Invesco Stable Value Portfolio

Quarterly Performance Commentary

CUSIPS: A:76222X471 C:76222X455 I:76222X422

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

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Management is that of the underlying separate account.

Portfolio information

Total net assets	$396,430,073
Total number of securities	1009

Securities are that of the underlying separate account.

Holdings statistics (%)

Effective duration	3.12
Crediting rate (%)	2.69

Data shown is that of the underlying separate account.

Sector breakdown (%)

Corporate	25.98
Treasury	23.03
MBS	21.34
ABS	20.82
CMBS	8.83
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 third quarter of 2019, US bonds again posted strong nominal results as interest rates fell precipitously amid a decelerating global economy and persistent trade disputes between the US and China. Global risks remained a headwind to growth, especially in Europe given uncertainties of Brexit, auto tariffs and Italy still in crisis. China's growth also continued to slump even as policy makers were actively easing monetary policy. Despite the heightened volatility and escalating recession fears, credit investors were generally rewarded during the quarter. US-based yield strategies remained competitive from a global perspective as negative yields increased across non-US regions. The Federal Reserve cut the federal funds rate by 0.25% twice during the quarter, lowering the overnight yield's target range to 1.75% – 2.00%. The bond market responded well to these accommodative policy actions, but at quarter end, US markets were still pricing in additional Fed rate cuts.1
- US GDP expanded by 2.0% in the second quarter, down from the previous quarter's 3.1% expansion. Lower-than-expected inventory investment, exports and non-residential fixed investment weighed on the quarter's expansion potential.2
- Corporate credit ended the quarter only slightly ahead of Treasuries, affected by heightened market volatility. The yield spread between corporate credit and US Treasuries was little changed from the previous quarter as demand for credit prevailed toward quarter end despite ongoing trade tensions, uncertainty about the UK's exit from the European Union, and the Fed's pivot toward easier monetary policy. During the quarter, new issuance of investment grade credit totaled $386 billion, led primarily by a glut of issuance in September as attractive yields spurred debt refinancing activity, which added to an expected seasonal increase.
- The structured security sectors, for example, asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS), outperformed Treasuries for the quarter. Overall demand for structured credit remained supportive, with income primarily responsible for the outperformance, as the sectors' yield premiums relative to Treasuries were relatively unchanged during the quarter. Third quarter results for Agency mortgages were driven primarily by September's jump in yields, which led to a reduction in prepayment risk.

Performance highlights

- For the third quarter, the portfolio's Class A 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. (September crediting rates were based on end of July 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 modestly overweight compared to the index, with an emphasis in the corporate financial subsector. The portfolio remains underweight in Treasuries and the CMBS sector. The residential mortgage-backed allocation increased modestly to an overweight relative to the index.
- The portfolio's duration is modestly longer than that of its benchmark, which could benefit the portfolio in a declining interest rate environment.
- 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 Sept. 30, 2019

Period	Class A units Inception: 07/08/16 Max Load 4.00%	Class A units NAV	Class C units Inception: 07/08/16 Max CDSC 1.00%	Class C units NAV	Class I units Inception: 07/08/16 NAV	Style-Specific Index Bloomberg Barclays 3-Month Treasury Bellwether Index
Inception	0.15	1.43	0.65	0.65	1.67	-
3 Years	0.10	1.48	0.66	0.66	1.70	1.56
1 Year	-2.24	1.85	-0.01	0.99	2.03	2.41
Quarter	-3.50	0.48	-0.80	0.20	0.48	0.57

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: Invesco

Manager diversification (%)

Invesco	67.96
Jennison	15.36
Voya	15.21
STIF	1.47

Data shown is that of the underlying separate account.

Wrap providers (%)

RGA	21.13
Prudential Ins Co	21.07
Voya Retirement & Annuity	20.26
American General Life Ins	12.15
State Street Bank	12.15
Nationwide Life Insurance	11.74

Data shown is that of the underlying separate account.

Expense ratios (%)

Class A units	0.86
Class C units	1.61
Class I units	0.61

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

Credit quality breakdown (% of total)

AAA	73.73
AA	5.95
A	12.44
BBB	7.88
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.

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Class I units are available only to certain investors. 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.