Invesco Stable Value Portfolio

Quarterly Performance Commentary

CUSIPS: RZ:76222X430 RA:76222X448

Investment objective

The portfolio invests 100% of its assets in the Invesco Stable Value separate account. The Invesco Stable Value separate account invests in investment contracts (also referred to as "wrap contracts") and seeks to produce a stable return while avoiding negative returns. In most market environments, it should provide investors with a higher return than a money market fund while striving to maintain liquidity for Account Owner initiated transactions and safety of principal.

Portfolio management

Jennifer L. Gilmore, Jeff Deetsch

Management is that of the underlying separate account.

Portfolio information

Total net assets	$420,486,017
Total number of securities	913

Securities are that of the underlying separate account.

Holdings statistics (%)

Effective duration	2.99
Crediting rate (%)	2.70

Data shown is that of the underlying separate account.

Sector breakdown (%)

Treasury	25.31
Corporate	23.76
MBS	21.26
ABS	21.25
CMBS	8.42
Cash & Eq	0.00

Data shown is that of the underlying separate account. May not equal 100% due to rounding.

Portfolio commentary provided is based on the underlying separate account.

Market overview

- In the second quarter of 2019, US bonds posted robust results, as interest rates fell sharply across the yield curve amid decelerating global economic growth and trade uncertainties. Falling interest rates spurred investor demand for credit, primarily from yield buyers, which proved beneficial for non-Treasury sectors. Global demand for US-based strategies gained traction as the Federal Reserve appeared poised to cut the federal funds rate after a year of steady increases that had curtailed investor interest. The structured markets produced mixed results relative to Treasuries, with asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS) outperforming along with the broader credit segment, while mortgage-backed securities (MBS) lagged due to ongoing Fed sales of its mortgage holdings and mortgage refinancing activity.
- US GDP grew at 3.1% in the first quarter, up from the previous quarter's 2.2% expansion. Contributions to the quarter's growth came from multiple areas, including exports, personal consumption, non-residential fixed investment, private inventory investment, and state and local government spending.
- Investment grade corporate credit outperformed duration-matched US Treasuries amid favorable demand for credit. Corporate technicals, the balance between supply and demand, benefited from waning new issuance that totaled nearly $272 billion for the quarter, down from roughly $349 billion during the same period last year. Though yields were at less-than-compelling valuations coming into the quarter, there was demand from many large institutional buyers, especially from Asia, who were attempting to lock in yields before future rate cuts. Fundamentals supported allocations to the credit sector, even as investor concerns about the proliferation of BBB-rated issues persisted. Corporate leverage remained high, yet free cash flow and interest coverage ratios in key sectors were favorable. Exchanging short-term for long-term debt and deleveraging were central strategies for issuers across sectors, which boded well for the credit sector.

Performance highlights

- For the second quarter, the portfolio's Class RZ units at net asset value (NAV) delivered a positive absolute book value return and performed in line with its benchmark. The portfolio's short, intermediate and core duration fixed income assets offered a yield premium over money markets.
- Portfolio yield was lower as yields on all maturities decreased during the quarter. The crediting rate will, by design, follow the yield on the underlying portfolio with a lag. (June crediting rates were based on end of April portfolio data.)
- Invesco continues to manage the stable value portfolio using a diversified allocation of wrap issuers, investment strategies and underlying fund managers.

Positioning and outlook

- At quarter end, the portfolio's most significant overweight position was in the asset-backed sector with an emphasis on autos and credit cards. The portfolio's allocation to the corporate credit sector is relatively neutral as a whole, but includes an overweight in the corporate financial subsector. The portfolio remains underweight in Treasuries and the CMBS sector, with a relatively neutral weighting in the residential mortgage-backed securities sector.
- The portfolio's duration is neutral relative to its benchmark, which could protect the portfolio in an environment of volatile interest rates.
- An overweight in high quality non-Treasury assets (such as ABS and corporate bonds) offers a potential yield advantage over the benchmark.

Investment results

Average annual total returns (%) as of June 30, 2019

	Class RZ units		Class RA units	Style-Specific Index
	Inception: 07/08/16		Inception: 07/08/16	
Period	**Max Load 4.00%**	**NAV**	**NAV**	**Bloomberg Barclays 3-Month Treasury Bellwether Index**
Inception	0.51	1.91	1.65	-
1 Year	-1.76	2.32	2.04	2.33
Quarter	-3.47	0.57	0.48	0.64

The performance quoted is past performance and is not a guarantee of future results. Investment returns and principal value of an investment will fluctuate so that an account owner's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data shown. For up-to-date month-end performance information please call 877 615 4116, or visit collegebound529.com. Performance figures reflect reinvested distributions of the underlying security and changes in net asset value (NAV). Performance shown at NAV for Class RZ units does not include applicable front-end sales charges, which would have reduced the performance. Class RA units have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Index returns do not reflect any fees, expenses, or sales charges.

Index source: Invesco

Manager diversification (%)

Invesco	66.88
Jennison	15.02
Voya	14.97
STIF	3.13

Data shown is that of the underlying separate account.

Wrap providers (%)

RGA	20.76
Prudential Ins Co	20.72
Voya Retirement & Annuity	19.92
American General Life Ins	11.95
State Street Bank	11.95
Nationwide Life Insurance	11.55

Data shown is that of the underlying separate account.

Expense ratios (%)

Class RZ units	0.36
Class RA units	0.60

Total annual asset-based fee per the current Program Description.

Credit quality breakdown (% of total)

AAA	76.04
AA	5.56
A	11.13
BBB	7.27
Cash	0.00

Data shown is that of the underlying separate account.

Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. If securities are rated differently by the rating agencies, the higher rating is applied. Not Rated indicates the debtor was not rated and should not be interpreted as indicating low quality. A negative in Cash indicates fund activity that has accrued or is pending settlement. For more information on the rating methodology, please visit www.standardandpoors.com and select 'Understanding Ratings' under Rating Resources on the homepage; www.moodys.com and select 'Rating Methodologies' under Research and Ratings on the homepage; www.fitchratings.com and select 'Ratings Definitions' on the homepage.

For more information you can visit us at collegebound529.com

Class RZ units and Class RA units are available only to certain investors who are residents of the State of Rhode Island. See the Program Description for more information.

Diversification does not guarantee a profit or eliminate the risk of loss.

The Bloomberg Barclays 3-Month Treasury Bellwether Index measures the performance of treasury bills with maturities of less than three months. An investment cannot be made directly in an index.

The **Crediting rate** is the interest rate earned on the contract value (principal plus accrued income) expressed as an effective annual yield. The crediting rate also acts as a stabilizing mechanism by amortizing investment gains and losses so that participants are protected from short-term changes in market value. The crediting rate is reset monthly and is presented gross of Invesco's management fee, revenue sharing applicable to the various share classes, wrap fees, sub-advisor expenses and administrative expenses. **Effective duration** is a modified duration calculation which incorporates the expected duration-shortening effect of an issuer's embedded call provision.

About risk

Risks of the Underlying Holding

Fixed-income investments are subject to credit risk of the issuer and the effects of changing interest rates. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa. An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

Wrap contract crediting rates may be affected, positively or negatively, if a large number of participants request redemptions from the portfolio or add new contributions to the portfolio. The portfolios credited rate will generally lag market interest rates.

There are risks that a wrap contract issuer may default which could result in loss of principal. Cost incurred to buy wrap contracts reduces Portfolio performance. New wrap contracts may have less favorable terms or higher costs. Poor market value performance may lead to constrained Portfolio investments and reduce performance. Termination of a wrap contract could result in loss of book value coverage.

The portfolio is subject to certain other risks. Please see the current Program Description for more information regarding the risks associated with an investment in the portfolio.