Invesco Core Plus Bond Portfolio

Quarterly Performance Commentary

CUSIPS: A:76221W391 C:76221W375 I:76221W342

Investment objective

The portfolio seeks total return, comprised of current income and capital appreciation.

Portfolio management

Matthew Brill, Chuck Burge, Michael Hyman, Joseph Portera, Scott Roberts

Management is that of the underlying fund.

Portfolio information

Total net assets	$38,066,202
Total number of holdings	1099

Holdings shown are that of the underlying fund.

Holdings statistics

Effective duration	5.84
"Weighted Average Effective Maturity (years)"	8.72

Data shown is that of the underlying fund.

Investment categories (%)

Government Bonds	
US Treasuries	9.76
Corporate Bonds	
US Investment Grade Bonds	25.69
US High Yield Bonds	5.64
Securitized Debt	
US Residential Mortgages	14.50
US CMBS	13.64
US Asset-Backed Securities	10.02
Municipal Bonds	0.30
US Dollar Denominated Foreign Debt	
Non-US Investment Grade Bonds	4.83
Non-US High Yield Bonds	1.95
Emerging Markets Debt	5.01
Sovereign Debt	2.26
Convertible Bonds	1.04
Foreign Currency	0.14
Cash	5.22

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

Portfolio commentary provided is based on the underlying fund.

Market overview

- US bonds posted modest returns for the quarter as rates rose across most of the maturity curve in response to reduced likelihood that previously priced-in Federal Reserve interest rate cuts would actually occur. The global economy appeared to be stabilizing, while the US/China trade dispute, Brexit uncertainties and concern about China's economic data all appeared less threatening to valuations. The Fed cut the federal funds rate by 0.25%, lowering the target range for the overnight yield to 1.50% – 1.75%.
- The 2-year Treasury yield fell from 1.63% to 1.58%, while the 10-year rose from 1.68% to 1.92% and the 30-year rose from 2.12% to 2.39%.
- The yield spread between US investment grade credits and comparable duration US Treasuries narrowed during the quarter, notably rewarding investors. Credit issuance remained robust, but trailed third quarter issuance, primarily due to September's seasonal boost. Market demand for lower-rated investment grade (BBB/Baa) and high-yield credits persisted, especially as recession risks tapered.
- Though corporate leverage remained at high levels for this late stage in the business cycle, free cash flow and interest coverage ratios remained positive highlights. Deleveraging continued as a central theme for many corporate issuers, making security selectivity essential to investors' risk positioning and relative results.
- Structured credit had mixed results for the quarter. The asset-backed (ABS) and commercial mortgage-backed (CMBS) securities sectors were essentially flat relative to Treasuries as heavy supply was a headwind. The Agency mortgage-backed securities (MBS) sector outperformed notably, as valuations were boosted by lower volatility and reduced prepayment concerns due to higher interest rates. The MBS sector posted its best relative return since the third quarter of 2016.

Performance highlights

- Invesco Core Plus Bond Portfolio Class A units at net asset value (NAV) had a positive return for the fourth quarter and outperformed its benchmark, the Bloomberg Barclays US Aggregate Bond Index. (Please see the investment results table on page 2 for portfolio and index performance).

Contributors to performance

- Within corporate credit, security selection in banking, basic industry and technology added to relative return.
- Overweights in lower-rated investment grade and high-yield corporate credit were beneficial to relative results.

Detractors from performance

- Security selection in transportation and energy dampened relative return.
- Allocations to Agency CMBS and ABS detracted from relative results.

Positioning and outlook

- We see signs of stabilization in European and Chinese economic data. Though it is too early to call a bottom in US manufacturing data, the Fed has been supportive and US consumers remain healthy (as evidenced by jobs, confidence and balance sheet health). This reduces the risk of sharp declines in global growth. Trade tensions have waned and near-term tariffs may be delayed. Brexit risk has also waned. Stabilization of current growth conditions, combined with reduced trade tension and easier monetary policy, will likely lead to upside growth surprises. China and Europe may lead, while the US may lag in the recovery. Overall, we could see stronger growth relative to market expectations, which currently include the possibility of a US recession.
- Inflation in the US and Europe remains low, especially excluding tariffs. Near-term tariff impacts may cause some upward surprises in the US Consumer Price Index, but the market should look past those. China's inflation is higher than policymakers want due to idiosyncratic and exogenous factors.
- Global policymakers have significantly eased their monetary stances. The Fed has substantially cut interest rates and has also begun to increase the size of its balance sheet for technical reasons. The European Central Bank is easing and again making bond purchases. China has eased fiscal policy, but we believe its monetary policy will be tighter than the market expects.

Investment results

Average annual total returns (%) as of Dec. 31, 2019

	Class A units		Class C units		Class I units	Style-Specific Index
	Inception: 07/08/16		Inception: 07/08/16		Inception: 07/08/16	
Period	**Max Load 4.00%**	**NAV**	**Max CDSC 1.00%**	**NAV**	**NAV**	**Bloomberg Barclays U.S. Aggregate Bond Index**
Inception	1.78	2.99	2.15	2.15	3.23	-
3 Years	2.83	4.25	3.41	3.41	4.49	4.03
1 Year	6.54	11.02	9.01	10.01	11.26	8.72
Quarter	-3.48	0.54	-0.72	0.28	0.54	0.18

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). No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C units following one year from the date units were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class I 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: FactSet Research Systems Inc.

Expense ratios (%)

Class A units	0.91
Class C units	1.66
Class I units	0.66

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

Credit quality breakdown (% of total)

Cash	5.22
AAA	35.27
AA	4.13
A	10.67
BBB	31.72
BB	9.41
B	2.59
CCC and below	0.24
Not Rated	0.74

Data shown is that of the underlying fund.

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.

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Class I units are available only to certain investors. See the Program Description for more information.

The Bloomberg Barclays U.S. Aggregate Index is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market. An investment cannot be made directly in an index.

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

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.

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty and management risks. An investment in a derivative could lose more than the cash amount invested.

The risks of investing in securities of foreign issuers, including emerging markets, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

Junk bonds involve a greater risk of default or price changes due to changes in the issuer's credit quality. The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

Mortgage- and asset-backed securities are subject to prepayment or call risk, which is the risk that the borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Securities may be prepaid at a price less than the original purchase value.

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.