased annually based on a cost-of-living adjustment and is currently $8,984 as of June 30, 2023.	Leave and short-term disability benefits under the VSDP are paid by the employer. The short-term and long-term disability benefits include income replacement up to certain levels and for certain time periods based on the employee's disability period and length of service. Short-term are paid by VA529 and begin at 100% of the employee's pre-disability income and reduces to 80% and then 60% based on the period of the disability and length of service. Long-term disability benefits are paid from the VSDP and range from 60% - 80% of pre-disability income. Depending on the type of long-term benefit received, the employee's benefit or creditable compensation may be increased annually by an amount recommended by VRS's actuary and approved by the VRS Board.	The monthly benefit payable to retired VA529 employees under the HICP is $4.00 per year of service per month with no cap on the benefit amount. For VA529 employees who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program, the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher.

Contributions

The contribution requirements for the GLIP, VSDP and HICP are governed by the *Code of Virginia*, as amended, but may be impacted as a result of funding provided by the General Assembly. Contribution provisions are summarized as follows:

GLIP	VSDP	HICP
The total rate for the GLIP was 1.34 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80 percent (1.34 percent X 60 percent) and the employer component was 0.54 percent (1.34 percent X 40 percent). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. VA529's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54 percent of covered employee compensation based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. VA529's contributions were $67,053 and $59,710 for the years ended June 30, 2023 and June 30, 2022, respectively. In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the GLIP. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.	VA529's contractually required contribution rate for the VSDP for the year ended June 30, 2022 was 0.61 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. VA529's contributions to the VSDP were $75,592 and $67,172 for the years ended June 30, 2023 and June 30, 2022, respectively.	VA529's contractually required contribution rate for the year ended June 30, 2022 was 1.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. VA529's contributions were $138,792 and $123,803 for the years ended June 30, 2023 and June 30, 2022, respectively. In June 2022, the Commonwealth made a special contribution of approximately $8.5 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act.

OPEB Liabilities (Assets), OPEB Expense (Gain), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VRS OPEB Plan

At June 30, 2023, VA529 reported the following liabilities (assets) and expenses for its proportionate share of these programs:

Total activity related to all OPEB plans is summarized in the following table:

Program	OPEB Net Assets Related to:	Deferred OPEB Outflows:	OPEB Liabilities Related to:	Deferred OPEB Inflows:	OPEB Expenses Related to:
GLI		$ 230,727	$ 612,042	$ 122,495	$ 49,398
HIC		340,019	1,195,009	74,032	150,203
VSDP	706,123	150,749	—	215,033	(8,498)
Pre-Medicare		431,121	593,911	820,990	(228,995)
Totals	$ 706,123	$ 1,152,616	$ 2,400,962	$ 1,232,550	$ (37,892)

GLIP OPEB Liabilities, GLIP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLIP OPEB

At June 30, 2023, VA529 reported a liability $612,042 for its proportionate share of the VRS Net GLIP OPEB Liability. The Net GLIP OPEB Liability was measured as of June 30, 2022 and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation as of that date. VA529's proportion of the Net GLIP OPEB Liability was based on VA529's actuarially determined employer contributions to the GLIP for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, VA529's proportion was 0.05083% as compared to 0.04971% at June 30, 2021.

For the year ended June 30, 2023, VA529 recognized GLIP OPEB expense of $49,398. Since there was a change in proportionate share between measurement dates, a portion of the GLIP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, VA529 reported deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 48,466	$ 24,554
Net difference between projected and actual earnings on GLIP OPEB program investments	—	38,244
Change in assumptions	22,828	59,615
Changes in proportionate share	92,380	82
VA529 contributions subsequent to the measurement date	67,053	—
Total	$ 230,727	$ 122,495

VA529 reported $67,053 of deferred outflows of resources related to the GLIP OPEB resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the Net GLIP OPEB Liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB will be recognized in the GLIP OPEB expense in future years as follows:

Fiscal Year ended June 30	GLIP OPEB Expense
2024	$ 18,504
2025	15,526
2026	(8,846)
2027	17,974
2028	(1,979)
Thereafter	—

VSDP OPEB Liabilities, VSDP Net OPEB Assets, VSDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VSDP OPEB

At June 30, 2023, VA529 reported an asset of $706,123 for its proportionate share of the Net VSDP OPEB Asset. The Net VSDP OPEB Asset was measured as of June 30, 2022 and the total VSDP OPEB liability used to calculate the Net VSDP

OPEB Asset was determined by an actuarial valuation as of that date. VA529's proportion of the Net VSDP OPEB Asset was based on VA529's actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, VA529's proportion was 0.23924% as compared to 0.23622% at June 30, 2021.

For the year ended June 30, 2023, VA529 recognized VSDP OPEB expense of $(8,498). Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, VA529 reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 71,082	$ 105,115
Net difference between projected and actual earnings on VSDP OPEB plan investments	—	38,990
Change in assumptions	4,074	13,872
Changes in proportionate share	—	57,056
VA529 contributions subsequent to the measurement date	75,592	—
Total	$ 150,748	$ 215,033

VA529 reported $75,592 as deferred outflows of resources related to the VSDP OPEB resulting from contributions subsequent to the measurement date, which will be recognized as an adjustment of the Net VSDP OPEB Asset in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB will be recognized in VSDP OPEB expense in future years as follows:

Fiscal Year ended June 30	VSDP OPEB Expense
2024	$ (46,100)
2025	(45,474)
2026	(51,296)
2027	(4,521)
2028	(2,225)
Thereafter	9,740

HICP OPEB Liabilities, HICP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HICP OPEB

At June 30, 2023, VA529 reported a liability of $1,195,009 for its proportionate share of the VRS HICP Net OPEB Liability. The Net HICP OPEB Liability was measured as of June 30, 2022 and the total HICP OPEB liability used to calculate the Net HICP OPEB Liability was determined by an actuarial valuation as of that date. VA529's proportion of the Net HICP OPEB Liability was based on VA529's actuarially determined employer contributions to the HICP OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, VA529's proportion of the HICP was 0.14588% as compared to 0.14243% at June 30, 2021.

For the year ended June 30, 2023, VA529 recognized HICP OPEB expense of $150,203. Since there was a change in proportionate share between June 30, 2021 and June 30, 2022 a portion of the HICP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, VA529 reported deferred outflows of resources and deferred inflows of resources related to the HICP OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	205	$	72,224
Net difference between projected and actual earnings on State HICP OPEB plan investments		—		648
Change in assumptions		39,978		603
Changes in proportionate share		161,046		557
VA529 contributions subsequent to the measurement date		138,792		—
Total	$	340,021	$	74,032

VA529 reported $138,792 as deferred outflows of resources related to the HICP OPEB resulting from VA529's contributions subsequent to the measurement date, which will be recognized as a reduction of the Net HICP OPEB Liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HICP OPEB will be recognized in the HICP OPEB expense in future years as follows:

Fiscal Year ended June 30	HICP OPEB Expense	
2024	$	43,092
2025		38,626
2026		26,884
2027		18,314
2028		284
Thereafter		(3)

Actuarial Assumptions

The various total OPEB liabilities were based on an actuarial valuation for all programs as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The actuarial valuation for OPEB programs was based on assumptions related to the Commonwealth as a whole. Information related to these assumptions can be found within the Virginia Retirement System's Annual Comprehensive Financial Report, available at varetire.org. The information below is limited to information and assumptions specific to VA529 employees.

Assumptions	Provisions
Inflation	2.5 percent
Salary increases, including inflation (General state employees only)	3.5 percent – 5.35 percent
Investment rate of return	6.75 Percent, net of investment expenses, including inflation
Mortality rates:	
Pre-Retirement	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years
Post-Retirement	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years
Beneficiaries and Survivors	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Assumptions	Changes
Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year of age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net OPEB Liability (Asset)

The net OPEB Liability (NOL) for the GLI program, the net OPEB asset (NOA) for the VSDP and the NOL for the HIC programs each represent the respective program's total OPEB Liability/(Asset) determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for each of these programs are as follows (amounts expressed in thousands):

Net GLI OPEB Liability (Asset)

	GLI OPEB Program
Total GLI OPEB Liability	$ 3,672,085
Plan Fiduciary Net Position	2,467,989
Net GLI OPEB Liability (Asset)	$ 1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21 %

Net VSDP OPEB Liability (Asset)

	VSDP OPEB Program
Total VSDP OPEB Liability	$ 307,764
Plan Fiduciary Net Position	602,916
Net VSDP OPEB Liability (Asset)	$ (295,152)
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	195.90 %

Net HIC OPEB Liability (Asset)

	HIC OPEB Plan
Total State Employee HIC OPEB Liability	$ 1,043,748
Plan Fiduciary Net Position	224,575
Net HIC OPEB Liability (Asset)	$ 819,173
	21.52 %

The total GLI, VSDP & HIC OPEB Liabilities (Assets) are calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net OPEB Liabilities (Assets) are disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of the System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00 %	5.71%	1.94%
Fixed Income	15.00 %	2.04%	0.31%
Credit Strategies	14.00 %	4.78%	0.67%
Real Assets	14.00 %	4.47%	0.63%
Private Equity	14.00 %	9.73%	1.36%
MAPS - Multi-Asset Public	6.00 %	3.73%	0.22%
PIP - Private Investment	3.00 %	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

** The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.*

***On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.*

Discount Rate

The discount rate used to measure the various total OPEB liabilities was 6.75 percent, determined as follows:

Program	Method
GLIP	Projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by VRS Board of Trustees.
VSDP	Projection of cash flows used to determine the discount rate assumed that employer contributions will be made per VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by VRS Board of Trustees.
HICP	Projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with VRS funding policy at rates equal to the actuarially determined contribution rates adopted by VRS Board of Trustees.

Through the fiscal year ending June 30, 2022, a portion of the rates for each of the programs was funded by an appropriation from the Commonwealth. From July 1, 2022, all agencies are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. VRS's fiduciary net position is projected to be available to make all projected future benefit payments for eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the respective liability.

Sensitivity of VA529's Proportionate Share of the Net OPEB Liabilities (Asset) to Changes in the Discount Rate

The following table presents VA529's proportionate share of the net GLIP OPEB liability, net VSDP OPEB asset and net HICP OPEB liability using the discount rate of 6.75% percent, as well as what VA529's proportionate share of the net GLIP OPEB liability, net VSDP OPEB asset, and net HICP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

VA529's proportionate share of the VRS:		1.00% Decrease (5.75%)		Current Discount Rate (6.75%)		1.00% Increase (7.75%)
GLIP Net OPEB Liability	$	890,593	$	612,042	$	386,935
VSDP Net OPEB Asset	$	(649,922)	$	(706,123)	$	(755,503)
HICP Net OPEB Liability	$	1,341,892	$	1,195,009	$	1,068,905

GLIP, VSDP and HICP Fiduciary Net Position

Detailed information about the VRS GLIP, VSDP and HICP's fiduciary net positions is available in the separately issued VRS Comprehensive Annual Financial Report found at https://www.varetire.org.

Payables to the VRS GLIP, VSDP and HICP

As of June 30, 2023, VA529 reported payables to VRS in the amount of $11,292 for GLIP. This amount is comprised of payments due to the VRS that were not made until after the fiscal year-end through the normal course of business.

As of June 30, 2023, VA529 reported payables to VRS in the amount of $5,140 for VSDP. This amount is comprised of payments due to the VRS that were not made until after the fiscal year-end through the normal course of business.

As of June 30, 2023, VA529 reported payables to VRS in the amount of $9,438 for HICP. This amount is comprised of payments due to the VRS that were not made until after the fiscal year-end through the normal course of business.

13. Healthcare Plan for Pre-Medicare Retirees

Eligibility and Plan Description

Commonwealth employees who retire from state service and receive VRS monthly benefits or periodic benefits from another qualified vendor, and who are not eligible to participate in Medicare because of their age, are eligible to participate in the Pre-Medicare Retiree Healthcare Plan (PMRHP) administered by the Commonwealth's Department of Human Resource Management (DHRM). For a retiree to participate in the Plan, the participant must be eligible for a monthly benefit from the VRS, and:

- be receiving (not deferring) the periodic benefit immediately upon retirement;
- have the individual's last employer before retirement be the Commonwealth of Virginia;
- be eligible for coverage as an active employee in the State Health Benefits Program until his or her retirement date (not including Extended Coverage); and,
- have submitted an Enrollment Form to the individual's Benefits Administrator within 31 days of retirement date.

Effective January 1, 2017**, the participant must be a terminating state employee who participates in one of the qualified Optional Retirement Plans (ORPs), and

- the last employer before termination was the Commonwealth of Virginia, and
- was eligible for (even if you were not enrolled in) coverage in the State Employee Health Benefits Program for active employees at the time of termination, and
- has met the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that the participant would have been eligible for on the date of hire had the participant not elected the ORP, and
- was enrolled in the State Retiree Health Benefits Program no later than 31 days from the date that coverage (or eligibility for coverage) in the State Health Benefits Program for active employees was lost due to termination of employment.

**This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.

Benefits

VA529 effectively subsidizes the costs of the participating retirees' healthcare through payment of its portion of the premiums for active employees.

Contributions

VA529 does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees.

Actuarial Assumptions and Discount Rate

The Total PMRHP OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions. DHRM selected the economic, demographic and healthcare claim cost assumptions. DHRM's actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 8.0 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 percent for dental.

Assumptions –PMRHP	Provisions – PMRHP
Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2022 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed.
Effective Amortization Period	5.86 years
Discount Rate	3.54%
Projected Salary Increases	5.35% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 8.00% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality:	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2022.

Changes of Assumptions

The following assumptions were updated since the June 30, 2021 valuation based on recent experience:

- Retiree Participation – reduced the rate from 40% to 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.
The trend rates were updated based on economic conditions as of June 30, 2022. Additionally, the discount rate was increased from 2.16% to 3.54% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022.
There were no plan changes in the valuation since the prior year.

Total PMRHP OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, VA529 reported $593,911 as VA529's proportionate share of the PMRHP's Total OPEB liability of $363.4 million. The PMRHP OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. VA529's proportionate amount of the PMRHP OPEB liability was based on each employer's healthcare premium contributions, as a percentage of the total employer's healthcare premium contributions for all participating employers. At June 30, 2022, VA529's proportion was 0.16343 percent as compared to 0.15748 percent at June 30, 2021. For the year ended June 30, 2023, VA529 recognized PMRHP OPEB expense of (228,995).

At June 30, 2023, VA529 reported deferred outflows of resources and deferred inflows of resources related to PMRHP OPEB comprised of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 271,226
Change in assumptions	—	549,764
Change in proportion	366,181	—
Subtotal	366,181	820,990
VA529 contributions subsequent to the measurement date	64,940	N/A
Total	$ 431,121	$ 820,990

VA529 reported $64,940 as deferred outflows of resources related to PMRHP OPEB resulting from amounts associated with transactions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PMRHP OPEB will be recognized as part of PMRHP OPEB expense in future years as follows:

Fiscal Year Ended June 30	PMRHP OPEB Expense
2024	$ (244,553)
2025	(127,537)
2026	(42,725)
2027	(23,431)
2028	(16,559)
Thereafter	—

Sensitivity of the Employer's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents VA529's proportionate share of the PMRHP OPEB liability using the discount rate of 3.54 percent, as well as what VA529's proportionate share of the PMRHP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54 percent) or one percentage point higher (4.54 percent) than the current rate:

	1.00% Decrease (2.54%)	Current Discount Rate (3.54%)	1.00% Increase (4.54%)
VA529's proportionate share of the total PMRHP liability	$ 626,960	$ 593,911	$ 561,556

Sensitivity of VA529's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents VA529's proportionate share of the PMRHP OPEB liability using a healthcare cost trend rate of 8.00 percent decreasing to 4.5 percent, as well as what VA529's proportionate share of the PMRHP OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7.00 percent decreasing to 3.50 percent) or one percentage point higher (9.00 percent decreasing to 5.50 percent) than the current rate:

	1.00% Decrease 7.00% decreasing to 3.50%	Trend Rate (8.00% decreasing to 4.50%)	1.00% Increase 9.00% decreasing to 5.50%
VA529's proportionate share of the total PMRHP liability	$540,688	$593,911	$655,198

Detailed information about the Commonwealth's PMRHP, including the OPEB liability, OPEB expense, and deferred outflows and inflows of resources as well as actuarial assumptions, can be found in the separately issued Commonwealth's Annual Comprehensive Financial Report found at https://www.doa.virginia.gov, where this program is included within the Commonwealth's Healthcare Internal Service Fund.

14. Risk Management

VA529 is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. VA529 participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. At present, most insurance coverage is obtained from the Division of Risk Management including property, general liability, faithful performance of duty bond, automobile, and airplanes. In addition VA529 maintains cyber security liability coverage with other carriers. VA529 pays premiums to each of these entities for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the

Commonwealth of Virginia's Annual Comprehensive Financial Report.

15. SOAR Virginia

VA529's Access & Affordability Initiatives are administered through the SOAR Virginia program, which includes the SOAR Scholars early commitment scholarship program and external partnerships which provide educational opportunities to Virginians.

SOAR Scholars

SOAR Scholars® is an early commitment scholarship program created to inspire and assist high school students to reach their post-secondary education goals. To participate, eligible students pledge to meet program requirements. In return, participating students receive a range of assistance and accumulate scholarship support up to $2,000 to apply toward their post-secondary education expenses. SOAR Scholars is a unique program created by VA529 to further its mission to make college more affordable and accessible to all Virginians and is offered in partnership with local Virginia college access providers.

VA529's Board (Board) has funded an Invest529 account in the name of VA529 for the program. Amounts deposited, plus earnings thereon, remain in the account until distributed. Amounts are allocated to students once awarded pursuant to program rules. VA529 will not commit support in excess of amounts on-hand in the SOAR Virginia account. As of June 30, 2023, the SOAR Virginia account had a balance of $19.2 million. During fiscal year 2023, $876,099 was distributed to institutions on behalf of SOAR Scholars. Details as to the number of students enrolled in the program and amounts committed as of June 30, 2023 are shown below.

Number of Students Enrolled (1)		8,864
Award Amounts Allocated to Enrolled Students	$	11,524,401
Additional Awards Enrolled Students May Receive	$	3,083,750
Total SOAR Commitment	$	14,608,151

(1) Number of students that have completed a SOAR application and pledge, and have been admitted to and are currently enrolled in the program

Access and Affordability Expansion

The Board approved the expansion of VA529's existing Access and Affordability (A&A) programs in fiscal 2021. This new program, under the umbrella of SOAR Virginia, is designed to partner with organizations who already administer programs which align with the three pillars of the initiatives. These pillars are: scholarships, workforce/middle-skill development, and mentoring/coaching. VA529 identifies these programs and their partners and makes annual awards to each based on overall funding levels approved by the Board. After the programs and partners are identified and funding is approved, agreements are established to outline how VA529 will fund the initiatives. Disbursement to respective partners is made via funding requests in accordance with these agreements.

In fiscal years 2021 and 2022, the Board approved allocations of net operating revenues for a combined total of $15.5 million. Since this initial allocation in fiscal 2021, VA529 has identified partners and begun to provide awards according to existing partnership agreements toward A&A initiatives. The table below provides the amounts committed to A&A initiatives by year.

Commitments to Partners*			
Year 1	Year 2	Year 3	Total
$4,301,838	$4,666,088	$4,502,074	$13,470,000

* Funding of future commitments are subject to annual funding to the Master account per Board approval and operating budget expenditure authority.

To account for this program, funds have been authorized and expensed from the enterprise fund to the fiduciary fund. As of June 30, 2023, funding amounts totaling $15.5 million had been deposited into a master A&A account within the fiduciary fund. After making $4.4 million in disbursements to A&A Partners based on the above commitments and moderate earnings on the investment account, this A&A fund has a balance of $11.5 million at the end of fiscal 2023.The funds will remain in the master account and invested within the stable value investment portfolio until subsequent allocations to partner sub-accounts and subsequent disbursements to respective partners begin.

In May of 2023, the VA529 Board approved an allocation of $500 million be made from the actuarial reserve amounts from the DB529 fund into a separate fund. A portion of this was intended for Access and Affordability initiatives under the SOAR Virginia program as well as potential other initiatives. As of June 30, 2023, this fund remains invested alongside DB529 assets, accruing interest and other investment earnings. A schedule showing this fund broken out from the DB529 fund is found within the Supplementary Information section.

16. Scholarship Program And Promotional Accounts

The VA529 scholarship program consists of the Defined Benefit 529 and Defined Contribution 529 Programs' third party scholarship accounts (excluding SOAR Virginia) established to provide a range of benefits to future beneficiaries. The purpose of the program is to enable individuals, organizations, community groups, corporations, and trusts to make qualified charitable contributions, which are used to purchase accounts for beneficiaries. The mission of VA529's scholarship program is to work with community partners to make the dream of college a reality for deserving youth in Virginia.

In addition to scholarship accounts, VA529 awards promotional accounts that do not specifically qualify as scholarships as defined by federal law. Like scholarship accounts, these accounts are funded by VA529, individuals, organizations, school groups, or other entities.

Active scholarship (excluding SOAR) and promotional accounts at June 30, 2023:

	Scholarship		Promotional	
Program	Accounts	Value	Accounts	Value
DC529[1]	209	$748,595	154	$955,530
DB529[2]	10	$162,103	8	$90,761

[1] DC529 Program value represents the cancellation value of Invest529 accounts at June 30, 2023.

[2] DB529 Program's value represents the aggregate market value of Prepaid529 accounts at June 30, 2023.

17. Unrelated Business Income Tax

As a qualified tuition program under IRC §529, VA529 is subject to tax on unrelated business income. VA529 invests in certain agreements and funds that may produce unrelated business taxable income. During fiscal year 2023, VA529 paid $3.3 million in combined Federal and Virginia State tax due to unrelated business income. This includes payments totaling $1.7 million toward the previous tax year's combined federal and state tax liabilities. The remaining $1.6 million represents estimated payments toward the next tax year's federal and state tax liabilities and accrued as prepaid expenses for fiscal 2023. VA529 determined and paid its unrelated business income tax liability for fiscal 2023 after it received all Schedule K-1s at the end of calendar 2022.

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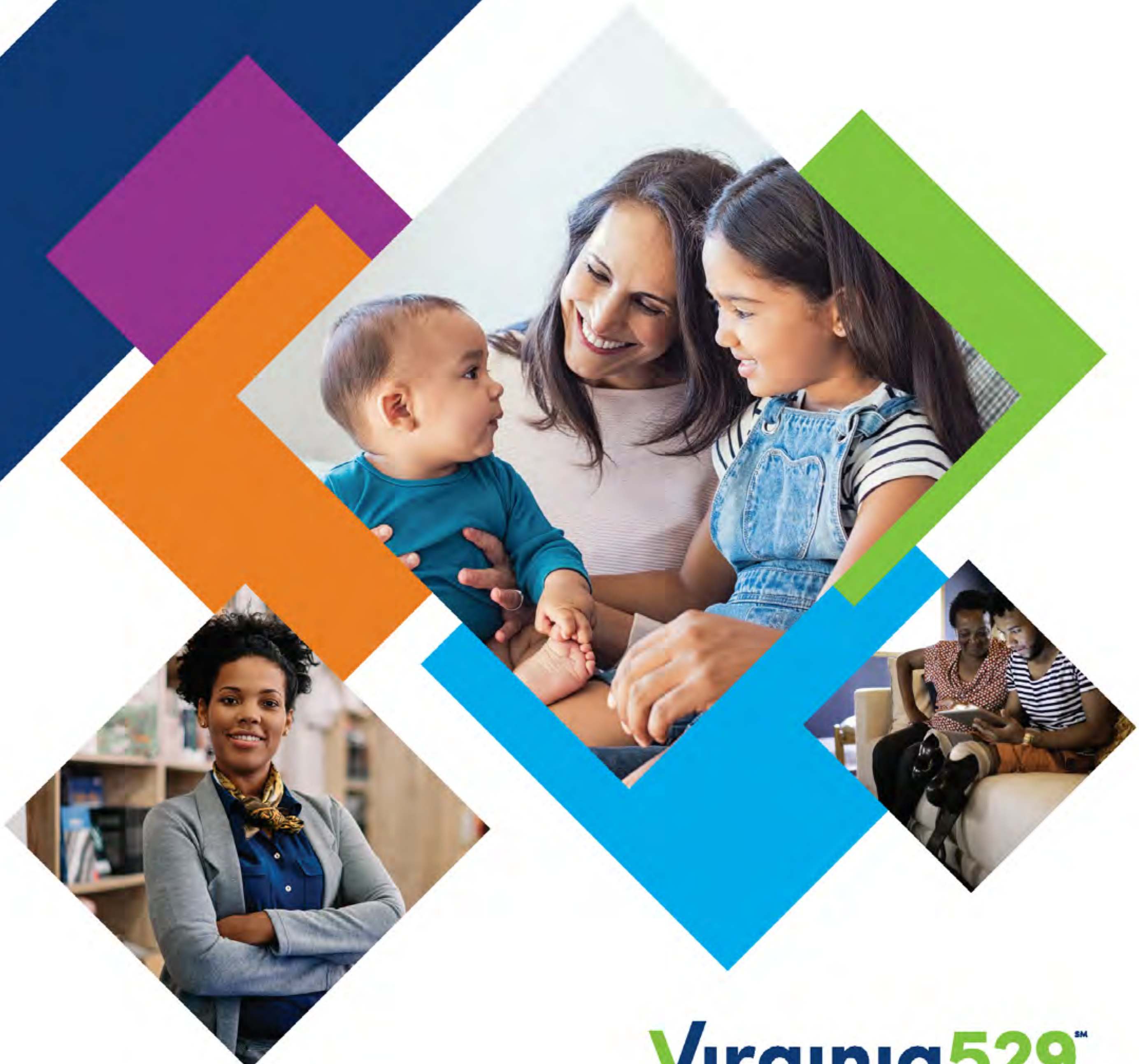

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Required Supplementary Information

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Schedule of VA529's Share of Net Pension Liability
VRS State Employee Retirement Plan
For the Annual Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
VA529's Proportion of the Net Pension Liability (Asset)	0.23555%	0.22967%	0.21124%	0.19588%	0.18750%	0.18062%	0.17742%	0.17215%	0.15817%
VA529's Proportionate Share of the Net Pension Liability (Asset)	$10,690,248	$8,330,659	$15,304,038	$12,379,092	$10,150,000	$10,526,000	$11,693,000	$10,540,000	$8,855,000
VA529's Covered Payroll	$11,053,824	$10,264,022	$9,502,561	$8,268,139	$7,816,602	$7,274,947	$7,018,667	$6,633,764	$6,108,107
VA529's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	96.71%	81.16%	161.05%	149.72%	129.85%	144.69%	166.60%	158.88%	144.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2022 is the ninth year for this presentation, only nine years available. However, additional years will be included as they become available.

See notes to RSI

Schedule of VA529 Pension Contributions VRS State Employee Retirement Plan For the Years Ended June 30, 2014 through 2023					
Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$1,791,898	$1,791,898	$—	$12,392,101	14.46%
2022	$1,598,383	$1,598,383	$—	$11,053,824	14.46%
2021	$1,484,178	$1,484,178	$—	$10,264,022	14.46%
2020	$1,284,746	$1,284,746	$—	$9,502,561	13.52%
2019	$1,117,852	$1,117,852	$—	$8,268,139	13.52%
2018	$1,054,460	$1,054,460	$—	$7,816,602	13.49%
2017	$981,390	$981,390	$—	$7,274,947	13.49%
2016	$981,917	$981,917	$—	$7,018,667	13.99%
2015	$817,943	$817,943	$—	$6,633,764	12.33%
2014	$535,070	$535,070	$—	$6,108,107	8.76%

Notes to Required Supplementary Information
State Retirement Employment Plan

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation..

Changes of assumptions – The actuarial assumptions used the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions for the VRS - State Employee Retirement Plan as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year of age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

VA529 OPEB Liability

Schedule of VA529's Share of Net OPEB Liability
Group Life Insurance Program (GLIP)
For the Annual Measurement Dates of June 30, 2017 through June 20, 2022

	2022	**2021**	**2020**	**2019**	**2018**	**2017**
VA529's Proportion of the Net GLIP OPEB Liability (Asset)	0.05083%	0.04971%	0.04617%	0.04218%	0.04111%	0.03944%
VA529's Proportionate Share of the Net GLIP OPEB Liability (Asset)	$612,042	$578,759	$770,501	$686,381	$624,000	$593,000
VA529's Covered Payroll	$11,057,324	$10,264,022	$9,502,561	$8,268,139	$7,816,602	$7,274,947
VA529's Proportionate Share of the Net GLIP OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.54%	5.64%	8.11%	8.30%	7.98%	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, only six years of data is available. However, additional years will be included as they become available.

See notes to RSI

Schedule of VA529 Contributions - GLIP

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$ 67,053	$ 67,053	$ —	$ 12,417,224	0.54%
2022	$ 59,710	$ 59,710	$ —	$ 11,057,324	0.54%
2021	$ 55,426	$ 55,426	$ —	$ 10,264,022	0.54%
2020	$ 49,413	$ 49,413	$ —	$ 9,502,561	0.52%
2019	$ 42,994	$ 42,994	$ —	$ 8,268,139	0.52%
2018	$ 40,646	$ 40,646	$ —	$ 7,816,602	0.52%
2017	$ 37,830	$ 37,830	$ —	$ 7,274,947	0.52%
2016	$ 33,690	$ 33,690	$ —	$ 7,018,667	0.48%
2015	$ 31,842	$ 31,842	$ —	$ 6,633,764	0.48%
2014	$ 29,358	$ 29,358	$ —	$ 6,116,156	0.48%

Schedule of VA529's Share of Net OPEB Liability
Health Insurance Credit Program (HICP)
For the Annual Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
VA529's Proportion of the Net HICP OPEB Liability (Asset)	0.14588%	0.14243%	0.13190%	0.12133%	0.11609%	0.11259%
VA529's Proportionate Share of the Net HICP OPEB Liability (Asset)	$1,195,009	$1,202,879	$1,210,850	$1,119,962	$1,059,000	$1,025,000
VA529's Covered Payroll	$11,053,824	$10,264,022	$9,502,561	$8,268,139	$7,816,602	$7,274,947
VA529's Proportionate Share of the Net HICP OPEB Liability (Asset) as a Percentage of its Covered Payroll	10.81%	11.72%	12.74%	13.55%	13.55%	14.09%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, only six years of data is available. However, additional years will be included as they become available.

See notes to RSI

Schedule of VA529 Contributions - HICP
For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$ 138,792	$ 138,792	$ —	$ 12,392,101	1.12%
2022	$ 123,803	$ 123,803	$ —	$ 11,053,824	1.12%
2021	$ 114,957	$ 114,957	$ —	$ 10,264,022	1.12%
2020	$ 111,180	$ 111,180	$ —	$ 9,502,561	1.17%
2019	$ 96,737	$ 96,737	$ —	$ 8,268,139	1.17%
2018	$ 92,236	$ 92,236	$ —	$ 7,816,602	1.18%
2017	$ 85,844	$ 85,844	$ —	$ 7,274,947	1.18%
2016	$ 73,696	$ 73,696	$ —	$ 7,018,667	1.05%
2015	$ 69,655	$ 69,655	$ —	$ 6,633,764	1.05%
2014	$ 61,081	$ 61,081	$ —	$ 6,108,107	1.00%

Schedule of VA529's Share of Net OPEB Liability
Virginia Sickness and Disability Program (VSDP)
For the Annual Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
VA529's Proportion of the Net VSDP OPEB Liability (Asset)	0.23924%	0.23622%	0.21806%	0.20299%	0.19690%	0.19152%
VA529's Proportionate Share of the Net VSDP OPEB Liability (Asset)	$(706,123)	$(814,299)	$(481,233)	$(398,256)	$(444,000)	$(393,000)
VA529's Covered Payroll	$11,011,878	$10,209,579	$9,449,285	$8,216,289	$7,765,006	$7,225,108
VA529's Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	(6.41)%	(7.98)%	(5.09)%	(4.85)%	(5.72)%	(5.44)%
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	195.9%	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, only six years of data is available. However, additional years will be included as they become available.

See notes to RSI

Schedule of VA529 Contributions - VSDP

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$ 75,592	$75,592	$ —	$12,392,101	0.61%
2022	$ 67,172	$67,172	$ —	$11,011,878	0.61%
2021	$ 62,278	$62,278	$ —	$10,209,579	0.61%
2020	$ 58,586	$58,586	$ —	$9,449,285	0.62%
2019	$ 50,941	$50,941	$ —	$8,216,289	0.62%
2018	$ 51,249	$51,249	$ —	$7,765,006	0.66%
2017	$ 47,686	$47,686	$ —	$7,225,108	0.66%
2016	$ 45,996	$45,996	$ —	$6,969,031	0.66%
2015	$ 43,462	$43,462	$ —	$6,585,143	0.66%
2014	$ 28,481	$28,481	$ —	$6,059,746	0.47%

Notes to Required Supplementary Information
Commonwealth of Virginia GLIP, VSDP, and HICP

Details as to the actuarial assumptions for each of these programs may be found in the VRS annual report found at https://www.varetire.org. The actuarial assumptions, as they pertain to VA529, are summarized below.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of VA529's Share of Total OPEB Liability
Pre-Medicare Retirees
For the Annual Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
VA529's proportion of the collective total OPEB liability	0.16343%	0.15748%	0.14497%	0.12625%	0.12019%	0.11627%
VA529's proportionate share of the collective total OPEB liability	$593,911	$706,935	$824,639	$857,063	$1,208,717	$1,510,217
VA529's covered payroll	$11,053,824	$10,264,022	$9,502,561	$8,268,139	$7,816,602	$7,274,947
VA529's proportionate share of the collective total OPEB liability as a percentage of its covered payroll	5.37%	6.89%	8.68%	10.37%	15.46%	20.76%

Schedule is intended to show information for 10 years. Since 2017 was the first year for this presentation, only six years of data are available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Commonwealth of Virginia State Health Plans Program
for Pre-Medicare Retirees

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following actuarial assumptions were updated since the June 30, 2021 valuation based on recent experience:

- Retiree Participation - reduced the rate from 40% to 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2022. Additionally, the discount rate was increased from 2.16% to 3.54% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022.

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Supplementary Information

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ADDITIONAL FINANCIAL INFORMATION

The following schedules provide additional information not included in the Basic Financial Statements:

- Appendix A - Breakout of Enterprise Fund
- Appendix B - Investment Details by Program
- Appendix C - Schedule of Investment Expenses

Breakout of Enterprise Fund - Summary Net Position (in millions)

as of June 30, 2023	Administration and Operations	Defined Benefit 529	Access and Affordability	Total Enterprise Fund
Assets and deferred outflows:				
Current assets	$ 76.4	$ 122.4	$ —	$ 198.8
Investments	—	2,343.4	500.0	2,843.4
Capital assets, net	2.5	—	—	2.6
Other noncurrent assets	0.7	51.7	—	52.4
Total assets	79.7	2,517.4	500.0	3,097.1
Total deferred outflows	4.1	—	—	4.1
Assets and deferred outflows	83.8	2,517.4	500.0	3,101.2
Liabilities and deferred inflows:				
Current liabilities	8.8	216.9	—	225.7
Noncurrent liabilities	13.8	1,200.7	—	1,214.5
Total liabilities	22.6	1,417.6		1,440.2
Total deferred inflows	3.5	—	—	3.5
Liabilities and deferred inflows	26.1	1,417.6	—	1,443.7
Net position				
Investment in capital assets	1.0	—	—	1.1
Restricted	0.4	—	—	0.4
Unrestricted	56.3	1,099.8	500.0	1,656.1
Total net position	$ 57.7	$ 1,099.8	$ 500.0	$ 1,657.6

Amounts may not sum due to rounding

Breakout of Enterprise Fund – Changes in Net Position (in millions)

For the Year Ended June 30, 2023	Administration and Operations	Defined Benefit 529	Access and Affordability	Total Enterprise Fund
Operating revenues				
Charges for sales and services	$ 50.0	$ —	$ —	$ 50.0
Investment gain/(loss), net	2.2	110.7	—	112.9
Prepaid529 contract payments	—	50.2	—	50.2
Net actuarial gain/(loss)	—	208.6	—	208.6
Other revenue	—	—	—	—
Net operating revenues	52.2	369.5	—	421.7
Operating expense	39.4	—	—	39.4
Tuition benefits expense	—	181.2	—	181.2
Total operating expenses	39.4	181.2	—	220.6
Operating income (loss)	12.8	188.3	—	201.1
Non operating revenue (expense) net	0.4	—	—	0.4
Income (loss) before transfers	13.3	188.3	—	201.6
Transfer	(0.3)	(500.0)	500.0	(0.3)
Change in net position	13.0	(311.7)	500.0	201.3
Net position, beginning	44.7	1,411.5	—	1,456.3
Net position, ending	$ 57.7	$ 1,099.8	$ 500.0	$ 1,657.5

Amounts may not sum due to rounding

Appendix B
Investment Details by Program as of June 30, 2023
Defined Benefit 529 and Access and Affordability Programs

Investment Manager	Asset Class / Strategy	Mutual Fund(s) (if applicable)	Aggregate Fair Value[1]	% of Total Fund[1]
Equities				
Acadian Asset Management, LLC	Developed Markets International Equity	N/A	$ 105,494,590	3.62%
BlackRock MSCI Equity Index	US All Cap Equity	N/A	368,212,461	12.64%
Capital Research & Management Co.	International Growth	American Funds EuroPacific Growth	47,400,994	1.63%
Dimensional Fund Advisors, LP	Emerging Market Equity	Emerging Markets Core Equity	36,233,309	1.24%
Sands Capital Management , LLC	Emerging Market Growth	N/A	33,508,983	1.15%
Total Equities			590,850,337	*20.29%*
Alternative Investments				
Adams Street Partners	Private Equity Fund of Funds	N/A	243,832,854	8.37%
Aether Investment Partners, LLC	Private Equity Fund of Funds	N/A	43,525,535	1.49%
Apogem Capital	Private Equity Fund of Funds	N/A	28,866,852	0.99%
Asia Alternatives Management, LLC	Private Equity Fund of Funds	N/A	7,944,235	0.27%
Aventura Holdings, LLC	Private Real Estate	N/A	8,553,170	0.29%
Bain Capital Real Estate	Private Real Estate	N/A	15,886,304	0.55%
Commonfund	Private Equity Fund of Funds	N/A	14,720,059	0.51%
Hamilton Lane	Private Equity Fund of Funds	N/A	88,620,438	3.04%
Horsley Bridge Partners	Private Equity Fund of Funds	N/A	18,739,688	0.64%
LGT Capital Partners	Private Equity Secondaries	N/A	6,831,738	0.23%
Morgan Stanley Real Estate Advisor, Inc.	Private Real Estate	N/A	80,416,944	2.76%
Neuberger Berman	Private Equity Fund of Funds	N/A	32,900,131	1.13%
Related Fund Management, LLC	Private Real Estate	N/A	17,976,671	0.62%
Starwood Capital Group, LLC	Private Real Estate	N/A	6,619,695	0.23%
Stockbridge Capital Group, LLC	Private Real Estate	N/A	65,845,336	2.26%
UBS Realty Investors, LLC	Private Real Estate	N/A	48,730,636	1.67%
Total Alternative Investments			730,010,286	25.07%
Fixed Income				
Ares Capital Management	Multi Asset Credit	N/A	69,588,159	*2.39%*
Ares Capital Management	Private Debt	N/A	25,815,032	0.89%
Brigade Capital Management, LP	Multi Asset Credit	N/A	67,368,529	2.31%
The Carlyle Group	Private Debt	N/A	18,603,834	0.64%
Chorus Capital Management, LTD	Private Debt	N/A	7,801,851	0.27%
Dreyfus Cash Investment Strategies[2]	Cash Equivalents	Dreyfus Cash Management	39,015,352	1.34%
Eagle Point Credit Management, LLC	Private Debt	N/A	19,241,803	0.66%
Golub Capital	Private Debt	N/A	62,125,000	2.13%
Loomis, Sayles & Company, LP	Multi Asset Credit	N/A	132,384,344	4.55%
Monarch Alternative Capital, LP	Private Debt	N/A	4,042,511	0.14%
Neuberger Berman	Core Bonds	N/A	275,966,223	9.48%
PGIM, Inc.	Core Bonds	N/A	273,754,980	9.40%
PGIM, Inc.	High Yield Bonds	N/A	90,756,972	3.12%
Schroders Investment Management, Inc.	Private Debt	N/A	94,686,568	3.25%
Shenkman Capital Management, Inc.	Senior Secured Bank Loans	N/A	106,747,634	3.67%
Wellington Management Co., LLP	Emerging Market Debt	N/A	159,915,342	5.49%
Wellington Management Co., LLP	Multi Asset Credit	N/A	130,758,475	4.49%
Treasurer of Virginia[3]	Cash Equivalents	N/A	12,769,219	0.44%
VA529 Transition Account	N/A	N/A	14,107	0.00%
Total Fixed Income			1,591,355,935	54.64%
Grand Total			$ 2,912,216,559	100.00%

[1]May not sum to 100% due to rounding. [2]Operating Cash of $52,357,120 is not included in the total above. [3]Funds include $5,725,015 in the disbursement account with Wells Fargo.

Appendix B
Investment Details by Program as of June 30, 2023
Fiduciary Fund: Defined Contribution 529 and Access and Affordability Programs

Investment Manager	Asset Class / Strategy	Mutual Fund (if applicable)	Aggregate Fair Value[1]
Atlantic Union Bank	FDIC - Insured (Cash & Equivalents)	N/A	$ 275,703,265
Blackstone Property Partners	Private Real Estate	N/A	58,325,969
Capital Research & Management Co.	Global Small-Cap	American Funds SMALLCAP World Fund	1,819,717
Capital Research & Management Co.	International Growth	American Funds EuroPacific Growth	236,608,736
Dimensional Fund Advisors, LP	Emerging Market Equity	Emerging Markets Core Equity	84,188,558
Invesco Advisers, Inc.[3]	Stable Value	N/A	1,718,674,319
Neuberger Berman Investment Advisers	Emerging Market Debt	N/A	318,688,131
Parnassus Investments	Socially Targeted Large Cap Core Equity	Core Equity Fund	188,655,610
PGIM Fixed Income	High Yield Bonds	N/A	180,850,858
Rothschild Asset Management[4]	Small/Mid Cap Domestic Equity	N/A	14,083
The Vanguard Group, Inc.	Domestic Equity Blend	Total Stock Market Index Fund	2,174,597,013
The Vanguard Group, Inc.	Inflation Protected Securities	Inflation-Protected Securities Fund	46,216,623
The Vanguard Group, Inc.	Intermediate Core Fixed Income	Total Bond Market Index Fund	784,356,379
The Vanguard Group, Inc.	International Equity	Total International Stock Index Fund	557,874,846
The Vanguard Group, Inc.	International Fixed Income	Total International Bond Index Fund	126,045,930
The Vanguard Group, Inc.	Large-Cap Domestic Equity Blend	Institutional Index Fund	580,003,403
The Vanguard Group, Inc.	Small Cap Domestic Equity Blend	Small Cap Index Fund	65,647,526
The Vanguard Group, Inc.	U.S. Real Estate	Real Estate Index Fund	238,488,252
Touchstone Investments[2]	International/Global Equity	Emerging Markets Growth Fund	84,183,306
UBS Trumbull Property	Private Real Estate	N/A	25,108,025
Wellington Management Co., LLP	International Equity	N/A	236,779,664
Grand Total			***$ 7,982,830,214***

[1]Cash net of distributions liability held with Wells Fargo as well as with BNY Mellon (custodian) in the amount of $1,184,241 is not included in the total above.
[2]Sub-Advised by Sands Capital Management, LLC.
[3]Includes Access and Affordability funds.
[4]Investment Manager terminated; funds in transition.

APPENDIX C

SCHEDULE OF INVESTMENT EXPENSES FOR THE YEAR ENDING JUNE 30, 2023		
Enterprise Fund		**2023**
Management Fees:		
Domestic Equity Managers	$	55,232
International Equity Managers		1,301,840
Domestic Fixed Income Managers		1,545,320
International Fixed Income Managers		815,568
Multi Asset Credit Managers		2,223,880
Private Equity Managers		4,792,336
Private Debt Managers		1,796,509
Private Real Estate Managers		2,652,095
Other Investment-Related Expenses*		3,192,250
Total Management Fees	**$**	**18,375,030**

Fiduciary Fund		2023
Management Fees:		
Domestic Equity	$	1,541,420
International Equity		4,518,995
Domestic Fixed Income		1,591,987
International Fixed Income		1,299,302
Real Estate		1,032,655
Total Management Fees	**$**	**9,984,359**

Notes: Manager fees include fees that are charged directly on separately managed accounts and management fees that are implicit within a pooled vehicle's net asset value, therefore do not agree to the face of the financial statements for the Enterprise nor Private Purpose Trust Fund.

*Other Investment-Related Expenses include custodial and other services (actuarial, proxy voting, investment consultant, taxes on UBTI and others). These types of expenses, are charged directly to the investments of the enterprise fund as a fee is already charged to the Invest529 program.

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Other Information

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APPENDIX D

Mutual Funds by Program

Defined Benefit 529 Program

Investment Manager	Fund Name
Capital Research & Management Co.	American Funds EuroPacific Growth Fund
Dimensional Fund Advisors, LP	Emerging Markets Core Equity
Dreyfus Cash Investment Strategies	Dreyfus Cash Management (Cash and Equivalents)

Defined Contribution 529 Program

Investment Manager	Fund Name
Capital Research & Management Co.	American Funds EuroPacific Growth Fund
Capital Research & Management Co.	SMALLCAP World Fund
Dimensional Fund Advisors, LP	Emerging Markets Core Equity
Parnassus Investments	Core Equity Fund
The Vanguard Group, Inc.	Institutional Index Fund
The Vanguard Group, Inc.	Small Cap Index Fund
The Vanguard Group, Inc.	Total International Bond Index Fund
The Vanguard Group, Inc.	Total Stock Market Index Fund
The Vanguard Group, Inc.	Total Bond Market Index Fund
The Vanguard Group, Inc.	Total International Stock Index Fund
The Vanguard Group, Inc.	Inflation-Protected Securities Fund
The Vanguard Group, Inc.	Real Estate Index Fund
Touchstone Investments[1]	Emerging Markets Growth Fund

[1] Sub-Advised by Sands Capital Management, LLC

APPENDIX E

Separate Accounts, Commingled Funds & Alternative Managers by Program

Defined Benefit 529 Program

Investment Manager	Investment Strategy
Acadian Asset Management, LLC	Developed Markets International Equity
Adams Street Partners	Private Equity Fund of Funds
Aether Investment Partners, LLC	Private Equity Fund of Funds
Apogem Capital	Private Equity Fund of Funds
Ares Global	Multi-Asset Credit
Ares Management Corporation	Private Debt
Asia Alternatives Management, LLC	Private Equity Fund of Funds
Aventura Holdings, LLC	Private Real Estate
Bain Capital Real Estate	Private Real Estate
BlackRock MSCI Equity Index	US All Cap Equity
Brigade Capital	Multi-Asset Credit
The Carlyle Group	Private Debt
Chorus Capital Credit	Private Debt
Commonfund	Private Equity Fund of Funds
Eagle Point Credit Management, LLC	Private Debt
Golub Capital	Private Debt
Hamilton Lane	Private Equity Fund of Funds
Horsley Bridge Partners	Private Equity Fund of Funds
LGT Capital Partners	Private Equity Secondaries
Loomis, Sayles & Company, LP	Multi-Asset Credit
Monarch Capital	Private Debt
Morgan Stanley Real Estate	Private Real Estate
Neuberger Berman Investment Advisers	Private Equity Fund of Funds
Neuberger Berman Investment Advisers	Fixed Income
PGIM Fixed Income	Fixed Income
PGIM Fixed Income	High-Yield Fixed Income
Related Funds Management, LLC	Opportunistic Real Estate
Sands Capital Management, LLC	Emerging Market Growth Fund
Schroders Investment Management North America Inc.	Multi-Asset Credit
Shenkman Capital Management, Inc.	Senior Secured Bank Loans
Starwood Real Estate	Private Real Estate
Stockbridge Capital Group, LLC	Private Real Estate
UBS Realty Investors, LLC	Private Real Estate
Wellington Management Co., LLP	Emerging Market Debt
Wellington Management Co., LLP	Multi Asset Credit

Defined Contribution 529 and Access and Affordability Programs

Investment Manager	Investment Strategy
Atlantic Union Bank	FDIC-Insured (Cash & Equivalents)
Blackstone Property Advisors, L.P.	Private Real Estate
Invesco Advisers, Inc[1]	Stable Value Fixed Income
Neuberger Berman Investment Advisers	Emerging Market Debt
PGIM Fixed Income	High-Yield Fixed Income
UBS Realty Investors, LLC	Private Real Estate
Wellington Management Co., LLP	International Equity

[1]Includes Access and Affordability funds

CollegeAmerica®

CollegeAmerica, a broker-sold IRC §529 college savings option, was launched on February 15, 2002. CollegeAmerica is a defined contribution savings program administered by Capital Research and Management Company, American Funds Distributors, Inc., and American Funds Service Company, Inc. (together, the American Funds) pursuant to a contract. The American Funds acts as program manager and provides all back office and operational services for the program. As a result of this structure, VA529 is responsible for program oversight and review; however, VA529's staff does not manage the day-to-day operations of the CollegeAmerica program. VA529 has contracted these services with the American Funds through February 15, 2050.

CollegeAmerica is available year round and has no age or residency restrictions. Accounts are subject to market risk, including the possible loss of principal. As of June 30, 2023, approximately 2.6 million unique active accounts were open with net assets in excess of $82.2 billion. American Funds defines unique active accounts as unique open account numbers at period end. Fees and expenses of the program are also paid on a pro-rata basis by each account owner and vary according to the fund and share class selected.

As of June 30, 2023, the CollegeAmerica program offered 46 American Funds mutual funds, offering six share classes. The six share classes offered are as follows: 529-A, 529-C, 529-E, 529-F-1, 529-F-2 and the 529-F-3. A complete list of approved and available funds is shown in the tables on the following pages.

A separate audited report for each of the 46 funds available for investment in the CollegeAmerica program is published annually by the American Funds. Each of the funds has a different year ending date, so these audited reports are published throughout the year. An individual fund audit report includes that fund's results for all share classes offered in the fund, including the IRC §529 share classes created for the CollegeAmerica program. The individual fund reports are available in their entirety from the American Funds. A summary of the 529 Share Class Net Assets as of Fund Fiscal Year-End and at June 30, 2023 for each fund are presented in the following charts.

CollegeAmerica
529 Share Class Net Assets as of Fund Fiscal Year-End (dollars and shares in thousands)

Fund	Shares	Net Assets	Fiscal Year-End
Growth funds			
AMCAP Fund®	76,444	$ 2,393,079	02/28/23
American Funds Global Insight Fund℠	706	12,328	10/31/22
American Funds International Vantage Fund℠	402	5,205	10/31/22
EuroPacific Growth Fund®	30,118	1,597,906	03/31/23
The Growth Fund of America®	221,053	11,972,708	08/31/22
The New Economy Fund®	20,886	934,095	11/30/22
New Perspective Fund®	60,871	2,721,644	09/30/22
New World Fund®	15,583	963,768	10/31/22
SMALLCAP World Fund®	32,577	1,659,840	09/30/22
Growth-and-income funds			
American Mutual Fund®	33,303	1,626,319	10/31/22
Capital World Growth and Income Fund®	72,999	3,901,300	11/30/22
American Funds Developing World Growth and Income Fund℠	5,102	48,967	11/30/22
Fundamental Investors®	58,110	3,494,667	12/31/22
International Growth and Income Fund℠	6,089	190,566	06/30/22
The Investment Company of America®	79,352	3,263,416	12/31/22
Washington Mutual Investors Fund℠	64,470	3,430,965	04/30/23
Equity-income funds			
Capital Income Builder®	40,597	2,454,510	10/31/22
The Income Fund of America®	89,548	2,127,935	07/31/22
Balanced funds			
American Balanced Fund®	203,122	5,831,312	12/31/22
American Funds Global Balanced Fund℠	11,122	343,718	10/31/22
Bond funds			
American High-Income Trust®	39,103	346,493	09/30/22
American Funds Inflation Linked Bond Fund®	9,693	94,300	11/30/22
The Bond Fund of America®	121,499	1,382,469	12/31/22
Capital World Bond Fund®	16,353	264,113	12/31/22
Intermediate Bond Fund of America®	44,490	567,238	08/31/22
Short-Term Bond Fund of America®	69,183	661,161	08/31/22
American Funds Strategic Bond Fund℠	11,823	111,241	12/31/22
U.S. Government Securities Fund®	17,138	219,003	08/31/22
American Funds Mortgage Fund®	3,714	34,646	08/31/22
American Funds Corporate Bond Fund®	6,956	65,189	05/31/23
American Funds Emerging Markets Bond Fund®	1,936	14,700	12/31/22
American Funds Multi-Sector Income Fund℠	1,609	14,403	12/31/22
Money market fund			
American Funds U.S. Government Money Market Fund℠	2,787,239	2,787,514	09/30/22
American Funds College Target Date Series funds			
American Funds College 2024 Fund®	265,303	2,878,003	10/31/22
American Funds College 2027 Fund®	230,111	2,605,422	10/31/22
American Funds College 2030 Fund®	245,329	2,927,045	10/31/22
American Funds College 2033 Fund®	199,756	2,123,894	10/31/22
American Funds College 2036 Fund®	136,119	1,378,784	10/31/22
American Funds College 2039 Fund℠	33,000	279,354	10/31/22
American Funds College Enrollment Fund®	233,965	2,119,963	10/31/22
American Funds Portfolio Series℠ funds			
American Funds Global Growth Portfolio℠	38,268	664,389	10/31/22
American Funds Growth Portfolio℠	104,110	1,995,990	10/31/22
American Funds Growth and Income Portfolio℠	73,958	1,136,304	10/31/22
American Funds Moderate Growth and Income Portfolio℠	44,400	677,914	10/31/22
American Funds Conservative Growth and Income Portfolio℠	29,046	349,197	10/31/22
American Funds Preservation Portfolio℠	25,620	237,723	10/31/22

Data compiled from American Funds audited fund statements. Funds listed are those open as of June 30, 2023.

CollegeAmerica
529 Share Class Net Assets as of June 30, 2023 (dollars and shares in thousands)

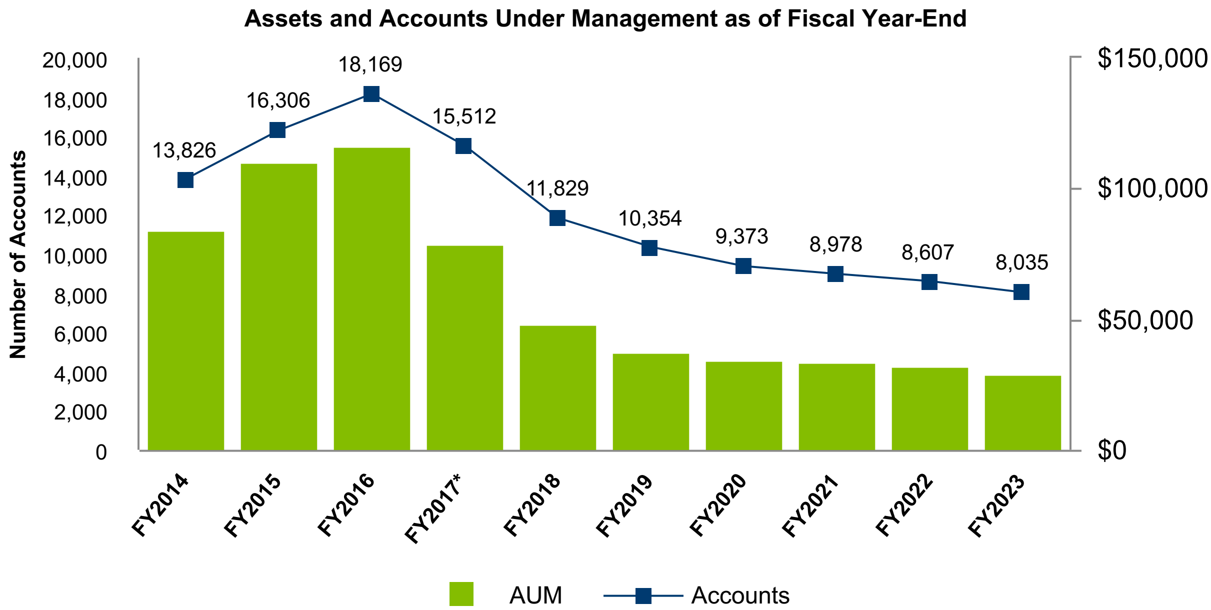
Fund	Shares	Net Assets
Growth funds		
AMCAP Fund®	75,594	$ 2,656,154
American Funds Global Insight Fund℠	794	16,301
American Funds International Vantage Fund℠	705	11,292
EuroPacific Growth Fund®	29,831	1,610,851
The Growth Fund of America®	222,320	13,299,973
The New Economy Fund®	20,342	1,024,064
New Perspective Fund®	61,306	3,341,251
New World Fund®	15,159	1,113,978
SMALLCAP World Fund®	31,642	1,947,500
Growth-and-income funds		
American Mutual Fund®	35,014	1,734,054
Capital World Growth and Income Fund®	70,954	4,056,432
American Funds Developing World Growth and Income Fund℠	5,181	52,771
Fundamental Investors®	57,681	3,903,940
International Growth and Income Fund℠	6,192	213,600
The Investment Company of America®	77,355	3,657,519
Washington Mutual Investors Fund℠	65,822	3,554,669
Equity-income funds		
Capital Income Builder®	40,042	2,575,473
The Income Fund of America®	90,532	2,056,923
Balanced funds		
American Balanced Fund®	200,390	6,103,045
American Funds Global Balanced Fund℠	10,881	376,875
Bond funds		
American High-Income Trust®	38,737	354,444
American Funds Inflation Linked Bond Fund®	8,713	78,646
The Bond Fund of America®	123,577	1,401,360
Capital World Bond Fund®	15,838	256,001
Intermediate Bond Fund of America®	42,747	526,627
Short-Term Bond Fund of America®	69,330	650,191
American Funds Strategic Bond Fund℠	13,001	120,227
U.S. Government Securities Fund®	16,566	200,364
American Funds Mortgage Fund®	3,386	30,089
American Funds Corporate Bond Fund®	7,020	65,636
American Funds Emerging Markets Bond Fund®	2,057	16,146
American Funds Multi-Sector Income Fund℠	2,011	18,163
Money market fund		
American Funds U.S. Government Money Market Fund℠	3,140,905	3,140,905
American Funds College Target Date Series funds		
American Funds College 2024 Fund®	272,168	2,974,275
American Funds College 2027 Fund®	252,979	2,914,028
American Funds College 2030 Fund®	271,650	3,341,722
American Funds College 2033 Fund®	227,719	2,557,943
American Funds College 2036 Fund®	163,244	1,802,322
American Funds College 2039 Fund℠	57,566	553,310
American Funds College Enrollment Fund®	205,958	1,878,866
American Funds Portfolio Series℠ funds		
American Funds Global Growth Portfolio℠	42,454	815,130
American Funds Growth Portfolio℠	118,995	2,459,808
American Funds Growth and Income Portfolio℠	81,023	1,336,610
American Funds Moderate Growth and Income Portfolio℠	46,176	740,953
American Funds Conservative Growth and Income Portfolio℠	30,285	373,374
American Funds Preservation Portfolio℠	25,270	234,476
Total Assets		$ 82,148,282

Data compiled from American Funds reports. Figures may not sum foot due to rounding.

CollegeWealth®

CollegeWealth is VA529's FDIC-insured, defined contribution, 529 college savings program, which closed to new participants in fiscal 2017. Each CollegeWealth college savings account with a value up to $250,000 (when combined with any other holdings of an individual at the bank) is FDIC insured. CollegeWealth began in the autumn of 2007 with Atlantic Union Bank (AUB) as VA529's first banking partner. In the autumn of 2009, VA529 added Branch Banking and Trust (BB&T) Corporation, which is now Truist, as a banking partner in an effort to significantly expand the availability of CollegeWealth within and outside of the Commonwealth.

In January 2017, VA529 introduced an FDIC-Insured Portfolio option within the Invest529 program through an omnibus account with AUB. With this offering VA529 terminated the existing CollegeWealth offering through AUB and transferred those remaining assets to the Invest529 FDIC-Insured Portfolio. On April 23, 2017, the CollegeWealth program offered through BB&T was closed to new participants. As of June 30, 2023, there were 8,035 unique active accounts with net assets of $29.1 million remaining in the program. Unique active accounts represent all active accounts at period end. The net assets represented amounts held in savings instruments at the participating banks and were thus not subject to market value adjustments at year-end.



* On April 3, 2017, $33.9 million representing 3,350 accounts was transferred from the CollegeWealth offering through Atlantic Union Bank to the Invest529 FDIC-Insured Portfolio.

ABLE Programs

ABLE accounts were made possible by the federal Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act, which authorized states to establish tax-advantaged savings programs for individuals with disabilities and their families to save for "qualified disability expenses" without losing certain federal means-tested benefits. The Virginia ABLE Act of the 2015 Virginia Acts of Assembly amended VA529's enabling legislation, adding the development and implementation of ABLE program(s) to its statutory mission. Accordingly, VA529 established two IRC §529A savings options, ABLEnow and ABLEAmerica.

For 2023, individuals can save up to $17,000 per year in an ABLE account. Earnings grow free of federal taxation and may be free of state taxation if benefits are used for qualified disability expenses.

ABLEnow®

ABLEnow launched in December 2016, and is a direct-sold defined contribution savings program. VA529 is the program sponsor and manager, providing customer service for the program. VA529 has contracted with PNC Bank, N.A. (PNC) to offer the ABLEnow program through November 2025 with provision for automatic two year extensions. The terms of the current restated agreement was negotiated in FY23.

The first $2000 in an ABLEnow account is automatically allocated to the PNC FDIC Insured Deposit Account. Once the balance in the ABLEnow Deposit Account exceeds $2000 the additional contributions may be used to invest in one or more investment portfolios offered. There are four mutual funds open; three Vanguard LifeStrategy® Funds and a Fidelity® Money Market Fund, as investment options administered through PNC. Eligible individuals can start their ABLEnow account with no enrollment fee and no minimum contribution.

As of June 30, 2023, 15,494 accounts were open with more than $116.6 million in assets under management. More information on ABLEnow can be found at www.ablenow.com. The following below outlines the shares and net assets for the ABLEnow portfolios as of June 30, 2023.

Shares and Net Assets as of June 30, 2023 (dollars and shares in thousands)

Fund	Shares	Net Assets[1]
Money market fund		
Fidelity® Investments Money Market Government Portfolio	7,715	$ 7,715
LifeStrategy funds		
Vanguard LifeStrategy® Growth Fund	639	25,358
Vanguard LifeStrategy® Income Fund	242	3,591
Vanguard LifeStrategy® Moderate Growth Fund	319	9,462
Total Assets		$ 46,126

[1]PNC Bank NA, FDIC Insured Deposit Account of $70,444,189 is not included in the value above.

ABLEAmerica®

ABLEAmerica launched in July 2018, and is a broker-sold defined contribution savings program. The program is administered by American Funds pursuant to a contract with VA529. The American Funds acts as program manager and provides all back office and operational services for the program. As a result of this structure, VA529 is responsible for program oversight and review; however, VA529's staff does not manage the day-to-day operations of this program. VA529 has contracted these services with the American Funds through February 15, 2050.

Accounts are subject to market risk, including the possible loss of principal. As of June 30, 2023, approximately 2,556 unique active accounts were open with net assets in excess of $37.8 million. American Funds defines unique active accounts as unique open account numbers at period end. Fees and expenses of the program shall be waived until June 30, 2023 or until assets in the program exceed $300 million, whichever occurs first.

There are two ABLE share classes offered the ABLE-A and ABLE F-2 share class. A separate audited report for each of the seven (7) funds available for investment in the ABLEAmerica program is published by the American Funds. Each of the funds may have a different year ending date, so these audited reports are published throughout the year. An individual fund audit report includes that fund's results for all share classes offered in the fund, including the IRC §529 share classes created for the ABLEAmerica program. The individual fund reports are available in their entirety from the American Funds. A summary of the 529 Share Class Net Assets as of Fund Fiscal Year-End and at June 30, 2023 for each fund are presented in the following charts.

529 Share Class Net Assets as of Fund Fiscal Year-End
(dollars and shares in thousands)

Fund	Shares	Net Assets	Fiscal Year-End
Money market fund			
American Funds U.S. Government Money Market Fund℠	1,946	$ 1,946	9/30/2022
American Funds Portfolio Series℠ funds			
American Funds Global Growth Portfolio℠	131	2,274	10/31/2022
American Funds Growth Portfolio℠	380	7,290	10/31/2022
American Funds Growth and Income Portfolio℠	387	5,951	10/31/2022
American Funds Moderate Growth and Income Portfolio℠	327	4,996	10/31/2022
American Funds Conservative Growth and Income Portfolio℠	223	2,678	10/31/2022
American Funds Preservation Portfolio℠	102	942	10/31/2022

ABLEAmerica

529 Share Class Net Assets as of June 30, 2023
(dollars and shares in thousands)

Fund	Shares	Net Assets
Money market fund		
American Funds U.S. Government Money Market Fund℠	2,950	$ 2,950
American Funds Portfolio Series℠ funds		
American Funds Global Growth Portfolio℠	170	3,262
American Funds Growth Portfolio℠	532	11,000
American Funds Growth and Income Portfolio℠	515	8,505
American Funds Moderate Growth and Income Portfolio℠	442	7,105
American Funds Conservative Growth and Income Portfolio℠	309	3,815
American Funds Preservation Portfolio℠	127	1,184
Total Assets		**$ 37,822**

RetirePath

In June of 2023, VA529 launched the Commonwealth's new state-facilitated IRA savings program, RetirePath Virginia. The program is an automatic enrollment Individual Retirement Account (IRA) savings program for private-sector workers. Eligible employers that do not offer a qualified retirement plan, employ at least 25 eligible employees, and have been operating for at least two years are required to facilitate the program for their eligible employees. Employees are eligible if they are 18 years of age or older, currently employed at least 30 hours per week and receiving wages in the state of Virginia. Participation is voluntary. Employees can opt out or back in at any time. Once enrolled, employees have 30-days to make changes or opt out. If no action is taken, employees will be automatically enrolled in RetirePath. After a successful pilot launch in February of 2023, RetirePath had only officially launched ten days prior to the end of fiscal 2023. At the end of fiscal 2023, there were 132 funded RetirePath accounts with $43,090 in assets under management across a combination of Blackrock target date series portfolios and index portfolios which customers can choose.

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Statistical Information

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Statistical Section

The Statistical Section presents detailed historical information related to the financial trends, revenue capacity, demographic and economic information, and operating information about education saving programs including VA529's Defined Benefit 529 program, Invest529, and CollegeAmerica.

Financial Trends

These schedules contain trend information to assist the reader in understanding and assessing how VA529's financial position has changed over time.

Changes in net position for the past ten fiscal years (dollars in millions)

Enterprise Fund

Fiscal Year	2014	2015*	2016	2017	2018*	2019	2020	2021	2022	2023**
Net Position - Beginning of year	$ 219.5	$ 513.6	$ 546.3	$ 589.7	$ 783.8	$ 784.6	$ 1,029.4	$ 1,068.2	$ 1,650.9	$ 1,456.3
Revenues										
Charges for sales and services and other	47.1	48.6	48.7	41.0	45.8	46.7	48.1	54.5	55.4	50.0
Net investment income/(loss)	253.7	27.5	0.6	255.6	135.2	131.1	43.6	624.1	(164.7)	112.9
DB529 contributions	106.9	111.7	97.2	107.4	114.4	128.6	3.6	28.3	38.1	50.2
Net actuarial gain/(loss)	—	—	—	—	—	—	—	—	—	208.6
Total Revenues	$ 407.7	$ 187.8	$ 146.5	$ 404.0	$ 295.4	$ 306.4	$ 95.3	$ 706.9	$ (71.2)	$ 421.7
Expenses										
Operating expenses	103.5	154.6	102.5	206.1	291.3	61.2	56.1	123.9	123.4	220.6
Non-operating expenses and transfers	0.3	0.5	0.6	0.9	3.4	0.4	0.4	0.4	0.4	0.1
Total expenses	$ 103.8	$ 155.1	$ 103.1	$ 207.0	$ 294.7	$ 61.6	$ 56.5	$ 124.3	$ 123.8	$ 220.7
Net Increase/(decrease) in net positions	303.9	32.7	43.4	197.0	0.7	244.8	38.8	582.6	(195.0)	201.0
Net Position - End of year	$ 523.3	$ 546.3	$ 589.7	$ 786.8	$ 784.6	$ 1,029.4	$ 1,068.2	$ 1,650.9	$ 1,455.9	$ 1,657.3

**Beginning balance was re-stated*

***Beginning balance was re-stated; additionally, the total net position includes an allocation of $500 million, which was made from the DB529 fund into a separate fund in support of potential access and affordability initiatives of the SOAR Virginia Program.*

Amounts may not sum due to rounding

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Financial Trends

These schedules contain trend information to assist the reader in understanding and assessing how VA529's financial position has changed over time.

Changes in net position for the past ten fiscal years (dollars in millions)

Fiduciary Fund

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net assets held in trust for program participants - Beginning of Year	$ 2,301.9	$ 2,810.8	$ 3,072.6	$ 3,329.2	$ 3,944.7	$ 4,521.9	$ 5,103.6	$ 5,626.2	$ 7,318.5	$ 6,958.9
Additions										
Contributions	353.2	400.4	433.8	551.7	666.7	708.6	780.6	935.7	1,042.9	942.8
Net investment income/(loss)	322.8	54.8	51.0	328.0	239.6	270.4	166.5	1,235.7	(833.4)	692.4
Total additions:	676.0	455.2	484.8	879.7	906.3	979.0	947.1	2,171.4	209.5	1,635.2
Deductions	167.1	193.4	228.2	264.2	329.1	397.3	424.5	479.1	569.1	606.7
Net increase/(decrease)	508.9	261.8	256.6	615.5	577.2	581.7	522.6	1,692.3	(359.6)	1,028.5
Net assets held in trust for program participants - End of Year	$ 2,810.8	$ 3,072.6	$ 3,329.2	$ 3,944.7	$ 4,521.9	$ 5,103.6	$ 5,626.2	$ 7,318.5	$ 6,958.9	$ 7,987.4

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Financial Trends

These schedules contain trend information to assist the reader in understanding and assessing how VA529's financial position has changed over time.

Net Position by component for the past ten fiscal years (dollars in millions)

Enterprise Fund

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Net Position -										
Net investment in capital assets	$ 3.5	$ 3.4	$ 3.3	$ 3.3	$ 0.8	$ 1.0	$ 0.7	$ 0.7	$ 0.6	$ 1.0
Restricted for net OPEB asset	-	-	-	-	-	0.4	0.3	0.3	0.5	0.4
Unrestricted	519.8	542.9	586.4	783.5	783.9	1,028.0	1,067.2	1,649.9	1,454.8	1,656.1
Total Enterprise Fund Net Position	$ 523.3	$ 546.3	$ 589.7	$ 786.8	$ 784.6	$ 1,029.4	$ 1,068.2	$ 1,650.9	$ 1,455.9	$ 1,657.5
Percent Change	138.4%	4.4 %	7.9 %	33.4 %	(0.3)%	31.2 %	3.8 %	54.5 %	(11.8)%	13.8 %

Fiduciary Fund

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fiduciary Net Position										
Net position held in trust for program participants	$ 2,810.8	$ 3,072.6	$ 3,329.2	$ 3,944.7	$ 4,521.9	$ 5,103.6	$ 5,626.2	$ 7,318.5	$ 6,958.9	$ 7,987.5
Percent Change	22.1 %	9.3 %	8.4 %	18.5 %	14.6 %	12.9 %	10.2 %	30.1 %	(4.9)%	14.8 %

**Includes an allocation of $500 million, which was made from the DB529 fund into a separate fund in support of potential access and affordability initiatives of the SOAR Virginia Program.*

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Revenue Capacity

These schedules contain information to assist the reader in understanding and assessing VA529's revenue sources.

Revenues by source for the past ten fiscal years (dollars in millions)

Enterprise Fund

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charges for sales and services	$ 47.1	$ 48.6	$ 48.7	$ 41.0	$ 45.8	$ 46.7	$ 48.1	$ 54.5	$ 55.4	$ 50.0
Net investment income	253.8	27.5	0.6	255.6	135.2	131.2	43.6	624.1	(164.7)	112.9
Contributions from customers	117.5	120.3	107.7	111.6	114.8	113.2	49.0	72.1	68.7	50.2
Actuarial contributions from customers	(10.5)	(8.6)	(10.5)	(4.2)	(0.3)	15.4	(45.4)	(43.8)	(30.6)	—
Net actuarial gain/(loss)*	—	—	—	—	—	—	—	—	—	208.6
Total Revenues	$ 407.7	$ 187.8	$ 146.5	$ 404.0	$ 295.4	$ 306.4	$ 95.3	$ 706.9	$ (71.2)	$ 421.7
Percent Change	35.5 %	(53.9)%	(22.0)%	175.8 %	(26.9)%	3.7 %	(68.9)%	641.8 %	(110.1)%	692.3 %

Fiduciary Fund

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Participant contributions	$ 353.2	$ 400.4	$ 433.8	$ 551.7	$ 666.7	$ 708.6	$ 780.6	$ 935.7	$ 1,042.9	$ 943.2
Net investment income	$ 322.8	$ 54.9	$ 50.9	$ 328.0	$ 239.6	$ 270.4	$ 166.4	$ 1,235.8	$ (833.5)	$ 696.0
Total additions:	$ 676.0	$ 455.3	$ 484.7	$ 879.7	$ 906.3	$ 979.0	$ 947.0	$ 2,171.5	$ 209.4	$ 1,639.2
Percent Change	39.1 %	(32.6)%	6.5 %	81.5 %	3.0 %	8.0 %	(3.3)%	129.3 %	(90.4)%	682.8 %

*Through fiscal 2022, changes in actuarial receivables and payables were reported as decreases in revenues and expenses, respectively. In fiscal 2023, the amounts are net and reported as one line item entitled "net actuarial gain/(loss)."

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Revenue Capacity

These schedules contain information to assist the reader in understanding and assessing VA529's revenue sources.

Actuarial Information for the past ten fiscal years (dollars in millions)

Enterprise Fund

Fiscal Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023***
Value of DB529 assets	$ 2,663.7	$ 2,663.2	$ 2,625.3	$ 2,835.0	$ 2,919.9	$ 3,020.9	$ 2,881.2	$ 3,354.5	$ 3,025.3	$ 2,484.5
Present value of DB529 obligations	$ 2,140.4	$ 2,116.8	$ 2,035.6	$ 2,048.2	$ 2,135.3	$ 1,991.5	$ 1,831.0	$ 1,734.0	$ 1,613.8	1,384.7
Actuarial reserve/(deficit)	$ 523.3	$ 546.4	$ 589.7	$ 786.8	$ 784.6	$ 1,029.4	$ 1,050.2	$ 1,620.5	$ 1,411.5	$ 1,099.8
Actuarial funded status	124.4 %	125.8 %	129.0 %	138.4 %	136.7 %	151.7 %	157.4 %	193.5 %	187.5 %	179.4 %

Investment return rates for the past ten fiscal years

Time-weighted average rates, net of fees

Fiscal Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
DB529 Program	11.83%	1.16%	0.10%	10.70%	5.18%	4.92%	1.64%	23.63%	(5.35)%	4.00%

**Actuarial valuation amount does not include the $500 million allocation from the DB529 fund to support Access and Affordability initiatives under the SOAR Virginia as this is no longer part of DB529 assets.*

Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Revenue Capacity

These schedules contain information to assist the reader in understanding and assessing VA529's revenue sources.

Investment return rates for the past ten fiscal years, continued

Time-weighted average rates, net of fees

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
DC529 Program										
2042 Portfolio *										
2039 Portfolio								33.16 %	(14.55)%	11.03 %
2036 Portfolio					7.26 %	4.81 %	(0.08)%	30.43 %	(14.13)%	10.91 %
2033 Portfolio		1.38 %	(0.66)%	13.81 %	6.86 %	4.77 %	0.77 %	26.22 %	(13.03)%	9.77 %
2030 Portfolio	16.91 %	1.68 %	(0.39)%	12.40 %	6.24 %	4.97 %	1.47 %	22.12 %	(12.01)%	9.03 %
2027 Portfolio	15.88 %	1.23 %	0.34 %	10.71 %	5.38 %	5.08 %	2.18 %	18.34 %	(9.78)%	6.38 %
2024 Portfolio	14.14 %	1.32 %	0.94 %	9.26 %	4.69 %	4.75 %	3.00 %	12.64 %	(6.44)%	3.82 %
2021 Portfolio	12.72 %	1.19 %	1.33 %	7.12 %	3.65 %	4.27 %	3.81 %	4.47 %	(1.84)%	2.25 %
2018 Portfolio **	11.09 %	0.77 %	2.21 %	3.74 %	1.93 %	3.37 %	2.73 %	1.71 %	1.42 %	
ESG Core Equity Portfolio	27.07 %	4.50 %	4.03 %	14.38 %	11.77 %	17.33 %	6.78 %	42.65 %	(11.31)%	18.15 %
Global Equity Portfolio							0.67 %	46.13 %	(18.63)%	18.08 %
Aggressive Growth Portfolio	19.88 %	3.17 %	(0.61)%	14.83 %	9.34 %	6.21 %	3.66 %	31.93 %	(14.87)%	12.98 %
Moderate Growth Portfolio	15.79 %	2.94 %	1.32 %	10.84 %	7.15 %	6.75 %	4.95 %	23.17 %	(13.64)%	9.57 %
Conservative Income Portfolio	7.94 %	2.36 %	4.72 %	3.05 %	2.76 %	7.53 %	6.90 %	7.08 %	(11.32)%	2.80 %
Active Aggressive Portfolio				14.12 %	7.30 %	5.01 %	(0.71)%	33.14 %	(14.98)%	11.59 %
Active Moderate Portfolio				9.99 %	5.06 %	5.39 %	1.66 %	21.41 %	(12.32)%	9.45 %
Active Conservative Portfolio				5.77 %	3.08 %	5.18 %	2.88 %	11.19 %	(7.57)%	5.27 %
Total Stock Market Index Portfolio	24.98 %	7.04 %	1.95 %	18.42 %	14.74 %	8.90 %	6.31 %	44.26 %	(14.30)%	18.89 %
Total Bond Market Index Portfolio	4.13 %	1.60 %	5.99 %	(0.54)%	(0.61)%	7.77 %	8.93 %	(0.49)%	(10.43)%	(0.93)%
Total International Stock Portfolio	22.25 %	(4.75)%	(9.26)%	19.98 %	7.03 %	0.50 %	(4.13)%	36.43 %	(18.97)%	12.29 %
Total Inflation-Protected Securities	4.30 %	(1.95)%	4.59 %	(0.88)%	1.83 %	4.61 %	8.05 %	6.41 %	(5.05)%	(1.88)%
REIT Index Portfolio	13.22 %	3.70 %	23.74 %	(1.95)%	2.22 %	12.14 %	(7.06)%	34.29 %	(8.09)%	(3.96)%
Stable Value Portfolio	1.27 %	1.45 %	1.57 %	1.69 %	1.95 %	2.34 %	2.39 %	1.72 %	1.42 %	2.23 %
FDIC-Insured Portfolio					0.63 %	1.87 %	2.00 %	0.99 %	0.80 %	3.95 %

** 2042 Portfolio was launched in December 2022*

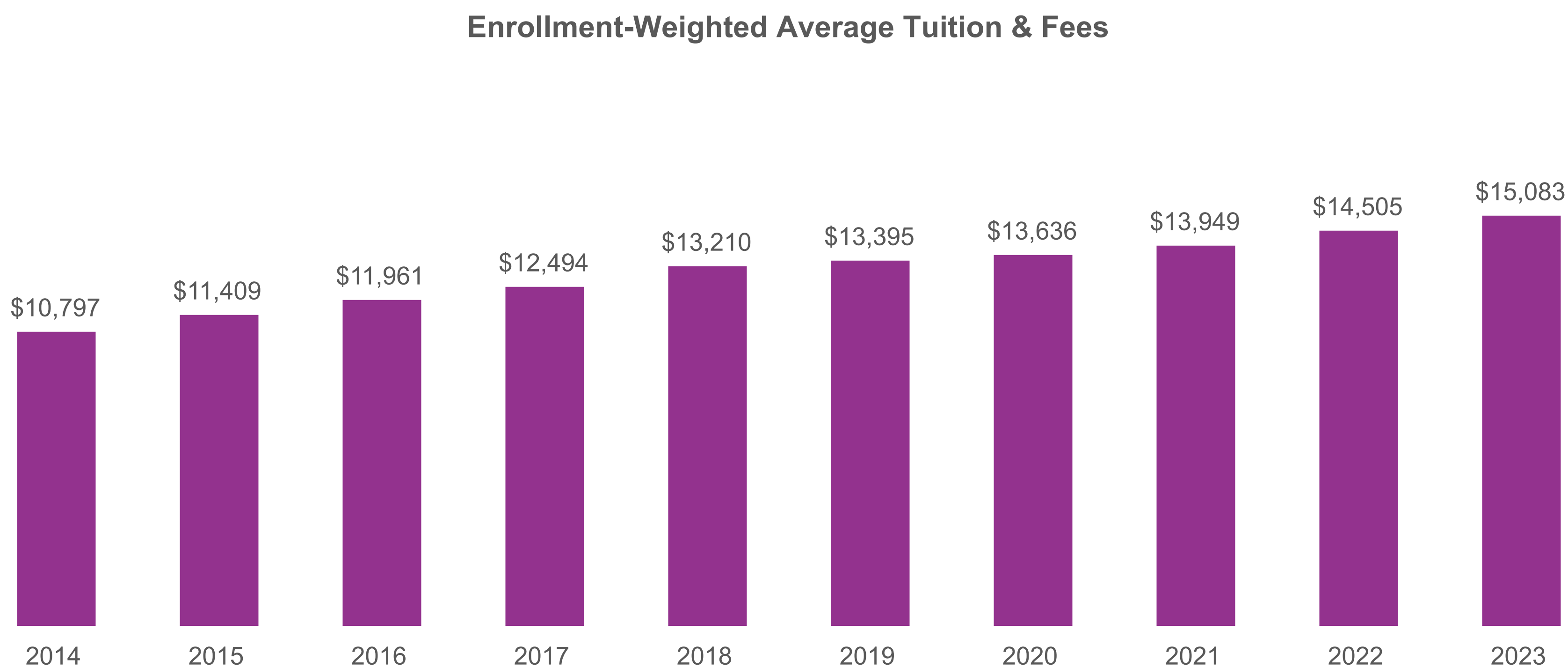
*** Assets of the 2018 Portfolio were transferred to the Stable Value in December 2022 as the 2018 Portfolio was closed.*

Demographic and Economic Information

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which VA529's financial activities take place.

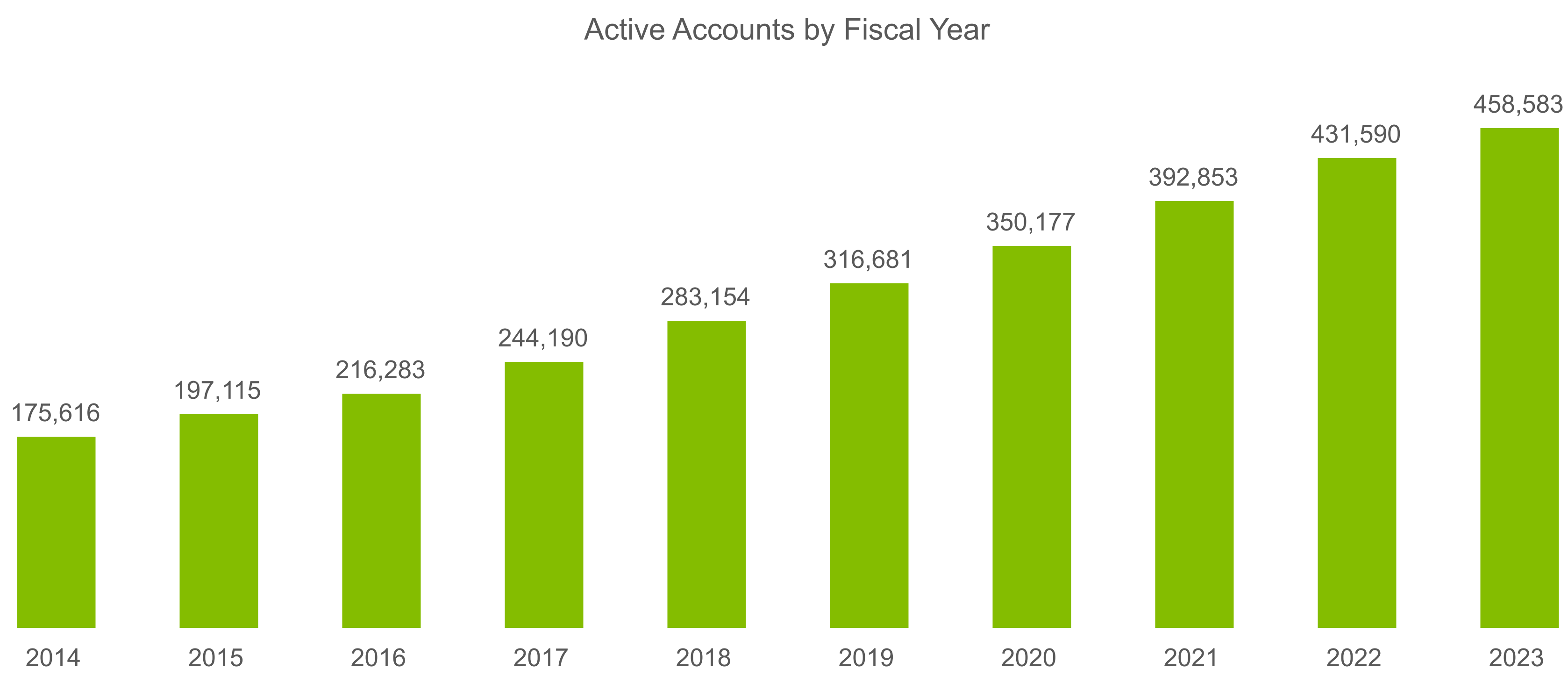
Schedule of Weighted Average Tuition

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
WAT	$ 10,797	$ 11,409	$ 11,961	$ 12,494	$ 13,210	$ 13,395	$ 13,636	$ 13,949	$ 14,505	$ 15,083



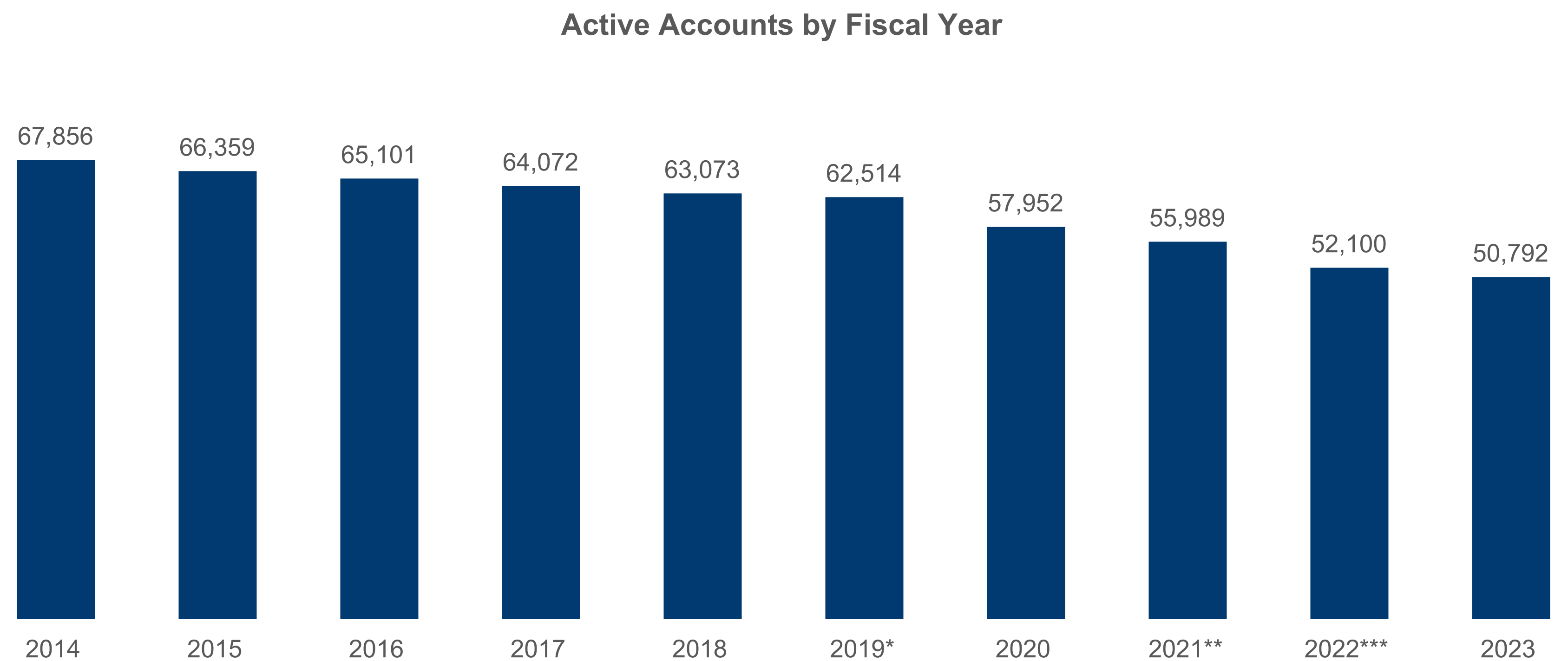
Includes tuition rates plus fees required of all in-state, undergraduate full-time students as a condition of enrollment at Virginia's 4-year institutions
Full-time in-state undergraduate tuition and all mandatory fees and enrollment statistics obtained from: schev.edu

Customers by Program



Customers by Program

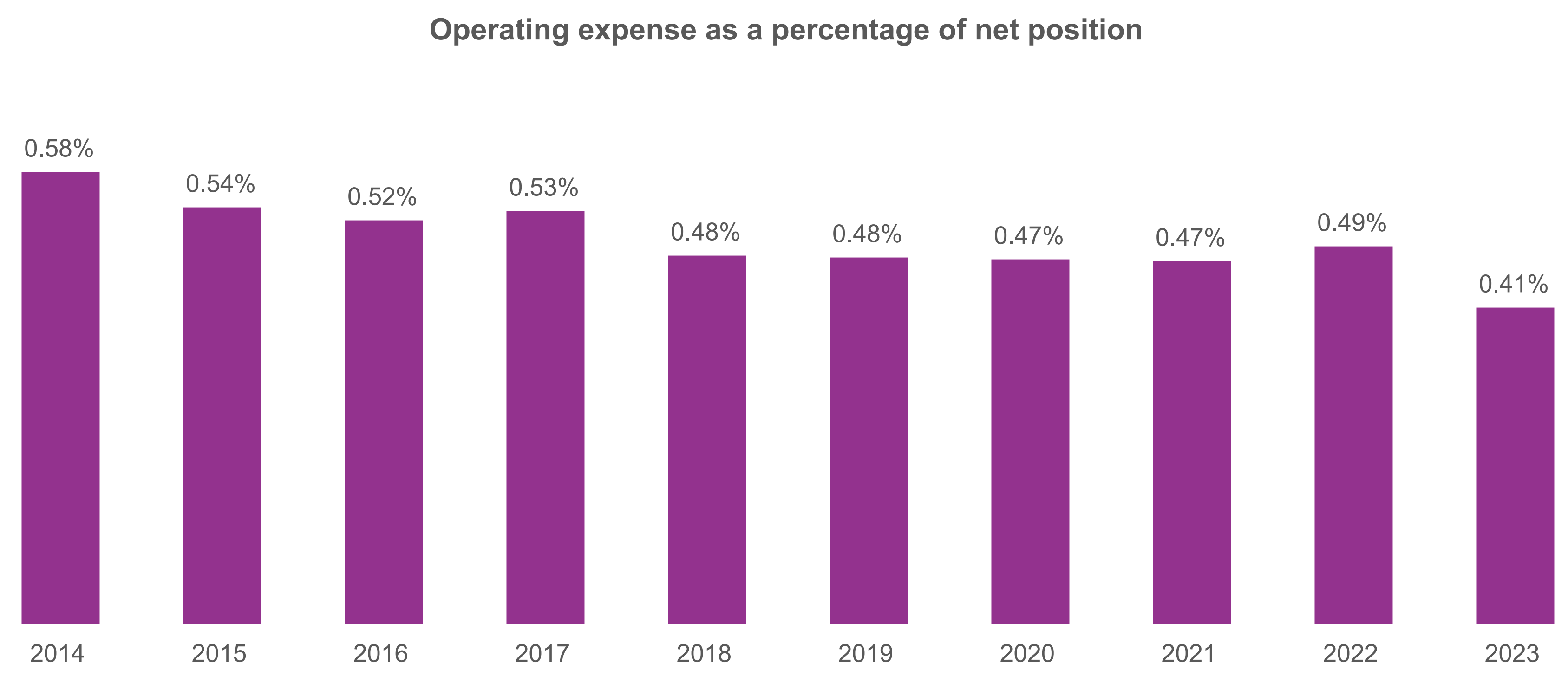
Defined Benefit 529 Program



*Prepaid529 was closed to new participants in fiscal 2019
**Tuition Track Portfolio was opened as the successor program to Prepaid529 in fiscal 2021
***In fiscal 2022, approximately 1,800 accounts were closed due to exceeding their 10-year expiration; these accounts were transitioned to the FDIC-Insured Portfolio within the Invest529 program, contributing to a significant decrease

Operating Information

This graph shows VA529's operating expenses as a percentage of its net position to assist the reader in understanding how VA529’s financial information relates to the activities it performs.



Source : Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports from the relevant year.

Attachment B

Actuarial Valuation Report
Defined Benefit 529 Program
for the year ended June 30, 2023

Actuarial Valuation
of
Virginia529
Defined Benefit 529 Program
as of June 30, 2023

By:

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November 15, 2023

Board of the Virginia College Savings Plan
Commonwealth of Virginia
Virginia College Savings Plan
9001 Arboretum Parkway
N. Chesterfield, VA 23236

Ladies & Gentlemen:

This report presents the results of the actuarial valuation of the Defined Benefit 529 Program (DB529 Program) as of June 30, 2023.

Purpose

The main purposes of this report are:

- to calculate the actuarial present value of the obligations under the Program's legacy Prepaid529 contracts (accounts) and Tuition Track Portfolio accounts purchased through June 30, 2023 and compare the value of those obligations with the Program's assets as of that date;

- to review the experience and changes in the actuarial assumptions during the last year and indicate their effects on the results; and

- to set forth the basis for the actuarial assumptions and methods utilized in those calculations.

The results contained in this report are based on account data and preliminary financial statements provided by the Virginia College Savings Plan. We have relied on this data in preparing this report.

Background

The Virginia College Savings Plan ("VA529" or "the Plan"), a body politic and corporate and an independent agency of the Commonwealth of Virginia was created in 1994 by the Virginia General Assembly to enhance the accessibility and affordability of higher education for all citizens of the Commonwealth. The longest standing mandate centers on educational attainment, on which VA529 has focused since opening its first program in 1996 by offering education savings programs to help make higher education more affordable and accessible for all citizens of the Commonwealth. VA529's mature programs are comprised of prepaid and education savings programs, including the legacy Prepaid529 (a defined benefit option), Invest529 and CollegeAmerica programs.

The legacy Prepaid529 program was closed to new participants after its final enrollment period in 2019. A successor program was opened in February 2021. This program is known as the Tuition Track Portfolio (TTP) and is offered as a defined benefit option within the Invest529 program. VA529 continues to service existing customers in the Prepaid529 program. Together Prepaid529 and TTP are known as the Defined Benefit 529 Program (“DB529” or “the Program”). Since TTP is a continuation of the legacy prepaid program, funds are combined and invested in the Program Fund to meet future obligations.

The Program Fund consists of payments received pursuant to legacy Prepaid529 contracts, purchases of TTP units, bequests, endowments or grants from the United States government, its agencies and instrumentalities, and any other available sources of funds, public or private, allocated to the Program Fund. Any moneys remaining in the Program at the end of a biennium shall remain in the Fund, including interest and income earned from the investment of such funds.

In 1998, the Virginia General Assembly passed legislation that requires the Governor to include in each year’s state budget an amount to cover the Plan’s obligations, in the event “the Plan is unable to meet its current obligations.” The Governor has included the provision in subsequent budget submissions to meet the obligations of the Program, and the General Assembly has included the provision in subsequent Appropriation Acts, including Chapter 1 of the Virginia Acts of Assembly, 2023 Special Session I.

Program Design

VA529 is the program sponsor for the DB529 Program and other education savings programs. The DB529 Program is a prepaid program with defined benefits and no market risk to participants. The other education savings programs, including Invest529 (excluding TTP accounts) and CollegeAmerica, are offered directly from VA529 (Invest529) or through financial advisors (CollegeAmerica) and are subject to market and other risks to the participants.

VA529’s Defined Benefit 529 Program

Prepaid529 closed to new participants in 2019. Benefits in this program cover tuition and mandatory fees at Virginia’s public higher educational institutions. At redemption, the contract pays the current tuition and mandatory fees at the Virginia public institution that the beneficiary attends. The benefits vary if the beneficiary does not attend a Virginia public institution. With the establishment of Invest529 and other savings programs, contract holders have the option of rolling over the value of their Prepaid529 contract into a savings account. The value of the Prepaid529 contract for such rollovers is the accumulated contributions plus the reasonable rate of interest set by Virginia529. This option to roll over the contract has effectively added a minimum benefit to the Program.

In 2019, The Virginia General Assembly passed legislation that included provisions for Prepaid529 contracts entered prior to July 1, 2019. These provisions allow for the "Minimum Benefit" payout directly from Prepaid529 to qualified higher education institutions when the accumulated contributions at the reasonable rate of interest set by Virginia529 exceeds the normal payout from the program. To address significant increases in higher education tuition, increasing disparity in tuition policies at Virginia's 15 public universities and a desire to make the defined benefit program more affordable and more accessible to more Virginians, the Board permanently closed Prepaid529 to new enrollments as of May 1, 2019 and began to develop its successor defined benefit prepaid program.

In February 2021, TTP was launched as the successor defined benefit option to Prepaid529. This resulted from legislation passed in 2019 by the Virginia General Assembly that included provisions for payments to any qualified higher education institutions based on enrollment-weighted average tuition (Average Tuition) at Virginia's public higher education institutions as determined by the Board.

TTP allows participants to purchase a desired number of units toward tuition and other qualified higher education expenses. The purchased units will keep pace with average tuition inflation at Virginia public universities. When withdrawn, participants will receive one year of then-current Average Tuition for every 100 units purchased (one TTP unit = 1/100 of Average Tuition), regardless of how much Average Tuition has increased since purchase.

TTP is only available for account owners or beneficiaries who are Virginia residents at the time of initial purchase. TTP units can be purchased up until June 30 of the beneficiary's high school graduation year. A maximum of 1,000 Tuition Track units can be held at any one time for a beneficiary. If units are redeemed, more units can be purchased to reach the 1,000-unit cap.

TTP units are eligible for use at Average Tuition value after the units have been held for three years or more and when the beneficiary graduates from high school or begins taking eligible post-secondary courses, whichever comes first. If units are redeemed prior to the beneficiary's high school graduation, they will receive the purchase price plus Tuition Track Interest (same as the reasonable rate of interest for Prepaid529), assuming the units have been held for three or more years. Units that are redeemed before being held for at least three years will be returned at purchase price.

Statutory Requirements

The Code of Virginia, Title 23.1, Subtitle II, Chapter 7 provides limited guidance for establishing the actuarial basis to evaluate VA529's DB529 Program. The Code requires an annual audit of the Program and states in part that if the annual accounting and audit reveal that there are insufficient funds to ensure the "actuarial soundness" of the Program, the "Board may adjust the terms of subsequent prepaid tuition contracts, arrange refunds for current purchasers to ensure actuarial soundness, or take such other action the Board deems appropriate."

"Actuarial soundness" is not a precise concept and there is no generally accepted understanding of the meaning of this phrase within the actuarial profession, especially with respect to prepaid tuition plans. For purposes of this report, we have assumed that the phrase "actuarially sound," when applied to the Program, means that the Fund has sufficient assets in the combined program to cover the actuarially estimated value of the tuition obligations (including any administrative costs associated with those Prepaid Contracts or TTP accounts). "Sufficient assets" reflects the value of the combined total Fund assets, including the value of future installment payments due under current contracts for Prepaid529.

We have also interpreted these Sections to require that the actuarial liabilities be evaluated using sound actuarial principles that are generally consistent with the practices and principles widely used for retirement programs. Reference to other programs is necessary because of the innovative nature of a prepaid tuition program. No generally accepted standard of practice has evolved within the actuarial profession specifically addressing prepaid tuition programs. We chose the standards applicable to retirement programs because these programs generally provide for payments at some future date where that payment has a high probability of payment at, or close to, some specific age.

<u>Valuation Basis</u>

The assumptions selected for this report are intended to be "best estimates".

The method for determining the "best estimate" liability for the Program reflects the possible variability of inflation, tuition, and investment returns and the correlation between each of these variables. The methodology is described in the section below, Variability of Results and Valuation Basis.

<u>Investment Policy</u>

On June 27, 2023, the Board of the Virginia College Savings Plan approved the target asset allocation strategy for DB529. The asset allocation targets were left unchanged from those approved in 2021 and are reflected in this valuation report.

The investment strategy is important because it sets forth acceptable investment allocations among asset classes. The asset allocation affects the magnitude and variability of expected investment returns and therefore the financial structure of the plan. For the valuation, we have assumed that DB529 investments will be allocated as shown below, based on the investment policy target allocations:

Asset Category	
Public Equity	22%
Core Fixed Income	20%
Non-Core Fixed Income	35%
Private Equity	13%
Core Real Estate	10%

Actuarial Assumptions

The actuarial assumptions used to prepare this report are summarized in Appendix C. The two most significant of those assumptions are the rates of investment return and tuition growth in the future. The Virginia College Savings Plan selected both of these assumptions. They are:

- the investment return assumption of 5.75% per year, net of investment related expenses (this is higher than the 5.50% assumption used to prepare the prior year's report); and,

- the annual tuition growth rate assumptions summarized in the following table.

	Universities	Community Colleges
Fall 2024	4.0%	3.0%
Fall 2025 and thereafter	6.0%	6.0%

- In the prior year's valuation, the tuition growth assumption for universities was 4.0% for fall 2024 and 6.0% thereafter; the tuition growth assumption for community colleges was 2.0% for fall 2024 and 6.0% thereafter.

Summary of Results

The actuarial value of the obligations of the DB529 Program as of June 30, 2023 is summarized below and compared with the total assets of the Program.

	Present Value of Obligations For Future Payments	Value of Total Program Assets	Actuarial Reserve/ (Deficit)
		(Amounts in Millions)	
DB529 Program:			
Tuition Obligations	$1,355.8	n/a	n/a
Administrative Expenses	28.9	n/a	n/a
Grand Total	$1,384.7	$2,484.5	$1,099.8

As indicated above, the DB529 Program has assets that exceed the "best estimate" of the obligations by roughly $1,099.8 million or 79.4%. Unfavorable future experience would adversely affect this position. It would be desirable to maintain the actuarial reserve over time to protect this position.

The present value of future obligations for Administrative Expenses reflects the expected costs of maintaining each account in place (as of June 30, 2023) until all benefits have been paid. It does not include the future expenses of the DB529 Program associated with general overhead and marketing attributable to units sold in the future. It is our understanding that the administrative expenses associated with operating the Program (including the account maintenance costs) will be provided by the Operating Fund and will not be drawn from the DB529 Fund. However, we include the projection of these future account maintenance costs as part of the Program's obligations in our analysis.

Actuarial Gain/Loss Analysis

During the 2023 fiscal year, the actuarial reserve position of the Defined Benefit 529 Program decreased from $1,411.5 million to $1,099.8 million or 79.4% of obligations. Actuarial gains add to the reserve while actuarial losses decrease the reserve. Each of the factors affecting the change in the actuarial reserve/(deficit) is discussed below.

The actuarial reserve was expected to grow during the year by about $77.6 million due to the passage of time. (The obligations are calculated as present values which grow with interest with the passage of time.)

A total of 3,742 new TTP accounts were opened during the year with total sales of 96,573 units for these accounts. An additional 84,960 units were purchased by existing accounts. Each unit represents 1% of enrollment-weighted average annual tuition ("Average Tuition") at the Virginia public 4-year universities. The units were priced at $145.00 which was 1% of Average Tuition for the 2022-2023 academic year based on June 2022 data from the State Council of Higher Education for Virginia (SCHEV). Based on this Average Tuition amount and last year's valuation assumptions, the total liability for these new units was $2.0 million higher than the sales revenue. This reduced the reserve by $2.0 million.

The rate of return on the Program's investments (net of investment management fees) for the fiscal year was 4.00% on a time-weighted basis and 3.94% on a dollar-weighted basis. For the previous valuation, a 5.50% rate of return was assumed. This produced a net actuarial loss of approximately $44.1 million.

Payouts for some of the accounts are based on the payments made under the account brought forward at the reasonable rate of interest or the actual rate of return on the portfolio. See Appendices C and F for an explanation of the assumptions and the payouts. During the past year the reasonable rate balance has increased from 0.48% in the first quarter to 4.21% during the fourth quarter compared to the assumption that the rate would remain at 0.48% during the full year. The actual rate of return on the portfolio was 4.00% (1.50% lower than the 5.50% assumption). The higher than expected reasonable rate balance offset by the lower than expected actual account balances resulted in an actuarial loss of approximately $5.3 million.

The enrollment-weighted average university tuition and mandatory fee amount for the 2023-2024 school year increased by 4.0%, the same as the 4.0% rate assumed in the prior valuation. Enrollment-weighted tuition and mandatory fees at community colleges increased by about 2.7%, compared to the 2.0% increase assumed in the prior valuation. These differences from the assumptions resulted in an actuarial loss of $0.3 million.

The funds to cover the operating expenses for the Program were provided by the Operating Fund and not drawn from the Program's assets. In last year's valuation, we included $3.7 million in the total liability to provide for the year's expenses. The $3.7 million is an increase to the reserve.

We updated the bias loads for payouts at Virginia public and private universities. The highest tuition for private universities increased from 165% of weighted average tuition to 166% of weighted average tuition. Based on the distribution of redemptions and current tuition amounts across the public universities over the past 5 years, the average tuition payout before considering account balances is expected to be 110.0% of enrollment weighted average tuition versus 109.8% in the prior valuation. The combined changes decreased the reserve by $1.2 million.

The volatility and correlation assumptions for the investment returns and tuition increases were updated. This decreased the reserve by $1.9 million. The mean assumption for the reasonable rate was changed from 2.50% each year to a fixed 5.00% for the current fiscal year, 4.00% in the 2024-2025 fiscal year and 3.00% thereafter. This decreased the reserve by $24.7 million.

The investment return assumption was increased from 5.50% to 5.75%. This increased the reserve by $14.2 million.

Based on an experience study completed by Milliman in September 2023, the assumptions for pre-matriculation cancellation, tuition and refund assumptions post-matriculation and the distribution of types of tuition benefits were updated. The combination of these changes increased the reserve by $133.2 million.

The program allocated $500 million at the end of the fiscal year to an access fund. This amount has been excluded from the DB529 assets for purposes of measuring the actuarial reserve. This reduced the reserve by $500 million. Without the allocation, the reserve would have been $1,599.8 and the funded ratio would have been 215.5%.

Other experience increased the reserve by about $39.1 million. This includes fewer accounts redeeming their units for tuition during the year than expected as well as rollover, cancellation, and forfeiture levels different than assumed in last year's valuation and other variations from the actuarial assumptions.

In summary, the effect of experience and assumption changes on the actuarial reserve/ (deficit) can be summarized as follows:

(Amounts in Millions)

Actuarial Reserve / (Deficit) as of June 30, 2022	$ 1,411.5
Interest on the reserve at 5.50%	77.6
New TTP unit sales	(2.0)
Investment return during 2022-2023 lower than expected	(44.1)
Change to Reasonable Rate and Actual account balances	(5.3)
Tuition increases for 2023-2024 higher than expected	(0.3)
Account maintenance expenses paid by Operating Fund	3.7
Update to bias assumption	(1.2)
Change to investment and tuition volatility assumptions	(1.9)
Change to Reasonable Rate assumption	(24.7)
Change to investment return assumption	14.2
Change to demographic assumptions	133.2
Allocation to access fund	(500.0)
Other experience	39.1
Total changes to the Actuarial Reserve	$ (311.7)
Actuarial Reserve / (Deficit) as of June 30, 2023	$ 1,099.8

Valuation Basis

The present values of the obligations shown above were based on assumptions which represent an estimate of anticipated experience under the Fund that are reasonably related to past educational cost and investment data. Differences between those projections and actual amounts will depend on the extent to which future experience conforms to the assumptions made for this analysis.

A prime source of variation will be normal fluctuations that occur in the rate of increase in tuition, investment returns, and expense inflation. One way of estimating the range of possible outcomes is to stochastically model the financial operation of the Program using "Monte Carlo" techniques. This approach involves preparing 1,000 projections of financial results under randomly derived scenarios of tuition growth, investment returns, and expense inflation. Each of these scenarios is based on statistical factors such as standard deviation and correlation that were established by reviewing historical results adjusted where appropriate to reflect current conditions. By tabulating the results under all of these projections we estimated the probability that current assets, along with the expected remaining legacy contract payments plus investment returns, will be sufficient to cover the obligations of the DB529 Program.

We have summarized in the table below the results of this process. It is important to understand that these results are only illustrative of the range of results that are possible and are dependent on the assumptions utilized. The assumptions are presented in Appendix C.

(Amounts in Millions)

Percentage of "Best Estimate" Reserve	Total Defined Benefit 529 Fund Value at June 30, 2023	Probability of Funds Exceeding Obligation
70%	$969.3	<1%
80%	1,107.8	6%
90%	1,246.2	23%
100%	1,384.7	50%
110%	1,523.2	74%
120%	1,661.6	88%
130%	1,800.1	95%
140%	1,938.6	98%
150%	2,077.0	99%
160%	2,215.5	99%
170%	2,354.0	99%
179%	2,484.5	99%*
180%	2,492.5	99%

*actual Fund position.

The present value of obligations for future payments shown previously is the amount of assets necessary to have a 50% probability of meeting all program obligations, including administrative costs, associated with current accounts. The actual Defined Benefit 529 fund balance at June 30, 2023 of $2,484.5 million is 179.4% of the actuarially determined "Best Estimate" liability amount of $1,384.7 million. As indicated in the above table, this fund balance is estimated to have a 99% probability of being adequate to satisfy all of the Program's obligations using current assumptions.

Cash Flow Projection

The table in Appendix E shows a cash flow projection based on a set of deterministic assumptions that produce the same Present Value of Obligations for Future Payments as the "best estimate" actuarial assumptions used in the Monte Carlo simulations. The deterministic cash flow projection assumes that University tuition increases 4.0% for fall 2024 and 6.0% per year thereafter, Community College tuition increases 3.0% for fall 2024 and 6.0% per year thereafter, and DB529 assets earn 5.49% each year. The starting Market Value of Invested Assets as of July 1, 2023 is $2,415.0 million. The projection assumes no additional units are sold. At the end of the 2052 Fiscal Year all tuition obligations associated with accounts and units already purchased are expected to have been paid resulting in a final cumulative reserve of $5,179.8 million. Since the actuarial assumptions are intended to represent "best estimates" of future expenses, there is a 50% chance that actual results will be better than this projection and a 50% chance that actual results will be worse.

Variability of Results

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: future experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and increases or decreases expected as part of the natural operation of the methodology used for these measurements. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Data Reliance

In performing this analysis, we relied on data and other information (some oral and some in writing) provided by the staff of the Virginia College Savings Plan. This information includes, but is not limited to, contractual provisions, account holder data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

Actuarial Assumptions

All costs, liabilities, and other factors for the DB529 Program have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Program and reasonable expectations). Further, the actuarial assumptions in the aggregate are reasonable and are related to the experience of the Program and to reasonable expectations. The following actuarial assumptions were set by the Virginia College Savings Plan:

1) the investment return assumption of 5.75% per year, and;
2) the tuition growth assumption for universities of 4.0% for fall of 2024 and 6.0% per year thereafter and the tuition growth assumption for community colleges of 3.0% for fall of 2024 and 6.0% per year thereafter.

Certification

Based on the foregoing assumptions, the Defined Benefit 529 Program has sufficient assets, including the value of future installment payments, to cover the actuarially estimated value of the tuition obligations under all accounts outstanding as of the valuation date (including any administrative costs associated with those accounts). This determination has been based on reasonable actuarial assumptions that represent the Virginia College Savings Plan's best estimate of anticipated experience under the DB529 Program taking into account past experience and future expectations.
On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

Third Party Distribution

This report was prepared exclusively for the Virginia College Savings Plan for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the Virginia College Savings Plan's operations, and uses the Virginia College Savings Plan's data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

Qualifications

We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

We look forward to reviewing the results of our analyses with you at your earliest convenience.

Respectfully submitted,

Glenn D. Bowen, FSA, EA
Member American Academy of Actuaries

Alan H. Perry, FSA, CFA
Member American Academy of Actuaries

Jill M. Stanulis, EA
Member American Academy of Actuaries

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Defined Benefit 529 Program

I. Statement of Assets as of June 30, 2023

	Investments	Market Value
1)	Equities	$ 1,111,495,827
2)	Fixed Income including Accrued Interest	1,132,695,105
3)	Futures, REIT Fund, and Real Estate	99,171,648
4)	Cash & Cash Equivalents	68,440,031
5)	Pending Trade Receivables	25,517,770
6)	Accounts Receivable	474,047
7)	Prepaid Expenses	1,598,511
8)	Other Receivables	8,964,429
9)	Accounts Payable	(831,902)
10)	Pending Trades Payable	(32,527,733)
	Total Market Value of Investments	$ 2,414,997,733
	Present Value of Installment Contract Receivables	69,498,515
	Value of Total Fund Assets	$ 2,484,496,248

II. Reconciliation of Investments

1)	Market Value of Investments at June 30, 2022	$ 2,935,322,279
2)	Beginning Fund Balance Adjustment	1,725
3)	Tuition Units Purchased	50,191,456
4)	Interest and Dividends	17,431,033
5)	Change in Fair Value of Investments	109,547,436
6)	Tuition Benefits Paid	(140,469,941)
7)	Refunds Paid	(11,297,008)
8)	Net Rollovers	(29,441,443)
9)	Investment Management Fees	(16,271,799)
10)	Allocation for Affordability and Accessibility	(500,000,000)
11)	Net Effect of Changes in Accruals	(16,005)
12)	Market Value of Investments at June 30, 2023	$ 2,414,997,733

Time-weighted rate of return	4.00%
Dollar-weighted rate of return	3.94%

Legacy Prepaid529

Contract Data as of June 30, 2023 – Contracts Purchasing Tier I Units Only - Number of Contracts

Matriculation Year	Total Years of Community College Purchased / Total Years of University Purchased										Total by Payout Year	Percent of Total
	0	0	0	0	0	0	0	0	0	0		
	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5		
2000-2001	0	0	0	0	0	0	0	1	0	0	1	0.0%
2001-2002	0	0	0	0	0	0	0	0	0	0	0	0.0%
2002-2003	0	0	0	0	0	0	0	0	0	0	0	0.0%
2003-2004	0	0	0	0	0	0	0	0	0	0	0	0.0%
2004-2005	0	0	0	0	0	0	0	1	0	0	1	0.0%
2005-2006	0	0	0	0	0	0	0	4	0	0	4	0.0%
2006-2007	0	0	0	3	0	0	0	1	0	0	4	0.0%
2007-2008	0	0	0	2	0	0	0	3	0	0	5	0.0%
2008-2009	0	1	0	2	0	0	0	9	0	0	12	0.0%
2009-2010	0	2	0	1	0	0	0	14	0	1	18	0.0%
2010-2011	0	4	0	3	0	1	0	18	0	2	28	0.1%
2011-2012	0	3	0	0	0	2	0	24	0	3	32	0.1%
2012-2013	0	5	0	4	0	2	0	26	0	3	40	0.1%
2013-2014	0	39	0	37	0	14	0	342	0	40	472	1.2%
2014-2015	0	53	0	56	0	16	0	467	0	41	633	1.6%
2015-2016	1	64	0	70	2	20	2	488	0	55	702	1.8%
2016-2017	2	66	3	77	0	26	0	510	0	44	728	1.9%
2017-2018	3	88	1	102	2	30	3	579	0	84	892	2.3%
2018-2019	7	115	5	127	3	27	0	824	0	104	1,212	3.1%
2019-2020	27	128	4	165	2	35	1	1,045	1	115	1,523	3.9%
2020-2021	68	236	15	265	10	68	7	1,775	0	94	2,538	6.5%
2021-2022	152	404	35	375	28	150	8	1,933	2	124	3,211	8.3%
2022-2023	298	514	54	602	29	138	6	1,542	2	64	3,249	8.4%
2023-2024	420	706	53	500	24	121	14	1,418	2	59	3,317	8.6%
2024-2025	439	612	69	479	21	112	4	1,191	4	73	3,004	7.8%
2025-2026	471	596	48	451	27	79	11	1,027	1	59	2,770	7.1%
2026-2027	442	519	52	352	16	75	6	796	3	41	2,302	5.9%
2027-2028	420	476	52	368	15	71	8	729	3	38	2,180	5.6%
2028-2029	393	401	54	295	20	52	8	613	1	27	1,864	4.8%
2029-2030	423	359	47	240	8	33	3	496	1	27	1,637	4.2%
2030-2031	382	292	41	222	13	44	3	349	1	15	1,362	3.5%
2031-2032	413	285	29	157	11	22	4	301	2	13	1,237	3.2%
2032-2033	340	214	26	148	6	27	6	239	1	20	1,027	2.7%
2033-2034	271	178	29	106	10	20	3	180	1	13	811	2.1%
2034-2035	231	150	18	113	9	17	2	154	0	9	703	1.8%
2035-2036	184	136	19	103	13	28	5	143	1	11	643	1.7%
2036-2037	74	83	10	57	1	13	2	107	0	11	358	0.9%
2037-2038	31	35	4	46	2	6	0	41	0	8	173	0.4%
2038-2039	0	8	0	5	0	0	0	19	0	1	33	0.1%
2039-2040	0	2	0	3	0	0	0	11	0	1	17	0.0%
2040-2041	0	1	0	0	0	0	0	5	0	0	6	0.0%
2041-2042	0	0	0	0	0	0	0	2	0	0	2	0.0%
Total	5,492	6,775	668	5,536	272	1,249	106	17,427	26	1,200	38,751	
Percent of Total	14.2%	17.5%	1.7%	14.3%	0.7%	3.2%	0.3%	45.0%	0.1%	3.1%		

Legacy Prepaid529

Contract Data as of June 30, 2023 – Contracts Purchasing Tier II Units Only - Number of Contracts

	Total Years of Community College Purchased / Total Years of University Purchased															
Matriculation Year	0.5 0	1 0	1.5 0	2 0	2.5 0	3 0	3.5 0	4 0	4.5 0	5 0	5.5 0	6 0	8 0	10 0	**Total by Payout Year**	**Percent of Total**
2000-2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2001-2002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2002-2003	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2003-2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2004-2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2005-2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2006-2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2007-2008	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.1%
2008-2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2009-2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2010-2011	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.1%
2011-2012	0	0	0	1	0	2	0	0	0	0	0	0	0	0	3	0.2%
2012-2013	0	0	0	3	0	0	0	0	0	0	0	0	0	0	3	0.2%
2013-2014	0	4	0	26	0	2	0	0	0	0	0	0	0	0	32	2.3%
2014-2015	0	12	0	40	0	4	0	0	0	0	0	0	0	0	56	4.1%
2015-2016	0	9	0	43	0	1	0	0	0	0	0	0	0	0	53	3.9%
2016-2017	0	9	0	29	0	0	0	0	0	0	0	0	0	0	38	2.8%
2017-2018	1	12	0	40	0	4	0	0	0	0	0	0	0	0	57	4.1%
2018-2019	2	7	0	33	2	6	0	0	0	0	0	0	0	1	51	3.7%
2019-2020	2	14	0	42	0	11	0	0	0	0	0	0	0	0	69	5.0%
2020-2021	1	11	0	58	0	5	0	0	0	0	0	0	0	0	75	5.5%
2021-2022	1	21	1	60	1	7	0	0	0	0	0	0	0	0	91	6.6%
2022-2023	9	27	0	62	1	2	0	1	0	0	0	0	0	0	102	7.4%
2023-2024	7	35	1	65	2	6	0	2	0	0	0	0	0	1	119	8.7%
2024-2025	9	35	2	48	1	5	0	1	0	0	0	0	0	0	101	7.3%
2025-2026	10	27	1	39	0	2	0	1	0	1	0	0	0	2	83	6.0%
2026-2027	6	13	0	39	0	6	0	1	1	0	0	0	0	0	66	4.8%
2027-2028	10	18	0	31	0	3	0	0	0	2	0	0	0	1	65	4.7%
2028-2029	10	18	1	35	1	2	0	1	0	0	0	0	0	0	68	4.9%
2029-2030	10	11	0	38	0	3	0	1	1	0	0	0	0	0	64	4.7%
2030-2031	17	11	0	20	0	2	1	3	0	0	0	0	0	1	55	4.0%
2031-2032	18	7	2	14	0	1	0	0	0	0	0	0	0	0	42	3.1%
2032-2033	11	10	1	12	0	1	0	0	0	0	0	0	0	0	35	2.5%
2033-2034	11	4	0	8	0	1	0	3	0	0	0	0	0	0	27	2.0%
2034-2035	3	4	0	6	0	0	0	0	0	0	0	0	0	0	13	0.9%
2035-2036	0	2	0	1	0	0	0	0	0	0	0	0	0	0	3	0.2%
2036-2037	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.1%
2037-2038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2038-2039	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2039-2040	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0.1%
2040-2041	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2041-2042	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Total	138	321	9	797	8	76	1	14	2	3	0	0	0	6	1,375	
Percent of Total	10.0%	23.3%	0.7%	58.0%	0.6%	5.5%	0.1%	1.0%	0.1%	0.2%	0.0%	0.0%	0.0%	0.4%		

Legacy Prepaid529

Contract Data as of June 30, 2023 – Contracts Purchasing Tier I and Tier II Units - Number of Contracts

Matriculation Year	Total Years of Community College Purchased / Total Years of University Purchased																																	Total by Payout Year	Percent of Total
	0.5	0.5	0.5	0.5	0.5	0.5	1	1	1	1	1	1	1	1	1.5	1.5	1.5	1.5	1.5	1.5	2	2	2	2	2	2	2	2.5	2.5	3	3	3	3		
	0.5	1	1.5	2	2.5	3.5	0.5	1	1.5	2	2.5	3	4	5	0.5	1	1.5	2	2.5	3	0.5	1	1.5	2	3	4	5	1.5	2.5	1	2	3	5		
2000-2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2001-2002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2002-2003	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2003-2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2004-2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2005-2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2006-2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2007-2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2008-2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2009-2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	2	0.2%
2010-2011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0.1%
2011-2012	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	2	0.2%
2012-2013	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	2	0.2%
2013-2014	0	0	0	0	0	0	0	2	0	0	0	1	1	0	0	0	0	0	0	0	0	1	1	31	2	1	0	0	0	0	0	1	1	42	3.4%
2014-2015	0	0	0	0	0	0	0	0	0	1	0	6	0	1	0	0	0	0	0	0	0	2	0	45	1	0	0	0	0	0	0	0	0	56	4.5%
2015-2016	0	0	0	0	0	0	1	3	0	0	0	3	0	0	0	0	0	0	0	0	0	3	0	38	0	1	0	0	0	1	0	0	0	50	4.1%
2016-2017	0	0	0	0	0	0	1	2	0	2	0	3	1	0	0	0	0	0	0	0	0	1	0	36	0	1	0	0	0	0	0	0	2	49	4.0%
2017-2018	0	0	0	1	0	0	1	6	0	1	0	2	0	0	0	1	0	0	0	0	0	3	0	50	1	0	0	0	0	1	0	0	0	67	5.4%
2018-2019	0	0	0	0	0	0	0	3	0	1	0	4	2	0	0	0	0	0	0	0	0	0	0	56	1	0	0	0	0	0	0	2	1	70	5.7%
2019-2020	1	0	1	0	0	0	0	8	0	2	0	6	0	1	0	0	0	0	0	0	0	4	1	70	1	0	0	0	0	0	0	0	0	95	7.7%
2020-2021	1	0	2	0	0	1	0	4	0	4	0	4	1	0	0	0	1	0	0	0	0	9	0	78	3	0	0	0	0	0	0	0	1	109	8.8%
2021-2022	0	1	0	0	1	0	0	8	0	2	1	6	2	0	0	0	0	0	0	0	0	5	0	85	1	0	0	0	0	2	0	1	3	118	9.6%
2022-2023	1	1	0	0	0	0	1	4	1	4	1	5	1	1	0	0	0	0	0	0	0	3	0	62	4	0	0	0	1	2	1	0	0	93	7.5%
2023-2024	2	0	0	0	0	0	1	4	0	4	0	9	1	0	0	1	0	0	1	0	2	8	0	66	3	1	0	0	0	0	0	0	2	105	8.5%
2024-2025	0	0	0	0	0	0	1	1	1	2	0	5	0	1	0	0	0	1	0	0	0	7	0	54	0	0	1	0	0	0	0	0	0	74	6.0%
2025-2026	1	0	0	0	0	1	1	2	2	6	0	2	1	0	0	0	0	0	0	0	0	4	0	42	4	0	0	0	1	0	0	0	2	69	5.6%
2026-2027	0	0	1	0	0	0	1	3	0	2	1	4	2	0	0	0	0	0	0	0	0	3	0	24	0	0	0	0	0	0	0	0	1	42	3.4%
2027-2028	1	1	0	0	0	0	1	4	0	2	0	2	1	0	0	0	0	0	0	0	0	4	0	26	1	0	0	0	0	0	1	0	0	44	3.6%
2028-2029	7	1	0	0	0	0	0	4	0	2	0	3	1	0	0	0	0	0	0	0	0	4	0	22	0	0	0	1	0	0	0	0	0	45	3.7%
2029-2030	0	1	0	0	0	0	1	2	0	1	0	1	0	0	0	0	0	0	0	0	0	1	0	17	0	0	0	0	0	0	0	0	0	24	1.9%
2030-2031	0	0	1	0	0	0	0	2	0	2	0	1	0	0	0	0	0	0	0	0	0	2	0	11	0	1	0	0	0	0	0	0	0	20	1.6%
2031-2032	3	0	0	1	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	0	0	0	0	0	0	0	0	0	15	1.2%
2032-2033	1	1	0	1	0	0	0	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	7	0	0	0	0	0	0	0	0	0	14	1.1%
2033-2034	4	0	2	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	1	0	6	0	0	0	0	0	0	0	0	0	15	1.2%
2034-2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	3	0.2%
2035-2036	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0.1%
2036-2037	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0.1%
2037-2038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	2	0.2%
2038-2039	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2039-2040	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	2	0.2%
2040-2041	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
2041-2042	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Total	22	6	7	3	1	2	12	65	5	39	3	69	14	4	1	2	1	1	1	0	3	67	2	846	22	5	1	1	2	6	2	4	13	1,232	
Percent of Total	1.8%	0.5%	0.6%	0.2%	0.1%	0.2%	1.0%	5.3%	0.4%	3.2%	0.2%	5.6%	1.1%	0.3%	0.1%	0.2%	0.1%	0.1%	0.1%	0.0%	0.2%	5.4%	0.2%	68.7%	1.8%	0.4%	0.1%	0.1%	0.2%	0.5%	0.2%	0.3%	1.1%		

Tuition Track Portfolio

Participant Data as of June 30, 2023

Projected Enrollment Year	Number of Accounts	Total Number of Units	Average Number of Units
2021-2022	34	2,587	76
2022-2023	145	13,476	93
2023-2024	319	27,259	85
2024-2025	404	47,684	118
2025-2026	467	52,211	112
2026-2027	483	56,329	117
2027-2028	548	54,845	100
2028-2029	484	42,592	88
2029-2030	506	46,155	91
2030-2031	499	32,994	66
2031-2032	515	40,005	78
2032-2033	476	31,000	65
2033-2034	499	30,469	61
2034-2035	540	31,056	58
2035-2036	457	25,097	55
2036-2037	475	20,035	42
2037-2038	477	24,811	52
2038-2039	572	29,533	52
2039-2040	665	24,827	37
2040-2041	580	18,145	31
2041-2042	289	5,531	19
Total	9,434	656,641	70

Defined Benefit 529

Summary of Actuarial Assumptions

Investment / Economic Assumptions for Stochastic Simulation Model:

The standard deviation and correlation assumptions are based on actual historical returns and tuition growth. Expected return assumptions are based on Milliman's capital market assumptions, but are adjusted so that the expected annualized return on the portfolio is 5.75%, which is the assumption set by the Board.

	Inflation	Reasonable Rate	Public Equity	Non-Core Fixed	Core Fixed	Private Equity	Real Estate	University Tuition	Community College Tuition
Expected Arithmetic Mean Annual Return	2.50%	3.00%	7.22%	5.32%	3.27%	11.47%	5.87%	6.06%	6.10%
Standard Deviation	1.85%	2.15%	15.75%	7.70%	5.00%	30.00%	15.10%	4.10%	6.25%
Correlation:									
Inflation	1.00	0.10	0.17	-0.20	-0.52	0.25	0.31	0.02	-0.14
Reasonable Rate		1.00	0.05	0.18	0.36	0.15	-0.07	-0.33	-0.28
Public Equity			1.00	0.52	-0.21	0.91	0.50	-0.08	-0.17
Non-Core Fixed				1.00	0.50	0.55	0.40	0.33	0.09
Core Fixed					1.00	-0.11	0.00	0.13	0.21
Private Equity						1.00	0.63	-0.07	-0.25
Real Estate							1.00	0.16	0.07
University Tuition								1.00	0.60
CC Tuition									1.00

Based on the economic assumptions above, the expected long-term annualized rate of return on investments is 5.75%. The expected annualized rate of tuition growth for universities is 4.00% for the next year and then 6.00% thereafter. The expected annualized rate of tuition growth for community colleges is 3.00% for the next year and then 6.00% thereafter. The Reasonable Rate was fixed at 5.00% for the first year and a mean yield of 4.0% for the second year and a mean yield of 3.00% thereafter.

Matriculation and Bias:

Starting in the year of matriculation, it is assumed that contracts will either use benefits for tuition or will request a cancellation, transfer, or rollover to a savings plan. If they use the benefits towards tuition, it is assumed that 79% of beneficiaries will attend a public university in Virginia, 6% will attend a private university in Virginia, and 15% will attend a university in another state.

For legacy Prepaid529 contracts, we compare each of the Virginia public university projected tuition and fee amounts to the account's projected Reasonable Rate account balance, paying the higher of the two amounts, and calculate a probability weighted payout based on the trailing 5-year average distribution of unit redemptions at each of the schools. Before reflecting the account balances, the probability weighted average payout is 10% higher than enrollment-weighted Average Tuition.

Defined Benefit 529

Summary of Actuarial Assumptions
(continued)

Weighted average tuition for two-year community colleges in Virginia was adjusted with a 1.0% load to add a bias for matriculation at more expensive schools. The highest tuition for a public university in Virginia was assumed to be 166% of weighted average tuition ($25,040/$15,083) as shown in Appendix D).

Out-of-state students and contracts requesting a rollover are assumed to receive a benefit equal to the payments made on the contract plus interest at the composite reasonable rate of return. All TTP accounts are assumed to receive weighted average tuition for units redeemed after reaching their expected enrollment year.

Combination Contracts:

For combination contracts a portion of the remaining university and community college years are assumed to be paid each year. For combination contracts currently in payout with only university years or community college years remaining, the applicable remaining years are assumed to be paid.

Utilization:

It is assumed that participants will utilize their accounts at the following rates:

Percentage of total units redeemed each year

Year:	Matric	M+1	M+2	M+3	M+4	M+5	M+6	M+7	M+8	M+9	M+10	Total
1 - 2 Units												
Tuition:	27.5%	15.6%	11.2%	10.5%	2.2%	0.9%	0.7%	0.5%	0.4%	0.3%	0.2%	70.0%
Cancel / rollover:	11.0%	4.1%	2.7%	2.1%	1.5%	0.8%	0.8%	0.6%	0.7%	0.7%	5.0%	30.0%
Total:	38.5%	19.7%	13.9%	12.6%	3.7%	1.7%	1.5%	1.1%	1.1%	1.0%	5.2%	100.0%
3 - 6 Units												
Tuition:	17.6%	20.0%	15.7%	11.4%	2.4%	1.1%	0.7%	0.4%	0.3%	0.2%	0.2%	70.0%
Cancel / rollover:	8.8%	5.1%	3.2%	2.4%	1.5%	1.1%	0.8%	0.9%	0.7%	0.6%	4.9%	30.0%
Total:	26.4%	25.1%	18.9%	13.8%	3.9%	2.2%	1.5%	1.3%	1.0%	0.8%	5.1%	100.0%
7 or More Units												
Tuition:	17.2%	17.8%	17.8%	17.0%	2.7%	1.0%	0.6%	0.4%	0.2%	0.2%	0.1%	75.0%
Cancel / rollover:	6.4%	3.5%	2.9%	2.6%	1.3%	0.9%	0.7%	0.6%	0.5%	0.6%	5.0%	25.0%
Total:	23.6%	21.3%	20.7%	19.6%	4.0%	1.9%	1.3%	1.0%	0.7%	0.8%	5.1%	100.0%

* For utilization, we assume that TTP accounts with fewer than 5 semesters of units will eventually purchase 5 units.

Forfeiture: It is assumed that contracts and accounts will be forfeited prior to the year of matriculation at a rate of 0.75% per year.

Summary of Actuarial Assumptions
(continued)

Expenses: The expenses included in the present value of future obligations are those relating to:

Annual Maintenance Expense per Legacy Prepaid529 Contract = $82.59
Annual Maintenance Expense per TTP Account = $22.02

The expense assumptions were developed from a cost analysis performed in 2021 by Virginia College Savings Plan staff. These expenses are assumed to increase annually at the rate of general price inflation plus 0.50%.

Legacy Prepaid529 contracts behind in their monthly payments: The monthly scheduled payment amount is increased by an amount that allows for the full payment under the contract by June of the year of expected matriculation.

Rationale for Assumptions:

All of the actuarial assumptions with the exception of the investment return, the tuition growth rate, the reasonable rate, and the bias were based on the results of an experience study performed by Milliman in 2023 (see the Experience Study report dated August 2023).

The reasonable rate assumption was based on the current money market yield used to set the rate and forecasts of future short-term interest rates from a survey of economists published in the *June 2023 Blue Chip Financial Forecasts.*

The investment return assumption is set by the Board based on recommendations from Virginia529's investment consultant.

The tuition growth assumptions are also set by the Board. Milliman assisted Virginia529 staff in 2015 with a historical analysis of long-term tuition growth at public colleges in Virginia.

The bias assumption for Virginia public universities was increased from 9.8% to 10.0% based on the distribution of unit redemptions at the universities over the past 5 years and the relative tuition and fee amounts at these schools in 2023-2024.

Defined Benefit 529

Derivation of Average Tuition at Four Year Universities
Based on Fall 2022 Full-Time Equivalent Enrollment

School	Tuition and Fees 2023-2024	Fall 2022 FTE for In-State Undergraduates	Percent Distribution
Christopher Newport	$16,351	4,079	3.26%
George Mason	13,815	19,657	15.72%
James Madison	13,576	14,943	11.95%
Longwood	15,200	2,742	2.19%
Mary Washington	14,558	2,758	2.21%
Norfolk State	9,910	3,463	2.77%
Old Dominion	12,262	13,615	10.89%
Radford	12,286	5,107	4.08%
University of Virginia (2022, 2023)*	18,816	5,607	4.48%
University of Virginia (2020, 2021)	21,730	5,607	4.48%
UVA - Wise	11,780	1,068	0.85%
Virginia Commonwealth	16,233	17,403	13.92%
Virginia Military Institute	20,484	1,032	0.83%
Virginia Tech	15,476	20,736	16.58%
Virginia State	9,754	3,048	2.44%
William & Mary	25,040	4,197	3.36%
Total		125,061	100.00%
Average Tuition**	**$15,083**		

* Assumes that 2022 and 2023 students are 50% of total FTE for University of Virginia.

**The Board rounded to $15,100 for purposes of determining the 2023-2024 TTP unit value.

Defined Benefit 529

Derivation of Enrollment-Weighted Average Tuition and Mandatory Fees at Community Colleges Based on Fall 2022 Full-Time Equivalent Enrollment

School	Tuition and Fees 2023-2024	Fall 2022 FTE for In-State Undergraduates	Percent Distribution
Blue Ridge	$5,869	1,930	2.53%
Central Virginia	5,332	1,870	2.45%
Mountain Gateway (formerly Dabney Lancaster)	5,204	513	0.67%
Danville	5,172	1,330	1.74%
Eastern Shore	5,268	354	0.46%
Germanna	5,404	3,975	5.21%
J Sargeant Reynolds	5,479	4,140	5.42%
Brightpoint (formerly John Tyler)	5,268	4,303	5.64%
Laurel Ridge (formerly Lord Fairfax)	5,256	3,308	4.33%
Mountain Empire	5,188	1,194	1.56%
New River	5,157	2,279	2.99%
Northern Virginia	6,084	23,915	31.33%
Patrick & Henry	5,182	1,327	1.74%
Paul D. Camp	5,192	617	0.81%
Piedmont Virginia	5,256	2,471	3.24%
Rappahannock	5,288	1,448	1.90%
Richard Bland	8,850	1,117	1.46%
Southside Virginia	5,172	1,799	2.36%
Southwest Virginia	5,228	1,380	1.81%
Virginia Peninsula (formerly Thomas Nelson)	5,274	3,222	4.22%
Tidewater	6,095	8,225	10.78%
Virginia Highlands	5,188	1,237	1.62%
Virginia Western	5,606	3,160	4.14%
Wytheville	5,188	1,209	1.58%
Total		76,323	100.00%
Weighted Average Tuition and Fees	**$5,700**		

Defined Benefit 529

History of Average Tuition (Enrollment Weighted)
at Four Year Universities and Community Colleges in Virginia

Academic Year	University Tuition and Fees	% Increase	Community College Tuition and Fees	% Increase
1989-1990	2,544		798	
1990-1991	2,702	6.2%	894	12.0%
1991-1992	2,985	10.5%	1,050	17.4%
1992-1993	3,357	12.5%	1,230	17.1%
1993-1994	3,659	9.0%	1,320	7.3%
1994-1995	3,789	3.6%	1,359	3.0%
1995-1996	3,949	4.2%	1,445	6.3%
1996-1997	4,002	1.3%	1,445	0.0%
1997-1998	4,095	2.3%	1,445	0.0%
1998-1999	4,217	3.0%	1,445	0.0%
1999-2000	3,721	(11.8%)	1,159	(19.8%)
2000-2001	3,793	1.9%	1,159	0.0%
2001-2002	3,843	1.3%	1,159	0.0%
2002-2003	4,122	7.3%	1,671	44.3%
2003-2004	5,033	22.1%	1,882	12.6%
2004-2005	5,559	10.5%	2,006	6.5%
2005-2006	5,990	7.8%	2,135	6.4%
2006-2007	6,529	9.0%	2,269	6.3%
2007-2008	6,966	6.7%	2,404	5.9%
2008-2009	7,562	8.6%	2,584	7.5%
2009-2010	7,912	4.6%	2,781	7.6%
2010-2011	8,803	11.3%	3,285	18.1%
2011-2012	9,507	8.0%	4,179*	27.2%*
2012-2013	9,856	3.7%	4,426	5.9%
2013-2014	10,225	3.7%	4,619	4.4%
2014-2015	10,797	5.6%	4,835	4.7%
2015-2016	11,409	5.7%	5,101	5.5%
2016-2017	11,961	4.8%	5,263	3.2%
2017-2018	12,494	4.5%	5,439	3.3%
2018-2019	13,210	5.7%	5,569	2.4%
2019-2020	13,395	1.4%	5,572	0.1%
2020-2021	13,636	1.8%	5,531	(0.7%)
2021-2022**	13,949	2.3%	5,542	0.2%
2022-2023**	14,505	4.0%	5,550	0.1%
2023-2024**	15,083	4.0%	5,700	2.7%

* Starting with the 2011-2012 year, Community College Tuition and Fees is measured as an enrollment-weighted average. Prior to that, a non-enrollment-weighted average was used. Enrollment numbers taken from SCHEV's website.

** The Average Tuition for purposes of determining the 2021-2022 TTP unit value was $13,884.
** The Average Tuition for purposes of determining the 2022-2023 TTP unit value was $14,500.
** The Average Tuition for purposes of determining the 2023-2024 TTP unit value was $15,100.

Annualized Increase in Average Tuition

Over last 5 years:	2.7%	0.5%
Over last 10 years:	4.0%	2.1%
Over last 15 years	4.7%	5.4%
Over last 20 years:	5.6%	5.7%
Over last 25 years:	5.2%	5.6%
Over last 30 years:	4.8%	5.0%

Defined Benefit 529

Cash Flow Projection
(amounts in millions)

Fiscal Year	Beginning Balance	Installment Payments*	Benefit Payments	Expenses	Investment Income	Ending Balance
2024	$2,415.0	$17.8	$184.0	$3.6	$125.4	$2,370.6
2025	2,370.6	14.4	177.7	3.5	123.1	2,326.9
2026	2,326.9	11.9	168.6	3.4	121.1	2,287.9
2027	2,287.9	9.8	157.0	3.3	119.4	2,256.8
2028	2,256.8	7.8	148.7	3.2	117.9	2,230.6
2029	2,230.6	6.0	139.3	3.0	116.8	2,211.1
2030	2,211.1	4.6	127.1	2.9	116.3	2,202.0
2031	2,202.0	3.6	113.3	2.7	116.3	2,205.9
2032	2,205.9	2.8	102.8	2.4	116.8	2,220.3
2033	2,220.3	2.0	90.4	2.2	118.3	2,248.0
2034	2,248.0	1.4	78.5	1.9	120.2	2,289.2
2035	2,289.2	0.9	69.8	1.7	122.7	2,341.3
2036	2,341.3	0.4	63.1	1.4	125.9	2,403.1
2037	2,403.1	0.1	53.5	1.2	129.7	2,478.2
2038	2,478.2	0.0	44.9	1.1	134.2	2,566.4
2039	2,566.4	0.0	35.4	0.9	139.5	2,669.6
2040	2,669.6	0.0	26.7	0.7	145.5	2,787.7
2041	2,787.7	0.0	19.6	0.6	152.2	2,919.7
2042	2,919.7	0.0	14.4	0.5	159.7	3,064.5
2043	3,064.5	0.0	10.3	0.4	167.8	3,221.6
2044	3,221.6	0.0	7.0	0.3	176.6	3,390.9
2045	3,390.9	0.0	4.8	0.2	186.0	3,571.9
2046	3,571.9	0.0	3.7	0.2	195.9	3,763.9
2047	3,763.9	0.0	2.4	0.1	206.6	3,968.0
2048	3,968.0	0.0	1.4	0.1	217.8	4,184.3
2049	4,184.3	0.0	0.6	0.0	229.6	4,413.3
2050	4,413.3	0.0	0.5	0.0	242.3	4,655.1
2051	4,655.1	0.0	0.3	0.0	255.5	4,910.3
2052	4,910.3	0.0	0.1	0.0	269.6	5,179.8

* Future installment payments for legacy contracts as of June 30, 2023.

Prepaid Tuition Benefits

For beneficiaries attending a Virginia public college, university, or community college, Prepaid529 will pay the full amount of in-state undergraduate tuition and all mandatory fees for a normal full-time course load for a general course of study on a semester-by-semester basis for the type of school and number of years purchased. Prepaid529 payments to in-state public schools will not exceed the actual cost of the in-state undergraduate tuition and mandatory fees. In 2019, the Virginia General Assembly passed legislation that included provisions for Prepaid529 contracts entered into prior to July 1, 2019. These provisions allow for payment of the “Minimum Benefit” (contract payments, accumulated at the reasonable rate of return), on a semester by semester basis, directly from Prepaid529 to qualified higher education institutions when it exceeds the normal payout from the program. The contract-holder also has the option to transfer the total amount of all payments, accumulated at the reasonable rate of return, to a Virginia529 savings program, and request a withdrawal from the respective program to pay for qualified higher education expenses.

For beneficiaries attending a Virginia independent (private) college or university, Prepaid529 will pay to the Virginia private school, including certain private career schools, the lesser of 1) the payments made on the contract plus the actual rate of return earned on the Fund or 2) the highest in-state undergraduate tuition and mandatory fees at a Virginia public school in the same academic year the benefits are used. All payments will be made directly to the school on a semester-by-semester basis following the school’s add-drop period. The student or his or her family is responsible for any additional expenses not covered by Prepaid529. The contract-holder has the option to transfer the total amount of all payments, accumulated at the reasonable rate of return, to a Virginia529 savings program and request a withdrawal from the respective program to pay for qualified higher education expenses.

For beneficiaries attending an out-of-state public or private college or university, Prepaid529 will pay the lesser of 1) the payments made on the contract plus interest at the composite reasonable rate of return or 2) the average in-state undergraduate tuition and mandatory fees at Virginia public schools for the same academic year the benefits are used. Payments will be made on a semester-by-semester basis from Prepaid529. The student or his or her family is responsible for any additional expenses not covered by Prepaid529. The contract-holder has the option to transfer the total amount of all payments, accumulated at the reasonable rate of return, to a Virginia529 savings program and request a withdrawal from the respective program to pay for qualified higher education expenses.

The reasonable rate of return tracks the quarterly performance of the Institutional Money Funds Index as reported in the Money Fund Monitor by iMoneyNet.

Attachment C

Performance and Asset Allocation
Defined Benefit 529 Program
June 30, 2023

Virginia529

Defined Benefit 529 Program
Investment Performance Summary Results
as of June 30, 2023
Net of Fees

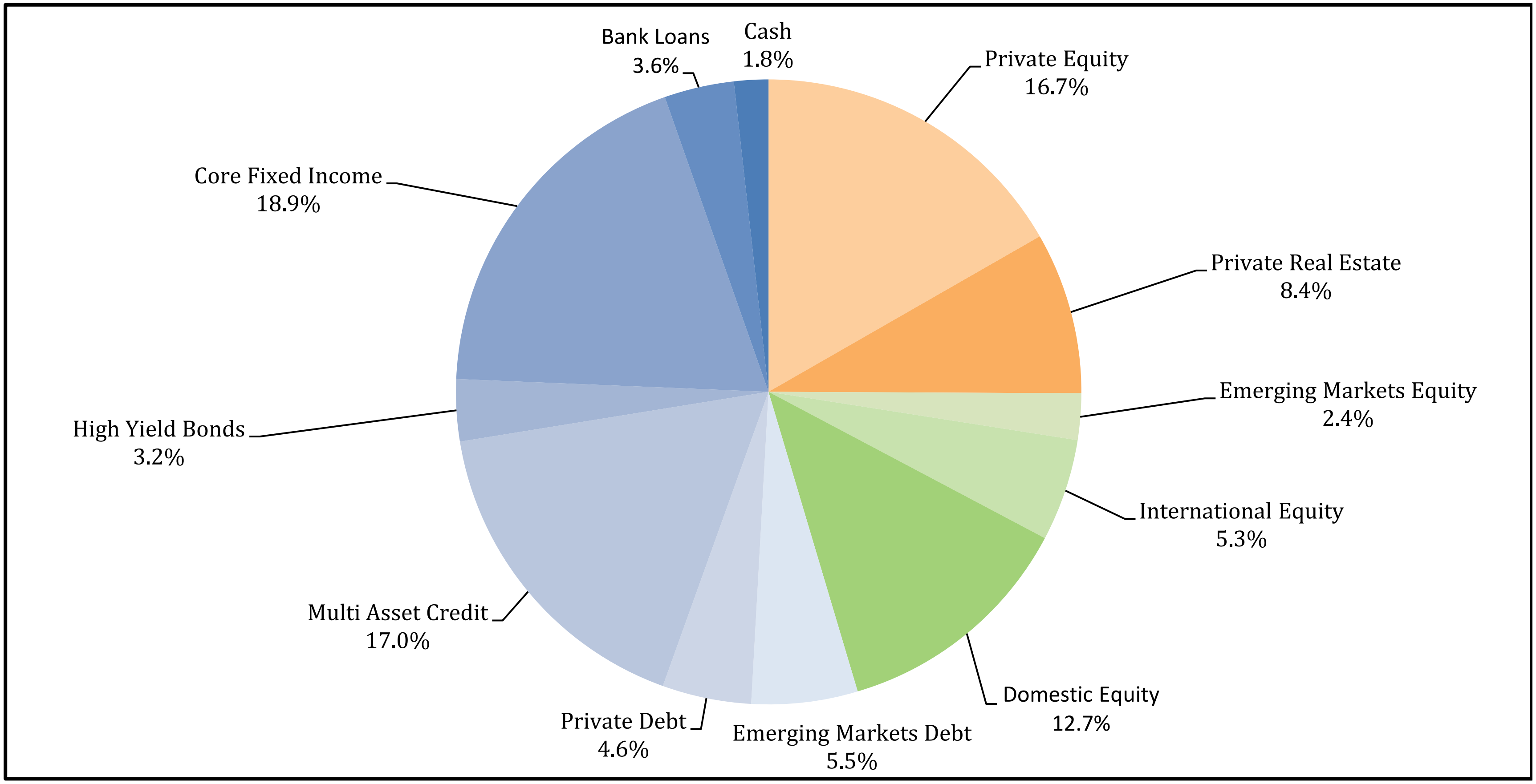
Name	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Calendar YTD	3 Month	Inception Date
Total Fund	**6.06%**	**5.52%**	**5.35%**	**6.76%**	**4.00%**	**4.00%**	**3.88%**	**1.61%**	**Oct-97**
Total Fund Benchmark [1]	*5.68%*	*6.15%*	*6.10%*	*7.20%*	*6.22%*	*6.22%*	*6.52%*	*2.52%*	*Oct-97*
Total Equity	**7.05%**	**7.70%**	**7.08%**	**10.79%**	**16.05%**	**16.05%**	**13.12%**	**5.93%**	**Oct-97**
Total Equity Benchmark [2]	*6.17%*	*8.73%*	*7.84%*	*10.98%*	*17.13%*	*17.13%*	*14.26%*	*6.35%*	*Oct-97*
Domestic Equity	**8.32%**	**10.50%**	**9.41%**	**14.46%**	**19.75%**	**19.75%**	**17.04%**	**8.72%**	**Oct-97**
Domestic Equity Benchmark [3]	*8.11%*	*12.31%*	*11.34%*	*13.80%*	*18.98%*	*18.98%*	*16.84%*	*8.60%*	*Oct-97*
Developed Market Equity	**5.77%**	**5.30%**	**3.83%**	**7.28%**	**11.70%**	**11.70%**	**6.43%**	**0.97%**	**Oct-97**
MSCI EAFE Index	*4.93%*	*5.91%*	*4.90%*	*9.48%*	*19.41%*	*19.41%*	*12.13%*	*3.22%*	*Oct-97*
Emerging Market Equity	**4.74%**	**3.05%**	**3.32%**	**2.71%**	**6.33%**	**6.33%**	**9.00%**	**3.17%**	**Oct-97**
MSCI Emerging Markets Index	*3.39%*	*3.33%*	*1.32%*	*2.72%*	*2.22%*	*2.22%*	*5.10%*	*1.04%*	*Oct-97*
Total Fixed Income	**4.77%**	**2.81%**	**2.13%**	**0.92%**	**4.43%**	**4.43%**	**3.67%**	**1.08%**	**Oct-97**
Total Fixed Income Benchmark [4]	*4.78%*	*3.25%*	*3.01%*	*1.56%*	*5.24%*	*5.24%*	*4.12%*	*1.18%*	*Oct-97*
Non-Core Fixed Income	**4.52%**	**3.56%**	**2.92%**	**2.68%**	**7.62%**	**7.62%**	**4.51%**	**2.09%**	**May-05**
Non-Core Fixed Income Benchmark [5]	*5.22%*	*4.64%*	*4.27%*	*4.26%*	*8.89%*	*8.89%*	*5.27%*	*2.35%*	*May-05*
Core Fixed Income	**3.94%**	**1.38%**	**0.73%**	**-2.33%**	**-0.23%**	**-0.23%**	**2.37%**	**-0.53%**	**Oct-97**
Core Fixed Income Benchmark [6]	*3.78%*	*1.24%*	*0.68%*	*-3.59%*	*-0.94%*	*-0.94%*	*2.09%*	*-0.84%*	*Oct-97*
Total Alternatives	**7.20%**	**9.71%**	**12.50%**	**18.12%**	**-4.89%**	**-4.89%**	**-2.04%**	**-0.49%**	**May-05**
Alternatives Benchmark [7]	*6.80%*	*8.82%*	*9.86%*	*15.61%*	*-2.21%*	*-2.21%*	*4.82%*	*2.03%*	*May-05*

Source: Bank of New York Mellon
Notes: Past performance is no guarantee of future results
Performance is presented net of investment management fees

Current Benchmark composition:

[1] *Total Fund Benchmark: 22% MSCI ACWI, 10% NCREIF ODCE (1Q in Arrears), 13% Private Equity BM [X], 35% Multi-Asset Credit Custom Benchmark*, 20% Bloomberg Barclays U.S. Aggregate Bond Index*
[2] *Total Equity Benchmark: MSCI ACWI*
[3] *Domestic Equity Benchmark: MSCI US Net Dividend Index*
[4] *Total Fixed Income Benchmark: 63.6% Non-Core Fixed Income Benchmark, 36.4% Core Fixed Income Benchmark*
[5] *Non-Core Fixed Income Benchmark: Multi-Asset Credit Custom Benchmark*
[6] *Core Fixed Income Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index*
[7] *Alternatives Benchmark: 43.5% NCREIF ODCE (1Q in Arrears), 56.5% Private Equity Benchmark*
[X] *Private Equity Benchmark consists of actual returns for first 4 years of each partnership, then MSCI ACWI IMI + 3% one quarter lagged.*
* *Multi-Asset Credit Benchmark: 33.4% JPMorgan GBI-EM Global Diversified, 33.3% Bloomberg Barclays Corporate High Yield, 33.3% Credit Suisse Leveraged Loan*

Investment Details as of June 30, 2023
Defined Benefit 529 Program



Asset Category	% of Fund	% Target
Alternatives	25.0%	23.0%
Equities	20.3%	22.0%
Fixed Income	54.7%	55.0%

[1]May not total 100% due to rounding

Investment Details as of June 30, 2023
Defined Benefit 529 Program

Investment Manager/Fund	Asset Class	Mutual Fund Ticker (if applicable)		Aggregate Fair Value	% of Total Fund[1]
Equities					
BlackRock MSCI Equity Index	US All Cap Equity		$	368,212,461	12.6%
American Funds EuroPacific Growth	International Growth	RERGX		47,400,994	1.6%
Acadian Asset Mgmt Non-US Equity	International Equity			106,441,997	3.7%
DFA Emerging Markets Core Equity	Emerging Market Equity	DFCEX		36,233,309	1.2%
Sands Capital Emerging Markets Growth	Emerging Market Equity			33,508,983	1.1%
Total Equities			$	591,797,745	*20.3%*
Fixed Income					
VA529 Transition Account	N/A		$	14,138	0.0%
Shenkman Capital Management, Inc.	Senior Secured Bank Loans			104,861,439	3.6%
Neuberger Berman Core Bond	Core Fixed Income			275,521,663	9.5%
PGIM Core Bond	Core Fixed Income			275,866,783	9.5%
Dreyfus Cash Management Fund	Cash Equivalents	DICXX		39,179,514	1.3%
Wells Fargo Bank	Cash Equivalents			5,725,015	0.2%
Treasurer of Virginia	Cash Equivalents			7,044,204	0.2%
Schroder Focus II	Multi Asset Credit			94,686,568	3.2%
Ares Global Multi Asset Credit	Multi Asset Credit			69,588,159	2.4%
Brigade Capital Multi Asset Credit	Multi Asset Credit			67,368,529	2.3%
Wellington Global Multi Asset Credit	Multi Asset Credit			130,758,475	4.5%
Loomis Multi Asset Credit	Multi Asset Credit			131,238,266	4.5%
PGIM High Yield	High Yield Bonds			93,486,490	3.2%
Ares Pathfinder	Private Debt			25,815,032	0.9%
The Carlyle Group	Private Debt			18,603,834	0.6%
Chorus Capital Credit	Private Debt			7,801,851	0.3%
Eagle Point Credit Management LLC	Private Debt			19,241,803	0.7%
Golub Capital Partners	Private Debt			62,125,000	2.1%
Monarch Capital Partners	Private Debt			4,042,511	0.1%
Wellington Management Co LLP	Emerging Markets Debt			159,915,342	5.5%
Total Fixed Income			$	1,592,884,617	*54.7%*
Alternative Investments					
Aventura Holdings, LLC[2]	Private Real Estate		$	8,004,957	0.3%
Bain Capital Real Estate	Private Real Estate			15,886,304	0.5%
Morgan Stanley Real Estate	Private Real Estate			80,416,944	2.8%
Related Real Estate	Private Real Estate			17,976,671	0.6%
Starwood Real Estate	Private Real Estate			6,619,695	0.2%
Stockbridge Smart Markets	Private Real Estate			65,845,336	2.3%
UBS Trumbull Fund	Private Real Estate			48,730,636	1.7%
Adams Street Partners	Private Equity Fund of Funds			243,832,854	8.4%
Aether Investment Partners, LLC	Private Equity Fund of Funds			43,525,535	1.5%
Asia Alternatives Management LLC	Private Equity Fund of Funds			7,944,235	0.3%
Commonfund Capital, Inc.	Private Equity Fund of Funds			14,720,059	0.5%
Hamilton Lane, Inc.	Private Equity			88,620,179	3.0%
Horsley Bridge Partners	Private Equity Fund of Funds			18,739,688	0.6%
LGT Capital Partners	Private Equity Fund of Funds			6,831,738	0.2%
Neuberger Berman	Private Equity Fund of Funds			32,900,131	1.1%
Apogem Capital, LLC	Private Equity Fund of Funds			28,866,852	1.0%
Total Alternative Investments			$	729,461,814	*25.0%*
Grand Total			$	2,914,144,176	*100.0%*

[1]May not total 100% due to rounding

[2]Aventura Holdings, LLC is a limited liability company formed in 2008 by Virginia529 for the purpose of aquiring and owning real estate. The Plan is the sole member of Aventura. Aventura's sole investment is an office building in Chesterfield County, VA, occupied by Virginia529.

Attachment D

Performance and Asset Allocation
Invest529 Program
June 30, 2023

Virginia529℠

Defined Contribution 529 Program
Monthly Portfolio Performance Summary
as of June 30, 2023

	Inception Ending	10 Year Ending	5 Year Ending	3 Year Ending	1 Year Ending	Cal Year Ending	3 Months Ending	Current Month	Inception Date
TARGET ENROLLMENT PORTFOLIOS									
2042 Portfolio	**9.63**					**9.63**	**3.78**	**4.78**	**Jan-23**
2042 Benchmark	8.89					8.89	3.77	4.24	
2039 Portfolio	**5.14**			**8.11**	**11.03**	**8.77**	**3.53**	**4.48**	**Jan-20**
2039 Benchmark	4.90			7.95	11.05	8.66	3.66	4.11	
2036 Portfolio	**6.72**		**5.40**	**7.50**	**10.91**	**8.49**	**3.47**	**4.19**	**Jan-17**
2036 Benchmark	7.08		5.65	7.30	10.85	8.33	3.54	3.85	
2033 Portfolio	**5.49**		**4.93**	**6.41**	**9.77**	**7.40**	**2.98**	**3.57**	**Jan-14**
2033 Benchmark	5.72		5.23	6.34	10.09	7.63	3.22	3.41	
2030 Portfolio	**5.99**	**5.84**	**4.53**	**5.42**	**9.03**	**6.85**	**2.71**	**3.13**	**Jan-11**
2030 Benchmark	6.09	6.07	4.77	5.32	9.29	7.02	2.91	2.99	
2027 Portfolio	**4.70**	**5.29**	**4.05**	**4.33**	**6.38**	**4.80**	**1.73**	**2.01**	**Feb-08**
2027 Benchmark	4.77	5.54	4.40	4.44	7.45	5.69	2.24	2.20	
2024 Portfolio	**4.78**	**4.66**	**3.37**	**3.04**	**3.82**	**2.79**	**0.91**	**0.88**	**Aug-05**
2024 Benchmark	4.62	4.89	3.80	3.34	5.39	4.03	1.51	1.21	
2021 Portfolio	**4.83**	**3.83**	**2.56**	**1.59**	**2.25**	**1.39**	**0.66**	**0.22**	**Jan-02**
2021 Benchmark	4.62	4.08	3.05	2.05	4.42	2.90	1.28	0.53	
TARGET RISK PORTFOLIOS									
Aggressive Growth Portfolio	**6.37**	**7.99**	**6.92**	**8.26**	**12.98**	**11.28**	**4.73**	**4.63**	**Jan-02**
Aggressive Growth Benchmark	6.63	8.06	6.99	8.39	13.14	11.18	4.77	4.63	
Moderate Growth Portfolio	**5.68**	**6.47**	**5.48**	**5.24**	**9.57**	**9.11**	**3.40**	**3.40**	**Jan-02**
Moderate Growth Benchmark	5.87	6.46	5.53	5.33	9.69	8.99	3.45	3.41	
Conservative Income Portfolio	**3.76**	**3.23**	**2.33**	**-0.80**	**2.80**	**4.79**	**0.73**	**0.94**	**Jan-02**
Conservative Income Benchmark	3.77	3.10	2.34	-0.78	2.87	4.66	0.81	0.97	
Active Aggressive Portfolio	**7.32**		**5.66**	**8.10**	**11.59**	**9.28**	**3.76**	**4.78**	**Oct-15**
Active Aggressive Benchmark	7.72		5.92	7.89	11.32	8.89	3.77	4.24	
Active Moderate Portfolio	**5.65**		**4.53**	**5.23**	**9.45**	**7.22**	**2.89**	**3.41**	**Oct-15**
Active Moderate Benchmark	5.81		4.70	5.04	9.49	7.16	2.99	3.11	
Active Conservative Portfolio	**3.84**		**3.20**	**2.66**	**5.27**	**4.12**	**1.46**	**1.63**	**Oct-15**
Active Conservative Benchmark	3.98		3.47	2.67	6.02	4.56	1.73	1.53	
INDEX PORTFOLIOS									
Total Stock Market Portfolio	**9.32**	**12.17**	**11.22**	**13.70**	**18.89**	**16.15**	**8.41**	**6.84**	**Aug-05**
Ttl Stock Mkt Benchmark	9.33	12.18	11.24	13.71	18.88	16.14	8.40	6.84	
Total Bond Market Portfolio	**2.80**	**1.40**	**0.72**	**-4.06**	**-0.93**	**2.22**	**-0.91**	**-0.37**	**Sep-05**
Ttl Bond Mkt Benchmark	2.81	1.43	0.74	-4.03	-0.90	2.10	-0.87	-0.35	
Ttl International Stock Portfolio	**4.46**	**4.96**	**3.64**	**7.47**	**12.29**	**9.42**	**2.60**	**4.38**	**Sep-05**
Ttl Int'l Stock Benchmark	4.38	5.29	3.89	7.87	12.84	9.32	2.66	4.38	
Inflation-Protected Securities Portfolio	**3.07**	**1.92**	**2.30**	**-0.29**	**-1.88**	**1.84**	**-1.61**	**-0.47**	**Sep-05**
Inflation-Protected Benchmark	3.16	1.98	2.41	-0.19	-1.45	1.84	-1.43	-0.34	
REIT Portfolio	**6.20**	**6.05**	**4.32**	**5.83**	**-3.96**	**3.43**	**1.62**	**5.57**	**Sep-05**
REIT Benchmark	5.74	5.51	3.30	4.85	-5.01	2.89	1.35	5.35	
SPECIALTY PORTFOLIOS									
ESG Core Equity Portfolio	**12.99**	**12.71**	**13.37**	**14.34**	**18.15**	**15.72**	**7.54**	**5.82**	**Nov-09**
ESG Core Equity Benchmark	13.33	12.75	12.23	14.53	19.53	16.87	8.73	6.60	
Global Equity Portfolio	**9.83**			**11.97**	**18.08**	**13.64**	**5.60**	**5.90**	**Feb-19**
Global Equity Benchmark	9.07			11.28	17.30	13.18	5.69	5.83	
PRINCIPAL-PROTECTED PORTFOLIOS									
Stable Value Portfolio	**3.17**	**1.80**	**2.02**	**1.79**	**2.23**	**1.26**	**0.66**	**0.22**	**Jan-00**
Stable Value Benchmark	2.60	1.87	2.48	2.26	4.69	2.85	1.48	0.50	
FDIC-Insured Portfolio	**1.60**		**1.92**	**1.90**	**3.95**	**2.38**	**1.24**	**0.41**	**Jan-17**
FDIC-Insured Benchmark	1.43		1.51	1.36	3.81	2.32	1.22	0.41	

Note: Performance Returns are calculated by BNY Mellon Asset Servicing. They are presented net of management fees and administrative fees.

Defined Contribution 529 Program
Individual Manager Investment Performance
as of June 30, 2023
Net of Fees

	Inception Ending	10 Year Ending	5 Year Ending	3 Year Ending	1 Year Ending	Cal Year Ending	Quarter Ending	Month Ending	Inception Date
TARGET ENROLLMENT PORTFOLIOS - Underlying Managers									
Large Cap Domestic Equity									
Vanguard Institutional Index	6.85	12.88	12.30	14.58	19.56	16.88	8.74	6.60	Jan-00
S&P 500	6.84	12.86	12.31	14.60	19.59	16.89	8.74	6.61	
Small/Mid Cap Domestic Equity									
Vanguard Small Cap Index	8.28	9.40	6.36	12.34	14.85	9.04	5.34	8.73	Jan-00
Custom Small Cap Index [1]	8.23	9.43	6.55	12.49	14.78	9.19	5.29	8.71	
International Equity									
Am. Funds Euro-Pacific Growth	8.15	6.34	4.29	5.48	15.81	12.25	2.17	4.41	Jan-03
MSCI ACWI Ex US	7.03	4.75	3.52	7.22	12.72	9.47	2.44	4.49	
Wellington International Contrarian Value	11.92			16.80	18.69	9.38	2.29	4.96	Mar-20
MSCI EAFE	8.44			9.48	19.41	12.13	3.22	4.58	
Sands Emerging Markets Growth	0.21			-2.79	4.70	9.58	2.98	4.45	Mar-20
MSCI Emerging Markets	2.44			2.72	2.22	5.10	1.04	3.89	
DFA Emerging Markets Core	6.11		3.28	8.15	7.06	8.69	2.93	4.41	Apr-16
MSCI Emerging Markets	5.27		1.32	2.72	2.22	5.10	1.04	3.89	
Private Real Estate									
UBS Trumbull Fund (1Q in Arrears)	2.11		1.88	2.60	-9.12	-12.34	-7.29	-7.86	Apr-18
NCREIF NFI ODCE (1Q in Arrears)	6.63		6.56	7.46	-3.91	-8.37	-3.38	-1.14	
Blackstone Property Partners	5.25		5.34	6.24	-10.28	-11.59	-5.69	0.00	Jun-18
NCREIF NFI ODCE (1Q in Arrears)	6.59		6.56	7.46	-3.91	-8.37	-3.38	-1.14	
Fixed Income									
Invesco Advisers	3.46	1.91	2.10	1.86	2.28	1.27	0.67	0.22	Jan-00
Stable Value Custom Benchmark [2]	2.87	1.98	2.57	2.33	4.75	2.87	1.49	0.51	
Neuberger Berman Emerging Market Debt	-7.56				10.66	5.31	3.09	3.23	Feb-22
JP Morgan EMBI Global Diversified	-8.57				7.39	4.09	2.19	2.23	
PGIM High Yield Bond Fund	4.97	4.58	3.64	3.00	8.19	5.18	1.30	1.54	Jan-11
Bloomberg Barclays US HY Ba/B 1% Issuer	5.19	4.38	3.57	2.64	8.94	4.83	1.35	1.44	

Virginia529℠

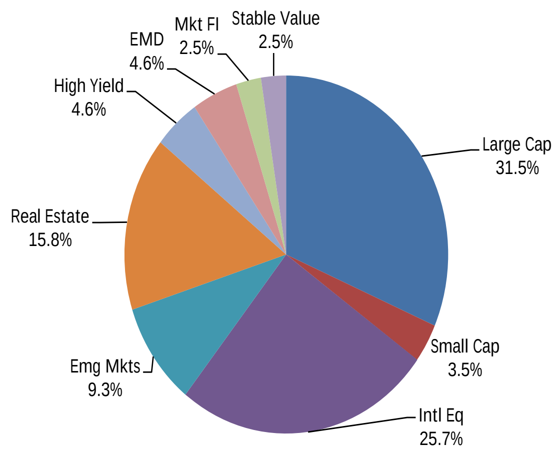
Defined Contribution 529 Program
Individual Manager Investment Performance
as of June 30, 2023
Net of Fees

	Inception Ending	10 Year Ending	5 Year Ending	3 Year Ending	1 Year Ending	Cal Year Ending	Quarter Ending	Month Ending	Inception Date
STATIC PORTFOLIOS - Underlying Funds									
Parnassus Core Equity	**13.13**	**12.83**	**13.46**	**14.42**	**18.21**	**15.75**	**7.56**	**5.82**	**Nov-09**
S&P 500	*13.47*	*12.86*	*12.31*	*14.60*	*19.59*	*16.89*	*8.74*	*6.61*	
Van. Total Stock Market Fund	**9.50**	**12.30**	**11.33**	**13.77**	**18.97**	**16.18**	**8.41**	**6.84**	**Aug-05**
Custom Total Stock Index [3]	*9.50*	*12.29*	*11.31*	*13.77*	*18.94*	*16.17*	*8.41*	*6.84*	
Van. Total Bond Market Fund	**2.97**	**1.52**	**0.80**	**-3.98**	**-0.83**	**2.29**	**-0.90**	**-0.37**	**Sep-05**
Custom Total Bond Index [4]	*2.97*	*1.54*	*0.82*	*-3.97*	*-0.85*	*2.12*	*-0.86*	*-0.34*	
Van. Total Int'l Equity Fund	**4.62**	**5.06**	**3.71**	**7.55**	**12.38**	**9.45**	**2.64**	**4.42**	**Sep-05**
Custom Int'l Stock Index [5]	*4.54*	*5.40*	*3.97*	*7.94*	*12.89*	*9.35*	*2.68*	*4.39*	
Van. Infl. Protected Sec. Fund	**3.23**	**2.03**	**2.39**	**-0.22**	**-1.83**	**1.86**	**-1.60**	**-0.47**	**Sep-05**
Bloomberg Barclays Cap. Treas Infl. Note	*3.33*	*2.08*	*2.49*	*-0.12*	*-1.40*	*1.87*	*-1.42*	*-0.34*	
Van. Real Estate Index	**6.37**	**6.16**	**4.40**	**5.90**	**-3.91**	**3.46**	**1.64**	**5.57**	**Sep-05**
Custom Real Estate Index [6]	*5.92*	*5.61*	*3.37*	*4.92*	*-4.97*	*2.91*	*1.37*	*5.36*	
Van. International Bond Index Fund	**0.57**		**0.27**	**-3.36**	**0.28**	**3.74**	**0.14**	**-0.05**	**Feb-18**
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged)	*0.68*		*0.38*	*-3.31*	*0.45*	*3.56*	*0.37*	*-0.04*	
Am. Funds SMALLCAP World Fund	**8.71**			**5.53**	**15.59**	**12.08**	**5.22**	**6.08**	**Feb-19**
MSCI All Country World Small Cap	*6.98*			*10.83*	*13.02*	*8.02*	*3.62*	*6.04*	

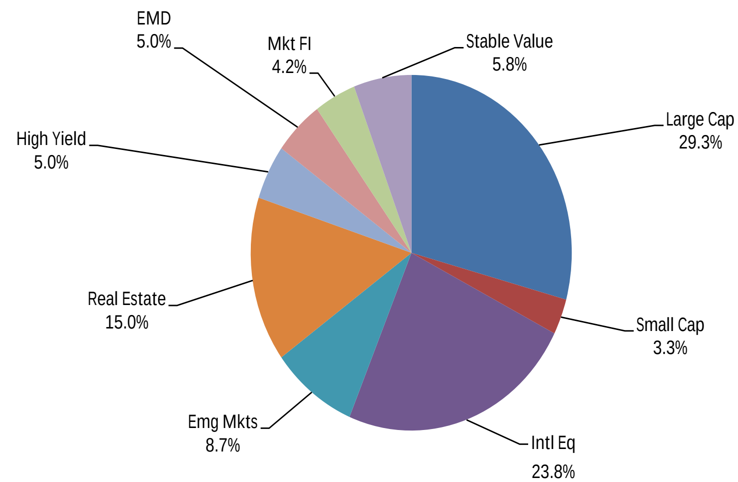
Notes: Performance Returns are calculated by BNY Mellon Asset Servicing. They are presented net of fees for separate account asset management services.

1. Russell 2000 Index through May 2003; MSCI US Small Cap 1750 Index through June 2013; CRSP US Small Cap Index thereafter.
2. Ryan Labs GIC 3yr through December 2008; CG 3-month US T-Bill + 100 Bps thereafter.
3. MSCI US Broad Market Index through June 2013; and CRSP US Total Market Index thereafter.
4. Barclays U.S. Aggregate Bond Index through December 31, 2009; Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.
5. MSCI ACWI ex USA IMI Index through June 2013 and FTSE Global All Cap ex US Index thereafter.
6. MSCI US REIT through February 2018; MSCI US Investable Market Real Estate 25/50 Transition Index through July 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

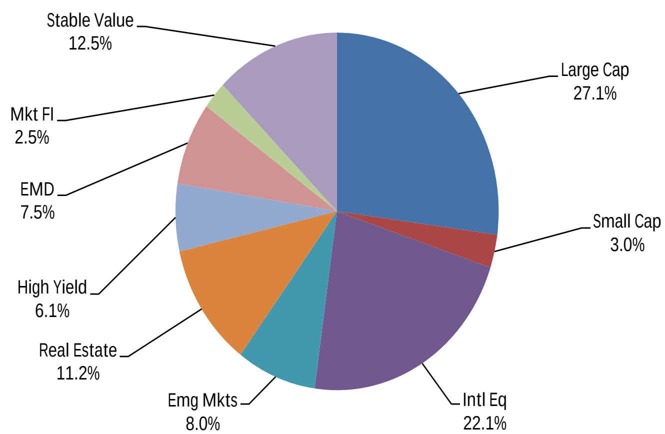
2042 Portfolio



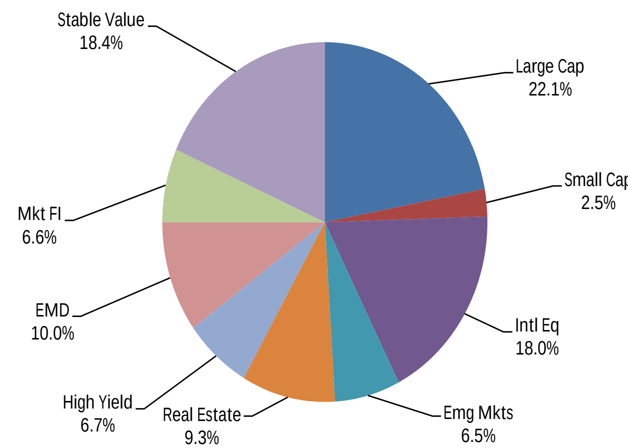
2039 Portfolio



2036 Portfolio

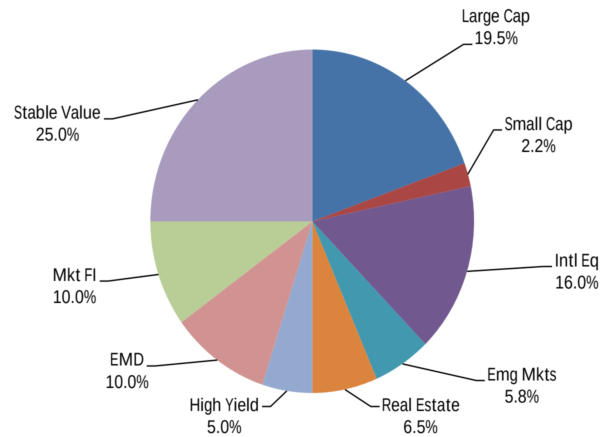


2033 Portfolio

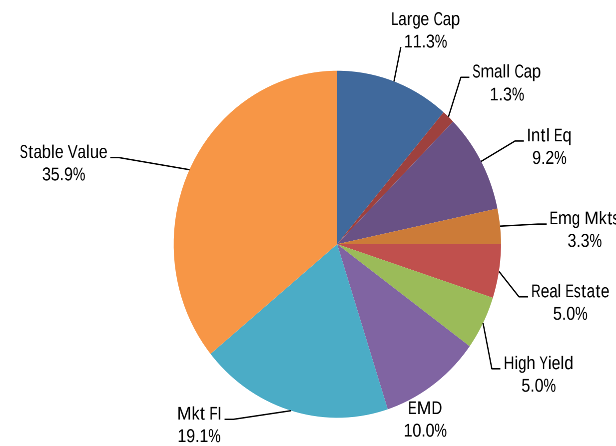


*The data is as of March 31, 2023.

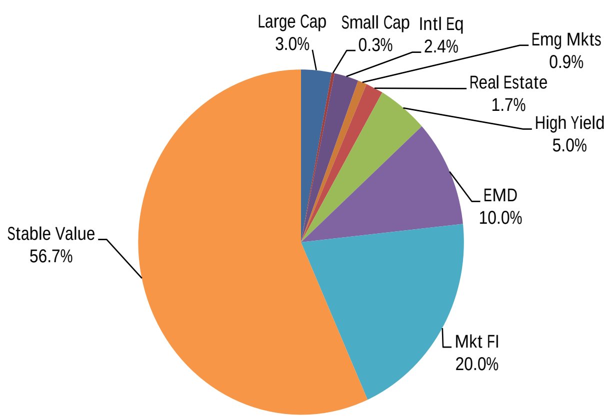
2030 Portfolio



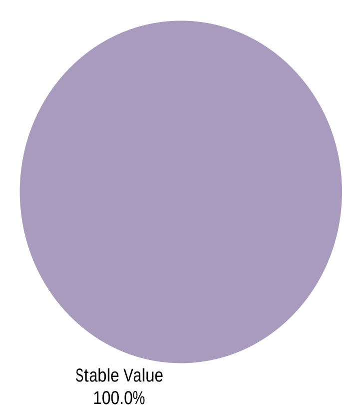
2027 Portfolio



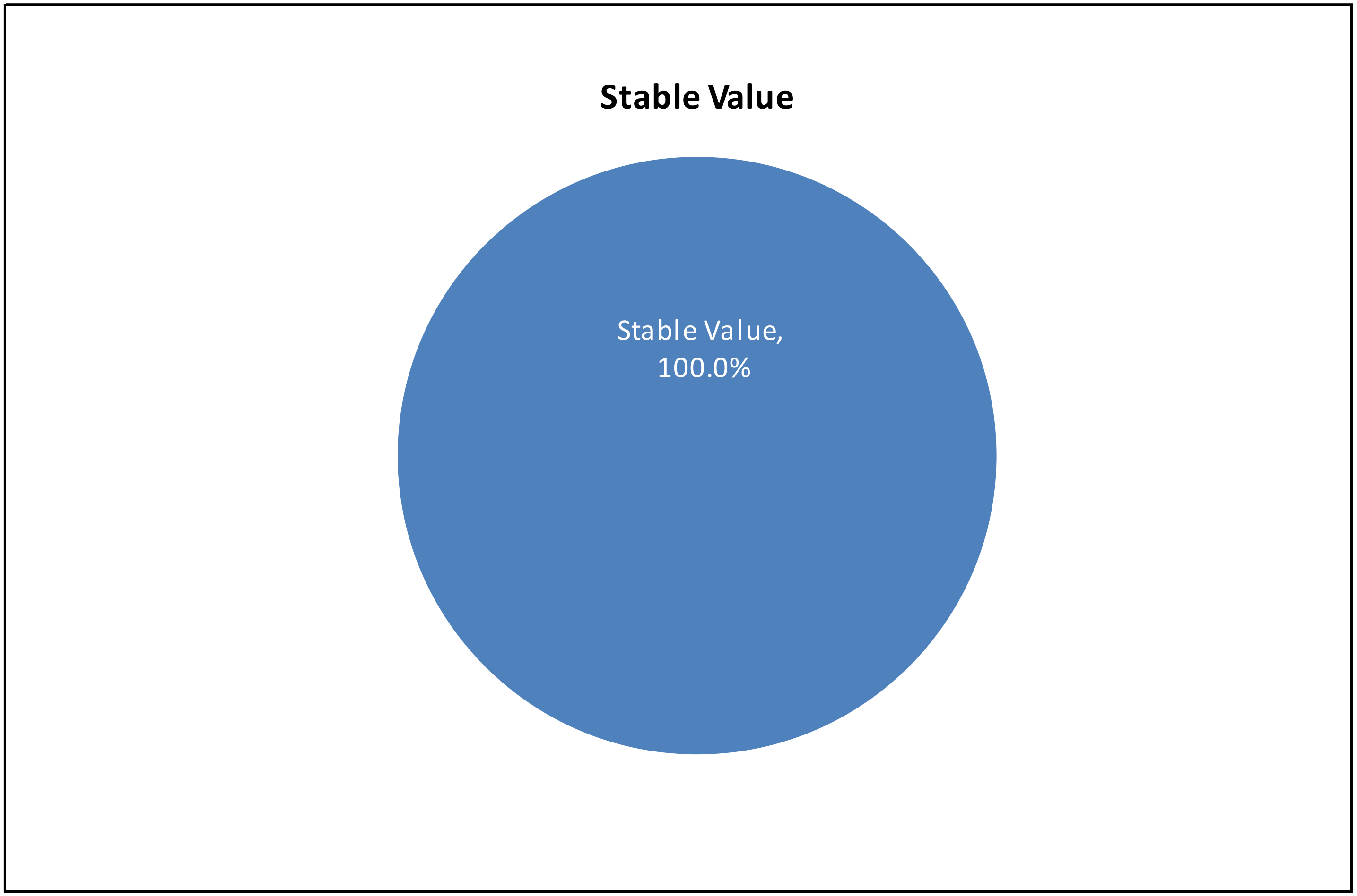
2024 Portfolio



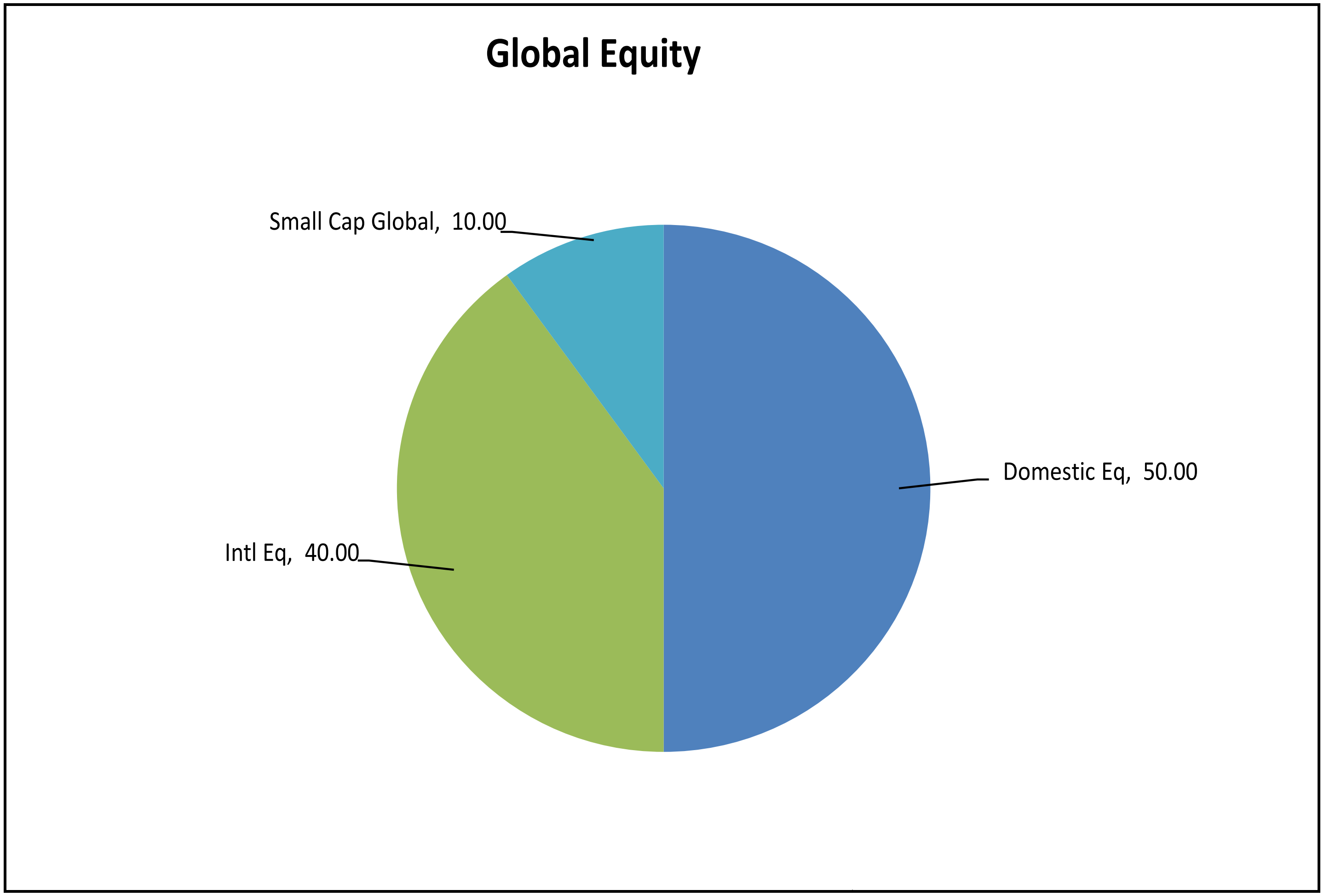
2021 Portfolio



*The data is as of March 31, 2023.



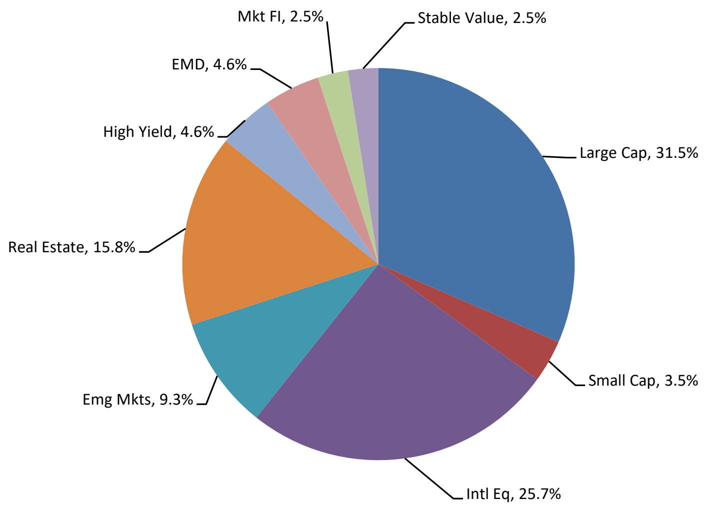
*The data is as of March 31, 2023.



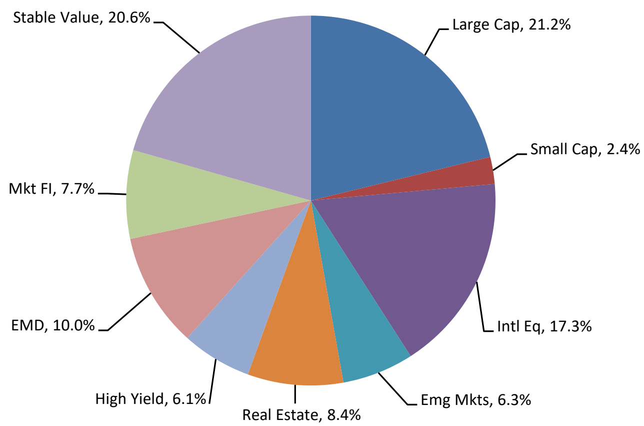
*The data is as of March 31, 2023.

Defined Contribution 529 Program
Fund Profile - Target Risk Portfolio
June 30, 2023

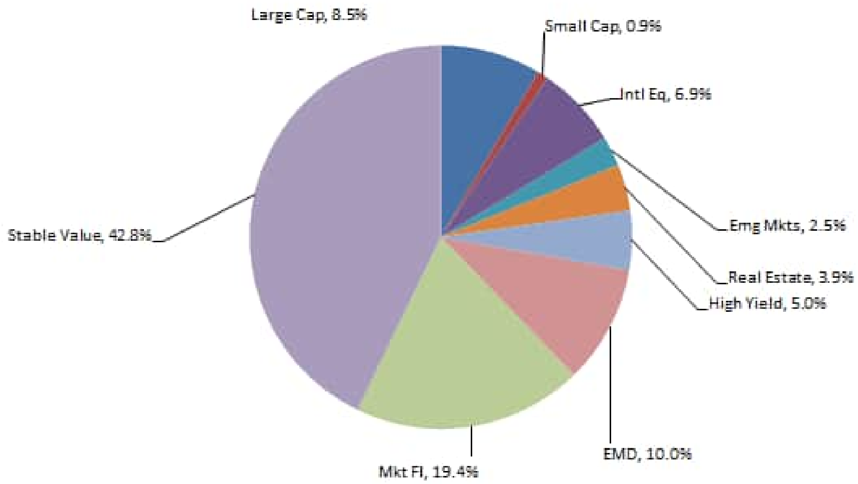
Active Aggressive



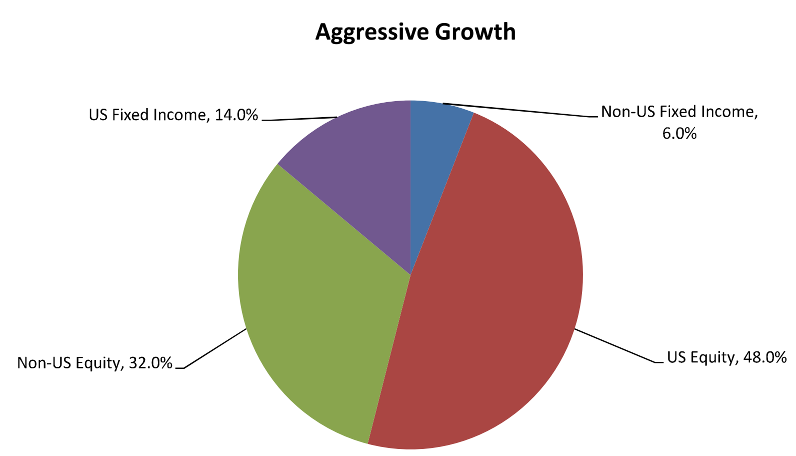
Active Moderate

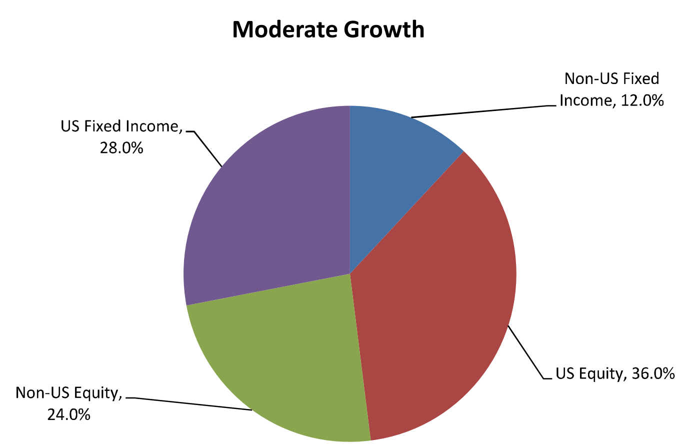


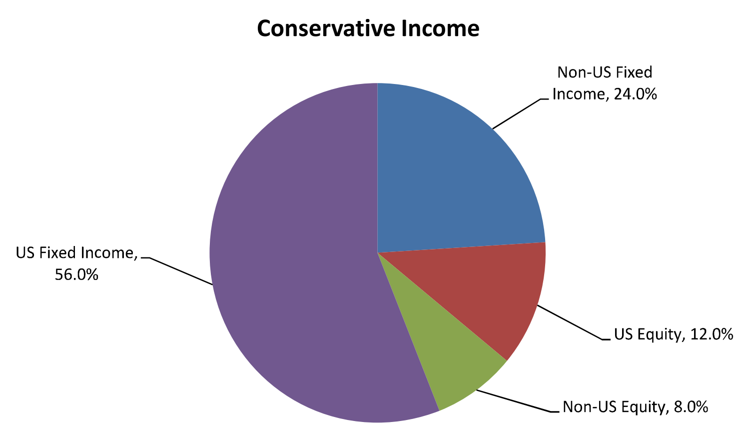
Active Conservative



*The data is as of March 31, 2023.







*The data is as of March 31, 2023.

Attachment E

Investment Policies and Guidelines for the Defined Benefit 529, Invest529, ABLEnow, and RetirePath Programs

Virginia College Savings Plan Statement of Investment Policy and Guidelines For

Defined Benefit 529 and SOAR Virginia

TABLE OF CONTENTS

I. PURPOSE & RESPONSIBILITIES

PURPOSE

The purpose of this Statement of Investment Policy and Guidelines ("Statement") is to identify a set of investment objectives, guidelines and performance standards for Virginia College Savings Plan's Defined Benefit 529 program (which includes "Prepaid529" and the "Tuition Track Portfolio") as well as SOAR Virginia and will be referred to going forward as the "Program". This Statement represents the formal investment policy document for the Program and is to be communicated to the investment managers for their use in developing appropriate investment portfolios. This document will also be used by the Board of the Virginia College Savings Plan ("Board") as the basis for future investment management decisions, measurement and evaluation of investment performance of the Program.

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

RESPONSIBILITIES

Board

Pursuant to § 23.1-704 of the Code of Virginia (the "Code"), the Board shall administer the Virginia College Savings Plan ("VA529" or the "Plan") and shall develop and implement programs for (i) the prepayment of undergraduate tuition, as defined in § 23.1-700 of the Code, at a fixed, guaranteed level for application at a public institution of higher education and (ii) contributions to college savings trust accounts established on behalf of a qualified beneficiary in order to apply distributions from the account toward qualified higher education expenses at eligible educational institutions, as both such terms are defined in § 529 of the Internal Revenue Code of 1986, as amended, or other applicable federal law. In addition, pursuant to § 23.1-704 of the Code, the Board shall invest moneys in the Plan in any instruments, obligations, securities, or property deemed appropriate by the Board.

The Board is authorized to delegate certain responsibilities to qualified agents to assist them in properly meeting the overall Board responsibilities as outlined above. Specifically, the Board relies on the advice, guidance and actions of VA529 Management, the Investment Advisory Committee, a custodian, investment managers, an investment consultant, legal counsel and an actuary to perform various functions. The various roles and duties of each are further described below.

VA529 Management

VA529 Management, comprised of the Chief Executive Officer ("CEO") and such other senior officers as may be appointed by the CEO shall implement decisions approved by the Board and/or Investment Advisory Committee unless otherwise specifically provided by the Board or the Investment Advisory Committee. VA529 Management shall (i) oversee the development, structure, evaluation and implementation of the Program's strategic goals and objectives and (ii) with the assistance of the Investment Advisory Committee appointed by the Board, and by investment consultants, direct, manage and administer the Program's assets and programs, and (iii) report periodically and as requested to the Board.

Investment Advisory Committee

According to § 23.1-702 of the Code, the Board of VA529 shall appoint an Investment Advisory Committee ("Committee"), the purpose of which is to assist the Board in fulfilling its fiduciary duty as trustee of VA529's funds and to assist VA529 Management in directing, managing, and administering VA529's assets, and to provide the Board with sophisticated, objective and prudent investment advice and direction on all matters related to the management of investments, within the parameters set by the Statement, as it may be amended from time to time. While this Statement refers to the responsibilities and duties of the Board, some of these responsibilities and duties may be delegated to the Committee via the Committee Charter[1].

The Committee shall be comprised and administered in accordance with the Committee Charter, as it may be amended from time to time by the Board. The Committee shall review VA529's investments and is authorized to make decisions with regard to investment managers. The Committee is further authorized to take any additional action specifically authorized in other Board actions. Recommendations are not binding upon the Board.

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

Custodian

The Plan shall contract on behalf of the Board with a third party custodian which shall have a level of experience and expertise in providing custodial services to plans and funds similar to those of the Program. The custodian shall act as a fiduciary in the administration of the Program accounts utilizing appropriate internal controls to insure the safety of the assets from such things as fraud, collusion, loss, diversion, etc. While the specific duties and responsibilities of the Plan's custodian are contained in the contractual agreement between the custodian and Plan, the custodian, in general, has the following responsibilities:

- to handle all income, cash transactions, interest received, and other necessary activities;
- hold all securities on behalf of the Program and only deliver securities upon proper instruction from those authorized to provide such instruction or direction;
- perform, participate in and exercise such rights, privileges, duties and responsibilities possessed by any other owner or holder of bonds or other evidence of indebtedness and common and preferred stock, except for the voting of proxies, unless specifically authorized;
- safekeep all assets including securities, cash and cash equivalents;

[1] The Committee Charter of the Virginia College Savings Plan Investment Advisory Committee was revised by the Board on August 24, 2017.

- receive instructions from investment managers to purchase and sell various securities and ensure that transactions are settled according to established settlement procedures; and
- provide monthly transaction accounting on security holdings with reports provided to the appropriate VA529 Management in a timely manner.

Actuary for the Program

As provided in § 23.1-706 and 23.1-710 of the Code, VA529 is to annually determine whether there are sufficient funds to maintain the actuarial soundness of the Program. To assist in this determination, the Board shall hire an actuary for the Program. While the specific duties and responsibilities of the Plan's actuary are contained in the contractual agreement between the actuary and Plan, the actuary, in general, has the following responsibilities:

- prepare, on a frequency determined by the Board, a comprehensive evaluation of the Defined Benefit 529 Program's funded status and attest to the appropriateness of the Program's assumptions and policies; and

- conduct special experience and actuarial studies as required by the Board.

Investment Consultant

While the specific duties and responsibilities of the Plan's investment consultant are contained in the contractual agreement between the investment consultant and Plan, the consultant, in general, has the following responsibilities and will assist the Board and Committee with the following functions:

- provide evaluation of the investment results achieved by the designated investment managers in light of the investment guidelines and performance standards contained in this Statement;

- make recommendations to the Board of appropriate actions to be considered which, in the consultant's opinion, will enhance the probability of achieving overall investment program objectives. Such recommendations may include, but are not limited to:

  - use of alternate asset strategies or asset classes;
  - changes in overall investment policy;
  - changes in designated investment managers;

- provide assistance to the Board and/or Committee in screening and selecting investment managers, as appropriate; and

- at a minimum, meet with the Committee and Board every quarter.

Legal Counsel

The VA529 General Counsel shall advise and represent the Board in all matters requiring legal insight and advice. VA529 Management, in consultation with the General Counsel, shall utilize the services of outside counsel and/or the Office of the Attorney General as such services may be required from time to time.

Investment Managers

While the specific duties and responsibilities of the Plan's investment managers are contained in each contractual agreement between the designated investment manager and the Plan, investment managers, in general, have the following responsibilities:

- maintain registration as an investment advisor under the Investment Advisers Act of 1940, or be authorized and regulated by another appropriate authority;

- adhere to the policy guidelines contained in this Statement, unless granted an exception in writing;

- invest only in those asset classes, and adhere to the ranges for allocation among those classes, that the Board has stated to be appropriate for that manager's portfolio;

- exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement or in any written exceptions to this Statement;

- strictly comply with all of the provisions of appropriate law as they pertain to the firm's dealings, functions and responsibilities as fiduciaries;

- prudently liquidate assets in the portfolio which cease to be in compliance with this Statement of Investment Policy or any written exceptions to this Statement. If in the manager's judgment, it is in the Program(s) best interest to not liquidate such an asset promptly, the manager will advise VA529 Management of the circumstances and make a recommendation regarding the liquidation of that asset;

- diversify the portfolio unless, under the circumstances, it is clearly prudent to not so diversify;

- ensure that brokers will be selected only on a competitive, best execution basis;

- invest the assets of the Program with care, skill, prudence and diligence under circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims;

- provide VA529 Management with a monthly accounting of assets;

- issue a quarterly report to the Committee and/or their designees which includes the following information:

- the market value of account assets as of the last business day of each quarter;

- the portion of account assets allocated to each investment asset class as of the last business day of each quarter;
- time-weighted rates of return measured net of investment management fees and all expenses or gross of fees (as appropriate) for the current quarter, year-to-date and historical time periods;

- average account characteristics and number of holdings as of the last business day of each quarter; and expenses:

- acknowledge in writing the recognition and acceptance of full responsibility as a fiduciary, and the firm's intention to comply with this Statement as it currently exists or as is modified by joint agreement in the future.

Exceptions Allowed

On a case by case basis, the Board may grant the investment manager an exception to the foregoing requirements where such exceptions are deemed appropriate and prudent. Exceptions applicable to each individual investment manager may be included in the manager's investment management agreement with the Plan or in a letter to the manager signed by the CEO of the Plan.

II. ASSET ALLOCATION & REBALANCING

INVESTMENT OBJECTIVES

The Defined Benefit 529 program includes both Prepaid529 (*closed to new investors*) and the Tuition Track Portfolio (*established in 2021*). Prepaid529 contracts cover the future in-state undergraduate tuition and mandatory fees assessed to all students for the normal full-time course load at Virginia public colleges and universities. Tuition Track Portfolio units provide a benefit when distributed of 1/100 of the calculated weighted average tuition of Virginia public colleges and universities as most recently calculated. 100 units is designed to provide this average calculated tuition to program beneficiaries. Tuition Track Portfolio benefits may be applied toward the cost of tuition and fees at Virginia public and private colleges as well as at eligible educational institutions nationwide, and in certain cases, at schools around the world. Given this mission, the primary investment objectives are outlined below.

- The Defined Benefit 529 investment portfolio shall be allocated and managed with the objective of attaining an investment return which equals or exceeds the actuarial return assumptions, throughout the majority of economic cycles, taking into consideration cash flow demands and investment risks.
- The investment portfolio shall be invested and managed to provide sufficient liquidity to meet all reasonably anticipated operational requirements.
- The investment portfolio shall be invested prudently with a goal to meet or exceed the assumed targeted rate of return as determined by the Board.

ASSET ALLOCATION & REBALANCING

The target asset allocation should reflect a proper balance between the Program's needs for liquidity and return on assets, combined with an appropriate level of risk. The target asset mix, along with the acceptable minimum and maximum ranges, is outlined in Appendix A.

The target asset allocation should not be regarded as a rigid set of rules regarding asset allocation. The Board will review the allocation periodically and make adjustments as may be appropriate in light of changing market conditions.

Liquidity is required only to meet defined payout needs, unless the investment managers are otherwise advised by VA529 Management.

The Staff of VA529 is expected to maintain the investments of the Program to comply with the overall allocation within the parameters described above. It is understood that the maximum and minimum ranges are guidelines and that deviations may occur from time to time either due to market impact or due to the addition or termination of managers within the Program. Rebalancing will occur as needed according to the VA529 Rebalancing Policy. VA529 staff certifies and reports to VA529 management on a monthly basis whether portfolio components are properly balanced according to asset allocation parameters.

III. ALLOWABLE INVESTMENTS

ALLOWABLE INVESTMENTS

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

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

General Portfolio Diversification

All individually managed portfolios and funds must maintain sufficient diversification among security issuers and market sectors such that the performance of one security or sector will not have an excessive impact on the entire portfolio. Investment mandates will be considered individually as well as collectively to ensure that investment styles, philosophies and investment approaches are complementary.

General Restrictions/Guidelines

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

- Unless granted permission by the Board in writing, investment managers shall not engage in short sales or margin purchases and all accounts shall be free of leverage.
- Unless granted permission by the Board in writing, commodities or commodity contracts are not allowed.

- Derivative securities are prohibited except where specifically permitted in the investment manager agreement, subscription agreement, or prospectus. Specific asset classes may be permitted to make use of derivatives consistent with the overall investment guidelines and objectives of that asset class.
- The individual managers are expected to be fully invested at all times, with cash accounting for no more than 10% of the portfolio's market value.

Individual Portfolio Guidelines - Equity

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

Individual Portfolio Guidelines – Fixed Income

- While no specific ranges are required, it is expected that the average duration of the portfolio will be within +/- 20% of its designated benchmark (see Appendix for the benchmark assigned to each asset class).
- For the core fixed income portfolios, which are primarily invested in U.S. investment grade debt securities, the average quality of the total account should be A-rated or higher. Only investment grade securities, as defined as BBB-rated or higher by Standard & Poor's, or the equivalent rating by Moody's or Fitch may be purchased, unless the Board grants specific exceptions in writing. For bonds with split ratings, the higher rating will apply. In cases where securities were purchased and were subsequently downgraded, the manager will immediately notify VA529 Management and outline the course of action anticipated for the security.
- For the non-core fixed income portfolios, which can hold non-investment grade debt securities, the portfolio is expected to maintain an overall average quality rating of BBB or higher.
- Securities of any one issuer, with the exception of the U.S. Government and its agencies and instrumentalities, are limited to 5% (at market) of the individual portfolio.

Exceptions Allowed

On a case by case basis, the Board may grant the investment manager a special exception to the foregoing restrictions where such exceptions are deemed appropriate and prudent. Specific guidelines applicable to each individual investment manager will be recorded in the manager's investment management agreement with the Plan or in a letter to the manager signed by the CEO of the Plan.

Commingled Funds, Collective Trusts and Mutual Funds

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

IV. INVESTMENT MANAGER SELECTION, MONITORING AND TERMINATION

BACKGROUND

The Board reserves the right to add, delete or replace investment managers in order to meet performance guidelines outlined in this policy or other factors affecting the continuing viability of the portfolio. The Board has delegated to the Staff of VA529, principally the CEO and Investment Director, the authority to select, contract, hire, and terminate individual investment managers that satisfy the requirements of the Board approved asset allocation.

SELECTION – GENERAL CRITERIA

When selecting investment managers for the Defined Benefit 529 program, the following six broad categories should be considered:

- Economies of Scale
- Diversification
- Transparency
- Organizational Strength
- Performance Consistency
- Risk/ Reward

The following *basic* selection criteria are to be used when selecting a new investment manager or when selecting a replacement manager for an existing asset class. These criteria have been classified according to the categories listed above.

Economies of Scale

- Have at least $500 million in assets under management.
- Have a reasonable expense ratio or fees compared to other vehicles within an appropriate peer group.

Diversification

- No more than 10% of the portfolio may be invested in any one company valued at market. Likewise, appropriate risk controls should be outlined in each investment manager agreement with respect to sector and industry weightings relative to an appropriate benchmark.

Transparency

- Employ an investment process that is well defined.
- Invest in securities consistent with the investment manager's strategy[2].
- Agree to meet all other requirements set forth in this Statement. However, all mutual funds, collective trusts, and similar commingled fund vehicles included in the Program will also be subject to the investment guidelines as set forth in their prospectuses, or applicable offering documents.

Organizational Strength

- Be managed and supported by qualified personnel and appropriate resources.

[2] For instance, large cap growth vehicles should primarily focus on large cap stocks with growth-oriented characteristics.

Performance Consistency

- Have a minimum of 3 years of verifiable investment performance information[3].
- Have competitive returns versus an appropriate benchmark and peer group.

Risk/ Reward

- Have acceptable volatility relative to an appropriate benchmark. Greater volatility than the benchmark should be commensurate with a higher return.

COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

Sustainable Investment

Environmental, social and governance (ESG) issues may pose risks and opportunities for portfolios, portfolio companies and real assets and impact investment risks and returns. In addition, some stakeholders may also have strong views on aligning their investments with their personal values and seek to explicitly utilize ESG criteria when making investment decisions. The Investment Advisory Committee may consider ESG issues when selecting certain Investment Options.

Investment Options

Investment Options that explicitly utilize ESG criteria to make investment decisions may be selected if they meet the Committee's selection criteria.

Options that explicitly utilize ESG criteria should be evaluated according to the appropriate benchmark and universe for the asset class as stipulated in Appendix A. Stakeholders should be given the opportunity to invest in strategies which provide a diversified investment portfolio within the structure and objectives of the Program.

Assessing the ESG Credentials of Investment Managers

Where appropriate based on the investment option, investment managers should integrate ESG factors as part of their investment analysis and decision-making process. An assessment of how managers are integrating ESG issues over time and compared to peers can be done in a number of ways, including:

- Assessing an Investment Manager's level of ESG integration into its investment processes
- Assessing the ESG quality of an Investment Manager's portfolio holdings

Such assessments may be relevant to both manager selection and monitoring processes and may be performed by the consultant.

[3] Vehicles with less than 3 years of history may be tactical or opportunities investments where strategies often close quickly due to liquidity constraints.

INVESTMENT MANAGER SEARCHES – COMMITMENT TO DIVERSITY

The Board is committed to seeking diversity in the ownership, management, and staffing of firms with which the Plan does business, including investment managers. Accordingly, whenever a manager search is directed by the Plan, the Plan will include in its research report information on the ownership structure of each firm and publicly available data on ownership by women and minorities. In addition, if managers are interviewed by the Committee, each candidate should include in their respective presentation a discussion of the candidate's overall commitment to diversity and a review of the distribution in each level of the organization by gender and ethnicity in order to obtain information on the firm's diversity. Other information may be provided at the candidate's discretion to demonstrate their firm's commitment. Such information shall be considered in evaluating potential investment managers, with the primary criteria remaining those outlined under General Criteria above, in accordance with the fiduciary obligations of the Board.

PERFORMANCE MONITORING

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

Measurement Period	***Benchmark Comparison***	***Peer Group Comparison***
Multiple rolling 3-year periods	• The total rate of return should exceed the return of the benchmark over most rolling periods.[4]	• The total rate of return should exceed the median return of the fund's peer group over most rolling periods[4].

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

[4] Measured over the latest 12 quarters available for review.

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

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

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

Watch List Status & Termination

If an investment manager fails to meet the minimum standards of investment performance outlined in this document, staff may place the manager on a watch list for up to one year. The following are some examples of reasons for termination or placing an investment manager on the watch list:

- significant change in portfolio management, ownership or control;
- significant change in portfolio management style;
- substantive change in portfolio turnover; and
- continued performance shortfalls versus the peer group or benchmark.

Reasons for termination without a probationary period may include, but are not limited to:

- any violation of SEC, or other applicable authority, rules or regulations, as well as any other important and appropriate statutory regulatory requirements;
- operational difficulties concerning fund transfers or pricing;
- substantial and consistent deviation from the characteristics of its investment category; and
- failure to adhere to guidelines in this Statement or in the investment management agreement.

By the end of the watch list period, staff will evaluate the investment manager and determine whether:

- the investment manager remains on the watch list for an additional specified period of time;
- the investment manager is removed from the watch list; or
- the investment manager is terminated.

VIII. SUPPLEMENTAL ITEMS

CASH/LIQUIDITY POLICY

The following procedures are hereby adopted and will remain in effect until such time as monthly cash flows and/or contributions support the ongoing benefit and expense payments required by the Program.

- The Cash/Liquidity Policy shall be integrated with the management of the Program's asset allocation rebalancing policy.

- Cash required for benefit payments and operating expenses shall be distributed from a cash account. The balance in that account will be monitored on a frequent basis and replenished as necessary, but no less often than quarterly.

- When it is determined that there is insufficient cash in the designated cash account to fund upcoming cash withdrawals, transfers will be made from one or more of the investment accounts into the cash account. The determination of which accounts will provide funds to the cash account will be made by VA529 Management in consultation with the investment consultant, with the following objectives:

    - rebalancing toward the target asset allocation; and

    - minimizing the transaction costs of providing cash.

PROXY VOTING

Proxies will be voted for the exclusive benefit of the Plan and in accordance with the ESG Framework.

<u>Proposals Related to Funds and other Securities</u>

The Board may delegate the voting of proxies to others (e.g., the Investment Advisory Committee, appropriate VA529 Management, the investment managers or a qualified third party). In addition, the Board may require periodic reporting of the proxy voting activity by any person to whom such power has been delegated.

If a qualified third party is retained to manage the proxy voting activities for the Program, a review of the guidelines used to vote proxies will be conducted annually by VA529 Management. In addition, the third party will provide reports every calendar quarter to appropriate VA529 Management as to the proxies voted.

SECURITIES LENDING

Securities lending is not allowed in the separate accounts in the Program, unless specifically approved by the Board. However, some of the investment vehicles, such as mutual funds, collective trusts, and similar commingled fund vehicles may engage in securities lending if so allowed by their prospectus or applicable offering document.

ACCEPTANCE AND ADOPTION

The Board of Virginia College Savings Plan has approved and adopted this amended and restated Statement of Investment Policy and Guidelines as of August 23, 2023.

APPENDICES

APPENDIX A - TARGET ASSET ALLOCATION

The target asset mix, consistent with the achievement of the long-term objective of the Plan, is as follows. This Allocation was recommended by the Investment Advisory Committee and approved by the Board on August 25, 2021, and reaffirmed by the Board on June 27, 2023.

	Target	Allowable Range
Equities	**22.0%**	14.5% - 29.5%
Global All Cap Equity	22.0%	
Fixed Income	**55.0%**	50.0% - 60.0%
U.S. Aggregate FI	20.0%	
Multi-Asset Credit	35.0%	
Alternatives	**23.0%**	15.0% - 31.0%
Real Estate - Core	10.0%	
Private Equity	13.0%	

APPENDIX B – COMPOSITE BENCHMARKS

The tables below outline the composite benchmarks for the Defined Benefit 529 portfolio in place as of June 30, 2023.

Total Fund Benchmark		
Public Equity	MSCI All Country World Index	22.0%
Core Real Estate	NCREIF NFI ODCE Net (1Q in Arrears)	10.0%
Private Equity	Private Equity Custom Benchmark*	13.0%
Non-Core Fixed Income	Multi-Asset Credit Benchmark	35.0%
Core Fixed Income	Bloomberg US Aggregate Bond Index	20.0%

Total Fixed Income Benchmark		
Non-Core Fixed Income	Non-Core Fixed Income Benchmark	63.6%
Core Fixed Income	Core Fixed Income Benchmark	36.4%

Non-Core Fixed Income / Multi-Asset Credit Benchmark		
High Yield	Bloomberg US Corp High Yield	33.3%
Leverage Loans	Credit Suisse Leverage Loan Index	33.3%
Emerging Markets Debt	JPMorgan EMBI Global Diversified	33.4%

Core Fixed Income Benchmark		
Core Bonds	Bloomberg US Aggregate Bond Index	100.0%

Alternatives Benchmark		
Core Real Estate	NCREIF ODCE (1Q in Arrears)	43.5%
Private Equity	Private Equity Custom Benchmark*	56.5%

** Private Equity Custom Benchmark is defined as the actual partnership returns for the first 4 years and MSCI ACWI + 300 thereafter*

Virginia College Savings Plan Statement of Investment Policy and Guidelines For

Invest529SM

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PURPOSE

The purpose of this Statement of Investment Policy and Guidelines ("Statement") is to identify a set of investment objectives, guidelines and performance standards for Virginia529 Invest529 ("Invest529"). This Statement represents the formal investment policy document for Invest529 and is to be communicated to the investment managers for their use in developing an appropriate investment portfolio. This document will also be used by the Board as the basis for future investment management decisions, measurement, and evaluation of investment performance of Invest529.

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

RESPONSIBILITIES

Board

Pursuant to § 23.1-704 of the Code of Virginia ("Code"), the Board shall administer the Virginia College Savings Plan ("VA529" or the "Plan") and shall develop and implement programs for (i) the prepayment of undergraduate tuition, as defined in § 23.1-700 of the Code, at a fixed, guaranteed level for application at a public institution of higher education and (ii) contributions to college savings trust accounts established on behalf of a qualified beneficiary in order to apply distributions from the account toward qualified higher education expenses at eligible educational institutions, as both such terms are defined in § 529 of the Internal Revenue Code of 1986, as amended, or other applicable federal law. In addition, pursuant to § 23.1-704 of the Code, the Board shall invest moneys in the Plan in any instruments, obligations, securities, or property deemed appropriate by the Board.

The Board is authorized to delegate certain responsibilities to qualified agents to assist them in properly meeting the overall Board responsibilities as outlined above. Specifically, the Board relies on the advice, guidance and actions of VA529 Management, the Investment Advisory Committee, a custodian, investment managers, an investment consultant and legal counsel to perform various functions. The various roles and duties of each are further described below.

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According to § 23.1-702 of the Code, the Board of VA529 shall appoint an Investment Advisory Committee ("Committee"), the purpose of which is to assist the Board in fulfilling its fiduciary duty as trustee of VA529's funds and to assist VA529 Management in directing, managing, and administering VA529's assets, and to provide the Board with sophisticated, objective and prudent investment advice and direction on all matters related to the management of investments, within the parameters set by the Statement, as it may be amended from time to time. While this Statement refers to the responsibilities and duties of the Board, some of these responsibilities and duties may be delegated to the Committee via the Committee Charter[1].

The Committee shall be comprised and administered in accordance with the Committee Charter, as it may be amended from time to time by the Board. The Committee shall review VA529's investments and is authorized to make decisions with regard to investment managers. The Committee is further authorized to take any additional action specifically authorized in other Board actions. Recommendations are not binding upon the Board.

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

Custodian

The Plan shall contract on behalf of the Board with a third party custodian which shall have a level of experience and expertise in providing custodial services to plans and funds similar to those of Invest529. The custodian shall act as a fiduciary in the administration of the Invest529 accounts utilizing appropriate internal controls to insure the safety of the assets from such things as fraud, collusion, loss, diversion, etc. While the specific duties and responsibilities of the Plan's custodian are contained in the contractual agreement between the custodian and the Plan, the custodian, in general, has the following responsibilities:

- to handle all income, cash transactions, interest received, and other necessary activities;
- hold all securities on behalf of Invest529 and only deliver securities upon proper instruction from those authorized to provide such instruction or direction;
- perform, participate in and exercise such rights, privileges, duties and responsibilities possessed by any other owner or holder of bonds or other evidence of indebtedness and common and preferred stock, except for the voting of proxies, unless specifically authorized;

[1] The Committee Charter of the Virginia College Savings Plan Investment Advisory Committee was revised by the Board on August 24, 2017.

- safekeep all assets including securities, cash and cash equivalents;

- receive instructions from investment managers to purchase and sell various securities and ensure that transactions are settled according to established settlement procedures; and

- provide monthly transaction accounting on security holdings with reports provided to the appropriate VA529 Management in a timely manner.

Investment Consultant

While the specific duties and responsibilities of the Plan's investment consultant are contained in the contractual agreement between the investment consultant and the Plan, the consultant, in general, has the following responsibilities and will assist the Board and Committee with the following functions:

- provide evaluation of the investment results achieved by the designated investment managers in light of the investment guidelines and performance standards contained in this Statement;

- make recommendations to the Board of appropriate actions to be considered which, in the consultant's opinion, will enhance the probability of achieving overall investment program objectives. Such recommendations may include, but are not limited to:

  - use of alternate asset strategies or asset classes;
  - changes in overall investment policy;
  - changes in designated investment managers;

- provide assistance to the Board and/or Committee in screening and selecting investment managers, as appropriate; and

- at a minimum, meet with the Committee and Board every quarter.

Legal Counsel

The VA529 General Counsel shall advise and represent the Board in all matters requiring legal insight and advice. VA529 Management, in consultation with the General Counsel, shall utilize the services of outside counsel and/or the Office of the Attorney General as such services may be required from time to time.

Investment Managers

While the specific duties and responsibilities of the Plan's investment managers are contained in each contractual agreement between the designated investment manager and the Plan, investment managers, in general, have the following responsibilities:

- maintain registration as an investment advisor under the Investment Advisers Act of 1940, or be authorized and regulated by another appropriate authority;

- adhere to the policy guidelines contained in this Statement, unless granted an exception in writing;

- invest only in those asset classes, and adhere to the ranges for allocation among those classes, that the Board has stated to be appropriate for that manager's portfolio;

- exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement or in any written exceptions to this Statement;

- strictly comply with all of the provisions of appropriate law as they pertain to the firm's dealings, functions and responsibilities as fiduciaries;

- prudently liquidate assets in the portfolio which cease to be in compliance with this Statement or any written exceptions to this Statement. If in the manager's judgment, it is in Invest529's best interest to not liquidate such an asset promptly, the manager will advise VA529 management of the circumstances and make a recommendation regarding the liquidation of that asset;

- diversify the portfolio unless, under the circumstances, it is clearly prudent to not so diversify;

- ensure that brokers will be selected only on a competitive, best execution basis;

- invest the assets with care, skill, prudence and diligence under circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims;

- provide VA529 Management with a monthly accounting of assets;

- issue a quarterly report to the Board and/or their designees which includes the following information:
  - the market value of account assets as of the last business day of each quarter;
  - the portion of account assets allocated to each investment asset class as of the last business day of each quarter;

- time-weighted rates of return measured net of investment management fees and all expenses or gross of fees (as appropriate) for the current quarter, year-to-date and historical time periods;

average account characteristics and number of holdings as of the last business day of each quarter; and expenses;

- acknowledge in writing the recognition and acceptance of full responsibility as a fiduciary, and the firm's intention to comply with this Statement as it currently exists or as is modified by joint agreement in the future.

Exceptions Allowed

On a case by case basis, the Board may grant the investment manager an exception to the foregoing requirements where such exceptions are deemed appropriate and prudent. Exceptions applicable to each individual investment manager may be included in the manager's investment management agreement with the Plan or in a letter to the manager signed by the CEO of the Plan.

II. ALLOWABLE INVESTMENTS

ALLOWABLE INVESTMENTS

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

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

General Portfolio Diversification

All individually managed portfolios and funds must maintain sufficient diversification among security issuers and market sectors such that the performance of one security or sector will not have an excessive impact on the entire portfolio. Investment mandates will be considered individually as well as collectively to ensure that investment styles, philosophies and investment approaches are complementary.

General Restrictions/Guidelines

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

- Unless granted permission by the Board in writing, investment managers shall not engage in short sales or margin purchases and all accounts shall be free of leverage.

- Unless granted permission by the Board in writing, commodities or commodity contracts are not allowed.
- Derivative securities are prohibited except where specifically permitted in the investment manager agreement, subscription agreement or prospectus. Specific asset classes may be permitted to make use of derivatives consistent with the overall investment guidelines and objectives of that asset class.
- The individual managers are expected to be fully invested at all times, with cash accounting for no more than 10% of the portfolio's market value.

Individual Portfolio Guidelines - Equity

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

Individual Portfolio Guidelines – Fixed Income

- While no specific ranges are required, it is expected that the average duration of the account will be within +/- 20% of the designated benchmark (see Appendix B for the benchmark assigned to each asset class).
- For the Core Fixed Income portfolios, the average quality of the total account should be A- or higher. Only investment grade securities defined as BBB-rated or higher by Standard & Poor's or the equivalent rating by Moody's or Fitch, may be purchased, unless the Board grants specific exceptions in writing. For bonds with split ratings, the higher rating will apply. In cases where securities were purchased and were subsequently downgraded, the manager will immediately notify VA529 Management and outline the course of action anticipated for the security.
- Core Plus Fixed Income portfolios can hold non-investment grade securities and have an overall average quality rating of BBB or higher.
- Securities of any one issuer, with the exception of the U.S. Government and its agencies and instrumentalities, are limited to 5% (at market) of the individual portfolio.

Individual Portfolio Guidelines – Fixed Income, Stable Value

- While no specific ranges are required, it is expected that the average duration of the account will be between two and four years.

- The average quality of the total account should be AA- or higher. Only investment grade securities defined as BBB-rated or higher by Standard & Poor's or the equivalent rating by Moody's or Fitch, may be purchased, unless the Board grants specific exceptions in writing. For bonds with split ratings, the higher rating will apply. In cases where securities were purchased and were subsequently downgraded, the manager will immediately notify VA529 Management and outline the course of action anticipated for the security.
- Securities of any one issuer, with the exception of the U.S. Government and its agencies and instrumentalities, are limited to 5% (at market) of the individual portfolio.
- Stable Value portfolios cannot hold non-dollar denominated securities.

Exceptions Allowed

On a case by case basis, the Board may grant the investment manager a special exception to the foregoing restrictions where such exceptions are deemed appropriate and prudent. Specific guidelines applicable to each individual investment manager may be recorded in the manager's investment management agreement with the Plan or in a letter to the manager signed by the CEO of the Plan.

Commingled Funds, Collective Trusts and Mutual Funds

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

III. Invest529 PROGRAM STRUCTURE

INVESTMENT OPTION STRUCTURE

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

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

In seeking to achieve diversity among the investment options offered, VA529 has established certain criteria to determine the material differences in investment options. The following technical factors should be used to classify and differentiate potential investment options:

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

General Description of Invest529 Investment Options

- **Target Enrollment portfolios** are balanced portfolios created by VA529 using external "best in class" investment management. The allocation of a portfolio evolves over time from a higher projected return/higher risk portfolio to a lower projected return/lower risk portfolio. The portfolio allocations are designed to take into account the beneficiary's current age and number of years before the beneficiary is expected to need funds for higher education expenses, although participants are not required to select the target enrollment portfolio that corresponds to the beneficiary's age. This option is aimed at those investors who desire a third party to manage their asset allocation and investment manager decisions. VA529 creates a new target enrollment portfolio every three years (at the higher end of the established risk/return spectrum). The asset allocations of the target enrollment portfolios will evolve according to the VA529 Rebalancing Policy so that by the end of the third year, the evolution to the next target stage of asset allocation is complete, with the exception of the portfolio which has entered the final transition phase which will evolve to an allocation of 100% to stable value or an equivalent investment over a two-year period.

- **Static portfolios** are comprised of (i) balanced portfolios where the target asset allocation remains fixed and (ii) single asset class portfolios. Balanced portfolios and single asset class portfolios (actively or passively-managed) are provided so that an investor may construct their own custom portfolio.

TARGET ENROLLMENT PORTFOLIOS

Asset Allocation

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

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

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

The asset allocation for each portfolio is provided in the Appendix.

Rebalancing

Rebalancing will occur as needed according to the VA529 Rebalancing Policy. This provides for a smooth transition on the glide path towards the next target asset allocation stage. VA529 staff certifies and reports to management on a monthly basis whether portfolio components are properly balanced according to asset allocation parameters.

Portfolio Structure of Target Enrollment Portfolios

The Board may select a range of investment managers to manage the assets of the target enrollment portfolios. Both active and passive strategies can be used as can a variety of investment styles (value, growth, core).

A portfolio structure analysis to determine the percentage of assets allocated to active or passive managers, and to investment styles, will be conducted every five years.

Currently, the following investment strategies are used in these portfolios.

- Stable value (actively-managed)
- U.S. core fixed income (passively-managed)
- U.S. high yield fixed income (actively-managed)
- U.S. large cap equity (passively-managed)
- U.S. small cap equity (passively-managed)
- International equity (actively-managed)
- Emerging markets equity (actively-managed)
- Emerging markets fixed income (actively-managed)
- U.S. Real Estate (passively-managed)
- Private Real Estate (actively-managed)

The benchmarks and peer groups used to measure performance are provided in Appendix B.

ACTIVELY MANAGED BALANCED PORTFOLIOS

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

Currently, the following investment strategies are used in these portfolios.

- Stable value (actively-managed)
- U.S. core fixed income (passively-managed)
- U.S. high yield fixed income (actively-managed)
- U.S. large cap equity (passively-managed)
- U.S. small cap equity (passively-managed)
- International equity (actively-managed)
- Global small cap equity (actively-managed)
- Emerging markets equity (actively-managed)
- Emerging markets fixed income (actively-managed)
- U.S. Real Estate (passively-managed)
- Private Real Estate (actively-managed)

The benchmarks and peer groups used to measure performance are provided in Appendix B.

PASSIVELY MANAGED BALANCED PORTFOLIOS

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

At a minimum, the following risk-based portfolios will be offered:

- Aggressive Growth (equity allocation greater than 70%)
- Moderate Growth (equity allocation between 40% and 70%)
- Conservative Income (equity allocation less than 40%)

Currently, the following investment strategies are used in these portfolios.

- U.S. core fixed income (passively-managed)
- International fixed income (passively-managed)
- U.S. broad market equity (passively-managed)
- International equity (passively-managed)

STATIC SINGLE ASSET CLASS PORTFOLIOS

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

At a minimum, portfolios providing the ability to invest in the following asset classes are to be provided:

- U.S. Equity
- International Equity
- U.S. Investment Grade Fixed Income

Currently, the following investment strategies are used in these portfolios.

- U.S. core fixed income (passively-managed)
- U.S. Treasury inflation–protected securities (actively-managed)
- U.S. broad market equity (passively-managed)
- International equity (passively-managed)
- U.S. Real Estate (passively-managed)
- ESG core equity fund (actively-managed)

- FDIC-Insured Account
- Stable value (actively-managed)

IV. INVESTMENT MANAGER SELECTION, MONITORING AND TERMINATION

BACKGROUND

The Board reserves the right to add, delete or replace investment managers based upon inability to meet performance guidelines outlined in this policy or other factors affecting the continuing viability of the portfolio. Either separately managed portfolios, commingled funds or mutual funds may be used in Invest529. The Board has delegated to the Staff of VA529, principally the CEO and Investment Director, the authority to select, contract, hire, and terminate individual investment managers that satisfy the requirements of the Board approved investment lineup.

SELECTION – GENERAL CRITERIA

When selecting funds for Invest529, the following six broad categories should be considered:

- Economies of Scale
- Diversification
- Transparency
- Organizational Strength
- Performance Consistency
- Risk/ Reward

The following *basic* selection criteria are to be used when selecting a new investment manager or when selecting a replacement manager for an existing asset class. These criteria have been classified according to the categories listed above.

<u>Economies of Scale</u>

- Have at least $500 million in assets under management.
- Have a reasonable expense ratio or fees compared to other vehicles within an appropriate peer group

<u>Diversification</u>

- No more than 10% of the portfolio may be invested in any one company valued at market. Likewise, appropriate risk controls may be outlined in each investment manager agreement with respect to sector and industry weightings relative to an appropriate benchmark.

<u>Transparency</u>

- Employ an investment process that is well defined.
- Invest in securities consistent with the vehicle's strategy[2].
- Agree to meet all other requirements set forth in this Statement. However, all mutual funds, collective trusts, and similar commingled fund vehicles included in Invest529 will also be subject to the investment guidelines as set forth in their prospectuses, or applicable offering documents.

<u>Organizational Strength</u>

- Be supported by qualified personnel and appropriate resources.

<u>Performance Consistency</u>

[2] For instance, large cap growth vehicles should primarily focus on large cap stocks with growth-oriented characteristics.

- Have a minimum of 3 years of verifiable investment performance information[3].
- Have competitive returns versus an appropriate benchmark index and peer group.

Risk/ Reward

- Have acceptable volatility relative to an appropriate benchmark index. Greater volatility than the benchmark should be commensurate with a higher return.

COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

Sustainable Investment

Environmental, social and governance (ESG) issues may pose risks and opportunities for portfolios, portfolio companies and real assets and impact investment risks and returns. In addition, some participants may also have strong views on aligning their investments with their personal values and seek to explicitly utilize ESG criteria when making investment decisions. The Investment Advisory Committee may consider ESG issues when selecting certain Investment Options.

Investment Options

Investment Options that explicitly utilize ESG criteria to make investment decisions may be selected for Invest529 if they meet the Committee's selection criteria.

Options that explicitly utilize ESG criteria should be evaluated according to the appropriate benchmark and universe for the asset class as stipulated in Appendix B. Participants should be given the opportunity to invest in options which provide a diversified investment portfolio within the structure and objectives of Invest529.

Assessing the ESG Credentials of Investment Managers

Where appropriate based on the investment option, investment managers should integrate ESG factors as part of their investment analysis and decision-making process. An assessment of how managers are integrating ESG issues over time and compared to peers can be done in a number of ways, including:

- Assessing an Investment Manager's level of ESG integration into its investment processes
- Assessing the ESG quality of an Investment Manager's portfolio holdings

Such assessments may be relevant to both manager selection and monitoring processes and may be performed by the consultant.

[3] Vehicles with less than 3 years of history may be tactical or opportunities investments where strategies often close quickly due to liquidity constraints.

INVESTMENT MANAGER SEARCHES – COMMITMENT TO DIVERSITY

The Board is committed to seeking diversity in the ownership, management, and staffing of firms with which the Plan does business, including investment managers. Accordingly, whenever a manager search is directed by the Plan, the Plan will include in its research report information on the ownership structure of each firm and publicly available data on ownership by women and minorities. In addition, if managers are interviewed by the Committee, each candidate should include in their respective presentation a discussion of the candidate's overall commitment to diversity and a review of the distribution in each level of the organization by gender and ethnicity in order to obtain information on the firm's diversity. Other information may be provided at the candidate's discretion to demonstrate their firm's commitment. Such information shall be considered in evaluating potential investment managers, with the primary criteria remaining those outlined under General Criteria above, in accordance with the fiduciary obligations of the Board.

PERFORMANCE MONITORING

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

Measurement Period	***Benchmark Comparison***	***Peer Group Comparison***
Multiple rolling 3-year periods	• The total rate of return should exceed the return of the benchmark index over most rolling periods.[4]	• The total rate of return should exceed the median return of the fund's peer group over most rolling periods.[4]

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

[4] Measured over the latest 12 quarters available for review.

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

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

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

Watch List Status & Termination

If an investment manager fails to meet the minimum standards of investment performance outlined in this document, staff has the discretion to place the manager on a 'watch list' for up to a year. The following are some examples of reasons for termination or placing an investment manager on the watch list:

- significant change in portfolio management, ownership or control;
- significant change in portfolio management style;
- substantive change in portfolio turnover; and
- continued performance shortfalls versus the peer group or benchmark.

Reasons for termination without a probationary period may include, but are not limited to:

- any violation of SEC, or other applicable authority, rules or regulations, as well as any other important and appropriate statutory regulatory requirements;
- operational difficulties concerning fund transfers or pricing;
- substantial and consistent deviation from the characteristics of its investment category; and
- failure to adhere to guidelines in this Statement or in the investment management agreement.

By the end of the watch list period, staff will evaluate the investment manager and determine whether:

- the investment manager remains on the watch list for an additional specified period of time;
- the investment manager is removed from the watch list; or
- the investment manager is terminated.

V. SUPPLEMENTAL ITEMS

PROXY VOTING

Proxies will be voted for the benefit of the Plan and in accordance with the ESG Framework.

Proposals Related to Funds and other Securities

The Board may delegate the voting of proxies to others (e.g., the Investment Advisory Committee, appropriate VA529 Management, the investment managers or a qualified third party). In addition, the Board may require periodic reporting of the proxy voting activity by any person to whom such power has been delegated.

If a qualified third party is retained to manage the proxy voting activities for VA529, a review of the guidelines used to vote proxies will be conducted annually by VA529 Management. In addition, the third party will provide reports every calendar quarter to appropriate VA529 Management as to the proxies voted.

SECURITIES LENDING

Securities lending is not allowed in the separate accounts in Invest529, unless specifically approved by the Board. However, some of the investment vehicles, such as mutual funds, collective trusts, and similar commingled fund vehicles may engage in securities lending if so allowed by their prospectus or applicable offering documents.

ACCEPTANCE AND ADOPTION

The Board of the Virginia College Savings Plan has approved and adopted this restated Statement of Investment Policy and Guidelines as of August 23, 2023.

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APPENDIX A: ASSET ALLOCATION

The table below outlines the initial allocation of assets for the target enrollment portfolios as of January 1 of each of the below referenced years.

	Initial Target Allocation as of							
Invest529 Portfolio	January 2021	January 2024	January 2027	January 2030	January 2033	January 2036	January 2039	January 2042
2042 Portfolio Ages 0-3	85.80% Stock 14.20% Fixed Income	85.80% Stock 14.20% Fixed Income	77.13% Stock 22.87% Fixed Income	67.03% Stock 32.97% Fixed Income	55.53% Stock 44.47% Fixed Income	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income
2039 Portfolio Ages 0-3	85.80% Stock 14.20% Fixed Income	77.13% Stock 22.87% Fixed Income	67.03% Stock 32.97% Fixed Income	55.53% Stock 44.47% Fixed Income	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income	
2036 Portfolio Ages 4-6	77.13% Stock 22.87% Fixed Income	67.03% Stock 32.97% Fixed Income	55.53% Stock 44.47% Fixed Income	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income		
2033 Portfolio Ages 7-9	67.03% Stock 32.97% Fixed Income	55.53% Stock 44.47% Fixed Income	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income			
2030 Portfolio Ages 10-12	55.53% Stock 44.47% Fixed Income	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income				
2027 Portfolio Ages 13-15	43.33% Stock 56.67% Fixed Income	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income					
2024 Portfolio Ages 16-18	22.77% Stock 77.23% Fixed Income	0% Stock 100% Fixed Income						

APPENDIX B: BENCHMARKS & PEER GROUPS

The table below outlines the target benchmarks and peer groups for the Invest529 portfolios. The table uses the target allocations as of January 1, 2023.

Portfolio	Category	Benchmark	Peer Group
85.80% Equity / 14.20% Fixed Income	Target Enrollment Portfolios	31.50% S&P 500 / 3.50% CRSP US Small Cap Index / 12.85% MSCI ACWI ex US / 12.85% MSCI EAFE / 9.30% MSCI Emerging Markets / 15.80% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 4.60% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 4.60% JP Morgan Emerging Bond Market Index Global Diversified / 2.50% Bloomberg Barclays U.S. Aggregate Float Adjusted / 2.50% 3-Month T-Bills + 100 basis points	
80.00% Equity / 20.00% Fixed Income	Target Enrollment Portfolios	29.25% S&P 500 / 3.25% CRSP US Small Cap Index / 11.90% MSCI ACWI ex US / 11.90% MSCI EAFE / 8.70% MSCI Emerging Markets / 15% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 5% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 5% JP Morgan Emerging Bond Market Index Global Diversified / 4.20% Bloomberg Barclays U.S. Aggregate Float Adjusted / 5.80% 3-Month T-Bills + 100 basis points	NA
71.40% Equity / 28.60% Fixed Income	Target Enrollment Portfolios	27.10% S&P 500 / 3% CRSP US Small Cap Index / 11.05% MSCI ACWI ex US / 11.05% MSCI EAFE / 8% MSCI Emerging Markets / 11.20% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 6.10% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 7.50% JP Morgan Emerging Bond Market Index Global Diversified / 2.50% Bloomberg Barclays U.S. Aggregate Float Adjusted / 12.50% 3-Month T-Bills + 100 basis points	NA
58.30% Equity / 41.70% Fixed Income	Target Enrollment Portfolios	22.05% S&P 500 / 2.45% CRSP US Small Cap Index / 9% MSCI ACWI ex US / 9% MSCI EAFE / 6.50% MSCI Emerging Markets / 9.30% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 6.70% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 6.60% Bloomberg Barclays U.S. Aggregate Float Adjusted / 18.40% 3-Month T-Bills + 100 basis points	NA
50.00% Equity / 50.00% Fixed Income	Target Enrollment Portfolios	19.50% S&P 500 / 2.20% CRSP US Small Cap Index/ 8% MSCI ACWI ex US / 8% MSCI EAFE / 5.80% MSCI Emerging Markets / 6.50% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 5% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 10% Bloomberg Barclays U.S. Aggregate Float Adjusted / 25% 3-Month T-Bills + 100 basis points	NA
30.00% Equity / 70.00% Fixed Income	Target Enrollment Portfolios	11.25% S&P 500 / 1.25% CRSP US Small Cap Index / 4.60% MSCI ACWI ex US / 4.60% MSCI EAFE / 3.30% MSCI Emerging Markets / 5% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 5% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 19.10% Bloomberg Barclays U.S. Aggregate Float Adjusted / 35.90% 3-Month T-Bills + 100 basis points	NA
8.30% Equity / 91.70% Fixed Income	Target Enrollment Portfolios	3% S&P 500 / 0.30% CRSP US Small Cap Index / 1.20% MSCI ACWI ex US / 1.20% MSCI EAFE / 0.90% MSCI Emerging Markets / 1.70% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 5% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 20% Bloomberg Barclays U.S. Aggregate Float Adjusted / 56.70% 3-Month T-Bills + 100 basis points	NA

100% Fixed Income (Transition)	Target Enrollment Portfolios	100% 3-Month T-Bills + 100 basis points	NA
100% Fixed Income (Stable Value)	Static, Single Asset Class Portfolio	100% 3-Month T-Bills + 100 basis points	NA

APPENDIX B: BENCHMARKS & PEER GROUPS (CONTINUED)

Portfolio	Category	Benchmark	Peer Group
Conservative Portfolio	Static, Balanced	56% Bloomberg Barclays U.S. Aggregate Float Adjusted / 12% CRSP US Total Market / 8% FTSE Global All Cap ex US / 24% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped	NA
Moderate Portfolio	Static, Balanced	36% CRSP US Total Market / 28% Bloomberg Barclays U.S. Aggregate Float Adjusted / 12% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped / 24% FTSE Global All Cap ex US	NA
Aggressive Portfolio	Static, Balanced	48% CRSP US Total Market / 14% Bloomberg Barclays U.S. Aggregate Float Adjusted / 6% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped / 32% FTSE Global All Cap ex US	NA
Total Stock Index Portfolio	Static, Single Asset Class Portfolio	CRSP US Total Market Index	NA
Total Bond Index Portfolio	Static, Single Asset Class Portfolio	Bloomberg Barclays U.S. Aggregate Float Adjusted Index	NA
International Stock Index Portfolio	Static, Single Asset Class Portfolio	FTSE Global All Cap ex US Index	NA
Inflation Protected Securities Portfolio	Static, Single Asset Class Portfolio	Bloomberg Barclays Capital US Treasury Inflation Protected Index	NA
REIT Index Portfolio	Static, Single Asset Class Portfolio	MSCI US Investable Market Real Estate 25/50 Index	NA
FDIC-Insured Savings Account	Static, Single Asset Class Portfolio	Federal Reserve Bank of New York Overnight Bank Funding Rate less 50 basis points	NA
ESG Core Equity Portfolio	Static, Single Asset Class Portfolio	S&P 500	NA
Global Equity Portfolio	Static, Equity	50% CRSP US Total Market / 20% MSCI ACWI ex US / 20% MSCI EAFE / 10% MSCI ACWI Small Cap	NA
Active Conservative Portfolio	Static, Balanced	8.5% S&P 500 / 0.93% CRSP US Small Cap Index/ 3.47% MSCI ACWI ex US / 3.47% MSCI EAFE / 2.5% MSCI Emerging Markets / 3.9% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 5% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 19.4% Bloomberg Barclays U.S. Aggregate Float Adjusted / 42.83% 3-Month T-Bills + 100 basis points	NA

Active Moderate Portfolio	Static, Balanced	21.2% S&P 500 / 2.37% CRSP US Small Cap Index/ 8.67% MSCI ACWI ex US / 8.67% MSCI EAFE / 6.26% MSCI Emerging Markets / 8.37% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 6.13% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 10% JP Morgan Emerging Bond Market Index Global Diversified / 7.73% Bloomberg Barclays U.S. Aggregate Float Adjusted / 20.6% 3-Month T-Bills + 100 basis points	NA
Active Aggressive Portfolio	Static, Balanced	31.5% S&P 500 / 3.5% CRSP US Small Cap Index / 12.85% MSCI ACWI ex US / 12.85% MSCI EAFE / 9.3% MSCI Emerging Markets / 15.8% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 4.6% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 4.6% JP Morgan Emerging Bond Market Index Global Diversified / 2.5% Bloomberg Barclays U.S. Aggregate Float Adjusted / 2.5% 3-Month T-Bills + 100 basis points	NA

APPENDIX B: BENCHMARKS & PEER GROUPS (CONTINUED)

Asset Class	Benchmark	Peer Group
Stable Value	3-Month T-Bills + 100bps	Stable Value Funds
U.S. Core Fixed Income/Passively-Managed	Bloomberg Barclays U.S. Aggregate Float Adjusted Index	NA
U.S. Large Cap Equity/Passively-Managed	S&P 500 Index	NA
U.S. Small Cap Equity/Passively-Managed	CRSP US Small Cap Index	NA
Emerging Markets Debt/Actively-Managed	JP Morgan EMBI Global Diversified	Emerging Markets Debt Mutual Funds
Emerging Markets Equity/Actively-Managed	MSCI Emerging Markets Index	Emerging Markets Equity Mutual Funds
U.S. High Yield Fixed Income/Actively-Managed	Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index	U.S. High Yield Fixed Income Managers
Private Real Estate/Actively-Managed	NCREIF NFI ODCE / MSCI US IM RE 25/50	Private Real Estate
International Equity/Actively-Managed	MSCI ACWI ex US	International Equity Mutual Funds
Global Small Cap Equity	MSCI All Country World Small Cap Index	Global Small Cap Equity Mutual Funds

Virginia College Savings Plan Statement of Investment Policy and Guidelines For

Virginia529 ABLEnow[SM]

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I. PURPOSE & RESPONSIBILITIES

PURPOSE

The purpose of this Statement of Investment Policy and Guidelines ("Statement") is to identify a set of investment objectives, guidelines and performance standards for Virginia529 ABLEnow ("ABLEnow"). This Statement represents the formal investment policy document for ABLEnow and is to be communicated to the investment managers for their use in developing an appropriate investment portfolio. This document will also be used by the Board as the basis for future investment management decisions, measurement, and evaluation of investment performance of ABLEnow.

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

RESPONSIBILITIES

Board

Pursuant to § 23.1-704 of the Code of Virginia ("Code"), the Board shall administer the Virginia College Savings Plan ("VA529" or the "Plan") and shall develop and implement a program for contributions to ABLE savings trust accounts established pursuant to this chapter on behalf of a qualified beneficiary in order to apply distributions from the account toward qualified disability expenses for an eligible individual, as both such terms are defined in § 529A of the Internal Revenue Code of 1986, as amended, or other applicable federal law. In addition, pursuant to § 23.1-704 of the Code, the Board shall invest moneys in the Plan in any instruments, obligations, securities, or property deemed appropriate by the Board.

The Board is authorized to delegate certain responsibilities to qualified agents to assist them in properly meeting the overall Board responsibilities as outlined above. Specifically, the Board relies on the advice, guidance and actions of VA529 Management, the Investment Advisory Committee, third party administrator, investment managers, an investment consultant and legal counsel to perform various functions. The various roles and duties of each are further described below.

VA529 Management

VA529 Management, comprised of the Chief Executive Officer ("CEO") and such other senior officers as may be appointed by the CEO, shall implement decisions approved by the Board and/or Investment Advisory Committee unless otherwise specifically provided by the Board or the Investment Advisory Committee. VA529 Management shall (i) appoint a third party administrator (ii) oversee the development, structure, evaluation and implementation of ABLEnow's strategic goals and objectives and (iii) with the assistance of the Investment Advisory Committee appointed by the Board, and by investment consultants, direct and manage ABLEnow's assets and programs, and (iv) report periodically and as requested to the Board.

Investment Advisory Committee

According to § 23.1-702 of the Code, the Board of VA529 shall appoint an Investment Advisory Committee ("Committee"), the purpose of which is to assist the Board in fulfilling its fiduciary duty as trustee of VA529's funds and to assist VA529 Management in directing, managing, and administering VA529's assets, and to provide the Board with sophisticated, objective and prudent investment advice and direction on all matters related to the management of investments, within the parameters set by the Statement, as it may be amended from time to time. While this Statement refers to the responsibilities and duties of the Board, some of these responsibilities and duties may be delegated to the Committee via the Committee Charter[1].

The Committee shall be comprised and administered in accordance with the Committee Charter, as it may be amended from time to time by the Board. The Committee shall review VA529's investments and is authorized to make decisions with regard to investment managers. The Committee is further authorized to take any additional action specifically authorized in other Board actions. Recommendations are not binding upon the Board.

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

Third Party Administrator

The Plan shall contract on behalf of the Board with a third party administrator which shall have a level of experience and expertise in providing services as required to administer ABLEnow. The administrator shall act as a fiduciary in the administration of the ABLEnow accounts utilizing appropriate internal controls to insure the safety of the assets from such things as fraud, collusion, loss, diversion, etc. While the specific duties and responsibilities of the Plan's administrator are contained in the contractual agreement between the administrator and the Plan, the administrator, in general, has the following responsibilities:

- to handle all income, cash transactions, interest received, and other necessary activities;
- hold or contract with a custodian to hold all securities on behalf of ABLEnow and only transact with regard to ABLEnow investment options upon proper instruction from those authorized to provide such instruction or direction;

[1] The Committee Charter of the Virginia College Savings Plan Investment Advisory Committee was revised by the Board on August 24, 2017.

- safekeep or contract for the safekeeping all ABLEnow assets including securities, cash and cash equivalents; and

- provide monthly transaction accounting on security holdings with reports provided to the appropriate VA529 Management in a timely manner.

- provide VA529 Management with a monthly accounting of assets;

- issue a quarterly report to the Board and/or their designees which includes the following information:
  - the market value of account assets as of the last business day of each quarter;
  - the portion of account assets allocated to each investment asset class as of the last business day of each quarter;
  - time-weighted rates of return measured net of investment management fees and all expenses or gross of fees (as appropriate) for the current quarter, year-to-date and historical time periods;
  - average account characteristics and number of holdings as of the last business day of each quarter; and expenses.

<u>Investment Consultant</u>

While the specific duties and responsibilities of the Plan's investment consultant are contained in the contractual agreement between the investment consultant and the Plan, the consultant, in general, has the following responsibilities and will assist the Board and Committee with the following functions:

- provide evaluation of the investment results achieved by the designated investment managers in light of the investment guidelines and performance standards contained in this Statement;

- make recommendations to the Board of appropriate actions to be considered which, in the consultant's opinion, will enhance the probability of achieving overall investment program objectives. Such recommendations may include, but are not limited to:

  – use of alternate asset strategies or asset classes;
  – changes in overall investment policy;
  – changes in designated investment managers;

- provide assistance to the Board and/or Committee in screening and selecting investment managers, as appropriate; and

- at a minimum, meet with the Committee and Board every quarter.

Legal Counsel

The VA529 General Counsel shall advise and represent the Board in all matters requiring legal insight and advice. VA529 Management, in consultation with the General Counsel, shall utilize the services of outside counsel and/or the Office of the Attorney General as such services may be required from time to time.

Investment Managers

While the specific duties and responsibilities of the Plan's investment managers are contained in each contractual agreement between the designated investment manager and the third party administrator, investment managers, in general, have the following responsibilities:

- maintain registration as an investment advisor under the Investment Advisers Act of 1940, or be authorized and regulated by another appropriate authority;
- adhere to the policy guidelines contained in this Statement, unless granted an exception in writing;
- invest only in those asset classes, and adhere to the ranges for allocation among those classes, that the Board has stated to be appropriate for that manager's portfolio;
- exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement or in any written exceptions to this Statement;
- strictly comply with all of the provisions of appropriate law as they pertain to the firm's dealings, functions and responsibilities as fiduciaries;
- prudently liquidate assets in the portfolio which cease to be in compliance with this Statement or any written exceptions to this Statement. If in the manager's judgment, it is in ABLEnow's best interest to not liquidate such an asset promptly, the manager will advise VA529 management of the circumstances and make a recommendation regarding the liquidation of that asset;
- diversify the portfolio unless, under the circumstances, it is clearly prudent to not so diversify;
- ensure that brokers will be selected only on a competitive, best execution basis;
- invest the assets with care, skill, prudence and diligence under circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims;

- acknowledge in writing the recognition and acceptance of full responsibility as a fiduciary, and the firm's intention to comply with this Statement as it currently exists or as is modified by joint agreement in the future.

II. ALLOWABLE INVESTMENTS

ALLOWABLE INVESTMENTS

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

- Debentures and other corporate obligations of foreign or domestic corporations;

- Common or preferred stocks traded on foreign or domestic stock exchanges;

- Not less than all of the stock or 100 percent ownership of a corporation or other entity organized by the Board under the laws of the Commonwealth for the purpose of acquiring and retaining real property that the Board is authorized to acquire and retain;

- Unregistered securities, often referred to as letter stock or private placements, including limited partnerships and 144A securities;

- Securities of any open-end or closed-end management type investment company or investment trust registered under the federal Investment Company Act of 1940, as amended, including such investment companies or investment trusts which, in turn, invest in the securities of such investment companies or investment trusts. Also permitted are pooled investments, including collective trusts and similar commingled fund vehicles, which may be used as an alternative to a mutual fund investment;

- Bonds, notes or other obligations of the Commonwealth or its agencies and instrumentalities.

<u>Commingled Funds, Collective Trusts and Mutual Funds</u>

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

III. ABLEnow PROGRAM STRUCTURE

INVESTMENT OPTION STRUCTURE

The Virginia529 ABLEnow offers individual tax-advantaged Internal Revenue Code Section 529A disability savings accounts with a variety of investment options from which a participant may choose. The Board determines the investment options to be offered in ABLEnow. The risk of investment losses in ABLEnow accounts rests with the participant. The primary investment objectives of ABLEnow are to offer a set of investment options that:

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

In seeking to achieve diversity among the investment options offered, VA529 has established certain criteria to determine the material differences in investment options. The following technical factors should be used to classify and differentiate potential investment options:

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

ABLEnow Investment Options

- **Static passively-managed balanced portfolios** are comprised of balanced portfolios where the target asset allocation remains fixed.
- **Money market portfolio** that invests primarily in high-quality, short-term money market instruments. The money market portfolio shall also serve as the default investment option for ABLEnow account owners who do not select an investment option.

STATIC PASSIVELY-MANAGED BALANCED PORTFOLIOS

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

At a minimum, the following risk-based portfolios will be offered:

- Aggressive Growth (equity allocation greater than 70%)
- Moderate Growth (equity allocation between 40% and 70%)
- Conservative Income (equity allocation less than 40%)

Currently, the following investment strategies are used in these portfolios.

- Aggressive Growth - mutual fund seeking long-term capital appreciation through a fund of funds structure with a balanced allocation of 80% stocks and 20% bonds. Fund is 100% indexed.
- Moderate Growth - mutual fund seeking capital appreciation and a reasonable level of current income through a fund of funds structure with a balanced allocation of 60% stocks and 40% bonds. Fund is 100% indexed.
- Conservative Income - mutual fund seeking current income through a fund of funds structure with a balanced allocation: 20% stocks, 60% bonds, and 20% short-term reserves. Fund is 100% indexed.

MONEY MARKET PORTFOLIO

The money market portfolio seeks to provide current income and preserve the principal investment by maintaining a share price of $1. The portfolio invests in short-term money market instruments, which may include short-term securities issued by the U.S. government and its agencies and instrumentalities.

IV. INVESTMENT MANAGER SELECTION, MONITORING AND TERMINATION

BACKGROUND

The Board reserves the right to add, delete or replace investment managers based upon inability to meet performance guidelines outlined in this policy or other factors affecting the continuing viability of the portfolio. Either separately managed portfolios, commingled funds or mutual funds may be used in ABLEnow. The Board has delegated to the Staff of VA529, principally the CEO and Investment Director, the authority to select, contract, hire, and terminate individual investment managers that satisfy the requirements of the Board approved investment lineup.

SELECTION – GENERAL CRITERIA

When selecting funds for ABLEnow, the following six broad categories should be considered:

- Economies of Scale
- Diversification
- Transparency
- Organizational Strength
- Performance Consistency
- Risk/ Reward

The following *basic* selection criteria are to be used when selecting a new investment manager to be added to ABLEnow or when selecting a replacement manager for an existing asset class. These criteria have been classified according to the categories listed above.

Economies of Scale

- Have at least $500 million in assets under management.
- Have a reasonable expense ratio or fees compared to other vehicles within an appropriate peer group

Diversification

- No more than 10% of the portfolio may be invested in any one company valued at market. Likewise, appropriate risk controls may be outlined in each investment manager agreement with respect to sector and industry weightings relative to an appropriate benchmark.

Transparency

- Employ an investment process that is well defined.
- Invest in securities consistent with the vehicle's strategy[2].
- Agree to meet all other requirements set forth in this Statement. However, all mutual funds, collective trusts, and similar commingled fund vehicles included in ABLEnow will also be subject to the investment guidelines as set forth in their prospectuses, or applicable offering documents.

Organizational Strength

- Be supported by qualified personnel and appropriate resources.

[2] For instance, large cap growth vehicles should primarily focus on large cap stocks with growth-oriented characteristics.

Performance Consistency

- Have a minimum of 3 years of verifiable investment performance information[3].
- Have competitive returns versus an appropriate benchmark index and peer group.

Risk/ Reward

- Have acceptable volatility relative to an appropriate benchmark index. Greater volatility than the benchmark should be commensurate with a higher return.

COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

Sustainable Investment

Environmental, social and governance (ESG) issues may pose risks and opportunities for portfolios, portfolio companies and real assets and impact investment risks and returns. In addition, some participants may also have strong views on aligning their investments with their personal values and seek to explicitly utilize ESG criteria when making investment decisions. The Investment Advisory Committee may consider ESG issues when selecting certain Investment Options.

Investment Options

Investment Options that explicitly utilize ESG criteria to make investment decisions may be selected for ABLEnow if they meet the Committee's selection criteria.

Options that explicitly utilize ESG criteria should be evaluated according to the appropriate benchmark and universe for the asset class as stipulated in Appendix A. Participants should be given the opportunity to invest in options which provide a diversified investment portfolio within the structure and objectives of ABLEnow.

Assessing the ESG Credentials of Investment Managers

Where appropriate based on the investment option, investment managers should integrate ESG factors as part of their investment analysis and decision-making process. An assessment of how managers are integrating ESG issues over time and compared to peers can be done in a number of ways, including:

- Assessing an Investment Manager's level of ESG integration into its investment processes
- Assessing the ESG quality of an Investment Manager's portfolio holdings

Such assessments may be relevant to both manager selection and monitoring processes and may be performed by the consultant.

[3] Vehicles with less than 3 years of history may be tactical or opportunities investments where strategies often close quickly due to liquidity constraints.

INVESTMENT MANAGER SEARCHES – COMMITMENT TO DIVERSITY

The Board is committed to seeking diversity in the ownership, management, and staffing of firms with which the Plan does business, including investment managers. Accordingly, whenever a manager search is directed by the Plan, the Plan will include in its research report information on the ownership structure of each firm and publicly available data on ownership by women and minorities. In addition, if managers are interviewed by the Committee, each candidate should include in their respective presentation a discussion of the candidate's overall commitment to diversity and a review of the distribution in each level of the organization by gender and ethnicity in order to obtain information on the firm's diversity. Other information may be provided at the candidate's discretion to demonstrate their firm's commitment. Such information shall be considered in evaluating potential investment managers, with the primary criteria remaining those outlined under General Criteria above, in accordance with the fiduciary obligations of the Board.

PERFORMANCE MONITORING

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

Measurement Period	***Benchmark Comparison***	***Peer Group Comparison***
Multiple rolling 3-year periods	• The total rate of return should exceed the return of the benchmark index over most rolling periods.[4]	• The total rate of return should exceed the median return of the fund's peer group over most rolling periods.[4]

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

[4] Measured over the latest 12 quarters available for review.

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

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

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

Watch List Status & Termination

If an investment manager fails to meet the minimum standards of investment performance outlined in this document, staff has the discretion to place the manager on a 'watch list' for up to one year. The following are some examples of reasons for termination or placing an investment manager on the watch list:

- significant change in portfolio management, ownership or control;
- significant change in portfolio management style;
- substantive change in portfolio turnover; and
- continued performance shortfalls versus the peer group or benchmark.

Reasons for termination without a probationary period may include, but are not limited to:

- any violation of SEC, or other applicable authority, rules or regulations, as well as any other important and appropriate statutory regulatory requirements;
- operational difficulties concerning fund transfers or pricing;
- substantial and consistent deviation from the characteristics of its investment category; and
- failure to adhere to guidelines in this Statement or in the investment management agreement.

By the end of the watch list period, staff will evaluate the investment manager and determine whether:

- the investment manager remains on the watch list for an additional specified period of time;
- the investment manager is removed from the watch list; or
- the investment manager is terminated.

V. SUPPLEMENTAL ITEMS

PROXY VOTING

Proxies will be voted for the benefit of the Plan and in accordance with the ESG Framework.

Proposals Related to Funds and other Securities

The Board may delegate the voting of proxies to others (e.g., the Investment Advisory Committee, appropriate VA529 Management, the investment managers or a qualified third party). In addition, the Board may require periodic reporting of the proxy voting activity by any person to whom such power has been delegated.

If a qualified third party is retained to manage the proxy voting activities for VA529, a review of the guidelines used to vote proxies will be conducted annually by VA529 Management. In addition, the third party will provide reports every calendar quarter to appropriate VA529 Management as to the proxies voted.

ACCEPTANCE AND ADOPTION

The Board of the Virginia College Savings Plan has approved and adopted this restated Statement of Investment Policy and Guidelines as of August 23, 2023.

APPENDIX A: BENCHMARKS

The table below outlines the target benchmarks for the ABLEnow portfolios.

Manager/Portfolio	Category	Benchmark
Conservative Income Portfolio	Static, Balanced	56% Bloomberg U.S. Aggregate Float Adjusted Index / 24% Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index / 12% CRSP US Total Market Index / 8% FTSE Global All Cap ex US Index
Moderate Growth Portfolio	Static, Balanced	36% CRSP US Total Market Index / 28% Bloomberg U.S. Aggregate Float Adjusted Index / 24% FTSE Global All Cap ex US Index / 12% Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index
Aggressive Growth Portfolio	Static, Balanced	48% CRSP US Total Market Index / 32% FTSE Global All Cap ex US Index / 14% Bloomberg U.S. Aggregate Float Adjusted Index / 6% Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index
Money Market Portfolio	Static, Balanced	Citigroup 3-Month Treasury Bill Index

Virginia College Savings Plan Statement of Investment Policy and Guidelines For

RetirePath

Virginia's State-Facilitated Private Retirement Program

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I. PURPOSE & RESPONSIBILITIES

PURPOSE

The purpose of this Statement of Investment Policy and Guidelines ("Statement") is to identify a set of investment objectives, guidelines and performance standards for the Virginia529 State-Facilitated Private Retirement Program ("Private Retirement Program"). This Statement represents the formal investment policy document for Private Retirement and is to be communicated to the investment managers for their use in developing an appropriateinvestment portfolio. This document will also be used by the Board as the basis for future investment management decisions, measurement, and evaluation of investment performance of the Private Retirement Program.

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

RESPONSIBILITIES

Board

Pursuant to § 23.1-701 of the Code of Virginia ("Code"), the Board shall administer the Virginia College Savings Plan ("VA529" or the "Plan") and shall develop and implement the Private Retirement Program as a state-facilitated IRA savings program for private-sector workers to promote greater voluntary retirement savings in a convenient and portable manner in accordance with this chapter. In addition, pursuant to § 23.1-704 of the Code, the Board shall invest moneys in the Plan in any instruments, obligations, securities, or property deemed appropriate by the Board.

The Board is authorized to delegate certain responsibilities to qualified agents to assist them in properly meeting the overall Board responsibilities as outlined above. Specifically, the Board relies on the advice, guidance and actions of VA529 Management, the Investment Advisory Committee, an administrator, investment managers, an investment consultant and legal counsel to perform various functions. The various roles and duties of each are further described below.

VA529 Management

VA529 Management, comprised of the Chief Executive Officer ("CEO") and such other senior officers as may be appointed by the CEO, shall implement decisions approved by the Board and/or Investment Advisory Committee unless otherwise specifically provided by the Board or the Investment Advisory Committee. VA529 Management shall (i) oversee the development, structure, evaluation and implementation of the Private Retirement Program's strategic goals and objectives and (ii) with the assistance of the Investment Advisory Committee appointed by the Board, and by investment consultants, direct, manage and administer the Private Retirement Program's assets and programs, and (iii) report periodically and as requested to the Board.

Investment Advisory Committee

According to § 23.1-702 of the Code, the Board of VA529 shall appoint an Investment Advisory Committee ("Committee"), the purpose of which is to assist the Board in fulfilling its fiduciary duty as trustee of VA529's funds and to assist VA529 Management in directing, managing, and administering VA529's assets, and to provide the Board with sophisticated, objective and prudent investment advice and direction on all matters related to the management of investments, within the parameters set by the Statement, as it may be amended from time to time. While this Statement refers to the responsibilities and duties of the Board, some of these responsibilities and duties may be delegated to the Committee via the Committee Charter.

The Committee shall be comprised and administered in accordance with the Committee Charter, as it may be amended from time to time by the Board. The Committee shall review VA529's investments and is authorized to make decisions with regard to investment managers. The Committee is further authorized to take any additional action specifically authorized in other Board actions. Recommendations are not binding upon the Board.

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

Third Party Administrator

The Plan shall contract on behalf of the Board with a third party administrator which shall have a level of experience and expertise in providing services as required to administer the Private Retirement Program. The administrator shall act as a fiduciary in the administration of the Private Retirement Program accounts utilizing appropriate internal controls to insure the safety of the assets from such things as fraud, collusion, loss, diversion, etc. While the specific duties and responsibilities of the Plan's administrator are contained in the contractual agreement between the administrator and the Plan, the administrator, in general, has the following responsibilities:

- to handle all income, cash transactions, interest received, and other necessary activities;

- hold or contract with a custodian to hold all securities on behalf of the Private Retirement Program and only transact with regard to the Private Retirement Program investment options upon proper instruction from those authorized to provide such instruction or direction;

- safekeep or contract for the safekeeping all Private Retirement Program assets including securities, cash and cash equivalents; and

- provide monthly transaction accounting on security holdings with reports provided to the appropriate VA529 Management in a timely manner.

- provide VA529 Management with a monthly accounting of assets;

- issue a quarterly report to the Board and/or their designees which includes the following information:
  - the market value of account assets as of the last business day of each quarter;
  - the portion of account assets allocated to each investment asset class as of the last business day of each quarter;
  - time-weighted rates of return measured net of investment management fees and all expenses or gross of fees (as appropriate) for the current quarter, year-to-date and historical time periods;
  - average account characteristics and number of holdings as of the last business day of each quarter; and expenses.

Investment Consultant

While the specific duties and responsibilities of the Plan's investment consultant are contained in the contractual agreement between the investment consultant and the Plan, the consultant, in general, has the following responsibilities and will assist the Board and Committee with the following functions:

- provide evaluation of the investment results achieved by the designated investment managers in light of the investment guidelines and performance standards contained in this Statement;

- make recommendations to the Board of appropriate actions to be considered which, in the consultant's opinion, will enhance the probability of achieving overall investment program objectives. Such recommendations may include, but are not limited to:

  – use of alternate asset strategies or asset classes;
  – changes in overall investment policy;
  – changes in designated investment managers;

- provide assistance to the Board and/or Committee in screening and selecting investment managers, as appropriate; and

- at a minimum, meet with the Committee and Board every quarter.

Legal Counsel

The VA529 General Counsel shall advise and represent the Board in all matters requiring legal insight and advice. VA529 Management, in consultation with the General Counsel, shall utilize the services of outside counsel and/or the Office of the Attorney General as such services may be required from time to time.

Investment Managers

While the specific duties and responsibilities of the Plan's investment managers are contained in each contractual agreement between the designated investment manager and the Plan, investment managers, in general, have the following responsibilities:

- maintain registration as an investment advisor under the Investment Advisers Act of 1940, or be authorized and regulated by another appropriate authority;

- adhere to the policy guidelines contained in this Statement, unless granted an exception in writing;

- invest only in those asset classes, and adhere to the ranges for allocation among those classes, that the Board has stated to be appropriate for that manager's portfolio;

- exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement or in any written exceptions to this Statement;

- strictly comply with all of the provisions of appropriate law as they pertain to the firm's dealings, functions and responsibilities as fiduciaries;

- prudently liquidate assets in the portfolio which cease to be in compliance with this Statement or any written exceptions to this Statement. If in the manager's judgment, it is in the Private Retirement Program's best interest to not liquidate such an asset promptly, the manager will advise VA529 management of the circumstances and make a recommendation regarding the liquidation of that asset;

- diversify the portfolio unless, under the circumstances, it is clearly prudent to not so diversify;

- ensure that brokers will be selected only on a competitive, best execution basis;

- invest the assets with care, skill, prudence and diligence under circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims;

- provide VA529 Management with a monthly accounting of assets;

- acknowledge in writing the recognition and acceptance of full responsibility as a fiduciary,and the firm's intention to comply with this Statement as it currently exists or as is modifiedby joint agreement in the future.

II. ALLOWABLE INVESTMENTS

ALLOWABLE INVESTMENTS

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

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

<u>Commingled Funds, Collective Trusts and Mutual Funds</u>

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

III. PRIVATE RETIREMENT PROGRAM STRUCTURE

INVESTMENT OPTION STRUCTURE

The Private Retirement Program will ensure that all Virginias have an easy way to save a portion of their pay in a professionally managed Individual Retirement Account (IRA) with a variety of investment options from which a participant may choose. The Board determines the investment options to be offered in the Private Retirement Program. The Private Retirement Program has no state residency requirements, no age limits, and is open year round. The risk of investment losses in the Private Retirement Program accounts rests with the participant. The primary investment objectives of the Private Retirement Program are to offer a set of investment options that:

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

In seeking to achieve diversity among the investment options offered, VA529 has established certain criteria to determine the material differences in investment options. The following technical factors should be used to classify and differentiate potential investment options:

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

General Description of Private Retirement Program Investment Options

- **Target Date Portfolios** are balanced portfolios where the asset allocation evolves over time from a higher to lower projected return/risk profile. The portfolio allocations are designed to take into account the account owner's current age and number of years before retirement. This option is aimed at those investors who desire a third party to manage their asset allocation decisions. The target date funds shall also serve as the default investment option for account owners who do not select an investment option.
- **Static Portfolios** are comprised of passively managed single asset class portfolios, which are provided so that an investor may construct their own custom portfolio.
- **Money Market Portfolio** that invests primarily in high-quality, short-term money market instruments.

TARGET DATE PORTFOLIOS

Asset Allocation

As previously discussed, each target date portfolio is designed to take into consideration the account owner's age and investment time horizon or the number of years before funds are expected to be needed from the account for retirement.

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

- U.S. Equity
- International Equity
- Global Fixed Income

STATIC SINGLE ASSET CLASS PORTFOLIOS

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

At a minimum, portfolios providing the ability to invest in the following asset classes are to be provided:

- U.S. Equity
- International Equity
- U.S. Investment Grade Fixed Income

Currently, the following investment strategies are offered in these portfolios.

- U.S. core fixed income (passively-managed)
- U.S. broad market equity (passively-managed)
- International developed markets equity (passively-managed)

MONEY MARKET PORTFOLIO

The money market portfolio seeks to provide current income and preserve the principal investment by maintaining a share price of $1. The portfolio invests in short-term money market instruments, which may include short-term securities issued by the U.S. government and its agencies and instrumentalities.

IV. INVESTMENT MANAGER SELECTION, MONITORING AND TERMINATION

BACKGROUND

The Board reserves the right to add, delete or replace investment managers based upon inability to meet performance guidelines outlined in this policy or other factors affecting the continuing viability of the portfolio. Either separately managed portfolios, commingled funds or mutual funds may be used in the Private Retirement Program. The Board has delegated to the Staff of VA529, principally the CEO and Investment Director, the authority to select, contract, hire, and terminate individual investment managers that satisfy the requirements of the Board approved investment lineup.

SELECTION – GENERAL CRITERIA

When selecting funds for the Private Retirement Program, the following six broad categories should be considered:

- Economies of Scale
- Diversification
- Transparency
- Organizational Strength
- Performance Consistency
- Risk/ Reward

The following *basic* selection criteria are to be used when selecting a new investment manager or when selecting a replacement manager for an existing asset class. These criteria have been classified according to the categories listed above.

<u>Economies of Scale</u>

- Have at least $500 million in assets under management.
- Have a reasonable expense ratio or fees compared to other vehicles within an appropriate peer group

<u>Diversification</u>

- No more than 10% of the portfolio may be invested in any one company valued at market. Likewise, appropriate risk controls may be outlined in each investment manager agreement with respect to sector and industry weightings relative to an appropriate benchmark.

<u>Transparency</u>

- Employ an investment process that is well defined.
- Invest in securities consistent with the vehicle's strategy.
- Agree to meet all other requirements set forth in this Statement. However, all mutual funds, collective trusts, and similar commingled fund vehicles included in the Private Retirement Program will also be subject to the investment guidelines as set forth in their prospectuses, or applicable offering documents.

<u>Organizational Strength</u>

- Be supported by qualified personnel and appropriate resources.

<u>Performance Consistency</u>

- Have a minimum of 3 years of verifiable investment performance information[2].
- Have competitive returns versus an appropriate benchmark index and peer group.

Risk/ Reward

- Have acceptable volatility relative to an appropriate benchmark index. Greater volatility than the benchmark should be commensurate with a higher return.

COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

Sustainable Investment

Environmental, social and governance (ESG) issues may pose risks and opportunities for portfolios, portfolio companies and real assets and impact investment risks and returns. In addition, some participants may also have strong views on aligning their investments with their personal values and seek to explicitly utilize ESG criteria when making investment decisions. The Investment Advisory Committee may consider ESG issues when selecting certain Investment Options.

Investment Options

Investment Options that explicitly utilize ESG criteria to make investment decisions may be selected for the Private Retirement Program if they meet the Committee's selection criteria.

Options that explicitly utilize ESG criteria should be evaluated according to the appropriate benchmark and universe for the asset class as stipulated in Appendix A. Participants should be given the opportunity to invest in options which provide a diversified investment portfolio within the structure and objectives of the Private Retirement Program.

Assessing the ESG Credentials of Investment Managers

Where appropriate based on the investment option, investment managers should integrate ESG factors as part of their investment analysis and decision-making process. An assessment of how managers are integrating ESG issues over time and compared to peers can be done in a number of ways, including:

- Assessing an Investment Manager's level of ESG integration into its investment processes
- Assessing the ESG quality of an Investment Manager's portfolio holdings

Such assessments may be relevant to both manager selection and monitoring processes and may be performed by the consultant.

INVESTMENT MANAGER SEARCHES – COMMITMENT TO DIVERSITY

The Board is committed to seeking diversity in the ownership, management, and staffing of firms with which the Plan does business, including investment managers. Accordingly, whenever a manager search is directed by the Plan, the Plan will include in its research report information on the ownership structure of each firm and publicly available data on ownership by women and minorities. In addition, if managers are interviewed by the Committee, each candidate should include in their respective presentation a discussion of the candidate's overall commitment to diversity and a review of the distribution in each level of the organization by gender and ethnicity in order to obtain information on the firm's diversity. Other information may be provided at the candidate's discretion to demonstrate their firm's commitment. Such information shall be considered in evaluating potential investment managers, with the primary criteria remaining those outlined under General Criteria above, in accordance with the fiduciary obligations of the Board.

PERFORMANCE MONITORING

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

Measurement Period	*Benchmark Comparison*	*Peer Group Comparison*
Multiple rolling 3-year periods	• The total rate of return should exceed the return of the benchmark index over most rolling periods.[2]	• The total rate of return should exceed the median return of the fund's peer group over most rolling periods.

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

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

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

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

Watch List Status & Termination

If an investment manager fails to meet the minimum standards of investment performance outlined in this document, staff has the discretion to place the manager on a 'watch list' for up to a year. The following are some examples of reasons for termination or placing an investment manager on the watch list:

- significant change in portfolio management, ownership or control;
- significant change in portfolio management style;
- substantive change in portfolio turnover; and
- continued performance shortfalls versus the peer group or benchmark.

Reasons for termination without a probationary period may include, but are not limited to:

- any violation of SEC, or other applicable authority, rules or regulations, as well as any other important and appropriate statutory regulatory requirements;
- operational difficulties concerning fund transfers or pricing;
- substantial and consistent deviation from the characteristics of its investment category; and
- failure to adhere to guidelines in this Statement or in the investment management agreement.

By the end of the watch list period, staff will evaluate the investment manager and determine whether:

- the investment manager remains on the watch list for an additional specified period of time;
- the investment manager is removed from the watch list; or
- the investment manager is terminated.

V. SUPPLEMENTAL ITEMS

PROXY VOTING

Proxies will be voted for the benefit of the Plan and in accordance with the ESG Framework.

Proposals Related to Funds and other Securities

The Board may delegate the voting of proxies to others (e.g., the Investment Advisory Committee, appropriate VA529 Management, the investment managers or a qualified third party). In addition, the Board may require periodic reporting of the proxy voting activity by any person to whom such power has been delegated.

If a qualified third party is retained to manage the proxy voting activities for VA529, a review of the guidelines used to vote proxies will be conducted annually by VA529 Management. In addition, the third party will provide reports every calendar quarter to appropriate VA529 Management as to the proxies voted.

ACCEPTANCE AND ADOPTION

The Board of the Virginia College Savings Plan has approved and adopted this restated Statement of Investment Policy and Guidelines as of March 16, 2023.

APPENDIX A: BENCHMARKS

Manager/Portfolio	Category	Benchmark
Target Date Funds	Target Date Funds	Target Date Fund provider's custom benchmark
U.S. Aggregate Bond Index Portfolio	Static	Bloomberg Barclays US Aggregate Index
U.S. Stock Market Index Portfolio	Static	Russell 3000 Index
International Developed Markets Portfolio	Static	MSCI EAFE
Money Market Portfolio	Static	Citigroup 3-Month Treasury Bill Index