

Delaware College Investment Plan

Investment solutions and innovation discussion

May 2019



Andrew Dierdorf
Portfolio Manager





Chris Pariseault, CFA
Head of Institutional Portfolio Managers

Eric Kaplan
Head of Target Date & 529 Product

Melissa Ridolfi
Vice President, Retirement and College Leadership

Overview of Today's Discussion

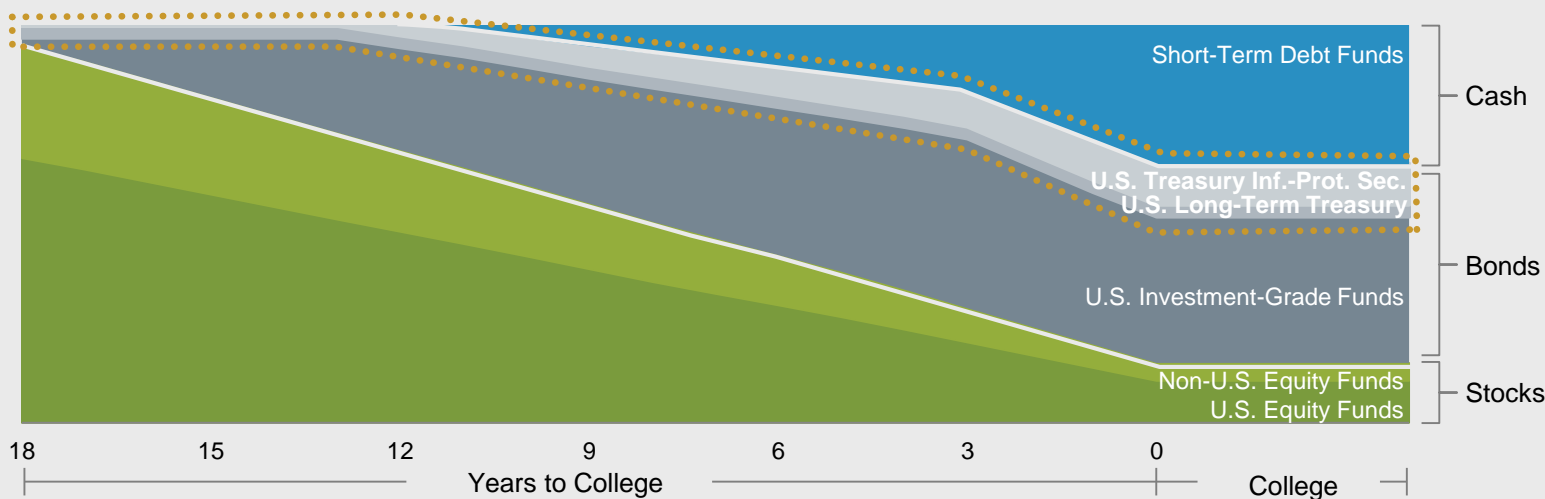
RECOMMENDATIONS

-  Proposal to update the 529 strategic allocation and glide path
 -  Proposal to transition underlying investments from Retail funds to Series funds, which are mutual funds designed for and dedicated to Fidelity's asset allocation strategies
 -  Proposal to close the 529 Multi-Firm strategy
 -  Proposal to launch the 529 Blend strategy
-

Glide Path and Strategic Allocation Update—Active & Blend

Adding exposure to long-term U.S. Treasuries and inflation-protected debt

APPROXIMATE ASSET ALLOCATIONS OF AGE-BASED PORTFOLIOS



Future State: Proposed Strategic Allocation								
	2036	2033	2030	2027	2024	2021	2018	College
U.S. Equity	64.8%	55.5%	46.2%	36.7%	27.8%	18.3%	10.5%	10.5%
Non-U.S. Equity	27.8%	23.8%	19.8%	15.7%	11.9%	7.8%	4.5%	4.5%
Investment Grade Bonds	4.4%	17.8%	27.1%	33.1%	38.5%	41.6%	37.0%	37.0%
TIPS	0.0%	0.0%	3.2%	5.1%	7.1%	9.0%	10.0%	10.0%
Long Treasury	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Short Term	0.0%	0.0%	0.7%	6.4%	11.8%	20.3%	35.0%	35.0%

Strategic Allocation Change: Proposed vs. Current								
	2036	2033	2030	2027	2024	2021	2018	College
U.S. Equity	-	-0.8%	-1.4%	-2.4%	-2.7%	-3.1%	-3.5%	-3.5%
Non-U.S. Equity	-	-0.3%	-0.6%	-1.0%	-1.1%	-1.3%	-1.5%	-1.5%
Investment Grade Bonds	-3.0%	-1.9%	-4.1%	-3.9%	-4.8%	-8.2%	-13.0%	-13.0%
TIPS	-	-	3.2%	5.1%	7.1%	9.0%	10.0%	10.0%
Long Treasury	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Short Term	-	-	-0.1%	-0.8%	-1.5%	0.6%	5.0%	5.0%

Glide path data as of February 1, 2019. See important information pages for index information.

3 For state sponsor use only.



Series Funds

Mutual funds dedicated to Fidelity's asset allocation strategies

To improve outcomes, we recommend transitioning the underlying investments from publicly available mutual funds to mutual funds dedicated to Fidelity's asset allocation strategies (Fidelity Series Funds)

FIDELITY SERIES FUNDS AS UNDERLYING BUILDING BLOCKS

Designed for needs of
Fidelity's asset
allocation strategies

Closer investment
alignment with
and better execution
of Portfolio Managers'
points of view

Familiar to industry
analysts as they have
experience analyzing
Series funds for
Fidelity Freedom Funds

Morningstar's Thoughts on Series Funds

THIS TARGET DATE SERIES HAS APPEAL ACROSS THE GLIDE PATH¹ 1/29/19 by Jeff Holt

“ The future for the Fidelity Freedom Funds looks promising as this target-date series has both proactive oversight and an **exceptional lineup of underlying stock and bond funds**. The series retains its Morningstar Analyst Rating of Silver. ”

“ In 2018, they **proactively added strategic exposure to Treasury Inflation-Protected Securities** and long-term U.S. Treasuries to address both the risk of inflation and deflation. ”

THIS TARGET-DATE SERIES BENEFITS FROM STRONG ASSET ALLOCATION AND UNDERLYING STRATEGIES² 1/31/18 by Jeff Holt

“ Fidelity Freedom **Funds benefit from solid underlying stock and bond strategies**, as well as a renewed firm commitment and an abundance of research resources. These attributes should give investors confidence that this target-date series will be at the forefront of its peers going forward. ”

“ More than **25 Fidelity strategies serve as the building blocks for this series**, and the vast majority of them seek to add value through active management. In 2008, Fidelity began creating Series funds for exclusive use in the Freedom Funds and has gradually switched to them over time. The Series funds typically replicate a retail offering, which are often recognizable by their similar names. ”

A TARGET-DATE SERIES THAT'S POISED TO SUCCEED OVER THE LONG RUN³ 2/28/17 by Jeff Holt

“ Investors have ample reason to be confident in the Fidelity Freedom Funds' long-term prospects. In addition, having exposure to **solid underlying stock and bond strategies**, renewed firm commitment, and an abundance of research resources give assurance that this series will be on the forefront of its target-date peers going forward. The series' Morningstar Analyst Rating has been upgraded to Silver from Bronze. ”

“ The series' **underlying funds have generally done their part to help recent results**. On average, those funds ranked in the top half of their peer groups over the three-year period through December 2016. ”

^{1,2,3} Morningstar, Analyst Reports; 1/29/19, 1/31/18, and 2/28/17 (respectively), Jeff Holt.

The Morningstar Analyst Rating is a subjective, forward-looking evaluation that considers a combination of qualitative and quantitative factors to rate funds on five key pillars: process, performance, people, parent, and price. Gold is the highest of four Analyst Rating categories. For the full rating methodology, go to Corporate.Morningstar.com/us/documents/Methodology/Documents/AnalystRatingforFundsMethodology.pdf.

The investment risk of each changes over time as the fund's asset allocation changes. The funds are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small cap, commodity-related, and foreign securities. Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly. No target date fund is considered a complete retirement program and there is no guarantee any single fund

Illustrative: U.S. Equity Funds Transition

(Fidelity only 529 Portfolios)

Retail Funds	Portfolio Manager
Real Estate Investment Portfolio	Buller
Contrafund	Danoff
Stock Selector Large Cap Value	Friedman
Large Cap Stock	Fruhan
Mega Cap Stock	Fruhan
Value Discovery	Gavin
Blue Chip Growth	Kalra
Stock Selector Small Cap	Peck
Stock Selector All Cap	Stein
Low-Priced Stock	Tillinghast
Growth Company	Wymer

Series Funds	Portfolio Manager
Series Opportunistic Insights	Danoff
Series Stock Selector Large Cap Value	Friedman
Series Large Cap Stock	Fruhan
Series Value Discovery	Gavin
Series Small Cap Discovery Fund	Janssen
Series Blue Chip Growth	Kalra
Series Small Cap Opportunities	Peck
Series All-Sector Equity	Stansky
Series Intrinsic Opportunities	Tillinghast
Series Growth Company	Wymer

Fidelity Multi-Firm vs. Fidelity Only Comparison

MORNINGSTAR'S THOUGHTS ON MULTI-FIRM

The Delaware College Investment Plan

10/30/18 by Jeff Holt

The approach to the underlying strategies is the primary distinction between the three series of age-based portfolios. The Index series sticks mainly to passively managed strategies, whereas **the Fidelity and Multi-Firm series use actively managed funds.**

All three age-based series have solid underlying funds populating the portfolios. Fidelity's top-notch bond funds play a prominent role in the Fidelity series, as do the firm's best equity offerings.

Furthermore, even following reductions in October 2016, **the Multi-Firm portfolios have some of the highest fees.**

Current holders of the Fidelity Multi-Firm 529 strategy are enrolled in an actively managed strategy that utilizes active asset allocation and open-architecture building blocks.

The Fidelity 529 Strategy has a similar mandate that applies active management, including active asset allocation and Fidelity building blocks.

The Fidelity 529 Strategy is less expensive (by ~ 25bps) relative to Multi-Firm, on an asset-weighted basis with similar or stronger long-term relative performance.

Source: Morningstar; Analyst Reports, October 30, 2018, Jeff Holt.

The Morningstar Analyst Rating is a subjective, forward-looking evaluation that considers a combination of qualitative and quantitative factors to rate funds on five key pillars: process, performance, people, parent, and price. Gold is the highest of four Analyst Rating categories. For the full rating methodology, go to Corporate.Morningstar.com/us/documents/Methodology\Documents\AnalystRatingforFundsMethodology.pdf.

The investment risk of each changes over time as the fund's asset allocation changes. The funds are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small cap, commodity-related, and foreign securities. Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly. No target date fund is considered a complete retirement program and there is no guarantee any single fund will provide sufficient retirement income at or through retirement. Principal invested is not guaranteed at any time, including at or after the funds' target dates.

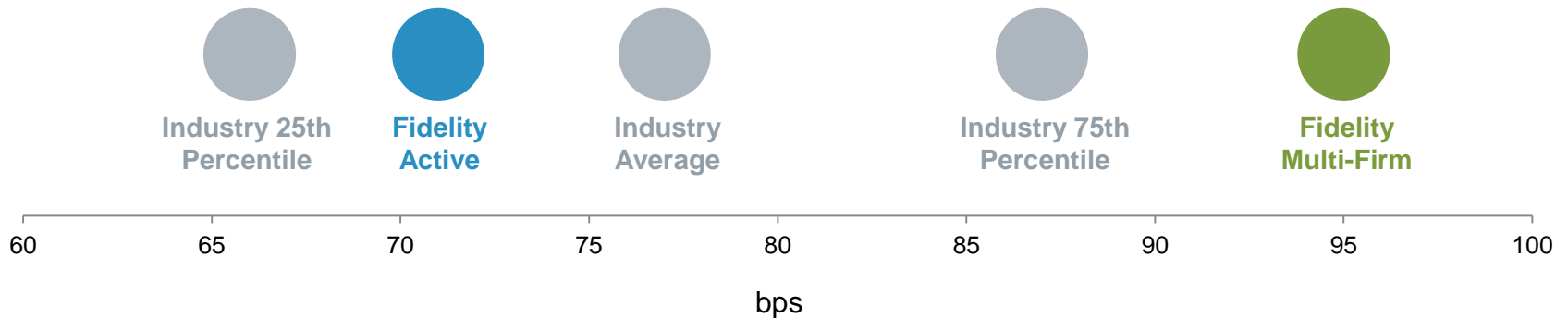
Challenges with the Multi-Firm Product Design

Launched in 2011, the Multi-Firm product currently accounts for less than 2.5%¹ of total DE 529 assets.

Fees in the Multi-Firm product reflect multiple factors, including the costs associated with manager research for open-architecture investment strategies.

Consistent with industry trends, assets in index strategies have increased from ~14% to ~24% in the DE program since 2014¹.

529 ACTIVE INDUSTRY EXPENSE RATIO ANALYSIS—BASIS POINTS



¹ As of 3/31/2019.

Source: Morningstar Research. Fidelity Investments Data.

Provide Investors With Choice: Fidelity 529 Blend Portfolios

Utilizing active underlying strategies where we can add the most value

Allocations of active and index exposures reflect our views in three areas

Market Efficiency

Utilize active strategies where there are greater informational advantages and opportunities to add value.

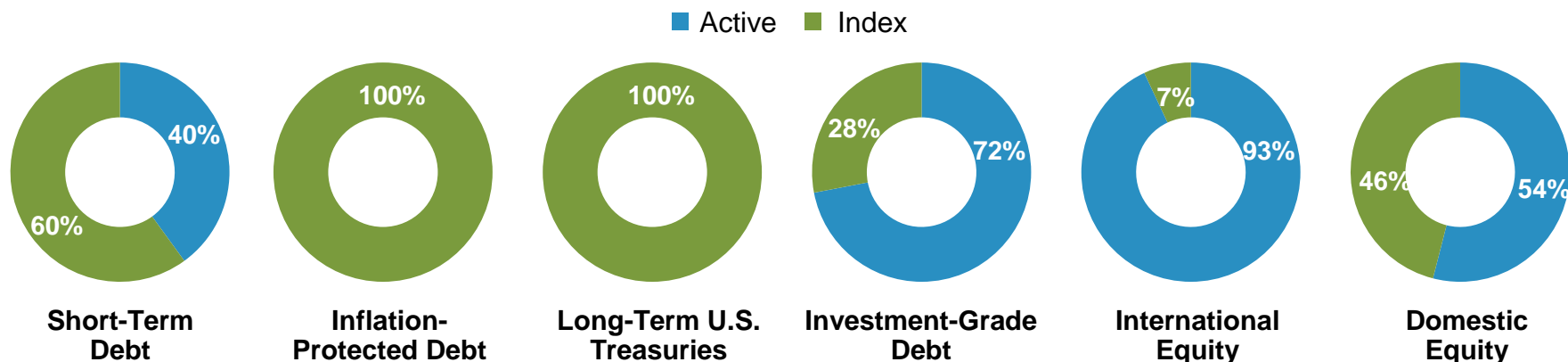
Breadth of Opportunities

Utilize active strategies where there is a broader universe of securities, which can lead to more meaningful performance dispersion.

Manager Capabilities

Emphasize Fidelity's active management capabilities.

529 BLEND—INDICATIVE ACTIVE AND INDEX ALLOCATION PROPORTIONS BY ASSET CLASS



Source: Fidelity Investments.

9 For state sponsor use only.

Proposed Fidelity Future State Product Lineup

Committed to providing additional value and choice for plan sponsors

	Fidelity 529	Fidelity 529 Blend	Fidelity 529 Index
Passive Exposure	Less		More
Management Fee	75–43 bps	47–28 bps	5 bps
Active Allocation	✓	✓	N/A
Updated Glide Path	✓	✓	✓
Consistent Composite Benchmark	✓	✓	✓
Building Blocks	Series Funds	Series Funds	Series Funds
Top-Level Management Fee	✓	✓	✓

Source: Fidelity Investments.

10 For state sponsor use only.



Proposed Fee Schedule

Estimated pricing for age-based portfolios

FIDELITY ONLY	2036	2033	2030	2027	2024	2021	2018	College	Program Fee	State Fee	Asset-Weighted Average
Current Pricing (bps)	77	72	68	63	57	51	44	44	15	5	69.61
Proposed Pricing (bps)	75	70	66	61	56	50	43	43	15	5	68.53

MULTI-FIRM	2036	2033	2030	2027	2024	2021	2018	College	Program Fee	State Fee	Asset-Weighted Average
Current Pricing (bps)	75	71	68	63	58	53	47	47	30	5	95.27

FIDELITY BLEND	2036	2033	2030	2027	2024	2021	2018	College	Program Fee	State Fee	Asset-Weighted Average
Proposed Pricing (bps)	47	44	42	39	36	32	28	28	10	4	51.01

FIDELITY INDEX	2036	2033	2030	2027	2024	2021	2018	College	Program Fee	State Fee	Asset-Weighted Average
Current Pricing (bps)	4	4	4	5	5	6	7	7	8	1	14.54
Proposed Pricing (bps)	5	5	5	5	5	5	5	5	8	1	14.00

Proposed Fee Schedule

Estimated pricing for static portfolios

FIDELITY ONLY	Aggressive Growth	Moderate Growth	Conservative	Program Fee	State Fee	Asset-Weighted Average
Current Pricing (bps)	79	68	31	15	5	89.08
Proposed Pricing (bps)	78	67	30	15	5	88.08

INDEX	Aggressive Growth	Moderate Growth	Conservative	Program Fee	State Fee	Asset-Weighted Average
Current Pricing (bps)	4	4	9	8	1	13.64
Proposed Pricing (bps)	4	4	4	8	1	13.00

Decisions Needed and Timeline of Activities

DECISIONS NEEDED

■ Approval of investment product proposal and updated fee schedule

- Conversion to Fidelity Series funds as underlying investments
- Implementation of enhanced glide path and strategic asset allocation
- Elimination of Multi-Firm product offering from lineup
- Launch of blend age-based product offering

■ Agreement to transition current Multi-Firm participants to Fidelity-only portfolios

■ Authorization to proceed with investment management agreement changes

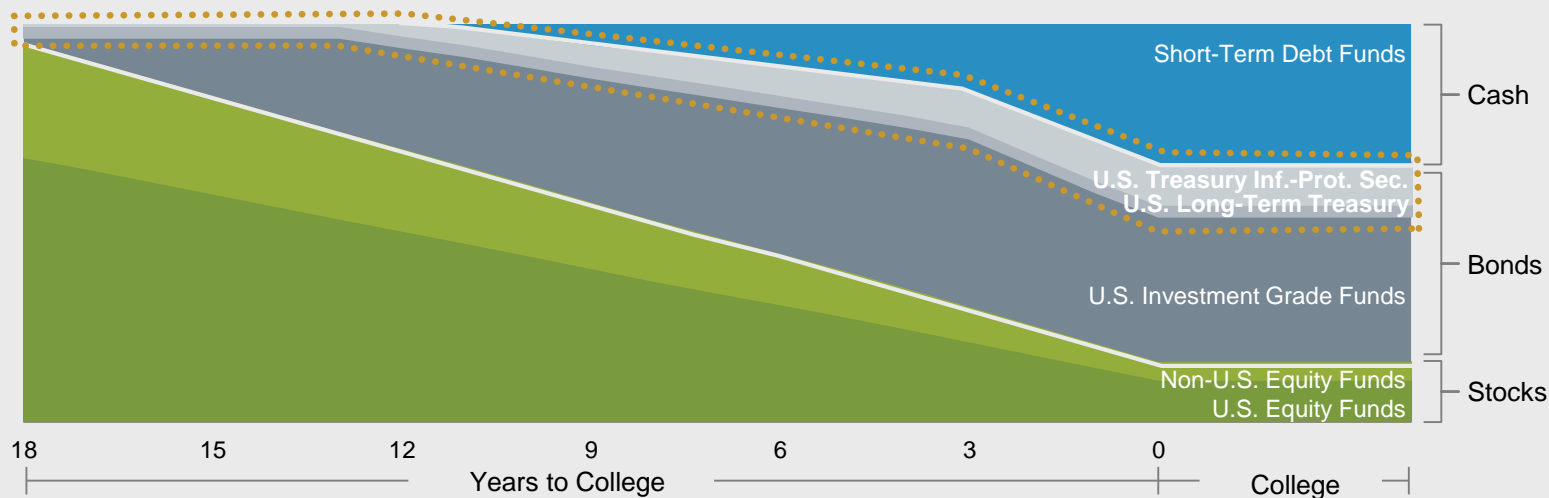
Notional Timeline of Activities	Legend		Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.
	■ Completed	■ Pending								
Gain approval from Fidelity Equity and Fixed Income Fund Boards	■ Completed	■ Pending	■							
Collaborate with DE State Treasurer's Office and Cammack Retirement to develop proposed enhancements	■ Completed	■ Pending	■	■						
Present Investment Product proposal and obtain approval from DE Investment Committee and Plans Management Board	■ Completed	■ Pending			■					
Work with DE Investment Committee to update Investment Management Agreement	■ Completed	■ Pending				■	■			
Update fact kit and associated digital marketing	■ Completed	■ Pending					■	■		
Train College Planning associates on DCIP updates	■ Completed	■ Pending						■	■	
Provide communication to affected Multi-Firm participants	■ Completed	■ Pending							■	
Provide general customer communication	■ Completed	■ Pending							■	
Begin product updates and start transition of assets	■ Completed	■ Pending								■

Appendix

Glide Path and Strategic Allocation Update—Index

Adding exposure to long-term U.S. Treasuries and inflation-protected debt, and removing commodities

APPROXIMATE ASSET ALLOCATIONS OF AGE-BASED PORTFOLIOS



Future State: Proposed Strategic Allocation								
	2036	2033	2030	2027	2024	2021	2018	College
U.S. Equity	64.8%	55.5%	46.2%	36.7%	27.8%	18.3%	10.5%	10.5%
Non-U.S. Equity	27.8%	23.8%	19.8%	15.7%	11.9%	7.8%	4.5%	4.5%
Investment Grade Bonds	4.4%	17.8%	27.1%	33.1%	38.5%	41.6%	37.0%	37.0%
TIPS	0.0%	0.0%	3.2%	5.1%	7.1%	9.0%	10.0%	10.0%
Long Treasury	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Short Term	0.0%	0.0%	0.7%	6.4%	11.8%	20.3%	35.0%	35.0%

Strategic Allocation Change: Proposed vs. Current								
	2036	2033	2030	2027	2024	2021	2018	College
U.S. Equity	1.4%	0.5%	-0.1%	-1.2%	-1.6%	-2.0%	-2.4%	-2.4%
Non-U.S. Equity	—	-0.3%	-0.6%	-1.0%	-1.1%	-1.3%	-1.5%	-1.5%
Commodities	-1.4%	-1.3%	-1.3%	-1.2%	-1.1%	-1.1%	-1.1%	-1.1%
Investment Grade Bonds	-3.0%	-1.9%	-4.1%	-3.9%	-4.8%	-8.2%	-13.0%	-13.0%
TIPS	—	—	3.2%	5.1%	7.1%	9.0%	10.0%	10.0%
Long Treasury	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Short Term	—	—	-0.1%	-0.8%	-1.5%	0.6%	5.0%	5.0%

Glide path data as of February 1, 2019. See important information pages for index information.

All Available Fidelity Series Funds by Asset Class

Broad universe of funds utilized across active, blend, and index strategies

■ Index Fund

COMPOSITE BENCHMARK ASSET CLASSES

U.S. Equities

Fidelity Series Large Cap Stock Fund

Fidelity Series All-Sector Equity Fund

Fidelity Series Large Cap Value Index Fund

Fidelity Series Stock Selector Large Cap Value Fund

Fidelity Series Value Discovery Fund

Fidelity Series Growth Company Fund

Fidelity Series Blue Chip Growth Fund

Fidelity Series Small Cap Opportunities Fund

Fidelity Series Small Cap Discovery Fund

Fidelity Series Opportunistic Insights Fund

Fidelity Series Intrinsic Opportunities Fund

Fidelity Series Large Cap Growth Index Fund

Fidelity Series Total Stock Market Index Fund

Non-U.S. Developed Equities

Fidelity Series International Value Fund

Fidelity Series International Growth Fund

Fidelity Series International Small Cap Fund

Fidelity Series Overseas Fund

Fidelity Series Canada Fund

Fidelity Series International Index Fund

Fidelity Series Global ex U.S. Index Fund

OUT-OF-COMPOSITE BENCHMARK (ASSET CLASSES)

Commodities

Fidelity Series Commodity Strategy Fund

High Yield Debt

Fidelity Series High Income Fund

Floating Rate Debt

Fidelity Series Floating Rate High Income Fund

Emerging Market Equities

Fidelity Series Emerging Markets Fund

Fidelity Series Emerging Market Opportunities Fund

Investment Grade Debt

Fidelity Series Investment Grade Bond Fund

Fidelity Series Corporate Bond Fund

Fidelity Series Investment Grade Securitized Fund

Fidelity Series Government Income Fund

Fidelity Series U.S. Bond Index Fund

Short-Term Debt

Fidelity Series Government Money Market Fund

Fidelity Series Short Term Credit Fund

Fidelity Series Treasury Bill Index Fund

Long-Term Treasury Debt

Fidelity Series Long-Term Treasury Bond Index Fund

Inflation Protected Debt

Fidelity Series Inflation-Protected Bond Index Fund

Emerging Market Debt

Fidelity Series Emerging Markets Debt Fund

Real Estate Debt

Fidelity Series Real Estate Income Fund

International Debt

Fidelity Series International Credit Fund

Important Information

The Delaware College Investment Plan is offered by the state of Delaware and managed by Fidelity Investments. If you or the designated beneficiary is not a Delaware resident, you may want to consider, before investing, whether your state or the beneficiary's home state offers its residents a plan with alternate state tax advantages or other state benefits such as financial aid, scholarship funds, and protection from creditors.

Units of the portfolios are municipal securities and may be subject to market volatility and fluctuation.

Please carefully consider the plan's investment objectives, risks, charges, and expenses before investing. For this and other information on any 529 College Savings Plan managed by Fidelity, contact Fidelity for a free Fact Kit/Offering Statement, or view one online. Read it carefully before you invest or send money.

Third-party trademarks and service marks are the property of their respective owners. All other trademarks and service marks are the property of FMR LLC or an affiliated company.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

886340.1.0