
DECEMBER 12, 2023

**AGENDA ITEM 3
INFORMATION ITEM**

CALIFORNIA ABLE ACT BOARD

Review of CalABLE Investment Performance for the Third Quarter 2023

Background

The California ABLE Act Board (“Board”) and its program administrator, Vestwell State Savings, LLC (“Vestwell”) will provide the “Quarterly Investment Performance Report” for the CalABLE Plan for the Third Quarter 2023. This will include:

- Program Overview
 - Accounts
 - Assets
 - Net Flow
- County & State Data
 - Beneficiaries by County
 - Account Balance by County
 - Beneficiaries by State
- Details
 - Prepaid Card Activity
 - Demographics
- Broad Market Overview
- CalABLE Portfolio Performance Overview

Presenters

David Bell, Vice President, Vestwell State Savings LLC,
Matthew Forester, Managing Director & Chief Investment Officer, BNY Mellon Advisors
Mykola Procyk, Portfolio Manager, BNY Mellon Advisors

Attachments

- Attachment #1 – CalABLE Investment Performance Report (3Q23)

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Board Meeting

December 12, 2023

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Agenda

- Program Overview
 - Accounts
 - Assets
 - Net Flow
- County & State
 - Beneficiaries by County
 - Account Balance by County
 - Beneficiaries by State
- Details
 - Prepaid Card Activity
 - Demographics

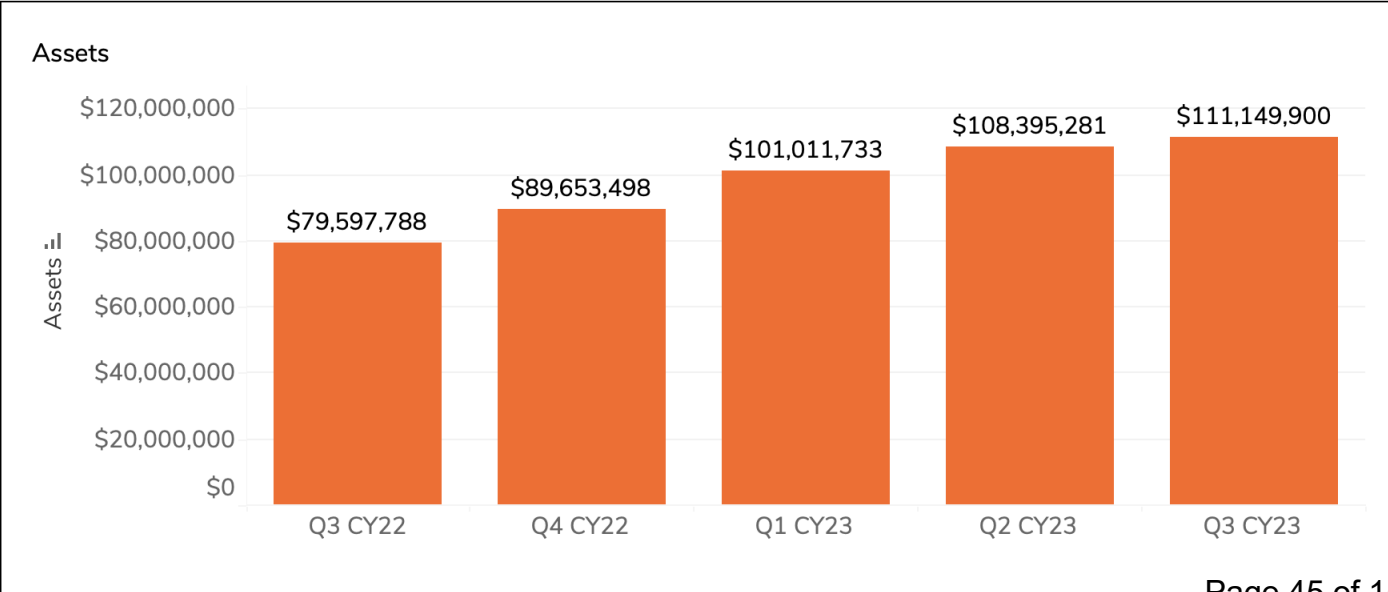
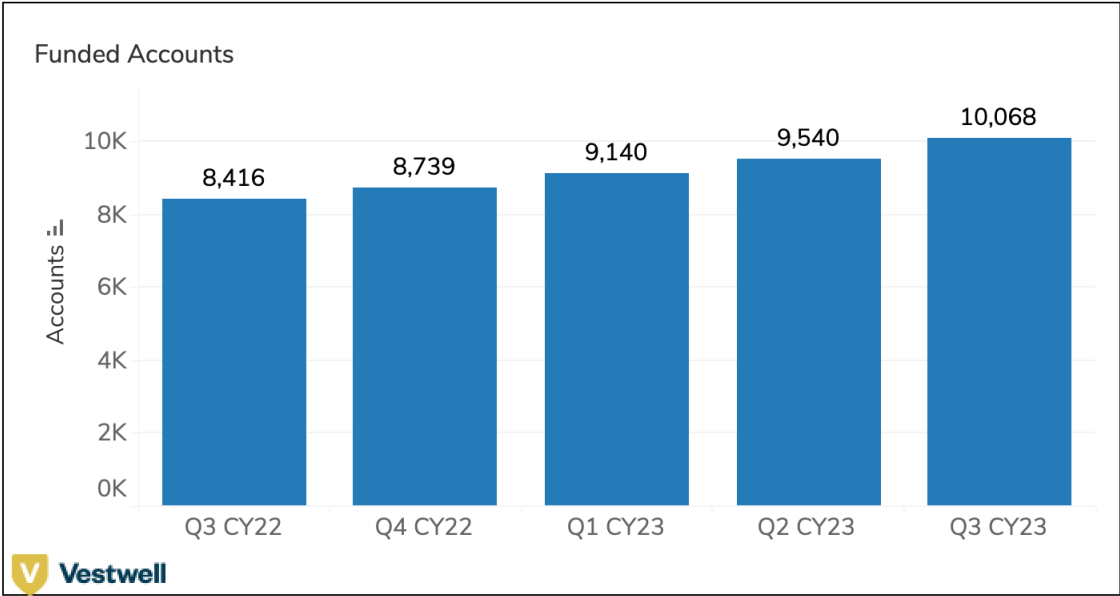
Program Overview



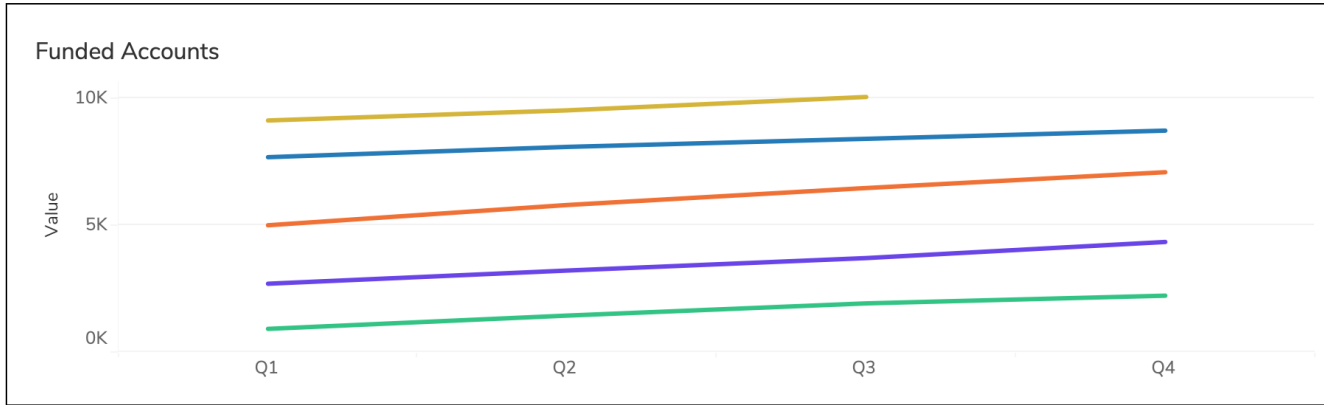
Program Overview

Description	Q3 2022	Q2 2023	Q3 2023	% Change (QoQ)	% Change (YoY)
AUM (\$)	\$79,597,788	\$108,395,281	\$111,149,900	2.5%	39.6%
Funded Accounts	8,416	9,540	10,068	5.5%	19.6%
Avg Acct Balance (\$)	\$9,458	\$11,398	\$11,040	-3.1%	16.7%
New Accounts	555	485	425	-12.4%	-23.4%
Accounts Closed	236	115	214	86.1%	-9.3%
Contributions (\$)	\$7,717,181	\$9,943,558	\$8,904,061	-10.5%	15.4%
Distributions (\$)	\$2,987,142	\$4,637,879	\$4,029,260	-13.1%	34.9%
Net Cash Flow (\$)	\$4,730,039	\$5,305,679	\$4,874,801	-8.1%	3.1%
Total Calls	4,286	4,598	5,255	14.3%	22.6%
Website Visits	19,615	21,134	24,127	14.2%	23.0%

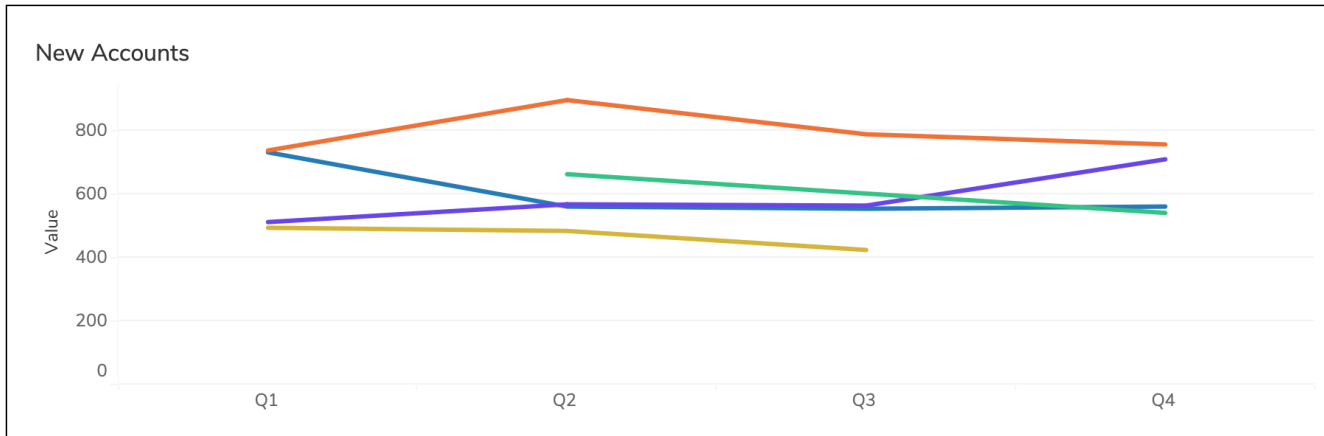
Accounts & Assets



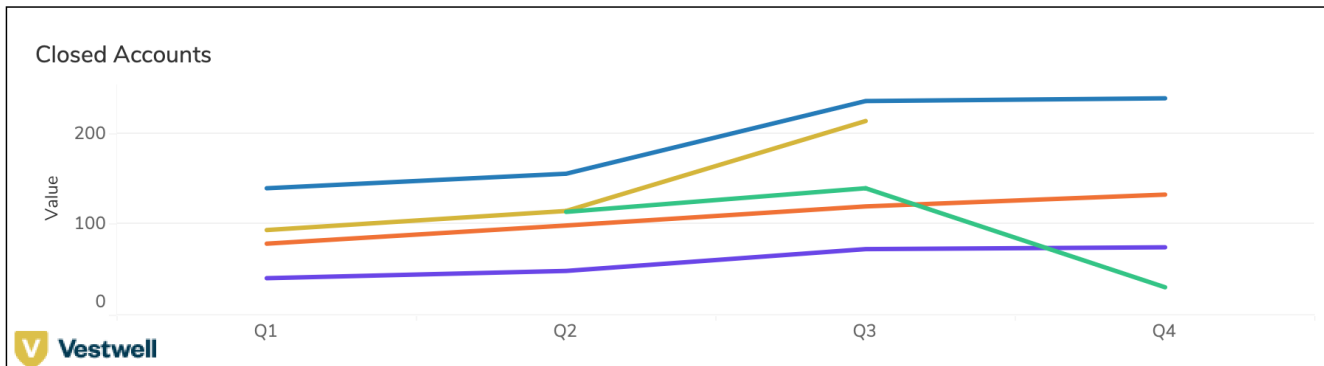
Accounts



Year	Q1	Q2	Q3	Q4
CY19	914	1,438	1,920	2,224
CY20	2,696	3,216	3,708	4,344
CY21	5,004	5,803	6,473	7,098
CY22	7,691	8,097	8,416	8,739
CY23	9,140	9,540	10,068	



Year	Q1	Q2	Q3	Q4
CY19		664	603	542
CY20	513	569	565	711
CY21	739	898	790	758
CY22	733	562	555	562
CY23	495	485	425	

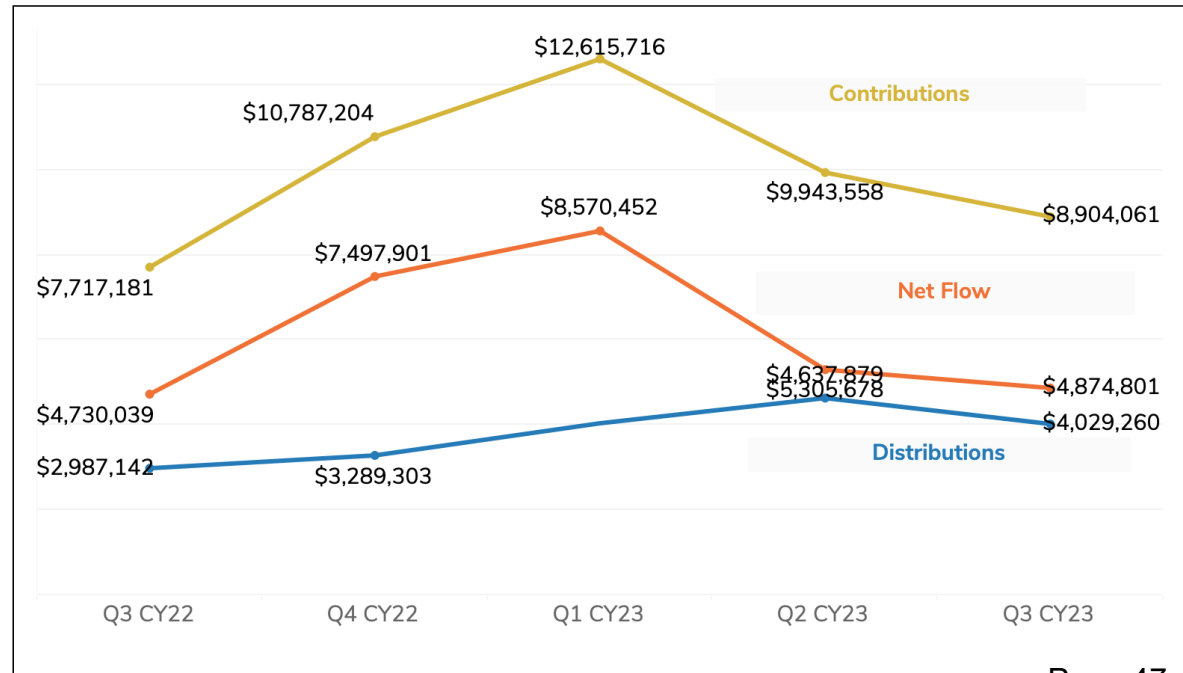


Year	Q1	Q2	Q3	Q4
CY19		114	140	31
CY20	41	49	73	75
CY21	79	99	120	133
CY22	140	156	236	239
CY23	94	115	214	

Net Flows



Statistic	Value this Quarter	% Change (QoQ)	% Change (YoY)
Total Contributions (\$)	\$8,904,061	-10.5%	15.4%
Total Contributions (#)	10,271	-1.4%	7.9%
Average Contribution (\$)	\$867	-9.2%	7.0%
Total Distributions (\$)	\$4,029,260	-13.1%	46.4%
Total Distributions (#)	3,589	-1.5%	13.5%
Average Distributions (\$)	\$1,123	-11.8%	29.0%

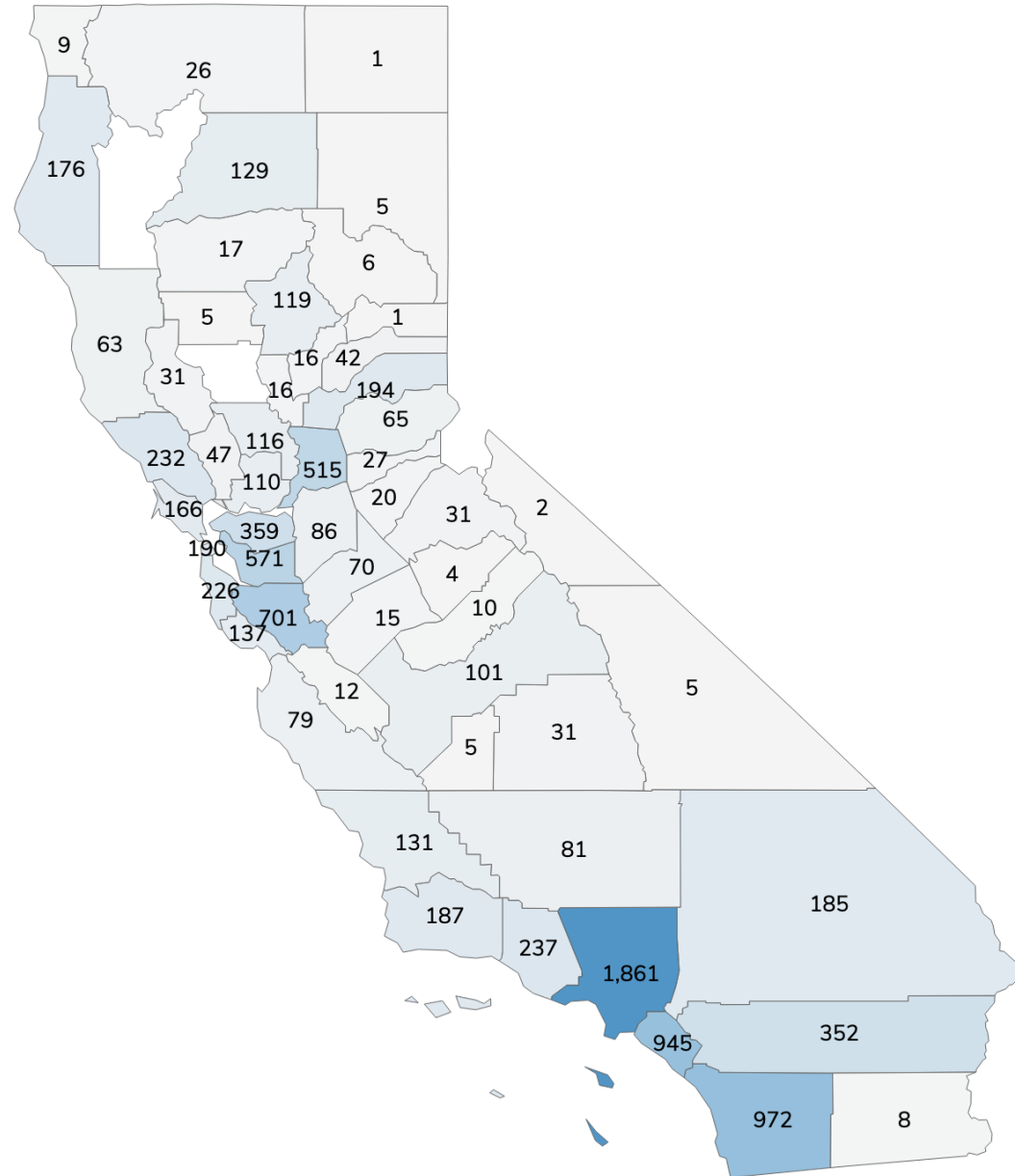


County & State



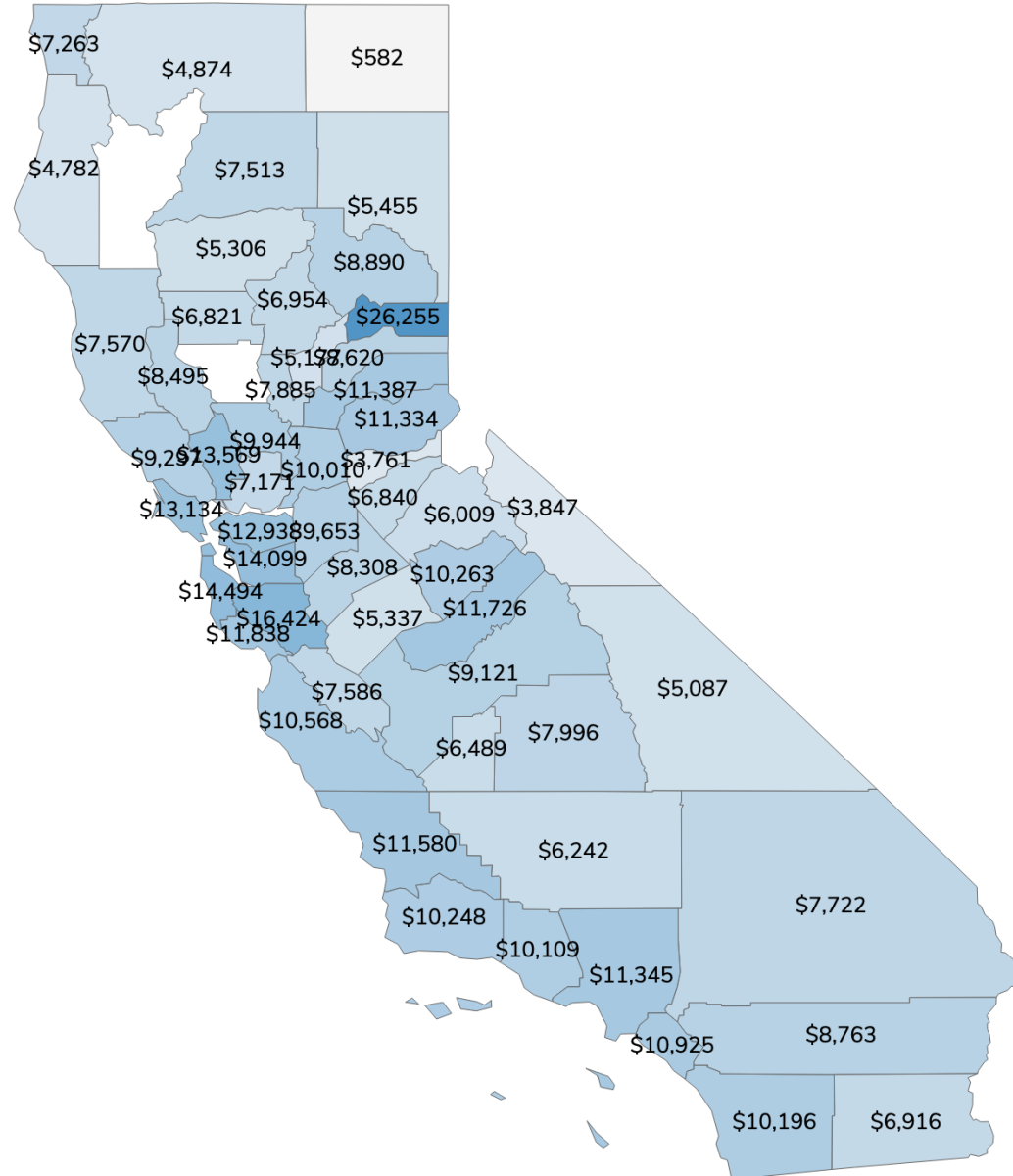


Beneficiaries by County



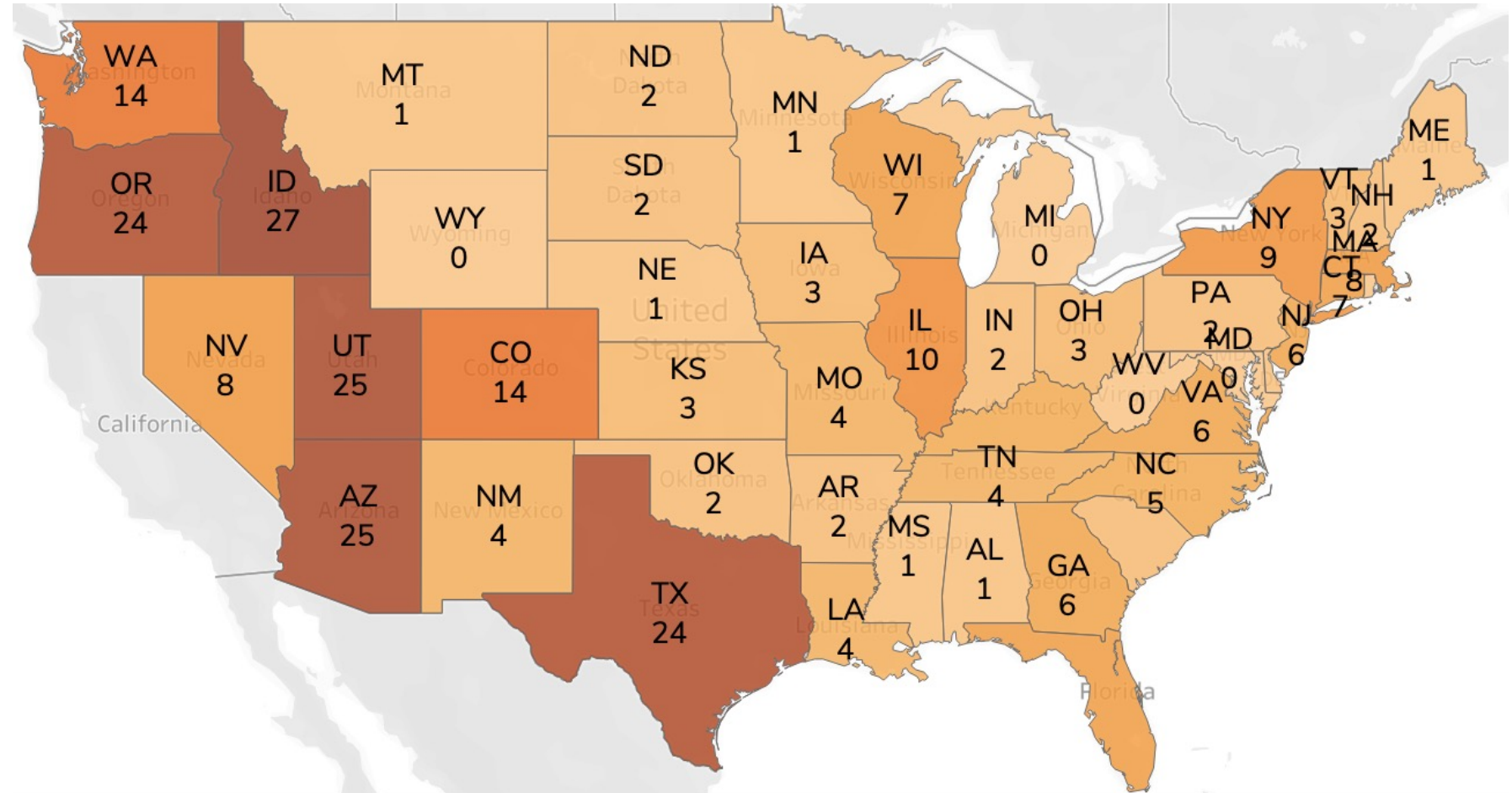


Average Balance by County





Beneficiaries by State (excluding CA)



Details

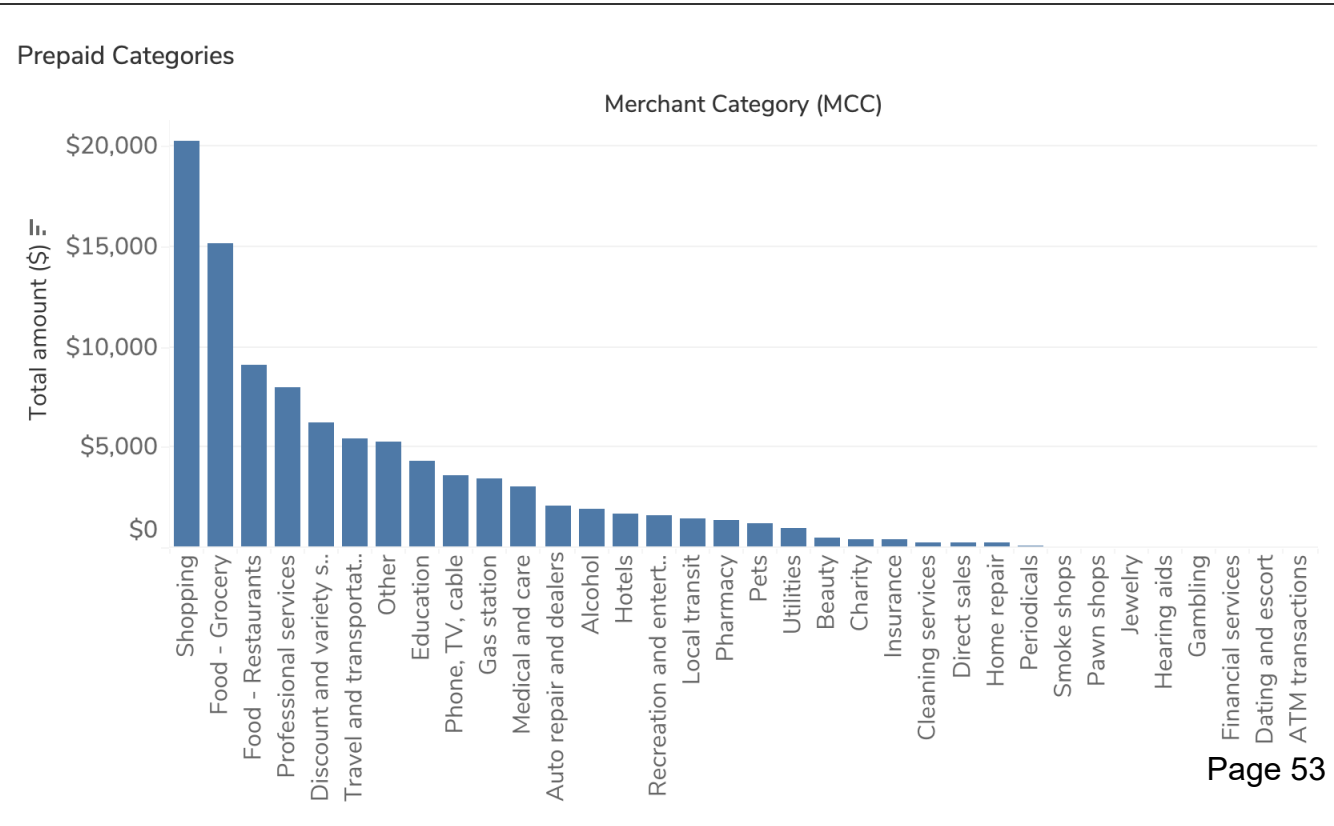




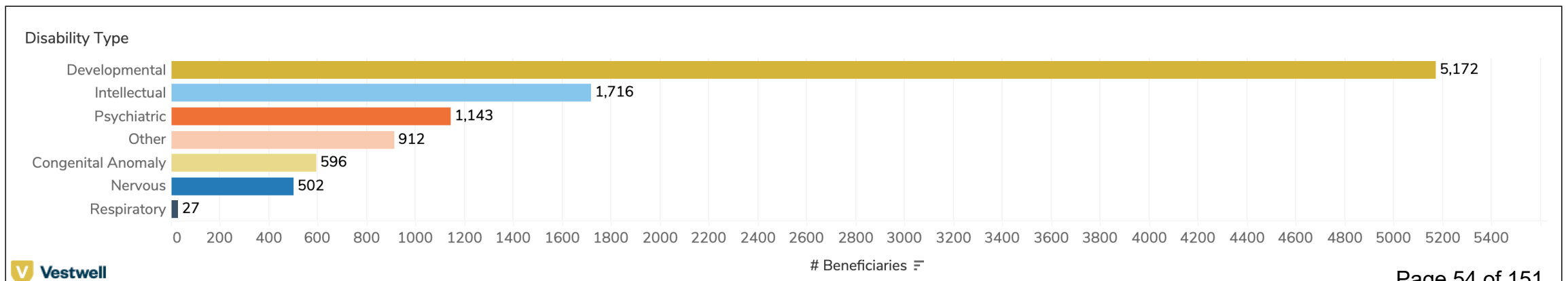
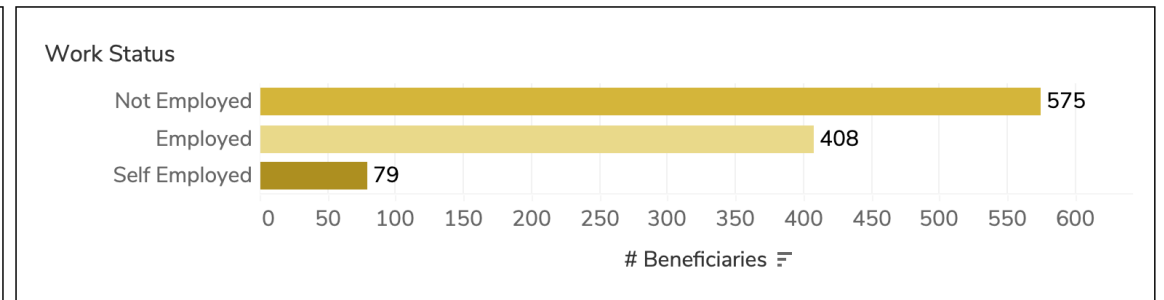
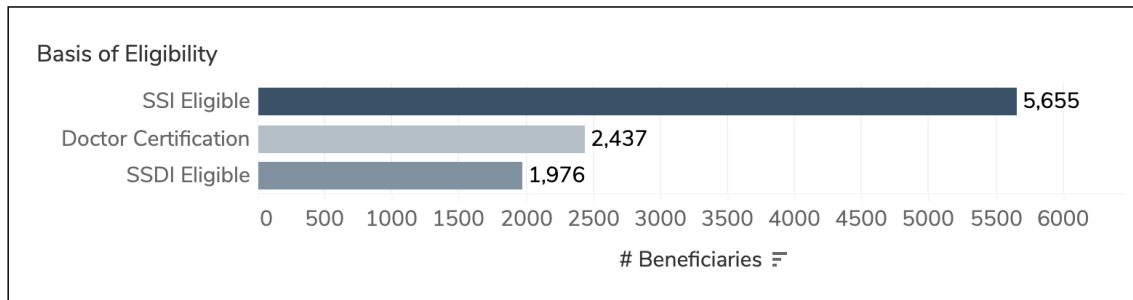
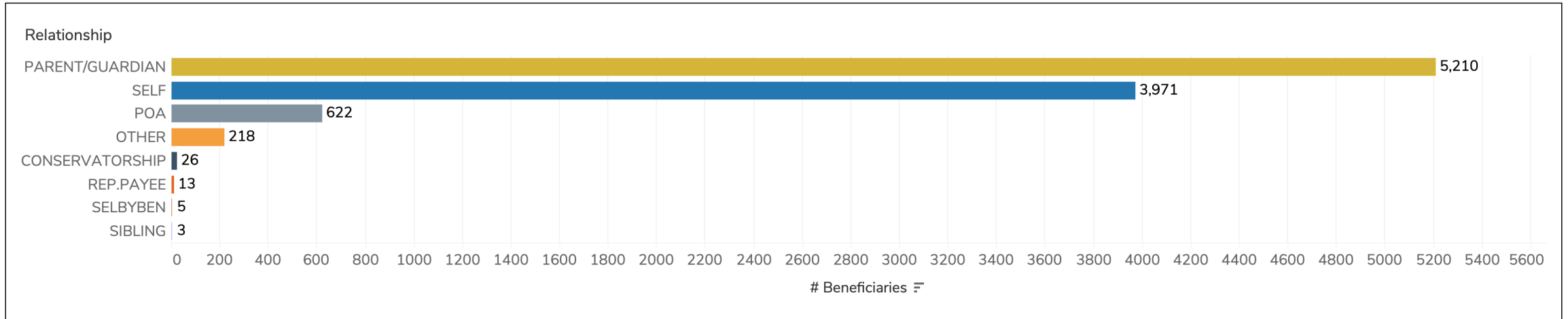
Prepaid Card Activity

Prepaid Card Summary

Statistic	Month 1	Month 2	Month 3
Card Activations	13	215	361
Card Requests	0	626	333
Total Number of Loads	0	87	351
Total Number of Spends	1,387	14	1,803
Total Value of Loads	\$0	\$64,690	\$322,219
Total Value of Spends	\$77,719	\$1,185	\$97,914



Demographics





Thank you.

DISCLOSURES

CalABLE is governed by the California ABLE Act Board, an instrumentality of the State of California. Vestwell State Savings, LLC ("Vestwell") is the program administrator. More information about the program can be found at calable.ca.gov.

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CalABLE

BNY Mellon Advisors Plan Update

Broad Market Macroeconomic Highlights

Five Trends to Consider

1. Hazy Economic Trends

- Because we have not yet experienced the brunt of cyclical pressure, the earnings estimate reduction for 2024 and beyond may still be ahead of us. Corporations have done an admirable job of maintaining profit margins, but future earnings growth expectations look blurry.

2. Impact of Rising Rates

- If the Federal Reserve maintains higher policy rates while a general disinflationary trend prevails, real interest rates are likely to continue to curb economic activity and weigh on stock valuations. Increases in interest rates discount future earnings more heavily. Higher interest rates make the overall market multiples look even higher.

3. Layers of Risk

- Many layers of risk exist between current conditions and the desired outcome of a "soft landing." Resumption of student loan payments, credit concerns and the long and variable lags of monetary policy will likely continue to impact the outlook for 2024.

4. Evolving Labor Force

- Many expect us to go back to the 2019 economy (pre-COVID-19), but that may not look realistic given changing secular and cultural behavior from workers. At the margin, the labor supply factor could raise wages and increase the likelihood of management and labor conflicts. Overall, though, the U.S. labor market may help to shallow out a potential recession.

5. A Global Canvas

- The capital market outlook is painted on a global canvas where geopolitical risk continues to be very high. For global asset allocators, there exists a greater than zero probability that geopolitics will negatively affect capital markets in the future. There is always the possibility that events will turn out better than expected.

Market Overview

Index Returns (%) as of September 30, 2023

Index	3Q 2023	1 Yr.	3 Yr. ^	5 Yr. ^	2022	2021	2020	2019
S&P 500	(3.3)	21.6	10.2	9.9	(18.1)	28.7	18.4	31.5
MSCI USA Small Cap	(4.9)	12.4	9.9	4.8	(17.2)	19.6	18.9	27.4
MSCI EAFE (net of taxes)	(4.1)	25.6	5.8	3.2	(14.5)	11.3	7.8	22.0
MSCI Emerging Markets (net of taxes)	(2.9)	11.7	(1.7)	0.6	(20.1)	(2.5)	18.3	18.4
Bloomberg US Aggregate Bond	(3.2)	0.6	(5.2)	0.1	(13.0)	(1.5)	7.5	8.7
Bloomberg Global Aggregate ex-US	(4.0)	3.4	(8.4)	(3.1)	(18.7)	(7.0)	10.1	5.1
S&P GSCI Crude Oil (Spot)	28.5	14.2	31.2	4.4	6.7	55.0	(20.5)	34.5
S&P GSCI Gold	(3.9)	10.9	(1.4)	8.1	(0.7)	(4.3)	20.9	18.0
Bloomberg Commodity	4.7	(1.3)	16.2	6.1	16.1	27.1	(3.1)	7.7
Bloomberg US Treasury Bill 6-9 Month	1.2	3.6	1.1	1.5	0.2	0.0	1.2	2.6
Inflation §	1.0	3.7	6.0	4.3	6.4	7.1	1.3	2.3

^3-year and 5-year returns are annualized

Sources: MSCI; Bloomberg; Standard and Poor's (©2023, S&P Dow Jones Indices LLC. All rights reserved); Bureau of Labor Statistics.

§ Inflation data through August 2023. Visual created by BNY Mellon Advisors, Inc. For additional information regarding the indices shown, please refer to the Important Disclosures at the end of this document. Indices are unmanaged and are not available for direct investment. **Past performance is not a guarantee of future results.**

CalABLE Portfolio Underlying Fund Allocations

Fund	Ticker	Income Portfolio	Conservative Portfolio	Income and Growth Portfolio	Balanced Portfolio	Conservative Growth Portfolio	Moderate Growth Portfolio	Growth Portfolio
Fidelity® Total Market Index Fund	FSKAX	0	7	13	17	20	26	33
Schwab Total Stock Market Index Fund®	SWTSX	0	6	13	16	19	26	32
Fidelity® International Index Fund	FSPSX	0	5	10	12	15	20	25
Fidelity® Emerging Markets Index Fund	FPADX	0	2	4	5	6	8	10
Fidelity® U.S. Bond Index Fund	FXNAX	30	30	25	22	17	9	0
Schwab U.S. Aggregate Bond Index Fund	SWAGX	30	30	25	20	17	8	0
Fidelity® Long-Term Treasury Bond Index Fund	FNBGX	5	5	4	4	4	3	0
Schwab Treasury Inflation Protected Securities Index Fund	SWRSX	3	3	2	2	2	0	0
Vanguard Emerging Markets Bond Fund Admiral Shares	VEGBX	6	6	2	1	0	0	0
Vanguard High-Yield Corporate Fund Admiral Shares	VWEAX	6	6	2	1	0	0	0
Vanguard Cash Reserves Federal Money Market Fund Admiral Shares	VMRXX	20	0	0	0	0	0	0
		100	100	100	100	100	100	100

Reflects portfolio allocations as of 10/31/2023.

CalABLE Portfolio Performance Review

Growth Portfolio	Sep-23	Oct-23
Gross of Fees Return	-4.30	-2.90
Net of All Fees Return	-4.32	-2.93
Blended Benchmark	-4.23	-3.15
Excess Return	-0.09	0.22

Income & Growth Portfolio	Sep-23	Oct-23
Gross of Fees Return	-3.35	-2.30
Net of All Fees Return	-3.37	-2.33
Blended Benchmark	-3.37	-2.32
Excess Return	0.00	-0.01

Moderate Growth Portfolio	Sep-23	Oct-23
Gross of Fees Return	-4.07	-2.74
Net of All Fees Return	-4.10	-2.77
Blended Benchmark	-4.03	-2.94
Excess Return	-0.07	0.17

Conservative Portfolio	Sep-23	Oct-23
Gross of Fees Return	-2.97	-1.90
Net of All Fees Return	-3.00	-1.94
Blended Benchmark	-3.04	-2.01
Excess Return	0.04	0.07

Conservative Growth Portfolio	Sep-23	Oct-23
Gross of Fees Return	-3.76	-2.49
Net of All Fees Return	-3.78	-2.52
Blended Benchmark	-3.73	-2.64
Excess Return	-0.05	0.12

Income Portfolio	Sep-23	Oct-23
Gross of Fees Return	-2.03	-1.26
Net of All Fees Return	-2.05	-1.29
Benchmark	-2.11	-1.28
Excess Return	0.06	-0.01

Balanced Portfolio	Sep-23	Oct-23
Gross of Fees Return	-3.55	-2.36
Net of All Fees Return	-3.58	-2.39
Blended Benchmark	-3.56	-2.47
Excess Return	-0.02	0.08

Please see Blended Benchmark Definitions in the Important Disclosures section at the end of this report. Performance as of 9/30/2023.

Source: BNY Mellon.

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CalABLE Blended Benchmark Definitions

Income Portfolio: 60% Bloomberg US Aggregate Bond TR USD, 5% Bloomberg Long Term US Treasury TR USD, 3% Bloomberg US Treasury US TIPS TR USD, 6% Bloomberg USD Emerging Markets Government RIC Capped TR USD, 6% Bloomberg US Corporate High Yield TR USD, 20% Bloomberg US Treasury Bill 1-3 Mon TR USD

Conservative Portfolio: 13% Dow Jones US Total Stock Market TR USD, 5% MSCI EAFE NR USD, 2% MSCI EM NR USD, 60% Bloomberg US Aggregate Bond TR USD, 5% Bloomberg Long Term US Treasury TR USD, 3% Bloomberg US Treasury US TIPS TR USD, 6% Bloomberg USD Emerging Markets Government RIC Capped TR USD, 6% Bloomberg US Corporate High Yield TR USD

Income & Growth Portfolio: 26% Dow Jones US Total Stock Market TR USD, 10% MSCI EAFE NR USD, 4% MSCI EM NR USD, 50% Bloomberg US Aggregate Bond TR USD, 4% Bloomberg Long Term US Treasury TR USD, 2% Bloomberg US Treasury US TIPS TR USD, 2% Bloomberg USD Emerging Markets Government RIC Capped TR USD, 2% Bloomberg US Corporate High Yield TR USD

Balanced Portfolio: 33% Dow Jones US Total Stock Market TR USD, 12% MSCI EAFE NR USD, 5% MSCI EM NR USD, 42% Bloomberg US Aggregate Bond TR USD, 4% Bloomberg Long Term US Treasury TR USD, 2% Bloomberg US Treasury US TIPS TR USD, 1% Bloomberg USD Emerging Markets Government RIC Capped TR USD, 1% Bloomberg US Corporate High Yield TR USD

Conservative Growth Portfolio: 39% Dow Jones US Total Stock Market TR USD, 15% MSCI EAFE NR USD, 6% MSCI EM NR USD, 34% Bloomberg US Aggregate Bond TR USD, 4% Bloomberg Long Term US Treasury TR USD, 2% Bloomberg US Treasury US TIPS TR USD

Moderate Growth Portfolio: 52% Dow Jones US Total Stock Market TR USD, 20% MSCI EAFE NR USD, 8% MSCI EM NR USD, 17% Bloomberg US Aggregate Bond TR USD, 3% Bloomberg Long Term US Treasury TR USD

Growth Portfolio: 65% Dow Jones US Total Stock Market TR USD, 25% MSCI EAFE NR USD, 10% MSCI EM NR USD

As of October 31, 2023

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Benchmark Definitions

- Bloomberg U.S. Aggregate Bond Index represents securities that are SEC registered, taxable and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. Securities must have at least one year to final maturity regardless of call features and must have at least \$250 million par amount outstanding.
- Bloomberg Long U.S. Treasury Index includes all publicly issued, U.S. Treasury securities that have a remaining maturity of 10 or more years, are rated investment grade and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non-convertible.
- Bloomberg U.S. Treasury Inflation Protected Securities (TIPS) Index represents inflation-protected securities issued by the U.S. Treasury. Securities must be investment-grade, publicly issued, dollar-denominated, have at least one year remaining to maturity and have at least \$250 million par amount outstanding.
- Bloomberg USD Emerging Markets Government RIC Capped Index is designed to measure the investment return of dollar-denominated bonds that have maturities longer than one year and were issued by emerging market governments and government-related issuers. The index is capped, which means that its exposure to any particular bond is limited to a maximum of 20% and its aggregate exposure to issuers that individually constitute 5% or more is limited to 48%. If the index, as constituted based on market weights, exceeds the 20% or 48% limits, the excess is reallocated to bonds of other issuers represented in the index.

Benchmark Definitions

- Bloomberg U.S. Treasury Bill 1-3 Month Index is the one-to three-month component of the U.S. Treasury Bill Index. The Bloomberg Treasury Bill Index includes U.S. Treasury bills with a remaining maturity from one up to (but not including) 12 months. It excludes zero coupon strips.
- Bloomberg U.S. Aggregate Float Adjusted Index provides broad exposure to the U.S. investment-grade bond market. The float-adjusted index excludes U.S. Treasuries, agencies, and mortgage-backed securities (MBS) held in Federal Reserve accounts, thereby reducing the market value weight of these securities.
- Dow Jones U.S. Total Stock Market Index is an unmanaged, float-adjusted market-capitalization-weighted index providing broad-based coverage of the U.S. equity market. The index is considered a total market index, representing the top 95% of the U.S. stock market based on market capitalization. To be included in the index, a security generally must be all of the following: an equity security (common stock, REIT or limited partnership), a security that has its primary market listing in the U.S. and be issued by U.S. headquartered company.
- MSCI EAFE (Europe, Australasia and the Far East) Index (net of taxes) is a free-float-adjusted market-capitalization index that is designed to measure developed market equity performance, excluding the United States and Canada. As of June 30, 2022, the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The index is net because dividends are reinvested after deducting a withholding tax from dividend distributions. Since taxes are withheld from the MSCI EAFE Index (net of taxes), the performance of the MSCI EAFE Index (net of taxes) will generally be lower than that of the MSCI EAFE Index (gross of taxes).
- MSCI Emerging Markets Index (net of taxes) is a free-float-adjusted, market-capitalization index that is designed to measure equity market performance of emerging markets. As of June 30, 2022, the MSCI Emerging Markets Index consisted of the following 24 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. The index is net because dividends are reinvested after deducting a withholding tax from dividend distributions. Since taxes are withheld from the MSCI Emerging Markets Index (net of taxes), the performance of the MSCI Emerging Markets Index (net of taxes) will generally be lower than that of the MSCI Emerging Markets Index (gross of taxes).

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Important Disclosures

Past performance is not a guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value of an investment will fluctuate, so that an investor's assets, when sold, may be worth more or less than their original cost.

Performance is calculated using a NAV-to-NAV Performance methodology. NAV returns are calculated as $((\text{Ending NAV}/\text{Beginning NAV})-1)*100$. NAV-to-NAV Performance uses daily accounting data to calculate a daily return, month-to-date return and linked returns for other periods. The Gross of Fees Return shown reflects the deduction of fees and expenses associated with the underlying mutual funds held in the portfolio (the "Underlying Fund Fee"). The Net of Fees Return shown reflects the deduction of the Underlying Fund Fee, Service Fee, and State Administrative Fee (together, the "Total Annual Asset-Based Fee"). The returns shown do not reflect account maintenance fees or other account level service-based fees (e.g., returned check fees, statement delivery fees, etc.).

There is no guarantee that investment objectives will be attained. Results may vary. There is no guarantee that risk can be managed successfully.

Diversification and strategic asset allocation do not guarantee a profit or protect against a loss in declining markets. **All investments are subject to risk, including the loss of principal.**

It is important to remember that there are risks inherent in any investment and that there is no assurance that any money manager, fund, asset class, index, style or strategy will provide positive performance over time.

Investors should carefully consider the investment objectives, risks, charges, fees and expenses of any mutual fund before investing. This and other important information can be found in the fund prospectus and, if available, the summary prospectus, which may be obtained by calling the fund or visiting the respective fund company's website, or by visiting the SEC's EDGAR website at <https://www.sec.gov/edgar/search/#>. Please read the prospectus and, if available, the summary prospectus carefully.

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and may follow different accounting standards than domestic investments.

Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of more developed countries. These securities may be less liquid and more volatile than investments in US and longer established non-US markets.

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, the risk of issuer default, liquidity risk and market risk. These risks can affect a security's price and yield to varying degrees, depending upon the nature of the instrument, and may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets. In general, a bond's yield is inversely related to its price. Bonds can lose their value as interest rates rise and an investor can lose principal. If sold prior to maturity, fixed income securities are subject to gains/losses based on the level of interest rates, market conditions and the credit quality of the issuer.

Liquidity risk increases when particular investments are difficult to purchase or sell. A lack of liquidity also may cause the value of investments to decline. Illiquid investments may be harder to value, especially in changing markets. Typically, liquid investments may become illiquid, particularly during periods of market turmoil. When illiquid assets must be sold in such market conditions (to meet redemption requests or other cash needs for example), it may be necessary to sell such assets at a loss.

Investments in inflation-protected securities are subject to several general risks, including interest rate risk, credit risk, market risk and inflation-protected securities risk. Interest payments on inflation-protected securities will vary as the principal and/or interest is adjusted for inflation and may be more volatile than interest paid on ordinary fixed income securities.

Important Disclosures

Portfolios that invest in small/mid-capitalization companies involve greater risk and price volatility than an investment in securities of larger capitalization, more established companies. Such securities may have limited marketability and the firms may have limited product lines, markets and financial resources than larger, more established companies.

Investments in U.S. government agency securities involve fluctuation due to changing interest rates or other market conditions. Investors may experience a gain or loss due to prepayment of obligations and may receive back part of their investment before redemption.

Investments in high-yield, non-investment-grade bonds involve higher risk than those that invest in investment-grade bonds. Adverse conditions may affect the issuer's ability to pay interest and principal on these securities and, as a result, they may have a higher probability of default.

Investments in corporate fixed income securities are subject to a number of risks, including the possibility of issuer default, credit risk, market risk and call risk.

Mutual funds included in portfolios charge additional fees and expenses outside of the Total Annual Asset-Based Fee for this program. Mutual funds may additionally charge a redemption fee if shares are redeemed by within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective fund prospectuses. For complete details, please refer to the applicable fund prospectus.

The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Index performance assumes the reinvestment of all distributions, but does not assume any transaction costs, taxes, management fees or other expenses, which would reduce the performance shown. Indices are unmanaged and are not available for direct investment.

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