2017 Annual Report

Maryland Prepaid College Trust | Maryland College Investment Plan

Maryland 529

formerly College Savings Plans of Maryland

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Boyd K. Rutherford
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Public Member

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Public Member

** Ms. Sobczak left the Maryland 529 Board in the Fall of 2017. Mr. Tsirigotis joined the Board in December 2017.*

Maryland529

formerly College Savings Plans of Maryland

December 2017

Dear Friends,

Since our inception in 1998 with the launch of the Maryland Prepaid College Trust, our goal has been to help make college more affordable for Maryland families. We have made many significant strides toward that goal through our two college savings programs, the Maryland College Investment Plan and the Prepaid College Trust. We are excited about the growth of the programs over the last year and the recent launch of the Maryland Achieving a Better Life Experience (ABLE) program that helps individuals with disabilities save to meet qualifying disability expenses.

Families across Maryland continued to entrust their college savings with Maryland 529's two college savings plans. At the close of the fiscal year, accounts were held on behalf of approximately 215,000 beneficiaries across the two plans and assets totaled over $6.2 billion.

The Prepaid College Trust remains sound and was fully funded at fiscal year-end. The driving forces were strong investment results and lower than anticipated tuition increases. The Prepaid College Trust investments increased by 12.3%, reaching over $1 billion. One advantage of having an actuarial surplus is that it can help to reduce the impact of future events that could detract from the Trust's soundness such as lower than expected investment earnings, higher than expected tuition increases, or both. With accounts held on behalf of 32,306 beneficiaries as of October 11, 2017, it is reassuring to know that the Prepaid Trust is in such strong fiscal health.

Investments in the Maryland College Investment Plan reached approximately $5.2 billion as of June 30, 2017. In addition, the College Investment Plan had a net gain of 13,000 beneficiaries and reached a total of 182,617 beneficiaries at fiscal year-end. With more than $520.9 million in contributions from account holders and mixed investment markets during the fiscal year, the average account balance was $28,407 as of June 30, 2017.

A college education is now the second-largest expense an individual is likely to make in a lifetime — right after purchasing a home. And the cost of college is becoming harder to manage. The percentage of borrowers who owe $50,000 or more has tripled over 10 years, according to a report by the Consumer Financial Protection Bureau. Maryland families will need to continue to save what they can afford, in order to be able to send their children and grandchildren to college without incurring burdensome levels of debt. Maryland 529 is here to help our families reach this goal.

Thank you for making college savings a priority for your family and participating with Maryland 529. Every dollar you save results in achieving your student's higher education goals with a lower amount of student debt.

Sincerely,

The Board
Maryland 529

Table of contents

Definitions of the benchmarks cited in the report: Bloomberg Barclays 1–3 Year Government/Credit Index—tracks the total return of Treasury bonds, agency securities, U.S. corporate bonds, and some foreign debentures and secured notes, with maturities of one to three years; Bloomberg Barclays 1–5 Year U.S. Treasury TIPS Index—measures the performance of inflation protected public obligations of the U.S. Treasury with maturities of one to five years; Bloomberg Barclays U.S. Aggregate Bond Index—tracks the performance of investment-grade corporate and government bonds; Citigroup 3-Month Treasury Bill Index—tracks the performance of short-term U.S. government debt instruments; Credit Suisse High Yield Index—tracks the performance of domestic noninvestment-grade corporate bonds; FTSE All World Developed ex North America Index—tracks the performance of large-cap non-U.S. companies; IBF Custom Blended Benchmark—tracks an international basket government, corporate, agency, and mortgage-related bonds; J.P. Morgan Emerging Markets Bond Index Global—tracks U.S. dollar-denominated government bonds in emerging markets countries; MSCI EAFE (Europe, Australasia, and Far East) Index—tracks the performance of non-U.S. large-cap developed market stocks; MSCI Emerging Markets Index—tracks stocks from emerging markets countries that can be traded by foreigners; Real Assets Broad Weighted Benchmark—tracks a blend of global natural resources, real estate, metals and mining, and precious metals stocks; Russell 1000 Growth Index—tracks the performance of large-cap U.S. stocks with higher price-to-book ratios and higher forecast growth values; Russell 1000 Value Index—tracks the performance of large-cap U.S. stocks with lower price-to-book ratios and lower forecast growth values; Russell Midcap Growth Index—tracks the performance of mid-cap U.S. stocks with higher price-to-book ratios and higher forecast growth values; Russell Midcap Value Index—tracks the performance of mid-cap U.S. stocks with lower price-to-book ratios and lower forecast growth values; Russell 2000 Index—tracks the performance of 2,000 small-cap U.S. companies; S&P 500 Index—tracks the performance of 500 primarily U.S. companies; S&P Total Market Index—tracks the performance of a broad spectrum of small-, mid-, and large-capitalization U.S. stocks.

Maryland 529 – Features and Benefits

Maryland 529 (formerly College Savings Plans of Maryland) offers affordable and flexible options to help families save for higher education expenses and help lessen or even eliminate the need to borrow in the future to finance a college education. By choosing one or both plans, families are likely to find an option that suits their individual investing style, comfort level and budget.[1] Both plans can be used at nearly any public or private college nationwide.

The Maryland Prepaid College Trust (sometimes referred to as Prepaid College Trust or Trust) allows participants to lock in future college tuition at today's prices and is backed by the security of a Maryland Legislative Guarantee. In the event that the Trust ever experiences a financial shortfall, Maryland law requires the Governor to include funds in the State budget to allow the Trust to pay full benefits. As with the entire State budget, the Maryland General Assembly has final approval.

Families can purchase as little as a 1-semester University Plan or a 1-year Community College Plan and can then purchase additional semesters or years at nearly any time at prices in effect at the time of purchase. Account holders can purchase as many as seven years of University tuition benefits, although no more than five years can be purchased on a single account. The Trust is open to 12th graders or younger, including newborns, although beneficiaries must be enrolled in the Trust for at least three years before they can begin to use their tuition benefits.

The Maryland College Investment Plan (sometimes referred to as College Investment Plan or Plan) is overseen by the Maryland 529 Board and managed and distributed by a program manager, currently T. Rowe Price. It allows participants to choose from a variety of mutual fund-based portfolios. These options include Enrollment-Based Portfolios with investment allocations which are adjusted over time to become more conservatively invested as a child ages, and Fixed Portfolios with investment allocations that remain relatively static throughout the life of the investment.

Flexible contribution amounts start at $25 per month with automatic monthly contributions. In addition, the Plan has no sales loads, commissions, annual account fee, or enrollment fee. The College Investment Plan is open for enrollment anytime during the year and is available to children and adults of any age. While most accounts are established for beneficiaries who are 18 years old or younger, the Plan can also be a good choice for adults who wish to save for their own future higher education at the undergraduate or graduate level.

This Plan can also be used towards eligible trade and technical schools. Accounts can even be opened for a child who is not yet born. A future parent or grandparent can open an account with him/herself as both the account holder and beneficiary. When the child or grandchild is born, the beneficiary can be changed to be the newborn child. This allows an early head start on saving for college.

Another way families can save for college is through the State Contribution Program. Designed to help low- and middle-income families in Maryland save money for higher education, individuals who open a College Investment Plan after December 31, 2016, and submit an application between January 1 and June 1 may be eligible to receive a $250 contribution from the State. For more information, please visit **Maryland529.com/MDMatch250.**

In October 2017, we were pleased to learn the College Investment Plan was one of ten plans in the country to receive a "Silver" rating from Morningstar, Inc. Morningstar believes that plans with a silver rating are among the best-in-class options and follow many of the industry's best practices.[2]

The Prepaid College Trust and the College Investment Plan are Section 529 plans - named after the section of the Internal Revenue Code that permits states to establish and administer tax-advantaged college savings plans. Both plans offer generous Federal and Maryland State tax benefits including:

- Tax-deferred growth at the Federal and Maryland State level;
- Tax-free earnings at the Federal and Maryland State level provided the funds are used for eligible higher education expenses; and
- Maryland State income deduction of contributions to either or both plans, up to $2,500 annually per account or beneficiary, depending on the plan. Contributions in excess of $2,500 annually in either plan may be carried forward and deducted in future years. The income deduction is available to both Account Holders and contributors. Account Holders that receive a State Contribution to their MCIP account are not eligible for the income deduction in the tax year they receive the contribution.

[1] Please read our entire Enrollment Kit before deciding to enroll. If you or your beneficiary live outside of Maryland, check with your state to learn if it offers tax or other state benefits, such as financial aid, scholarship funds, and protection from creditors, that are only available for investments in the home state's plan. The Enrollment Kit contains investment objectives, risks, fees and expenses, and other information you should read and consider carefully before investing.

[2] Morningstar analysts reviewed 62 plans for its 2017 ratings (10/24/17) of which 10 plans received a "Silver" rating. To determine a plan's rating, Morningstar's analysts considered five factors: the plan's strategy and investment process; the plan's risk-adjusted performance; an assessment of the individuals managing the plan's investment options; the stewardship practices of the plan's administration and parent firm; and whether the plan's investment options are a good value proposition compared to its peers. Plans were then assigned forward-looking ratings of "Gold," "Silver," "Bronze," "Neutral," and "Negative." Each year, certain of the industry's smallest plans are not rated.

Analyst Ratings are subjective in nature and should not be used as the sole basis for investment decisions. Analyst Ratings are based on Morningstar analysts' current expectations about future events and therefore involve unknown risks and uncertainties that may cause Morningstar's expectations not to occur or to differ significantly from what was expected. Morningstar does not represent its Analyst Ratings to be guarantees.

Market Commentary

Market performance has a direct effect on the overall performance of investments in the Maryland College Investment Plan and Maryland Prepaid College Trust. *The following is designed to provide a summary of market performance for the period ended June 30, 2017.**

U.S. STOCKS SURGE AS ECONOMY PICKS UP; CORPORATE EARNINGS REBOUND

Steady economic growth and a rebound in corporate profits lifted stock markets worldwide in the fiscal year ending June 30, 2017. U.S. stocks were range-bound early in the period amid caution before November's presidential election and uncertainty about the timing of the Federal Reserve's interest rate hikes. After the election, U.S. stocks soared as investors pinned their hopes on tax cuts and deregulation. A long-awaited corporate earnings recovery fueled the rally. Overall, profits for the S&P 500 Index rose at their fastest year-over-year pace in several years in the first quarter of 2017—a welcome change after five quarters of earnings declines that began in mid-2015. The S&P 500 Index rose to record levels through June, joining many global stock benchmarks that reached all-time highs.

U.S. small-cap stocks outperformed their larger peers. Growth stocks outpaced value stocks among large- and mid-cap stocks, while small-cap growth and small-cap value stocks fared roughly the same, according to various Russell indexes. Nine of 11 sectors in the S&P 500 Index advanced while two fell. Financials gained the most, driven by rising interest rates, hopes for deregulation, and favorable results of the Fed's annual "stress test" for banks. Information technology was the next-best performer due to outsized gains in a few technology and Internet stocks. Conversely, telecommunication services retreated as wireless operators grappled with weak subscriber growth and growing competition. The energy sector declined as crude oil prices sank in the first half of 2017 amid a persistent global oversupply of oil.

Signs of steady economic growth outside the U.S. offset mounting concerns about the administration's ability to deliver on its agenda. Evidence of a sustained recovery grew more plentiful in Europe and Japan, helped by ultralow interest rates and other accommodative measures implemented by central banks in both markets. Emerging markets stocks outperformed developed markets stocks as the global recovery translated into increased trade, benefiting export-driven economies across the developing world. All major emerging regions advanced, led by Asia, as strong growth in China drove economic activity in the region.

U.S. INVESTMENT-GRADE BONDS RETREAT, BUT HIGH YIELD SHINES

U.S. investment-grade bonds slightly declined over the fiscal year. In the second half of 2016, yields on longer-term Treasuries rose and prices fell as economic data improved and the Fed signaled that it was drawing closer to raising interest rates for the first time since December 2015. (Bond prices and yields move in opposite directions.) Yields spiked after the election on anticipation of pro-growth policies and an interest rate increase in December. This year, however, longer-term Treasury yields reversed course as inflation stayed tame and investors surmised that a new fiscal agenda would take longer than expected to materialize. Following the Fed's rate hike in December 2016, the central bank raised interest rates in March and June and signaled one more hike in 2017. It also announced plans to start gradually reducing its $4.5 trillion balance sheet consisting of Treasuries and mortgage-backed securities later this year.

In the investment-grade universe, long-term corporate bonds performed the best as credit spreads—the yield difference between Treasuries and bonds with some credit risk—narrowed as the earnings recovery supported corporate fundamentals. On the other hand, long-term Treasuries declined.

High yield bonds widely outpaced their investment-grade peers. High yield bonds rallied as they benefited from commodity prices stabilizing well above their lows in early 2016, a subdued default outlook, and strong demand in an environment of low-yielding securities globally.

Bonds in developed non-U.S. markets declined in dollar terms as government bond yields in the UK and the Eurozone rose over the past year. In the UK, government bond yields rebounded from their post-Brexit lows and after some Bank of England policymakers signaled in June that they were leaning toward increasing rates. In the Eurozone, government bond yields surged from very low levels as speculation grew that the improving economy would lead the European Central Bank to start unwinding its years-long stimulus program. Currency weakness in the fiscal year's first half also hurt dollar-based returns. The British pound and Japanese yen each fell sharply against the dollar over the last 12 months, though most global currencies have appreciated against the dollar in 2017.

Dollar-dominated emerging markets bonds rose modestly in dollar terms, overcoming a postselection sell-off last November. Stable global growth, higher commodity prices, and relatively higher interest rates in most developing countries helped support the asset class.

**This discussion is provided by T. Rowe Price and is not a comprehensive discussion of all stock market performance. It is also not to be a comprehensive discussion of risks associated with the Maryland College Investment Plan and Maryland College Prepaid College Trust. For more detailed discussion of these risks, see the current Enrollment Kit.*

College Costs Review*

Increases in tuition and fees were relatively modest in 2016–2017, consistent with the trend in recent years. In the 10 years between the 2006-2007 and 2016-2017 academic years, published in-state tuition and fees at public four-year institutions rose at an inflation-adjusted average rate of 3.5% per year compared with an inflation-adjusted average annual increase of 3.9% and 4.2% over the two prior decades.

While annual cost increases have slowed in recent years, college costs remain substantial and continue to outpace inflation. Below is the latest data from the College Board on average higher education costs for 2016-2017 (see also the accompanying table):

- The average total cost of a four-year public university for in-state students rose by 2.7% from the previous academic year to $20,090.
- The average total cost of a four-year private college rose by 3.4% from the previous academic year to $45,370.

Note that the "average total cost" includes tuition, fees, and room and board. It does not include expenses such as books, supplies, and transportation, which can add several thousand dollars to annual college costs.

Consistent, disciplined saving can help make college more affordable and reduce the chances of having sizeable student loan debt after graduation. It also allows families to take advantage of further potential slowing in annual college cost increases.

THE STATE OF FINANCIAL AID

Education borrowing has declined steadily in recent years, but paying for college remains a significant financial burden for students and families. Undergraduate students received an average of $14,460 in financial aid per full-time equivalent student in 2015-2016 (the most recent available data), according to the College Board. The figure includes $8,390 in grants from all sources; $4,720 in federal loans; and $1,350 in education tax credits, deductions, and Federal work-study.

Education borrowing has come down from the dramatic increases in financial aid awarded from 2009 to 2011 when the U.S. economy was reeling from the global financial crisis. Total education borrowing fell for the fifth straight year in 2015-2016, leading to a 15% drop from a peak in 2010-2011. Besides reflecting the recovering economy, the data indicate that solid financial preparation has been paying off for some families and that 529 plans are an important option in such preparation.

PUBLISHED TUITION, FEES, AND ROOM AND BOARD CHARGES – NATIONAL AVERAGE

	Four-Year Private College	Four-Year Public College-In-State
2016-2017 Academic Year	$45,370	$20,090
Change from the previous academic year	3.4%	2.7%
Annual percentage increase over the past decade *above* the rate of inflation	2.4%	3.5%

**Source: Trends in College Pricing 2016 and Trends in Student Aid 2016 published by the College Board.*

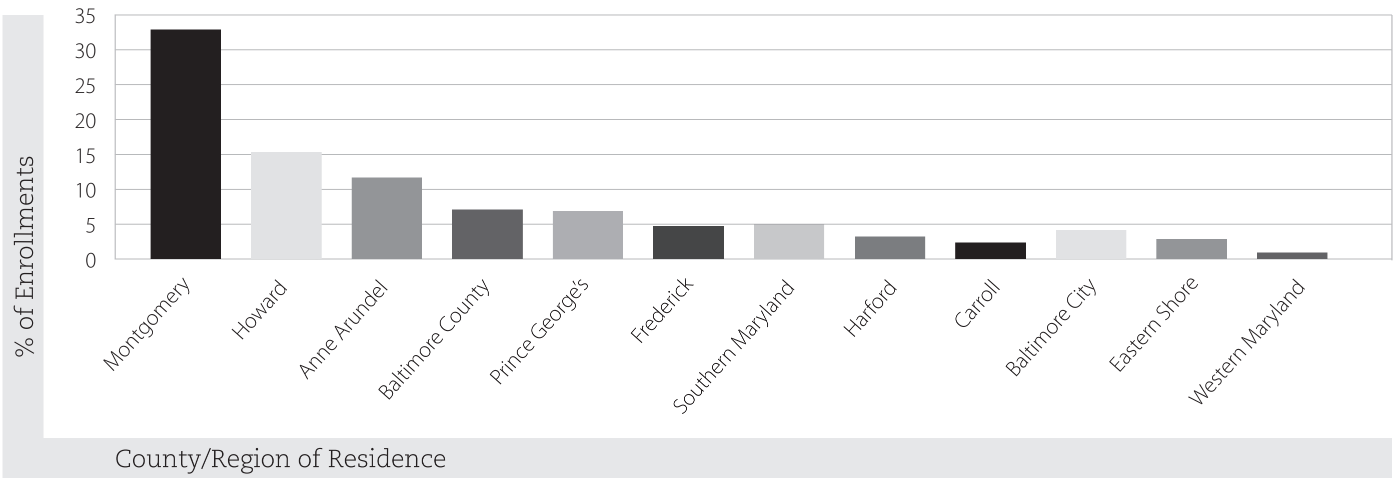
Maryland Prepaid College Trust

PROFILE OF NEW PREPAID COLLEGE TRUST ENROLLMENTS

New Enrollment by County

Of the approximately 1,478 new enrollments that were received in the past fiscal year, Montgomery County residents produced the largest number of account holders, accounting for 33% of all new enrollments. Howard County was the second largest source of new enrollments (15%), followed by Anne Arundel (12%), and Baltimore (7%) counties, as illustrated in the following chart:

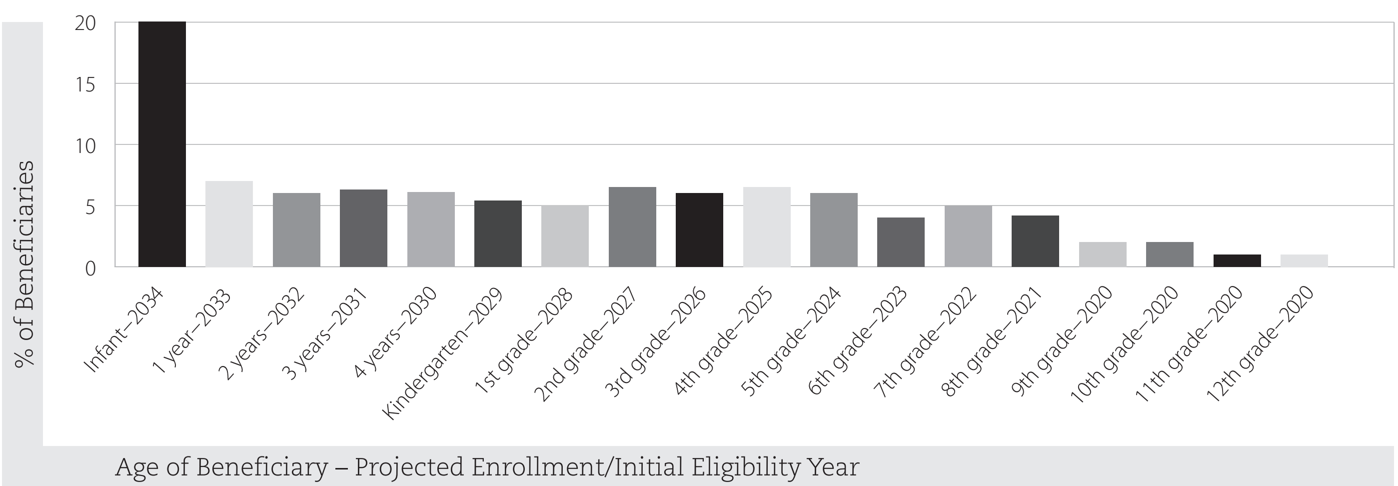
ENROLLMENTS BY COUNTY



Age of New Beneficiaries at Time of Enrollment

The infant age group provided the largest percentage of new enrollments of any age group in 2016-2017, with 20% of new enrollments. This age group can be enrolled anytime during the year and is not limited to an enrollment period.

AGE OF BENEFICIARIES

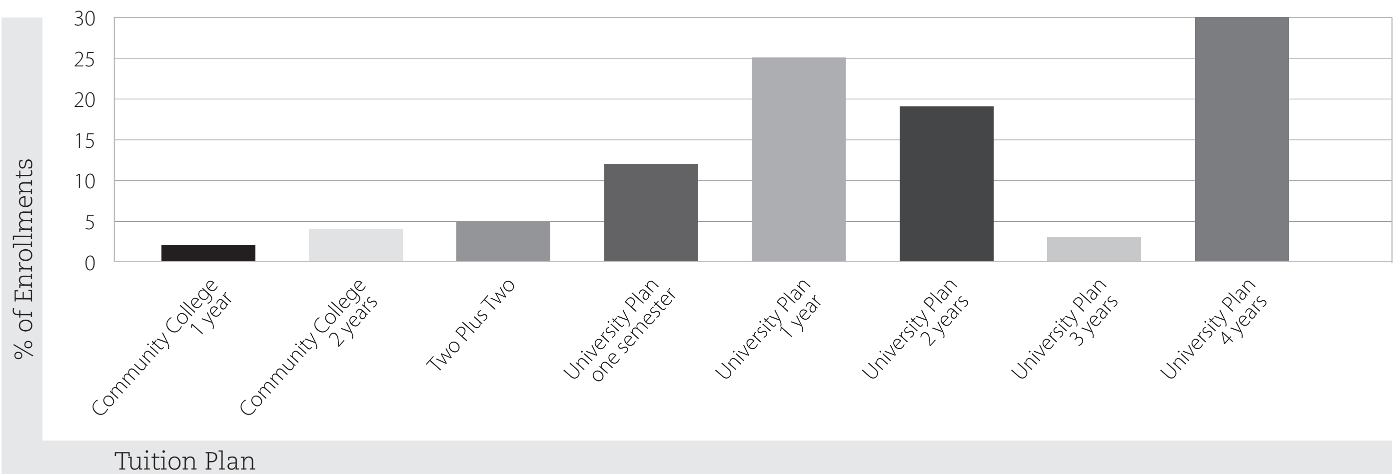


Maryland Prepaid College Trust

Tuition Plan Selected

The four-year University Plan was our most popular enrollment option in 2016-2017, with 30% of new enrollments. The next most popular options were the one-year University Plan (25%) and the two-year University Plan (19%). Together, these three tuition plans comprised 74% of total tuition plans purchased.

TUITION PLAN SELECTION



STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

As of September 19, 2017, 4,244 students claimed their benefits for the Fall 2017 semester. Approximately 64% of these students are attending Maryland public colleges, while 36% are attending a wide variety of private and out-of-state colleges across the country. The number of students attending Maryland public colleges this year increased by 13%; whereas the number of students attending private or out-of-state colleges decreased.

ACTUARIAL SOUNDNESS REPORT

The summary of the actuarial valuation issued by Gabriel Roeder Smith & Company dated November 28, 2017, appears on page 7. The purpose of the actuarial valuation is to assess the future value of the Trust's assets and its liabilities, and is discounted to reflect their present value.

As of June 30, 2017, the Trust was 149% funded with an actuarial surplus of $382.4 million, as compared with the previous fiscal year, where the Trust was 133% funded with an actuarial surplus of $270 million.

There are two primary reasons for the increase in the amount of the actuarial surplus. First, the Trust's investments produced an overall return of 12.3% during fiscal year 2017, as compared with the stated goal of 6.3%. This had a significant positive effect on the actuarial valuation. Second, the weighted average tuition at Maryland's public 4-year colleges increased by 2.1% for the 2016-2017 academic year. This actual increase is less than our projected tuition increase of 6%. Since the actual increase was lower than our projection, this also had a positive effect on actuarial valuation.

The key measures of soundness as of June 30 for each of the most recent five fiscal years are included in the chart below:

	2013	2014	2015	2016	2017
Actuarial Surplus/(Deficit) (mil)	$187.5	$321.5	$294.7	$270.0	$382.4
Funded Ratio	125%	143%	136%	133%	149%

GRS Retirement Consulting

P: 312.456.9800 | F: 312.683.3271 | www.grsconsulting.com

November 28, 2017

Treasurer Nancy K. Kopp
Board Chair
Maryland 529
217 E. Redwood Street, Suite 1350
Baltimore, Maryland 21202

Re: Maryland Prepaid College Trust Actuarial Valuation as of June 30, 2017

Dear Treasurer Kopp:

At the request of the Maryland 529 ("MD529"), Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the Maryland Prepaid College Trust ("MPCT") as of June 30, 2017. Although the term "actuarial soundness" is not specifically defined, the purpose of this actuarial valuation is to evaluate the financial status of the MPCT as of June 30, 2017. This report should not be relied on for any other purpose.

The attached full actuarial report presents the principal results of the June 30, 2017 actuarial valuation of the MPCT, including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2017, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

As of June 30, 2017, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is $782.3 million. Fund assets as of June 30, 2017, including the market value of program assets and the present value of installment contract receivables, is $1,164.7 million. The present value of all future tuition obligations and installment contract receivables are based on the actuarial assumptions used in the actuarial soundness valuation as of June 30, 2017, including a discount rate assumption of 6.30%, assumed annual tuition increases of 6.00% and assumed annual fee increases of 8.00%.

The difference between the market value of assets of $1,164.7 million and program obligations of $782.3 million represents a program surplus of $382.4 million as of June 30, 2017. The comparable program surplus as of the last actuarial valuation as of June 30, 2016, was $270.0 million.

The funded ratio of the program as of June 30, 2017, is 148.9%. This compares with a funded ratio as of June 30, 2016, of 133.3%.

120 North LaSalle Street | Suite 1350 | Chicago, Illinois 60602-3495

Treasurer Nancy K. Kopp
Board Chair
Maryland 529
November 28, 2017
Page 2

To the best of our knowledge, the information contained in the full actuarial report is accurate and fairly presents the actuarial position of the Maryland Prepaid College Trust as of June 30, 2017.

The valuation results set forth in the full actuarial report are based upon data and information, furnished by MD529, concerning program benefits, financial transactions and beneficiaries of the MPCT. We reviewed this information for internal year-to-year consistency, but did not audit the data. Further, the data and information provided is through June 30, 2017, and does not reflect subsequent market volatility. The major actuarial assumptions used in the actuarial valuation were provided by and are the responsibility of MD529.

All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

This is one of multiple documents comprising the actuarial report for the MPCT actuarial valuation. Additional information regarding actuarial assumptions and methods, and important additional disclosures are provided in the full actuarial valuation report as of June 30, 2017.

The signing actuaries are independent of MD529. Lance J. Weiss and Amy Williams are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

Lance J. Weiss

Amy Williams

Lance J. Weiss, EA, MAAA, FCA
Senior Consultant and Team Leader

Amy Williams, ASA, MAAA, FCA
Consultant

GRS

SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Maryland 529

Report on the Financial Statements

We have audited the accompanying statement of net position of the Maryland Prepaid College Trust (the Trust), a component unit of the State of Maryland, as of June 30, 2017, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Trust's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410.584.0060 • F 410.584.0061

SB & COMPANY, LLC
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2017, and the change in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of proportionate share of net pension liability and the schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The other data and information in the Annual Report, which includes the profile of new college trust enrollments, actuarial soundness report, and actuarial valuation letter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Hunt Valley, Maryland
December 19, 2017

SB + Company, LLC

Maryland Prepaid College Trust

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Prepaid College Trust's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2017. This discussion is designed to provide a general overview of the Trust's operations and Maryland 529's management analysis of its financial statements. The discussion should be read in conjunction with the Trust's financial statements and notes, which begin on page 17. Inquiries may be directed to the Trust at **Maryland529.com** or by mailing your request to 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Trust for the fiscal year ended June 30, 2017, have been audited by SB & Company, LLC who are also the independent public accountants for the State of Maryland.

Prepaid College Trust Financial Statements

We have prepared the Prepaid College Trust financial statements in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). Financial statements provide information about the operation of the Trust as a whole and present a long-term view of the Trust's finances.

Financial Highlights

- The Prepaid College Trust began receiving payments in fiscal year 2017 from approximately 1,916 new enrollments received during fiscal year 2016. This is because the initial payments for these accounts were due on August 1, 2016, near the beginning of fiscal year 2017. Contract receipts were lower than the past fiscal year which can be attributed to overall contract sales being lower than contract sales in fiscal year 2015, the income of which began to be realized early in fiscal year 2016. Participants may be electing to enroll in the College Investment Plan which experienced increased contributions over the past year.
- Enrollment and other fees, as well as administrative expenses of Maryland 529, are accounted for in the financial statements of the Prepaid College Trust. Each account holder enters into a contract with the Prepaid College Trust for the prepayment of tuition. Each contract is for one or two years of community college and/or a semester or year(s) of university tuition benefits, which become available based on the enrollment year(s) purchased and after the contract has matured for at least three years. The Trust uses fees from three sources to pay administrative expenses of Maryland 529:

  (1) A portion of all contract payments made to the Prepaid College Trust – this fee has been 2.50% since the 2001 enrollment period;

  (2) Enrollment and other fees paid to the Prepaid College Trust; and

  (3) Payments from the Program Manager of the College Investment Plan. Earnings calculations for Fiscal Year 2017 were 7 basis points (.07%) on all College Investment Plan assets with a guaranteed minimum annual payment of $2 million for the remaining life of the Services Agreement with the Program Manager.

Contract Receipts from Participants (in thousands)

Fiscal Year Ended June 30, 2017
$49,990

Fiscal Year Ended June 30, 2016
$52,540

Revenues from enrollment fees have decreased due to a higher number of new enrollments being completed online at a fee of $50 versus a fee of $75 by paper/mail, existing Account Holders adding semesters or years at a reduced fee of $20, and a lower number of completed new enrollments by the end of the fiscal year as compared to the prior year. Fees received from the College Investment Plan increased slightly from fiscal year 2016 due to an increase in Plan assets.

ENROLLMENT AND ADMINISTRATIVE FEES (in thousands)

Fiscal Year Ended	June 30, 2017	June 30, 2016
Prepaid College Trust	$ 68	$ 77
College Investment Plan	3,284	2,906
Total	$ 3,352	$ 2,983

INVESTMENTS (in thousands)

	As of June 30, 2017		As of June 30, 2016	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Intermediate Duration Fixed Income	$ 149,228	14.6%	$ 155,468	17.9%
Senior Secured Loans	49,261	4.8%	-	-
High Yield Fixed Income	50,338	4.9%	56,152	6.5%
Emerging Market Debt	68,066	6.7%	80,920	9.3%
S&P 500 Core	65,041	6.4%	175,476	20.2%
Domestic Large Cap Value	52,846	5.2%	69,177	8.0%
Domestic Mid Cap Core	52,866	5.2%	-	-
Domestic Small Cap Core	45,363	4.4%	69,495	8.0%
Low Volatility US Equity	50,554	5.0%	-	-
International Equity	52,846	5.2%	36,378	4.2%
Developed Markets Equity - Large Cap	112,353	11.0%	64,319	7.4%
Developed Markets Equity - Small Cap Core	56,670	5.6%	-	-
Emerging Markets Equity	57,348	5.6%	24,461	2.8%
Private Real Estate	134,158	13.2%	51,032	5.9%
Private Equity	22,791	2.2%	17,015	2.0%
Domestic Large Cap Growth	-	-	21	-
Global Real Estate	-	-	39,272	4.5%
Commodities	-	-	28,912	3.3%
Total Investments	$ 1,019,729	100.0%	$ 868,098	100.0%

Maryland Prepaid College Trust

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the Trust as of June 30, 2017. Net position is defined as total assets less total liabilities. The Statement of Net Position, along with all of the Trust's financial statements, is prepared using the accrual basis of accounting. Under this method of accounting, revenues and assets are recognized when the enrollment materials are received in good order, benefit distributions and refunds are recognized when paid, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Trust classifies assets and liabilities as current and noncurrent. Current assets consist primarily of investments, tuition contracts receivable, as well as cash and cash equivalents. Of these amounts, investments comprise approximately 95% of current assets. Tuition contracts receivable represent virtually all of the noncurrent assets. Current liabilities consist of the current portion of the Trust's accrued tuition benefits. Also included in this category are payments received in advance of their due date, accounts payable and accrued expenses. Noncurrent liabilities consist of accrued tuition benefits.

For the fiscal year ended June 30, 2017, the net position of the Trust increased by $110.0 million. The largest contributing factor to the increased overall position was the investment performance of the portfolio. The Trust's assets generated a 12.3% return on investment which was higher than the 6.3% projected rate of return.

The following chart presents the condensed Statement of Net Position as of June 30, 2017 and June 30, 2016:

(in millions)	As of June 30, 2017	As of June 30, 2016
ASSETS		
Current	$ 1,072.2	$ 986.7
Noncurrent	107.9	116.2
Deferred outflows related to pension	.5	.3
Total	1,180.6	1,103.2
LIABILITIES		
Current	81.0	83.6
Noncurrent	717.1	747.0
Deferred inflows related to pension	-	-
Total	798.1	830.6
Net Position	$ 382.5	$ 272.5

Statement of Revenues, Expenses and Changes in Net Position

Changes in net position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present both operating and non-operating revenues received by the Trust and the expenses, gains and losses incurred by the Trust.

Operating revenues consist of tuition contract revenue and administrative fees, both of which are primarily generated by new enrollments in the Trust. Operating expenses are those expenses paid to acquire goods or services and tuition benefits. Non-operating revenues are primarily revenues received from investments.

For the fiscal year ended June 30, 2017, the Trust reported an operating loss of $2.87 million. This loss was considerably lower than the operating loss of $13.5 million reported for fiscal year 2016. The loss was mainly the result of tuition benefit expense exceeding tuition contract revenue by $4.4 million in 2017 as opposed to $15.0 million in 2016. The Trust also saw a decrease in the number of new contracts.

Non-operating revenue, which includes investment gains of $95.8 million and $17.1 million of other investment income increased $112.9 million for the fiscal year ending June 30, 2017. Combined, operating loss and non-operating revenue resulted in an increase in net position of $110.0 million.

The chart below presents the condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2017 and June 30, 2016:

	FISCAL YEAR END	
(in millions)	June 30, 2017	June 30, 2016
OPERATING REVENUES		
Tuition Contracts	$ 32.1	$ 45.0
Administrative Fees	4.6	4.3
Total	36.7	49.3
OPERATING EXPENSES		
Tuition Benefits	36.5	60.0
Administrative Expenses	3.1	2.8
Total	39.6	62.8
OPERATING LOSS	(2.9)	(13.5)
NON-OPERATING REVENUES		
Change in Fair Value of Investments (Loss) Gain	95.8	(25.1)
Investment Income	17.1	15.5
Total	112.9	(9.6)
Change in Net Position	$ 110.0	$ (23.1)

Maryland Prepaid College Trust

Statement of Cash Flows

The Statement of Cash Flows presents cash flows by the following categories: operating, investing, and capital and related financing activities. The net cash provided by or used by the Trust by category is also presented.

Decreases in cash were due primarily to fully investing the assets of the Trust's investment portfolio but also attributable to tuition benefit payments in excess of contract payments received by account holders.

The condensed Statement of Cash Flows for the fiscal years ended June 30, 2017 and June 30, 2016 is presented below:

	FISCAL YEAR END	
(in millions)	June 30, 2017	June 30, 2016
CASH PROVIDED (USED) BY:		
Operating Activities	$ (13.8)	$ (7.8)
Investing Activities	(38.7)	46.6
Net Change in Cash and Cash Equivalents	(52.5)	38.8
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	55.9	17.1
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3.4	$ 55.9

Budgetary Control and Financial Oversight

The Prepaid College Trust is administered by Maryland 529, an independent State agency that does not receive an appropriation from the State of Maryland for the purposes of the college savings plans. The Board, however, in accordance with the enabling legislation for the Prepaid College Trust, prepares and submits an annual budget to the Maryland General Assembly for informational purposes. Also, in accordance with its fiduciary obligations, each quarter the Board reviews a comparison of actual and budgeted expenditures in connection with its administration of the Trust.

Economic Factors

Long-term variances in projections, particularly for tuition and investment returns, can affect the Trust's financial position. The Board and its actuarial consultant and investment advisor review the assumptions used for tuition increases and projected rate of return on investments at least annually.

This review includes an analysis of prior year trends in tuition prices and investment performance. Specifically, the Board reviewed the weighted average tuition for Maryland resident students at four-year Maryland public universities, which increased 2.1% from the 2016-2017 academic year. The 2015-2016 academic year also saw a 2.0% increase over the previous academic year. The Board also reviewed the rate of return on the Prepaid College Trust investments, which was a gain of 12.3% and a loss of 0.7% for fiscal year 2017 and 2016, respectively.

As part of the Board's review of these factors, it consults with its investment adviser and actuary and thoroughly reviews various potential scenarios when developing future projections that it believes to be reasonable. This year's projections were used in developing the Actuarial Soundness Report as of June 30, 2017.

While both the Actuarial Soundness Report and the contract prices are based on many projections, two key projections are those for future tuition prices and investment returns. These projections reflect the Board's prudent assessment of long-term trends as recommended by the Board's investment advisor and actuary. The Board believes that these key projections, while subject to sudden and unexpected changes in the future, are reasonable.

CAPITAL ASSETS

The Trust had no significant capital asset additions during the fiscal years ended June 30, 2017 and June 30, 2016.

Additional questions and comments can be directed to Maryland 529, 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202.

Maryland Prepaid College Trust

STATEMENT OF NET POSITION AS OF JUNE 30, 2017

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
Assets			
CURRENT ASSETS:			
Cash and Cash Equivalents	$ -	$ 3,467	$ 3,467
Investments, at Fair Value	1,019,729	-	1,019,729
Tuition Contracts Receivable	47,443	-	47,443
Interest Receivable	755	-	755
Accounts Receivable	-	513	513
Due (To)/From Primary Government	-	308	308
Due (To)/From Fund	(7,364)	7,364	-
Total Current Assets	1,060,563	11,652	1,072,215
NONCURRENT ASSETS:			
Capital Assets, Net	-	9	9
Tuition Contracts Receivable, Net of Current Portion	107,928	-	107,928
Total Noncurrent Assets	107,928	9	107,937
Total Assets	1,168,491	11,661	1,180,152
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	-	481	481
Total Deferred Outflows	-	481	481
Total Assets and Deferred Outflows	1,168,491	12,142	1,180,633
Liabilities			
CURRENT LIABILITIES:			
Accrued Tuition Benefits	66,902	-	66,902
Advance Tuition Contract Payments	13,608	-	13,608
Accounts Payable and Accrued Expenses	-	485	485
Compensated Absences	-	49	49
Total Current Liabilities	80,510	534	81,044
NONCURRENT LIABILITIES:			
Accrued Tuition Benefits, Net of Current Portion	715,406	-	715,406
Net Pension Liability	-	1,602	1,602
Total Noncurrent Liabilities	715,406	1,602	717,008
Total Liabilities	795,916	2,136	798,052
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	-	40	40
Total Deferred Inflows	-	40	40
Total Liabilities and Deferred Inflows	795,916	2,176	798,092
Net Position			
Net Investment in Capital Assets	-	9	9
Unrestricted	369,254	9,957	379,211
Restricted			
Administration	3,321	-	3,321
Total Net Position	$ 372,575	$ 9,966	$ 382,541

See accompanying Notes to Financial Statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
OPERATING REVENUES			
Tuition Contracts	$ 32,103	$ -	$ 32,103
Management Fee	-	1,211	1,211
Maryland College Investment Plan Fees	-	3,284	3,284
Enrollment and Other Fees	-	68	68
Total Operating Revenues	32,103	4,563	36,666
OPERATING EXPENSES			
Tuition Benefits	36,453	-	36,453
Salaries, Wages and Benefits	-	1,403	1,403
Pension Expense	-	216	216
Technical and Special Fees	-	12	12
Communication	-	104	104
Travel	-	25	25
Marketing	-	372	372
Contractual Services	-	715	715
Supplies	-	35	35
Fixed Charges	-	188	188
Depreciation	-	9	9
Total Operating Expenses	36,453	3,079	39,532
Operating Income (Loss)	(4,350)	1,484	(2,866)
NON-OPERATING REVENUES			
Net Increase in the Fair Value of Investments	95,758	-	95,758
Investment Income	17,117	-	17,117
Total Non-Operating Revenues, Net	112,875	-	112,875
TRANSFER TO RESTRICTED RESERVE	744	(744)	-
Change in Net Position	109,269	740	110,009
Total Net Position, Beginning of Year	263,306	9,226	272,532
Total Net Position, End of Year	$ 372,575	$ 9,966	$ 382,541

See accompanying Notes to Financial Statements.

Maryland Prepaid College Trust

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(amounts in thousands)

	Amount
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from:	
Account Holders	$ 49,990
Maryland College Investment Plan Fees	3,328
Payments to:	
Employees	(1,589)
Marketing	(185)
Contract Vendors	(384)
Communication	(82)
Universities and Account Holders	(64,323)
Other Operating Expenses	(550)
Net Cash from Operating Activities	(13,795)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Custodial Fees	(132)
Proceeds from Investments	101,841
Purchases of Investments	(140,378)
Net Cash from Investing Activities	(38,669)
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Capital Assets	(4)
Net Cash from Capital and Financing Activities	(4)
Net Decrease in Cash and Cash Equivalents	(52,468)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	55,935
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,467
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:	
Operating Loss	$ (2,866)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:	
Depreciation	9
EFFECT FROM CHANGE IN NON-CASH OPERATING ASSETS AND LIABILITIES:	
Accounts Payable	51
Compensated Absences	(21)
Accounts Receivable	56
Tuition Contracts Receivable	21,818
Advance Contract Payments	(4,649)
Accrued Tuition Benefits Payable	(28,392)
Pension Liability	199
Net Cash from Operating Activities	$ (13,795)
NON-CASH TRANSACTIONS:	
Unrealized Gain on Investments	$ 11,419

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

1. ORGANIZATION AND PURPOSE

The purpose of the Maryland Prepaid College Trust (Trust) is to provide a means for payment of the cost of tuition and mandatory fees in advance of enrollment at eligible institutions of higher education. It provides for the payment of tuition and mandatory fees based in part on current costs of Maryland public colleges and universities. An account holder enters into a contract for the future payment of tuition and mandatory fees for a beneficiary. When the beneficiary enrolls in college, the Trust will pay the contract benefits. The beneficiary has 10 years after the projected enrollment year, plus the number of years purchased, to use the contract Benefits. This time period may be extended by any time served in active U.S. military duty. The contract benefits are based on State of Maryland resident rates for Maryland four-year public colleges and universities and in-county rates for Maryland community colleges. Contract benefits can be used towards these costs at any accredited, degree granting, private or out-of-state college or university that is considered a Qualified Higher Education Institution.

The Maryland General Assembly created the Trust during the 1997 legislative session. The Trust is a program of Maryland 529 (formerly the College Savings Plans of Maryland), a component unit and independent agency of the State of Maryland (State), authorized by the Maryland Annotated Code (Code), Education Article, Section 18, Subtitle 19 (Enabling Legislation). The Maryland 529 Board (Board) directs the Trust. The Board consists of 11 members; six of which are ex-officio members. The ex-officio members are the Comptroller of the State of Maryland, the Treasurer of the State of Maryland, the Secretary of Higher Education, the State Superintendent of Schools, the Chancellor of the University System of Maryland, and the Secretary of Disabilities. The five remaining members are public members appointed by the Governor.

By law, the Trust's funds are not considered moneys of the State and may not be deposited into the General Fund of the State of Maryland. Funds remaining in the Trust at the end of any fiscal year remain in the Trust rather than reverting to the State General Fund. In addition, all administrative costs for Maryland 529 (including the Maryland College Investment Plan), are accounted for in the financial statements of the Trust.

Legislation passed in 2000 established an additional financial guarantee that requires the Governor to include in his/her budget the amount of any shortfall of Trust assets needed to pay current contract liabilities. As with all aspects of the Governor's budget, the Maryland General Assembly has final approval of any amount included therein. Based on information contained within the Actuarial Soundness Report dated November 28, 2017 and issued by Gabriel Roeder Smith & Company, as of June 30, 2016, the Governor would not be required to include an amount in any future budget. If a future appropriation would be required and the Maryland General Assembly does not fully fund the budget request, the Board may adjust the terms of subsequent or current contracts to ensure continued actuarial soundness of the Trust. As of June 30, 2016, the Trust assets exceeded its discounted estimated liability for future tuition and mandatory fee payments.

Legislation passed in 1998 and 1999 established tax incentives for Maryland residents participating in the Trust. Contributions made by an account holder to the Trust may be deducted from Maryland State adjusted gross income in an amount up to $2,500 for each contract annually. Contributions made in excess of $2,500 per account in a single year may be carried forward and deducted from an account holder's State adjusted gross income in consecutive future years until the full amount contributed to the account has been deducted. Beginning January 1, 2002, earnings on contributions are tax free for Federal and State purposes when used toward eligible qualified higher education expenses. The Trust is a component unit of the State of Maryland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

The activities operated by the Trust are accounted for as an enterprise fund. An enterprise fund focuses on the flow of economic resources, which, together with the maintenance of equity, is an important financial indicator. The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure as of the date of the financial statements. Actual results could differ from those estimates. Therefore, the accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

The Trust's tuition and investment net position is classified as unrestricted assets. It distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Trust's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the Trust are tuition contract payments and enrollment fees. The principal non-operating revenues are investment gains and income.

Maryland Prepaid College Trust

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Trust records revenue for tuition contracts in the year the Trust enters into contracts with the account holder. Tuition contracts receivable is recorded at the present value of future expected contract payments. The Trust uses a 6.3% discount rate, which is based on the anticipated rate of return on investments over the life of the prepaid contract. The Trust recognizes revenue for enrollment fees when an enrollment fee is received and the contract is accepted by the Board. Payments received in advance of due dates from account holders are recorded as a deferred liability.

Tuition Contracts Receivable

Tuition contracts receivable as of June 30, 2017 represents management's estimate of the present value of future contract payments. This is calculated by using a 6.30% discount rate.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Capital assets are depreciated on a straight-line basis over the following useful lives:

Computers	3 years
Furniture	10 years
Equipment	5 years
Software	3 years
Perpetual Software License	7 years

The capitalization threshold for all capital assets is $500.

Tuition Contracts Payable

Tuition contracts payable as of June 30, 2017 as reported on the Statement of Net Position represents management's estimate of the present value of future tuition benefit payments. This is calculated by using a 6.30% discount rate.

Compensated Absences

The Trust accrues for obligations that may arise in connection with compensated absences for annual leave at the current rate. Employees fully vested in all earned but unused annual leave, up to a maximum of 600 hours, are eligible to receive compensation, at the current rate, on termination of State employment.

Risk Management

The Trust is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illness of employees; and natural disasters.

The Trust participates in the State's various self-insurance programs. The State is self-insured for general liability, property and casualty, workers compensation and certain employee health benefits. In addition, the Trust and the Board are covered under the Maryland Tort Claims Act, Md. State Gov't Code Ann. §§ 12-101 et seq.

The State allocates the cost of providing claims servicing and claims payment by charging a "premium" to the Trust based on a percentage of the Trust's estimated current year payroll or based on the average loss experienced by the Trust. This charge considers recent trends in actual claims experience of the State as a whole and makes provisions for catastrophic losses.

The Trust is also exposed to various risks of loss related to securities fraud.

There have been no significant reductions in insurance coverage from the prior year. There have never been any insurance claims against the Trust; therefore, the amount of settlements has not exceeded insurance coverage in the past three fiscal years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncement

GASB No. 75, *Accounting and Financial Reporting for post-employment Benefits Other Than Pensions*. The Trust will be analyzing the effect of this pronouncement and plans to adopt it as applicable by its effective date.

3. CASH AND CASH EQUIVALENTS

Custodial Risk

Cash and cash equivalents consist of amounts maintained in bank accounts controlled by the Trust and overnight investments with original maturities of 90 days or less. Cash deposits of the Trust are made in accordance with the State statutes , which requires approved depositories to pledge collateral as provided in the State statutes for these deposits.

As of June 30, 2017, the carrying amount of the Trust's demand and time deposits was $3,467,475. This includes funds invested in short term investments at the Custodian offset by outstanding checks issued to account holders and institutions.

4. INVESTMENTS

The Maryland Prepaid College Trust Statement of Investment Policy (Investment Policy), adopted by the Board as required by the Enabling Legislation, allows the Trust to purchase investments including domestic, international and private equities; domestic, foreign and high yield bonds; global real estate equities; private real estate; commodities and other governmental agency instruments, as well as money market deposits based on the Investment Policy's specified portfolio allocation.

The Board approves the portfolio allocation, which considers the investment safety and liquidity characteristics while aiming for the specified yield target of the Trust. It is management's practice to have no investments with longer maturities than what is expected to fund tuition obligations based on actuarial projections.

Investments are stated at fair value. Unrealized appreciation and depreciation on investments due to changes in fair value is recognized in the Trust's operations each year. Investments are valued on a daily basis except for private equity and private real estate, which are valued on a quarterly basis. Private investments are $156,949,076 or 15.4% of net investments as of June 30, 2017.

As of June 30, 2017, the Trust had the following investment maturities:

DURATION ON FIXED INCOME INVESTMENTS (amounts in thousands)

Security Type	Fair Value	< 1 Year	1-5 Years	6-10 Years	10-15+ Years
Total Bond Market	$ 49,924	$ 49,924	$ -	$ -	$ -
Core Fixed Income	99,304	6,406	47,310	26,608	18,980
High Yield Fixed Income	50,338	50,338	-	-	-
Emerging Market Debt	68,066	68,066	-	-	-
Senior Secured Loans	49,261	1,546	21,214	26,501	-
TOTAL	$ 316,893	$ 176,280	$ 68,524	$ 53,109	$ 18,980

Maryland Prepaid College Trust

4. INVESTMENTS (CONTINUED)

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other observable inputs based on inactive markets; Level 3 inputs are significant unobservable inputs and valuations based on assumptions used by fund managers.

The Trust has the following fair value measurements as of June 30, 2017:

INVESTMENTS BY FAIR VALUE LEVEL (in thousands)

Security Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Large Cap Core	$ 65,041	$ 65,041	$ -	$ -
Large Cap Value	52,846	52,846	-	-
Mid Cap Core	52,866	52,866	-	-
Small Cap Core	45,363	45,363	-	-
Low Volatility	50,554	50,554	-	-
International Developed Markets	112,353	112,353	-	-
International Equity	52,846	52,846	-	-
International Small Cap	56,670	56,670	-	-
International Emerging Equity	57,348	57,348	-	-
Private Equity	22,791	-	-	22,791
Total Bond Market	49,924	49,924	-	-
Core Fixed Income	99,304	99,304	-	-
High Yield Fixed Income	50,338	-	50,338	-
Emerging Market Debt	68,066	-	68,066	-
Private Real Estate	72,038	-	-	72,038
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	908,348	$ 695,115	$ 118,404	$ 94,829
Investments measured at the net asset value (NAV)				
Senior Secured Loans	49,261			
Private Real Estate	62,120			
Total Investments measured at NAV	111,381			
TOTAL INVESTMENTS AT FAIR VALUE	$1,019,729			

INVESTMENTS MEASURED AT NAV

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) at June 30, 2017 are presented in the following tables.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Senior Secured Loans	$ 49,261	$ -	Monthly	10 days
Private Real Estate	62,120	-	Quarterly	45 days
TOTAL INVESTMENTS MEASURED AT NAV	$ 111,381			

4. INVESTMENTS (CONTINUED)

Credit Risk

The investment management agreement with specific bond managers details the minimum quality standards for the Trust's bond portfolios. The Trust continually monitors the portfolios to ensure the minimum quality standards are met. If a particular portfolio falls below these standards, the Trust monitors the assets and makes prudent changes where required. The Trust's mutual fund investments are not subject to classification by credit risk because the Trust owns units rather than specific securities. Unless there is information to the contrary, obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk. In reviewing the ratings of the Trust's bond portfolios, the Trust assesses quality based on the highest ratings from two of three ratings agencies utilized by the Trust.

As of June 30, 2017, the holdings in the Trust's bond portfolios were rated as follows:

		RATINGS BY ORGANIZATION		
Fair Value (amounts in thousands)	Average Rating	Moody's	Standard & Poors	Fitch
$ 57,416	AAA	Aaa	AAA	AAA
1,149	AA+	Aa2	AA+	AAA
269	AA	Aa3	AA	AAA
2,042	AA-	A1	AA-	A+
3,261	A+	A2	A+	A+
7,833	A	A3	A-	A-
11,641	A-	Baa1	BBB+	A-
-	BBB+	Baa1	BBB+	BBB+
5,703	BBB	Baa2	BBB	BBB
2,387	BBB-	Baa3	BBB-	BBB-

Concentration of Credit Risk

The Trust's policy for reducing the risk of loss is detailed in the Investment Policy and in the investment guidelines for separately managed accounts. These guidelines limit a single investment to 5% of each bond portfolio's market value, except U.S. Treasury notes and bonds. It also limits a single investment to 10% of the equity portfolio's market value. Additionally, the manager specific guidelines define the maximum allocation allowed in a single sector.

Custodial Risk

The Trust's securities are issued in the Trust's name and are maintained in accounts held by U.S. Bank, the Trust's custodian since June 30, 2015.

Maryland Prepaid College Trust

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
CAPITAL ASSETS BEING DEPRECIATED:				
Computers	$ 263	$ 2	$ -	$ 265
Furniture	29	2	-	31
Equipment	5	-	-	5
Software	57	-	-	57
Perpetual Software License	561	-	-	561
Total Capital Assets at Historical Cost	915	4	-	919
LESS ACCUMULATED DEPRECIATION FOR:				
Computers	257	7	-	264
Furniture	21	2	-	23
Equipment	5	-	-	5
Software	57	-	-	57
Perpetual Software License	561	-	-	561
Total Accumulated Depreciation	901	9	-	910
Capital Assets, Net	$ 14	$ (5)	$ -	$ 9

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2017, accounts payable and accrued expenses consisted of the following (amounts in thousands)

Due to Vendors	$ 430
Salaries and Employee Benefits	104
TOTAL	$ 534

7. PENSION AND POST-RETIREMENT BENEFITS

Pensions

Certain employees of the Trust are members of the Maryland State Retirement and Pension System. Employees are members of the Employees Retirement System of the State of Maryland (ERS). ERS is part of the State of Maryland Retirement and Pension System which is considered a multiple employer cost sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of ERS and additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources:

- In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.
- In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension and Other Post-Retirement Benefits (continued)

Employees of the Trust who were members of the State Employees Retirement or Pension systems on June 30, 1993, continue to participate in the Employees' Retirement and Pension Systems. These systems are part of the Maryland State Retirement and Pension System (the System), and are cost-sharing multiple employer public employee retirement systems. The System, which is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland, consists of several plans, which are managed by the Board of Trustees for the System. The System provides retirement, death and disability benefits in accordance with State statutes and is open to existing and new employees. Vesting begins after completion of five or ten years of service based on the system in which an employee is enrolled. Members of the Retirement System may retire with full benefits after attaining the age of 60, or completing 30 years of Service Credit, regardless of age. Members of the Pension system may retire with full benefits after attaining the age and years of eligibility service designated by the system in which they are enrolled. The State Employees Retirement and Pension System prepares a separately audited Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Baltimore, Maryland 21202. Employees of the Trust are all members of the State's Contributory Pension System and are required to contribute to the System 7% of their regular salaries and wages. Employer contribution rates are determined by the State annually. The Trust's share of the cost of participation was $136,187 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2017, the Trust reported a liability of $1,601,930 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Trust's proportion of the ERS net pension liability was based on a projection of the Trust's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2017, the Trust's proportion for ERS was .007 percent. For the year ended June 30, 2017, the Trust recognized pension expense for ERS of $216,254.

Changes in the net pension liability for the year ended June 30, 2017 are as follows (amounts in thousands):

July 1, 2016	Increase	Decrease	June 30, 2017	Amount Due within One Year
$1,401	$201	$ -	$1,602	$ -

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 104,001	$ -
Net difference between projected and actual earnings on pension plan investments	163,172	-
Net difference between actual and expected experience	-	40,247
Net change in proportionate share	9,406	-
Contributions made subsequent to the measurement date	204,748	-
TOTAL	$ 481,328	$ 40,247

The $204,748 reported in our Required Supplementary Information above as deferred outflows of resources related to ERS is resulting from the Trust's contributions subsequent to the measurement date that will be recognized as a reduction of the ERS net pension liability in the year ended June 30, 2018.

Maryland Prepaid College Trust

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

	DEFERRED OUTFLOWS			DEFERRED INFLOWS
Years Ending June 30,	Change in Assumptions	Net Difference Between Projected & Actual Earnings on Pension Plan Investments	Net Change in Proportionate Share	Actual & Expected Experience
2018	$ 29,018	$ 33,092	$ 1,935	$ 9,616
2019	29,018	33,092	1,935	9,616
2020	25,823	57,263	1,935	9,616
2021	20,142	39,725	1,935	8,295
2022	-	-	1,666	3,104
TOTAL	$ 104,001	$ 163,172	$ 9,406	$ 40,247

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at **sra.state.md.us/Agency/Downloads/CAFR/**.

Sensitivity of the Trust's proportionate share of the net pension liability to changes in the discount rate

The Trust's proportionate share of the ERS net pension liability calculated using the discount rate of 7.55 percent is $1,601,930. Additionally, the Trust's proportionate share of the ERS net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) is $2,200,390 or 1-percentage-point higher (8.55 percent) is $1,103,922.

Other Post Retirement Benefits

In accordance with GASB Statement 45, the following reflects information on other State benefits. Eligible employees of the Trust, as employees of the State, are also entitled to certain healthcare benefits upon retirement. Maryland 529 participates in the State Employee and Retiree Health and Welfare Benefits Program (Plan) as a cost-sharing employer. The healthcare plan is a defined benefit plan established by State Personnel and Pensions Article, Sections 2-501 through 2-516 of the Annotated Code of Maryland. A trust has been established to assist the Plan to accumulate funds to pay benefits. The State allocates the post-employment healthcare costs to all participating employers for retirees based on charges for active employees. Based on current practice, the State subsidizes approximately 50% to 85% of healthcare costs. The authority for establishing and amending the funding policy is established by the Maryland Department of Budget and Management.

These other post-employment benefits are administered by the State Office of Personnel through a trust established by the State to accumulate funds to pay benefits as a cost-sharing multiple-employer plan. Under the plan, retired employees are able to purchase health insurance benefits with the State paying a portion of the costs. As of June 30, 2017, there were no retirees from the Trust. The Post employment Health Benefits Trust Fund of the State of Maryland prepares separate audited financial statements and the plan is included in the State's CAFR, both of which can be obtained from the Comptroller of the State of Maryland. To obtain a copy of the report on the OPEB Plan visit: **finances.marylandtaxes.com/Where_the_Money_Comes_From/General_Revenue_Reports/default.shtml**

Funding Policy

Maryland 529's required contribution is based upon a percentage of covered payroll based on the State's allocation of its annual cost. The entry age normal cost method is the actuarial cost method used. Both the Authority and covered employees are required by State statute to contribute to the System. The employees contribute from 2% to 7% of compensation, as defined, depending on the participant's plan. Maryland 529 made its required contribution during fiscal years ended June 30, 2017 and 2016, of $1,204,741, and $1,143,103, respectively.

8. TAX EXEMPT STATUS

The Trust is exempt from Federal taxation in accordance with Section 529 of the Internal Revenue Code. Additionally, the Trust is exempt from State and local taxation in accordance with the Enabling Legislation.

9. ACCRUED TUITION BENEFITS

The Trust's consulting actuary independently determines the Trust's actuarial present value of future contract tuition benefit payments. The actuarial calculation is based on the present value of estimated future tuition benefit payments to be made from the Trust, which includes assumptions for future tuition and mandatory fee increases and contract terminations that are determined by the Board and its actuary.

Tuition and Mandatory Fee Increases: The Weighted Average Tuition (WAT) is the in-state or in-county tuition and mandatory fees at each Maryland public college times the number of full- time equivalent in-state or in-county students enrolled at that college, added together. This total is then divided by the number of full-time equivalent in-state or in-county students enrolled at all Maryland public colleges. For the fiscal year ended June 30, 2017, the tuition component of the WAT for Maryland public universities and community colleges is projected to increase 6.0% per annum, and the mandatory fee component of the WAT is projected to increase 8.0% per annum. Additionally, based on actual benefit usage, the Board used a 3.0% bias load to the community college contract WAT to recognize the bias toward enrollment at more expensive schools.

Investment Return: The actuarial valuation of the Trust fund was determined using an assumed 6.3% rate of return on investments. It is further assumed that the Trust fund is exempt from Federal income tax.

Enrollment of Trust Beneficiaries: It is assumed that beneficiaries will attend college full-time, commencing with their expected matriculation date. Contract beneficiaries are assumed to attend the various colleges and universities in the same proportion as the headcount information that was used to determine the 2016-2017 WAT with an 11% bias load added to university plan contracts.

Bias Load: The term bias load is a reference to the expectation that more beneficiaries of the Trust will attend a Maryland public 4-year university with tuition and mandatory fees that are higher than the WAT. The 11% bias load used relates to the estimated percentage increase in expenditures by the Trust over the WAT as a result of the attendance by beneficiaries at these colleges.

Changes in accrued tuition benefits payable for the year ended June 30, 2017 are as follows (amounts in thousands):

July 1, 2016	Increase	Decrease	June 30, 2017	Amount Due within One Year
$810,700	$41,503	$69,895	$782,308	$66,902

Maryland Prepaid College Trust

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability (amounts in thousands)	2017	2016	2015
The Trust's proportionate share of the ERS net pension liability	0.007%	0.007%	0.005%
The Trust's proportionate share of the ERS net liability	$1,602	$1,401	$ 883
The Trust's covered-employee payroll	$1,026	$ 830	$ 798
The Trust's proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.14%	168.89%	110.65%
Plan fiduciary net position as a percentage of total pension liability	65.79%	68.78%	71.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

Schedule of Contributions (amounts in thousands)	2017	2016	2015
The Trust's contractually required contribution	$ 204	$ 143	$ 142
The Trust's contribution in relation to the contractually required contribution	$(204)	$ (143)	$(142)
Contribution deficiency (excess)	$ -	$ -	$ -
The Trust's covered-employee payroll	$1,026	$ 830	$ 798
The Trust's contribution as a percentage of covered-employee payroll	19.88%	17.25%	17.81%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

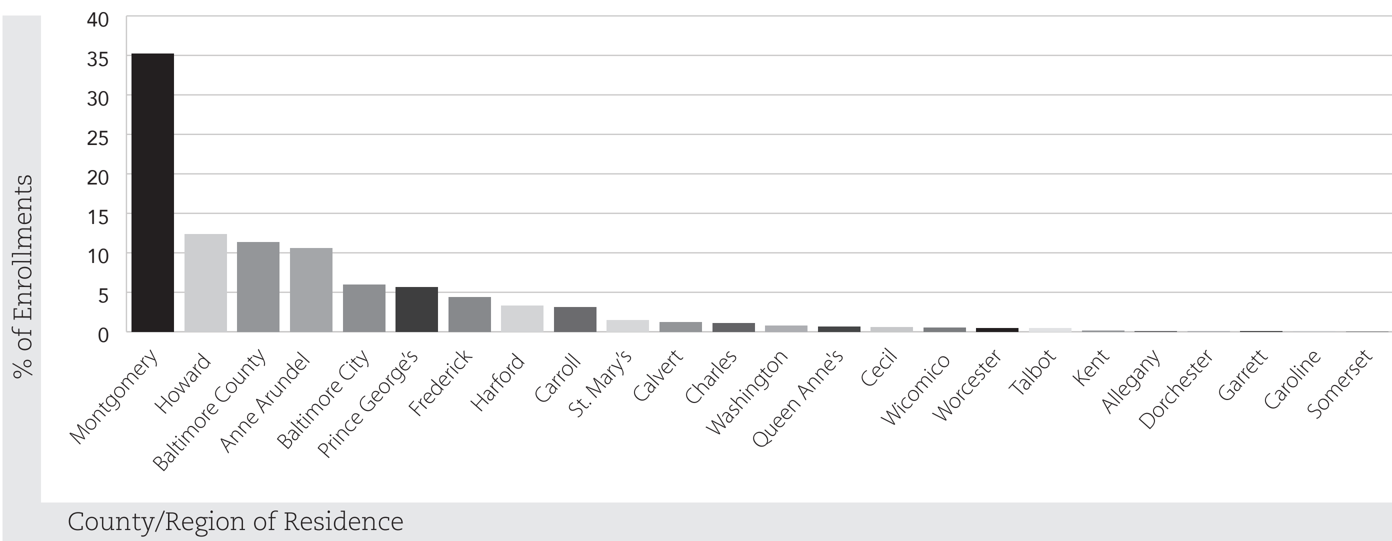
Maryland College Investment Plan

PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

New Enrollment by County/Region

Of the 29,157 new accounts by Maryland residents in the College Investment Plan for the year ended June 30, 2017, Montgomery County had the highest number of any Maryland county or region at 35% of the total. Approximately 34% of new accounts were concentrated in Howard County (12%), Baltimore County (11%), and Anne Arundel County (11%). The following chart shows a breakdown of the counties and regions of residence for the College Investment Plan account holders.

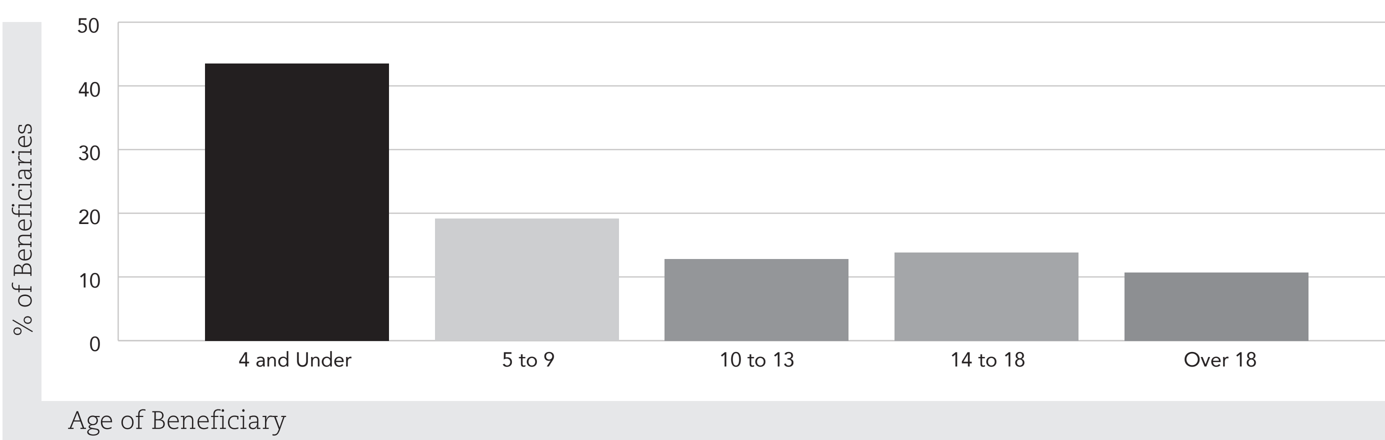
ENROLLMENTS BY COUNTY/REGION



Age of New Beneficiaries at Time of Enrollment

Approximately 44% of all new beneficiaries were 4 years old or younger, and approximately 63% of beneficiaries were 9 years old or younger. The College Investment Plan permits beneficiaries of any age, with 11% of new beneficiaries over 18 years of age, as shown in the chart below.

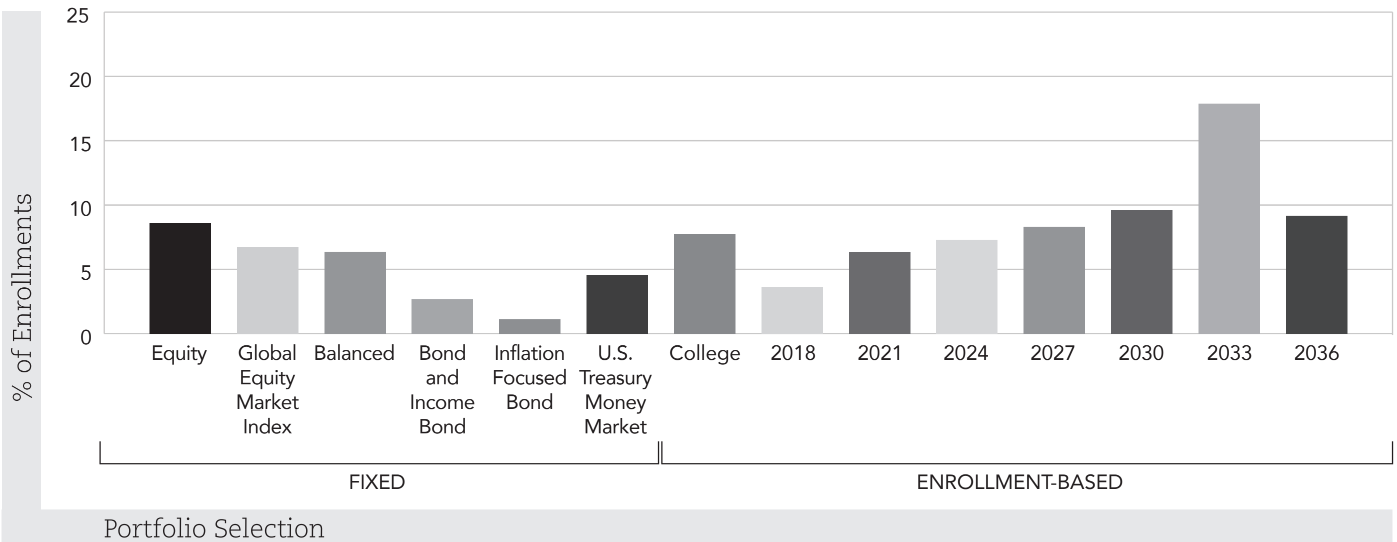
AGE OF BENEFICIARIES



Investment Portfolio Selections

Trends in investment selection by new account holders during the fiscal year show that the Enrollment-Based Portfolios, with investment mixes that generally adjust automatically to be more conservative over time, continue to be a popular choice. Portfolio 2033 was selected for approximately 18% of new accounts, the most of any investment portfolio. Among the Fixed Portfolios, the Equity Portfolio and the Global Equity Market Index Portfolio were also popular choices, having together been selected for approximately 15% of new accounts.

PORTFOLIO SELECTION



Systematic Investing

Approximately 48% of accounts in the College Investment Plan are funded by the automatic monthly contribution feature. Automatic monthly contributions are made by automatically debiting a bank account or making a payroll deduction.

Students Using Accounts toward College Expenses

Many beneficiaries who were enrolled in the College Investment Plan in the initial years after the Plan's launch in December 2001 are now reaching college age. From July 1, 2016, through June 30, 2017, excluding rollovers to other 529 plans, distributions were taken for 22,608 unique beneficiaries totaling approximately $311.4 million.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Maryland 529

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Maryland College Investment Plan (the Plan), as of June 30, 2017, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Plan's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410.584.0060 • F 410.584.0061

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of June 30, 2017, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The other data and information in the Annual Report, which includes the profile of new college investment plan enrollments, systematic investing, students using accounts toward college expenses, the individual portfolio statement of net position as of June 30, 2017, and the individual portfolio statement of changes in net position and financial highlights for the year then ended, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Hunt Valley, Maryland
December 19, 2017

SB & Company, LLC

Maryland College Investment Plan

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the College Investment Plan's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2017. This discussion is designed to provide a general overview of the College Investment Plan operations and the Board's insight into its financial statements. This discussion was prepared by Maryland 529 and should be read in conjunction with the Maryland College Investment Plan's financial statements and notes, which begin on page 53. Inquiries may be directed to the College Investment Plan at **Maryland529.com** or by mailing your request to 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Plan for the fiscal year ended June 30, 2017, have been audited by SB & Company, LLC, which is also the independent public accountant for the State of Maryland.

College Investment Plan Financial Statements and Other Financial Information

The College Investment Plan financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

The financial statements contained in this Annual Report provide information about the activities of the College Investment Plan as a whole and present a long-term view of the Plan's finances. Portfolio financial statements are presented as Supplementary Information beginning on page 59.

FINANCIAL HIGHLIGHTS BY PORTFOLIO

General Commentary

To assist in reviewing the performance of the portfolios, we have established a weighted benchmark for each portfolio. The weighted benchmark, which varies by portfolio, is an unmanaged composite of the benchmark(s) associated with each asset class and investment style contained within the portfolio. In addition, each asset class benchmark is selected as an appropriate representation of the assets in underlying T. Rowe Price mutual funds and is weighted at the strategic neutral allocation of the asset class within each fund.

Additionally, the portfolios invest in securities that are outside of the designated benchmark. These securities have been strategically incorporated to potentially add long-term performance benefits while also helping to limit portfolio volatility.

Neutral allocations of Enrollment-Based Portfolios (except the Portfolio for College) shift each quarter to more conservative allocations through increased exposure to bond securities.

The following table sets forth the relevant dates for all portfolios. Portfolios are not always open to new investors as of their inception date.

Portfolio Name	Portfolio Performance Start Date
Portfolio 2036	November 30, 2015
Portfolio 2033	December 31, 2012
Portfolio 2030	December 31, 2009
Portfolio 2027	June 30, 2006
Portfolio 2024	October 31, 2003
Portfolio 2021	November 26, 2001
Portfolio 2018	November 26, 2001
Portfolio for College	November 26, 2001
Equity Portfolio	November 26, 2001
Global Equity Market Index Portfolio	June 30, 2006
Balanced Portfolio	November 26, 2001
Bond and Income Portfolio	November 26, 2001
Inflation Focused Bond Portfolio	October 31, 2013
U.S. Treasury Money Market Portfolio	December 31, 2009

Further information about the performance of the underlying T. Rowe Price mutual funds, including a thorough review of market conditions and the impact of the portfolio manager's investment strategies on performance, can be found in their annual and semiannual shareholder reports. Copies of the funds' shareholder reports can be obtained through ***troweprice.com*** *or by calling* ***888.4MD.GRAD*** *(463.4723). For consistency, numbers have been rounded to the nearest 100th of a percent.*

PORTFOLIO 2036

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2036(1)	**11.87%**	**19.58%**	**12.04%**
Weighted Benchmark(2)	10.15%	18.86%	12.16%

Portfolio 2036 generated a double-digit return and outperformed its weighted benchmark for the 12 months ending June 30, 2017.

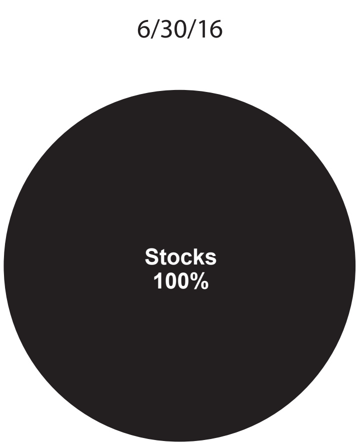
The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. Later in the portfolio's life cycle, it will incorporate more lower-volatility investments. Initially, this will include the Spectrum Income Fund, a multi-sector income fund that includes investments in high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Starting five years prior to the portfolio's target maturity date, the bond component of the portfolio will begin to transition to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund.

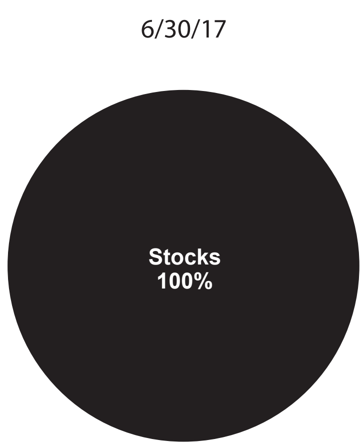
Security selection in U.S. large-cap stocks contributed the most to the portfolio's outperformance. Within U.S. large-cap stocks, growth and value portfolios, including the Blue Chip Growth Fund and Value Fund, outperformed their respective style-specific benchmarks.

This was partially offset by underperformance within the U.S. small-cap stock and real assets portfolios. International stock portfolios produced mixed results.

Tactical decisions to overweight and underweight asset classes lifted relative returns. An underweight to real assets relative to global stocks helped, as did an overweight to U.S. large-cap growth stocks over U.S. large-cap value stocks. We increased the exposure to U.S. growth stocks relative to value stocks over the past year due to more attractive valuations for growth stocks and forecasts for low economic growth. On the other hand, an underweight to U.S. small-cap stocks relative to U.S. large-cap stocks that was maintained for most of the past year detracted from relative returns.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.





UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Equity Index 500 Fund	29.6%	29.1%
Blue Chip Growth Fund	11.2%	12.1%
Value Fund	10.6%	10.1%
Overseas Stock Fund	9.4%	9.4%
International Value Equity Fund(3)	9.0%	9.0%
International Stock Fund	8.2%	8.4%
Small-Cap Stock Fund	6.1%	7.7%
Mid-Cap Growth Fund	3.2%	4.0%
Mid-Cap Value Fund	3.6%	4.0%
Emerging Markets Stock Fund	5.4%	3.8%
Real Assets Fund	3.7%	2.4%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—30.70%; Russell 1000 Growth Index—10.24%; Russell 1000 Value Index—10.24%; Russell Midcap Growth Index—3.99%; Russell Midcap Value Index—3.99%; Russell 2000 Index—7.32%; MSCI EAFE (Europe, Australasia, and Far East) Index—24.24%; MSCI Emerging Markets Index—4.28%; and Real Assets Broad Weighted Benchmark—5.00%.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

PORTFOLIO 2033

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2033 [1]	**11.84%**	**19.57%**	**11.97%**
Weighted Benchmark [2]	10.15%	18.86%	11.94%

Portfolio 2033 generated a double-digit return and outperformed its weighted benchmark for the 12 months ending June 30, 2017.

The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. Later in the portfolio's life cycle, it will incorporate more lower-volatility investments. Initially, this will include the Spectrum Income Fund, a multi-sector income fund that includes investments in high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Starting five years prior to the portfolio's target maturity date, the bond component of the portfolio will begin to transition to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund.

Security selection in U.S. large-cap stocks contributed the most to the portfolio's outperformance. Within U.S. large-cap stocks, growth and value portfolios, including the Blue Chip Growth Fund and Value Fund, outperformed their respective style-specific benchmarks. This was partially offset by underperformance within the U.S. small-cap stock and real assets portfolios. International stock portfolios produced mixed results.

Tactical decisions to overweight and underweight asset classes lifted relative returns. An underweight to real assets relative to global stocks helped, as did an overweight to U.S. large-cap growth stocks over U.S. large-cap value stocks. We increased exposure to U.S. growth stocks relative to value stocks over the past year due to more attractive valuations for growth stocks and forecasts for low economic growth. On the other hand, an underweight to U.S. small-cap stocks relative to U.S. large-cap stocks that was maintained for most of the past year detracted from relative returns.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.

6/30/16

6/30/17

UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Equity Index 500 Fund	29.7%	29.1%
Blue Chip Growth Fund	11.2%	12.0%
Value Fund	10.6%	10.1%
Overseas Stock Fund	9.4%	9.5%
International Value Equity Fund[3]	8.9%	9.0%
International Stock Fund	8.2%	8.4%
Small-Cap Stock Fund	6.1%	7.7%
Mid-Cap Growth Fund	3.2%	4.0%
Mid-Cap Value Fund	3.6%	3.9%
Emerging Markets Stock Fund	5.4%	3.8%
Real Assets Fund	3.7%	2.5%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—30.70%; Russell 1000 Growth Index—10.24%; Russell 1000 Value Index—10.24%; Russell Midcap Growth Index—3.99%; Russell Midcap Value Index—3.99%; Russell 2000 Index—7.32%; MSCI EAFE (Europe, Australasia, and Far East) Index—24.24%; MSCI Emerging Markets Index—4.28%; and Real Assets Broad Weighted Benchmark—5.00%.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

PORTFOLIO 2030

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2030(1)	**11.08%**	**18.26%**	**11.07%**
Weighted Benchmark(2)	9.42%	17.25%	11.01%

Portfolio 2030 generated a double-digit return and outperformed its weighted benchmark for the 12 months ending June 30, 2017.

The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. Later in the portfolio's life cycle, it will incorporate more lower-volatility investments. Currently, this includes a modest allocation to the Spectrum Income Fund, a multi-sector income fund that includes investments in high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Starting five years prior to the portfolio's target maturity date, the bond component of the portfolio will begin to transition to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund.

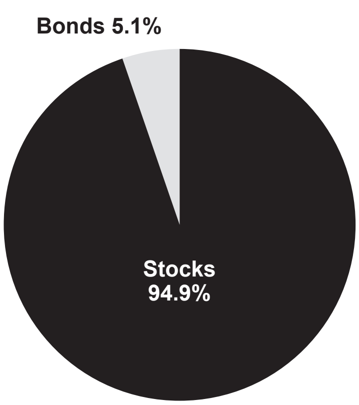
Security selection contributed the most to the portfolio's outperformance, particularly in U.S. large-cap growth stocks and international growth stocks, which exceeded their respective style-specific benchmarks.

Additionally, the Spectrum Income Fund outpaced its style-specific benchmark—the Bloomberg Barclays U.S. Aggregate Bond Index—due to its inclusion of high yield bonds and other diversifying asset classes not included in the benchmark. International stock portfolios produced mixed results.

Tactical decisions to overweight and underweight asset classes lifted relative returns. An underweight to real assets relative to global stocks helped, as did an overweight to U.S. large-cap growth stocks over U.S. large-cap value stocks. We increased exposure to U.S. growth stocks relative to value stocks over the past year due to more attractive valuations for growth stocks and forecasts for low economic growth. On the other hand, an underweight to U.S. small-cap stocks relative to U.S. large-cap stocks that was maintained for most of the past year detracted from relative returns.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.

6/30/16



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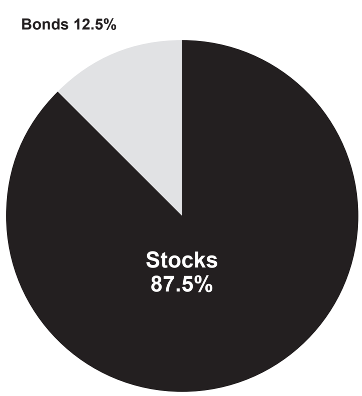


UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Equity Index 500 Fund	28.2%	25.2%
Spectrum Income Fund	5.1%	12.2%
Blue Chip Growth Fund	10.6%	10.5%
Value Fund	10.1%	8.9%
Overseas Stock Fund	8.9%	8.3%
International Value Equity Fund(3)	8.4%	7.9%
International Stock Fund	7.8%	7.5%
Small-Cap Stock Fund	5.8%	6.8%
Mid-Cap Growth Fund	3.1%	3.5%
Emerging Markets Stock Fund	5.1%	3.4%
Mid-Cap Value Fund	3.4%	3.4%
Real Assets Fund	3.5%	2.1%
U.S. Treasury Money Fund	0.0%	0.3%
Limited Duration Inflation Focused Bond Fund	0.0%	0.0%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—27.64%; Russell 1000 Growth Index—9.22%; Russell 1000 Value Index—9.22%; Russell Midcap Growth Index—3.59%; Russell Midcap Value Index—3.59%; Russell 2000 Index—6.58%; MSCI EAFE (Europe, Australasia, and Far East) Index—21.81%; MSCI Emerging Markets Index—3.85%; Bloomberg Barclays U.S. Aggregate Bond Index—10.00%; and Real Assets Broad Weighted Benchmark—4.50%.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

PORTFOLIO 2027

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2027 (1)	**9.90%**	**16.01%**	**6.81%**
Weighted Benchmark (2)	8.21%	14.23%	6.51%

Portfolio 2027 generated a double-digit return and outperformed its weighted benchmark for the 12 months ending June 30, 2017.

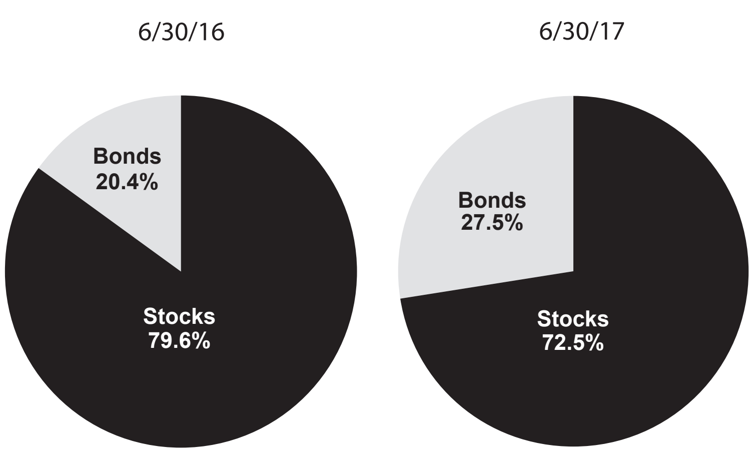
The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The portfolio has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund, a multi-sector income fund that includes investments in high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Starting five years prior to the portfolio's target maturity date, the bond component of the portfolio will begin to transition to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund.

Security selection contributed the most to outperformance, particularly within the portfolio's multi-sector bond strategy. That particular strategy, represented by the Spectrum Income Fund, outpaced its style-specific benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index.

Security selection in U.S. large-cap growth stocks also contributed to relative performance. International stock portfolios produced mixed results.

Tactical decisions to overweight and underweight asset classes lifted relative returns. An underweight to real assets relative to global stocks helped, as did an overweight to U.S. large-cap growth stocks over U.S. large-cap value stocks. On the other hand, an underweight to U.S. small-cap stocks relative to U.S. large-cap stocks that was maintained for most of the past year detracted from relative returns.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.



UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Spectrum Income Fund	20.4%	27.2%
Equity Index 500 Fund	23.7%	20.9%
Blue Chip Growth Fund	8.9%	8.8%
Value Fund	8.4%	7.4%
Overseas Stock Fund	7.5%	6.9%
International Value Equity Fund (3)	7.1%	6.5%
International Stock Fund	6.5%	6.2%
Small-Cap Stock Fund	4.8%	5.6%
Mid-Cap Growth Fund	2.6%	2.9%
Emerging Markets Stock Fund	4.3%	2.8%
Mid-Cap Value Fund	2.9%	2.8%
Real Assets Fund	2.9%	1.7%
U.S. Treasury Money Fund	0.0%	0.3%
Limited Duration Inflation Focused Bond Fund	0.0%	0.0%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—23.03%; Russell 1000 Growth Index—7.68%; Russell 1000 Value Index—7.68%; Russell Midcap Growth Index—2.99%; Russell Midcap Value Index—2.99%; Russell 2000 Index—5.49%; MSCI EAFE (Europe, Australasia, and Far East) Index—18.18%; MSCI Emerging Markets Index—3.21%; Bloomberg Barclays U.S. Aggregate Bond Index—25.00%; and Real Assets Broad Weighted Benchmark—3.75%.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

PORTFOLIO 2024

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2024 (1)	**8.64%**	**13.72%**	**7.25%**
Weighted Benchmark (2)	6.95%	11.12%	6.97%

Portfolio 2024 generated a double-digit return and outperformed its weighted benchmark for the 12 months ending June 30, 2017.

The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The portfolio has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund, a multi-sector income fund that includes investments in high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Starting five years prior to the portfolio's target maturity date, the bond component of the portfolio will begin to transition to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund.

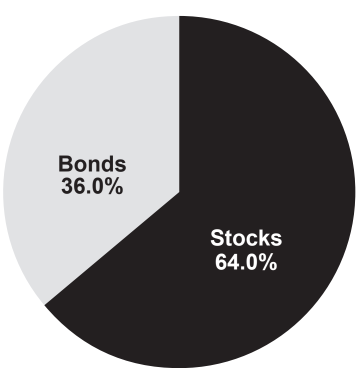
Security selection contributed the most to outperformance, particularly within the portfolio's multi-sector bond strategy. That particular strategy, represented by the Spectrum Income Fund, outpaced its style-specific benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index.

Security selection in U.S. large-cap growth stocks also contributed to relative performance. International stock portfolios produced mixed results.

Tactical decisions to overweight and underweight asset classes lifted relative returns. An underweight to real assets relative to global stocks helped, as did an overweight to U.S. large-cap growth stocks over U.S. large-cap value stocks. On the other hand, an underweight to U.S. small-cap stocks relative to U.S. large-cap stocks that was maintained for most of the past year detracted from relative returns.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.

6/30/16



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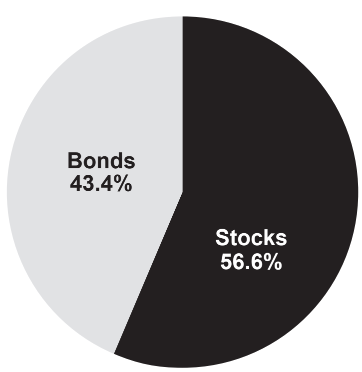


UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Spectrum Income Fund	36.0%	43.2%
Equity Index 500 Fund	19.0%	16.2%
Blue Chip Growth Fund	7.2%	6.9%
Value Fund	6.8%	5.8%
Overseas Stock Fund	6.0%	5.3%
International Value Equity Fund (3)	5.7%	5.3%
International Stock Fund	5.3%	4.8%
Small-Cap Stock Fund	3.9%	4.3%
Mid-Cap Growth Fund	2.1%	2.2%
Emerging Markets Stock Fund	3.4%	2.2%
Mid-Cap Value Fund	2.3%	2.2%
Real Assets Fund	2.3%	1.4%
U.S. Treasury Money Fund	0.0%	0.2%
Limited Duration Inflation Focused Bond Fund	0.0%	0.0%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—18.15%; Russell 1000 Growth Index—6.04%; Russell 1000 Value Index—6.04%; Russell Midcap Growth Index—2.35%; Russell Midcap Value Index—2.35%; Russell 2000 Index—4.32%; MSCI EAFE (Europe, Australasia, and Far East) Index—14.28%; MSCI Emerging Markets Index—2.52%; Bloomberg Barclays U.S. Aggregate Bond Index—41.00%; and Real Assets Broad Weighted Benchmark—2.95%.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

PORTFOLIO 2021

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2021(1)	**6.61%**	**10.65%**	**5.91%**
Weighted Benchmark(2)	5.26%	7.82%	5.83%

Portfolio 2021 generated a double-digit return and outperformed its weighted benchmark for the 12 months ending June 30, 2017.

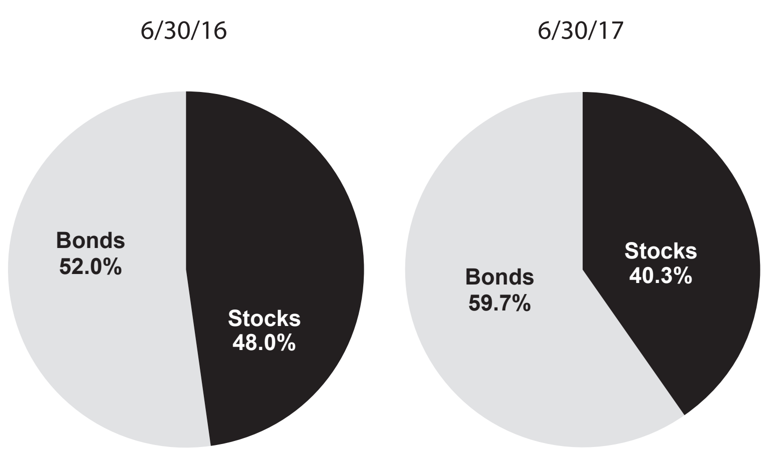
The portfolio systematically increases its allocation to bonds as part of its long-term strategy of becoming more conservative over time. Currently, that allocation is focused on the Spectrum Income Fund, a multi-sector bond fund that includes investments in high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Starting five years prior to the portfolio's target maturity date, the bond component of the portfolio began to transition to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund.

Security selection contributed the most to outperformance. Positive selection was led by the Spectrum Income Fund, which widely outpaced its style-specific benchmark—the Bloomberg Barclays U.S. Aggregate Index—due to its inclusion of high yield bonds and dividend-paying stocks.

Security selection in U.S. large-cap growth stocks also contributed to relative performance. International stock portfolios produced mixed results.

Tactical decisions to overweight and underweight asset classes lifted relative returns. An underweight to real assets relative to global stocks helped, as did an overweight to U.S. large-cap growth stocks over U.S. large-cap value stocks. On the other hand, an underweight to U.S. small-cap stocks relative to U.S. large-cap stocks that was maintained for most of the past year detracted from relative returns.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.



UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Spectrum Income Fund	50.0%	41.4%
Equity Index 500 Fund	18.1%	19.2%
Short-Term Bond Fund	0.0%	9.6%
Limited Duration Inflation Focused Bond Fund	2.0%	8.3%
Blue Chip Growth Fund	4.9%	4.0%
Value Fund	4.6%	3.1%
Overseas Stock Fund	4.1%	2.9%
International Value Equity Fund(3)	3.9%	2.8%
International Stock Fund	3.6%	2.6%
Small-Cap Stock Fund	2.4%	2.0%
Mid-Cap Growth Fund	1.4%	1.1%
Real Assets Fund	1.7%	1.0%
Mid-Cap Value Fund	1.4%	1.0%
Emerging Markets Stock Fund	1.9%	0.6%
U.S. Treasury Money Fund	0.0%	0.4%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—20.75%; Russell 1000 Growth Index—3.28%; Russell 1000 Value Index—3.28%; Russell Midcap Growth Index—1.14%; Russell Midcap Value Index—1.14%; Russell 2000 Index—2.09%; MSCI EAFE (Europe, Australasia, and Far East) Index—8.13%; MSCI Emerging Markets Index—0.80%; Bloomberg Barclays U.S. Aggregate Bond Index—42.00%; Bloomberg Barclays 1–3 Year Government/Credit Index —8.00%; Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—7.25%; and Real Assets Broad Weighted Benchmark—2.14%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

PORTFOLIO 2018

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2018 (1)	**3.41%**	**5.63%**	**5.44%**
Weighted Benchmark (2)	3.00%	4.74%	5.40%

Portfolio 2018 generated a single-digit return and outperformed its weighted benchmark for the 12 months ending June 30, 2017.

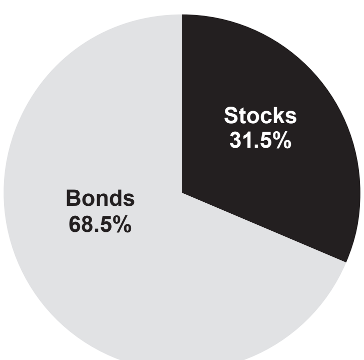
The portfolio systematically increases its allocation to bonds as part of its long-term strategy of becoming more conservative over time. As of June 30, 2017, more than three-quarters of the portfolio is invested in bond funds. These funds include the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund; the Spectrum Income Fund, a multi-sector bond fund that includes investments in high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks; and the Limited Duration Inflation Focused Bond Fund, which primarily holds short- and medium-term investment-grade inflation-linked securities.

Security selection contributed the most to outperformance. Positive selection was led by the Spectrum Income Fund, which widely outpaced its style-specific benchmark—the Bloomberg Barclays U.S. Aggregate Index—due to its inclusion of high yield bonds and dividend-paying stocks. Security selection in U.S. large-cap growth stocks also contributed to relative performance. International stock portfolios produced mixed results.

Tactical decisions to overweight and underweight asset classes lifted relative returns. An underweight to real assets relative to global stocks helped, as did an overweight to U.S. large-cap growth stocks over U.S. large-cap value stocks. On the other hand, an underweight to U.S. small-cap stocks relative to U.S. large-cap stocks that was maintained for most of the past year detracted from relative returns.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.

6/30/16



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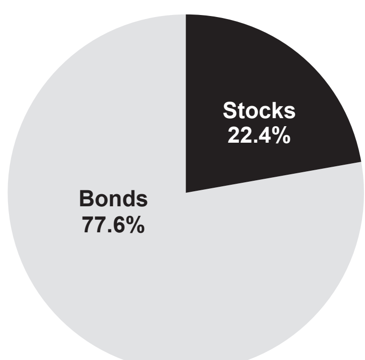


UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Short-Term Bond Fund	23.6%	35.0%
Limited Duration Inflation Focused Bond Fund	22.0%	33.7%
Equity Index 500 Fund	21.3%	19.0%
Spectrum Income Fund	22.9%	8.2%
Overseas Stock Fund	1.8%	1.0%
International Value Equity Fund(3)	1.7%	0.9%
International Stock Fund	1.6%	0.9%
U.S. Treasury Money Fund	0.0%	0.7%
Real Assets Fund	1.1%	0.6%
Blue Chip Growth Fund	1.8%	0.0%
Value Fund	1.5%	0.0%
Emerging Markets Stock Fund	0.3%	0.0%
Mid-Cap Value Fund	0.2%	0.0%
Mid-Cap Growth Fund	0.2%	0.0%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—22.00%; MSCI EAFE (Europe, Australasia, and Far East) Index—2.46%; Bloomberg Barclays U.S. Aggregate Bond Index—11.00%; Bloomberg Barclays 1–3 Year Government/Credit Index—32.00%; Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—31.25%; and Real Assets Broad Weighted Benchmark—1.29%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

PORTFOLIO FOR COLLEGE

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio for College (1)	**2.29%**	**3.41%**	**3.17%**
Weighted Benchmark (2)	2.21%	3.59%	3.25%

The Portfolio for College generated a single-digit return but underperformed its weighted benchmark for the 12 months ending June 30, 2017.

The portfolio invests in a diversified blend of bonds, representing about 80% of assets. The remaining 20% allocation is in stocks, mostly invested in the Equity Index 500 Fund, which tracks the performance of the S&P 500 Index. This structure is designed to allow investors to generate growth in their college savings accounts while minimizing the risk of principal loss through a combination of diversification and conservative bond funds.

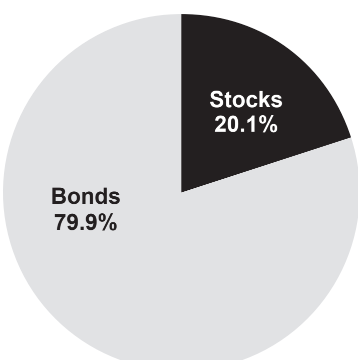
Security selection slightly detracted from relative performance. Roughly half of the portfolio's bond fund allocation is invested in the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities. This fund detracted from relative returns amid a difficult environment for inflation-protected bonds due to low inflation readings and falling inflation expectations over the past year.

The balance of the portfolio's bond allocation is mostly invested in the Short-Term Bond Fund, which primarily holds shorter-duration investment-grade corporate, government, and mortgage-backed bonds. This fund outperformed its style-specific benchmark.

Tactical decisions to overweight and underweight asset classes lifted relative returns, particularly an underweight to real assets relative to global stocks. Exposure to real assets was gradually reduced over the past year given the program manager's cautious long-term view of energy and commodity prices.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.

6/30/16



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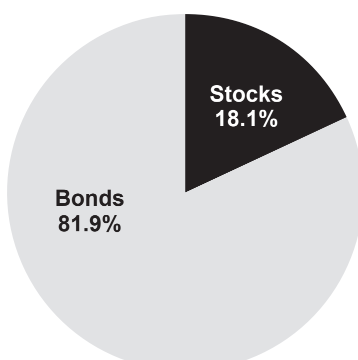


UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Short-Term Bond Fund	39.8%	41.2%
Limited Duration Inflation Focused Bond Fund	40.1%	40.0%
Equity Index 500 Fund	16.6%	15.5%
International Stock Fund	0.9%	0.7%
International Value Equity Fund(3)	0.9%	0.7%
Overseas Stock Fund	0.9%	0.7%
U.S. Treasury Money Fund	0.0%	0.7%
Real Assets Fund	0.8%	0.5%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—17.11%; MSCI EAFE (Europe, Australasia, and Far East) Index—1.89%; Bloomberg Barclays 1–3 Year Government/Credit Index—40.00%; Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—40.00%; and Real Assets Broad Weighted Benchmark—1.00%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

EQUITY PORTFOLIO

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Equity Portfolio(1)	**11.88%**	**19.54%**	**6.85%**
Weighted Benchmark(2)	10.15%	18.86%	6.90%

The Equity Portfolio generated a double-digit return and outperformed its weighted benchmark for the 12 months ending June 30, 2017.

The portfolio's focus is long-term capital appreciation. It invests in a diversified selection of U.S. and international stocks, including emerging markets. Its largest allocation is in the Equity Index 500 Fund, which tracks the performance of the S&P 500 Index.

Security selection in U.S. large-cap stocks contributed the most to the portfolio's outperformance. Within U.S. large-cap stocks, growth and value portfolios, including the Blue Chip Growth Fund and Value Fund, outperformed their respective style-specific benchmarks. This was partially offset by underperformance within the U.S. small-cap stock and real assets portfolios. International stock portfolios produced mixed results.

Tactical decisions to overweight and underweight asset classes lifted relative returns. An underweight to real assets relative to global stocks helped, as did an overweight to U.S. large-cap growth stocks over U.S. large-cap value stocks.

Exposure to U.S. growth stocks relative to value stocks was increased over the past year due to more attractive valuations for growth stocks and the program manager's forecasts for low economic growth. On the other hand, an underweight to U.S. small-cap stocks relative to U.S. large-cap stocks that was maintained for most of the past year detracted from relative returns.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.

6/30/16

6/30/17

UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Equity Index 500 Fund	29.7%	29.1%
Blue Chip Growth Fund	11.2%	12.1%
Value Fund	10.6%	10.1%
Overseas Stock Fund	9.4%	9.5%
International Value Equity Fund(3)	8.9%	9.0%
International Stock Fund	8.2%	8.4%
Small-Cap Stock Fund	6.1%	7.6%
Mid-Cap Growth Fund	3.2%	4.0%
Mid-Cap Value Fund	3.6%	4.0%
Emerging Markets Stock Fund	5.4%	3.8%
Real Assets Fund	3.7%	2.4%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—30.70%; Russell 1000 Growth Index—10.24%; Russell 1000 Value Index—10.24%; Russell Midcap Growth Index—3.99%; Russell Midcap Value Index—3.99%; Russell 2000 Index—7.32%; MSCI EAFE (Europe, Australasia, and Far East) Index—24.24%; MSCI Emerging Markets Index—4.28%; and Real Assets Broad Weighted Benchmark—5.00%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

GLOBAL EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2017

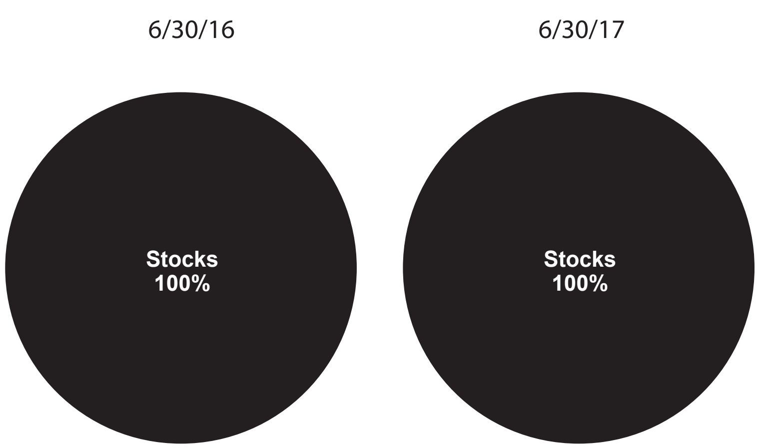
	6 Months	12 Months	Annualized Since Portfolio Inception
Global Equity Market Index Portfolio[(1)]	**10.89%**	**19.16%**	**7.38%**
Weighted Benchmark[(2)]	10.76%	19.56%	7.74%

The Global Equity Market Index Portfolio generated a double-digit return but trailed its weighted benchmark for the 12 months ending June 30, 2017.

The portfolio holds roughly two-thirds of its assets in the Total Equity Market Index Fund and the remainder in the International Equity Index Fund. Because these are passively managed index funds, each fund's sector allocations mirror those of its respective benchmark. As such, changes in the fund's sector diversification and other characteristics reflect changes in the composition of its respective benchmark, rather than strategic shifts made by an active investment manager.

The Total Equity Market Index Fund represents the entire U.S. stock market and offers broad exposure to large-, mid-, small-, and micro-cap companies. Stocks in the S&P 500 represent a substantial majority of the fund's value. Over the past 12 months, U.S. stocks soared to record levels as corporate earnings recovered and investors pinned their hopes on tax cuts, deregulation, and other business-friendly policies following Donald Trump's presidential election victory. The S&P 500 Index rose to record levels through June, driven by the financials and information technology sectors.

The International Equity Index Fund invests in developed markets stocks outside the U.S. by closely matching the structure of its benchmark, the FTSE All World Developed ex North America Index. Global stock markets surged over the past 12 months as world economic growth steadied and global trade picked up. Evidence of a sustained recovery grew more plentiful in Europe and Japan, helped by ultra-low interest rates and other accommodative monetary policies in both markets. Stronger-than-expected growth in China in 2017 also lifted confidence in the global outlook. Most developed stock markets outside the U.S. posted double-digit returns over the fiscal year, with many benchmarks trading at or near record levels by period-end.



UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Total Equity Market Index Fund	67.1%	68.2%
International Equity Index Fund	32.9%	31.8%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P Total Market Index—70.00% and FTSE All World Developed ex North America Index—30.00%.

BALANCED PORTFOLIO

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Balanced Portfolio[1]	**8.42%**	**12.17%**	**6.59%**
Weighted Benchmark[2]	7.35%	11.52%	6.27%

The Balanced Portfolio generated a double-digit return and outperformed its weighted benchmark for the 12 months ending June 30, 2017.

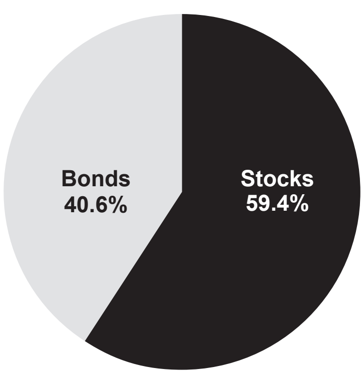
The portfolio seeks to provide capital growth and current income by investing in a combination of U.S. and international stocks and bonds. Its structure is intended to offer investors a way to balance the potential capital appreciation of stocks with the relative stability and income of bonds over the long-term.

Security selection in U.S. large-cap stocks contributed the most to the portfolio's outperformance. Within U.S. large-cap stocks, growth and value portfolios, including the Blue Chip Growth Fund and Value Fund, outperformed their respective style-specific benchmarks. This was partially offset by underperformance within the U.S. small-cap stock and real assets portfolios. International stock portfolios produced mixed results. Within the bond component, strong relative results in the underlying emerging and developed markets bond portfolios also contributed to outperformance.

Tactical decisions to overweight and underweight asset classes lifted relative returns. An underweight to real assets relative to global stocks helped, as did an overweight to U.S. large-cap growth stocks over U.S. large-cap value stocks. On the other hand, an underweight to U.S. small-cap stocks relative to U.S. large-cap stocks that was maintained for most of the past year detracted from relative returns.

The inclusion of diversifying sectors that are not included in the benchmark detracted from relative performance. Although the decision to tactically underweight real assets helped relative returns, the inclusion of real assets detracted as crude oil prices slumped in 2017 which weighed on energy sector companies.

6/30/16



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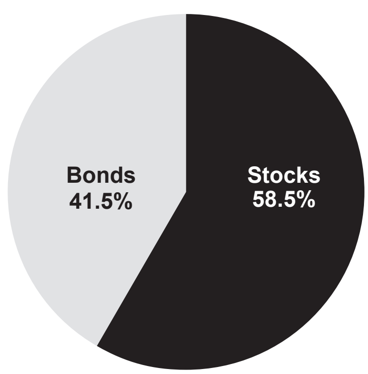


UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
New Income Fund	28.4%	29.3%
Equity Index 500 Fund	17.6%	16.8%
Blue Chip Growth Fund	6.7%	7.2%
Value Fund	6.3%	5.9%
Overseas Stock Fund	5.6%	5.5%
International Value Equity Fund[3]	5.3%	5.3%
International Stock Fund	4.9%	5.0%
Small-Cap Stock Fund	3.6%	4.5%
Emerging Markets Bond Fund	4.2%	4.0%
High Yield Fund	4.0%	4.0%
International Bond Fund	4.0%	3.7%
Emerging Markets Stock Fund	3.2%	2.3%
Mid-Cap Value Fund	2.1%	2.3%
Mid-Cap Growth Fund	1.9%	2.3%
Real Assets Fund	2.2%	1.4%
U.S. Treasury Money Fund	0.0%	0.5%
Limited Duration Inflation Focused Bond Fund	0.0%	0.0%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: S&P 500 Index—18.42%; Russell 1000 Growth Index—6.14%; Russell 1000 Value Index—6.14%; Russell Midcap Growth Index—2.39%; Russell Midcap Value Index—2.39%; Russell 2000 Index—4.40%; MSCI EAFE (Europe, Australasia, and Far East) Index—14.55%; MSCI Emerging Markets Index—2.57%; Bloomberg Barclays U.S. Aggregate Bond Index—28.00%; Real Assets Broad Weighted Benchmark—3.00%; Credit Suisse High Yield Index—4.00%; IBF Custom Blended Benchmark—4.00%; and J.P. Morgan Emerging Markets Bond Index Global—4.00%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

(3) The T. Rowe Price International Growth & Income Fund was renamed the T. Rowe Price International Value Equity Fund effective January 1, 2017.

BOND AND INCOME PORTFOLIO

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
Bond and Income Portfolio[1]	**3.98%**	**5.05%**	**5.84%**
Weighted Benchmark [2]	2.27%	-0.31%	4.58%

The Bond and Income Portfolio generated a single-digit return and outperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, for the 12 months ending June 30, 2017.

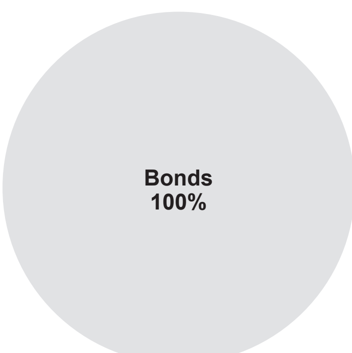
The portfolio invests in the Spectrum Income Fund, which holds an array of bond funds and an income-oriented stock fund. This allocation blends core investment-grade bonds that are included in the benchmark with out-of-benchmark securities from diversifying sectors, including high yield bonds, non-U.S. dollar-denominated bonds, emerging markets bonds, and dividend-paying stocks.

The inclusion of diversifying sectors that are not part of the benchmark contributed the most to outperformance. Specifically, the portfolio's high yield bonds, dividend-paying stocks, and emerging markets bonds did well over the year as strong investor demand for higher-yielding securities caused these asset classes to outperform the benchmark.

Security selection within the underlying portfolios, most of which outpaced their respective style-specific benchmarks, helped relative performance. Security selection in emerging markets bonds and dividend-paying stocks generated the most value.

Tactical decisions to overweight and underweight asset classes lifted relative returns. Underweight allocations to long-term U.S. Treasuries and non-U.S. dollar bonds contributed to relative performance, as did overweight allocations to high yield and floating rate bonds.

6/30/16



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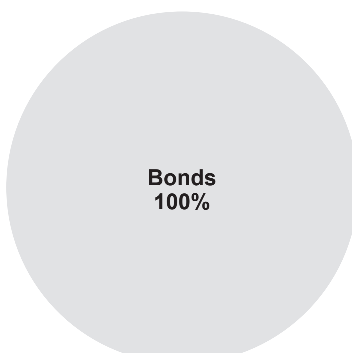


UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Spectrum Income Fund	100.0%	100.0%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: 100.00% Bloomberg Barclays U.S. Aggregate Bond Index.

INFLATION FOCUSED BOND PORTFOLIO

Performance Comparison as of June 30, 2017

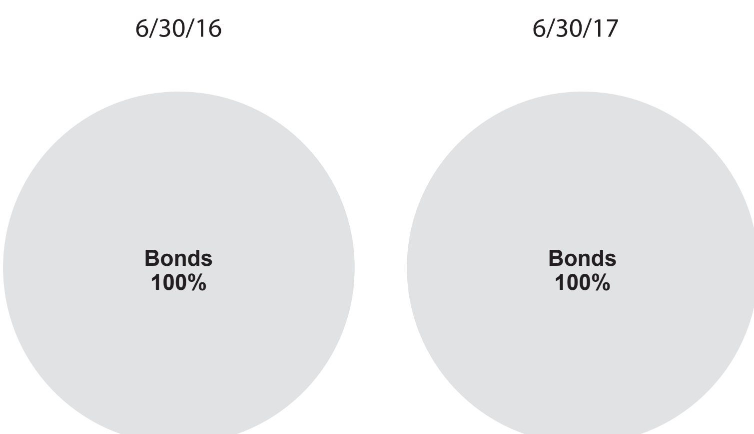
	6 Months	12 Months	Annualized Since Portfolio Inception
Inflation focused Bond Portfolio(1)	**0.08%**	**-0.46%**	**1.94%**
Weighted Benchmark (2)	0.20%	0.22%	2.12%

The Inflation Focused Bond Portfolio generated a modest negative return and underperformed its benchmark, the Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index, for the 12 months ending June 30, 2017.

The portfolio invests in the Limited Duration Inflation Focused Bond Fund, which seeks to give investors a level of income consistent with the current inflation rate. The fund primarily invests in short- and intermediate-term investment-grade inflation-linked securities, which should provide some protection against the impact of inflation. A substantial majority of its holdings are in Treasury inflation protected securities (TIPS), but it also can hold corporate, asset-backed,mortgage-backed, and government debt.

The fund can invest in bonds of any maturity or duration, but normally maintains its duration within plus or minus two years of the duration of the benchmark. Compared with strategies benchmarked to the full TIPS index, the fund's shorter duration should provide some protection in a rising rate environment. The fund periodically invests in inflation-indexed bonds outside the U.S. for diversification and their added yield over comparable TIPS.

Interest rate management in the fiscal year's first half restrained relative performance. The portfolio was positioned to benefit from a flattening of the yield curve, which worked in its favor as medium- and longer-term bond yields fell to record lows in the summer of 2016. However, longer-term yields climbed after the 2016 U.S. presidential election as investors anticipated tax cuts and other fiscal stimulus under the Trump administration. This steepening of the yield curve after the unexpected election outcome more than offset the portfolio's earlier gains.



UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
Limited Duration Inflation Focused Bond Fund	100.0%	100.0%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: 100.00% Bloomberg Barclays U.S. 1-5 Year Treasury TIPS Index.

U.S. TREASURY MONEY MARKET PORTFOLIO

Performance Comparison as of June 30, 2017

	6 Months	12 Months	Annualized Since Portfolio Inception
U.S. Treasury Money Market Portfolio(1)	**0.08%**	**0.08%**	**0.01%**
Weighted Benchmark (2)	0.30%	0.46%	0.13%

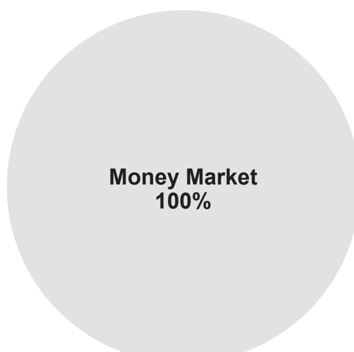
The U.S. Treasury Money Market Portfolio generated a near-flat return for the 12 months ending June 30, 2017, reflecting the low-rate environment that prevailed for most of the period. The portfolio underperformed its benchmark, the Citigroup 3-Month Treasury Bill Index.

The portfolio invests in the U.S. Treasury Money Fund, which invests in short-term Treasury securities and other U.S. government obligations. This fund is a high-quality, diversified portfolio whose primary aim is providing liquidity and stability of principal for investors.

Over the past 12 months, the Federal Reserve raised its benchmark fed funds rate three times: in December 2016, followed by increases in March and June 2017. These successive rate hikes helped lift money market yields above the near-zero percent levels where they have long been anchored. Even so, continued strong demand for short-term, high-quality investments put downward pressure on yields over the period.

6/30/16

6/30/17

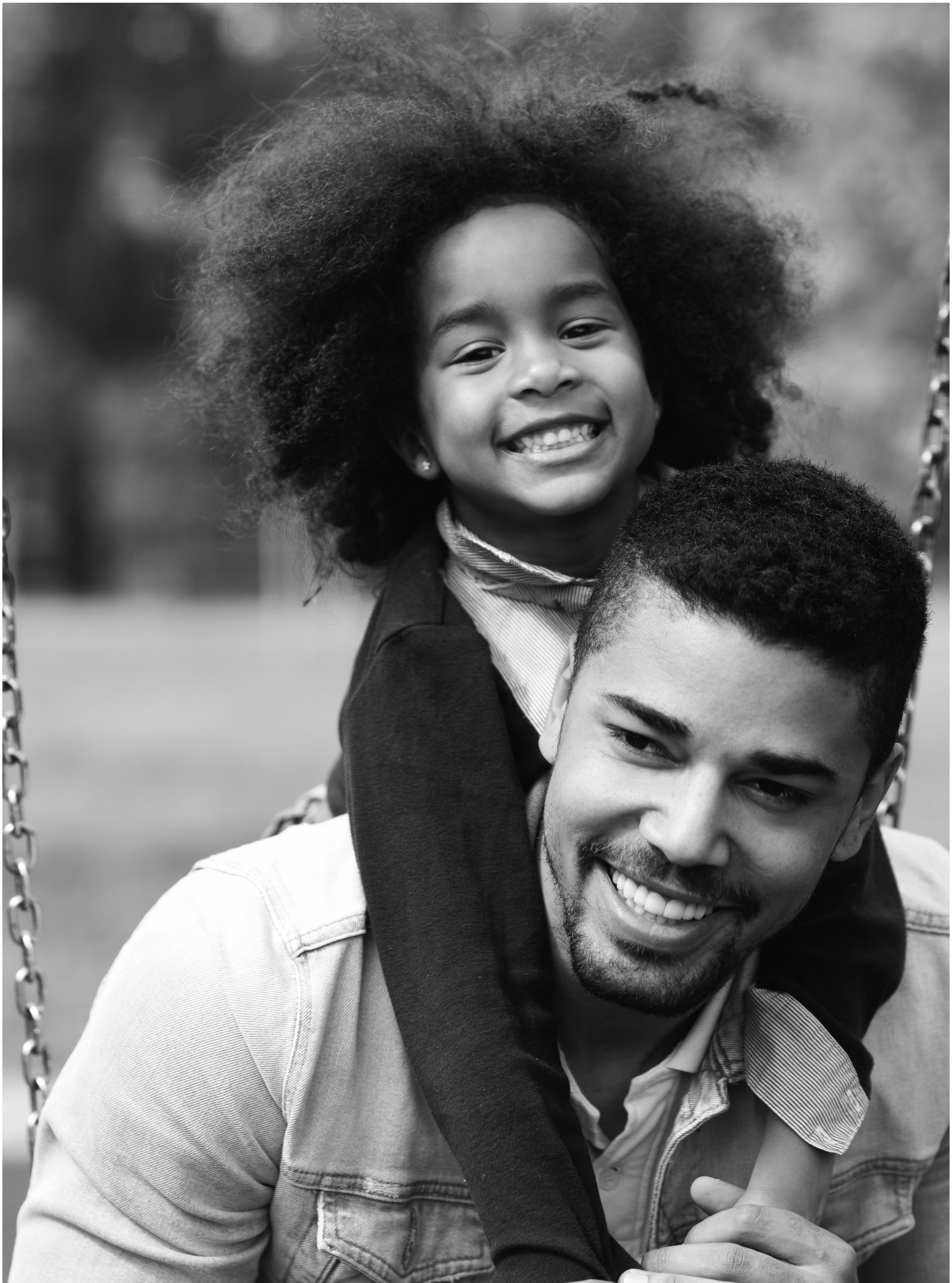


UNDERLYING FUND ALLOCATION

	6/30/16	6/30/17
U.S. Treasury Money Fund	100.0%	100.0%

(1) Performance information reflected is net of fees and expenses.

(2) As of June 30, 2017, the weighted benchmark was composed of: 100.00% Citigroup 3-Month Treasury Bill Index.



Maryland College Investment Plan

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

STATEMENT OF FIDUCIARY NET POSITION

The Statement of Fiduciary Net Position presents the assets, liabilities, and net position of the College Investment Plan as of June 30, 2017. This statement, along with the College Investment Plan's Statement of Changes in Fiduciary Net Position, is prepared using the accrual basis of accounting. Under this method of accounting, revenues and assets are recognized when enrollment materials and contributions are received in good order, distributions from an account are recognized when paid, and expenses and liabilities are recognized when services are provided, regardless of when cash is exchanged. We classify assets as current and noncurrent. Current assets consist primarily of investments, which comprise in excess of 99% of current assets. Net position consists primarily of contributions to accounts and investment earnings or losses, net of distributions from accounts. Additions to net position resulted from 26,297 new accounts, $521 million in account holder contributions to portfolios, $220 million in exchanges and transfers, and $521 million in net investment income. Deductions from net position include $317 million in distributions to account holders, $220 million in exchanges and transfer from portfolios for the fiscal year, and $22 million in rollovers to other college savings plans. This resulted in an increase in net position of $725 million for the Plan.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Changes in net position as presented on the Statement of Changes in Fiduciary Net Position are based on the activity of the College Investment Plan. The purpose of this statement is to present account contributions, increases or decreases in the fair value of investments, and distributions from the Plan. Additions represent contributions to accounts in the College Investment Plan and investment income. Deductions represent distributions from accounts.

COLLEGE INVESTMENT PLAN FEES

The College Investment Plan charges fees to Account Holders, including fees of the underlying mutual funds and, for the fiscal year discussed in this report, a program fee. T. Rowe Price Associates, Inc. (Program Manager) receives the program fee which equals 0.11% for the Global Equity Market Index Portfolio and 0.13% for all other funds per year of the assets of each investment portfolio. Payment of the program fee by a portfolio is already reflected in the portfolio's net asset value. The College Investment Plan's aggregate program fees plus its pro-rata share of expenses from the underlying mutual funds may not exceed 0.80% of the College Investment Plan's average net assets in any year. If necessary to remain at the 0.80% limit, the Program Manager will reduce the rate of the program fee charged to each portfolio. Program fees reduced in any year will be repaid by the College Investment Plan to the Program Manager in the following years if repayment would not cause the College Investment Plan's effective expense ratio to exceed the 0.80% limit. For additional information, see footnote 5 on page 56 of the Notes to the Financial Statements on page 53 and the Supplementary Information beginning on page 57. Each investment portfolio indirectly bears its pro-rata share of the fees and expenses of the underlying mutual funds in which it invests. These fees are not charged directly to a portfolio, but are included in the net asset value of the mutual funds held by the College Investment Plan. The pro-rata share of the fees and expenses is calculated based on the amount that each portfolio invests in a mutual fund and the expense ratio (the ratio of expenses to average net assets) of that mutual fund. As of July 1, 2017, the program fee will be eliminated and each portfolio will be charged a state fee for administration and marketing costs of the College Investment Plan. The Trustee receives the state fee, which equals 0.05% based on the assets of the College Investment Plan. Payment of the state fee by each portfolio will be reflected in the portfolio's net asset value.

PORTFOLIO FINANCIAL STATEMENTS

The Statement of Net Position, the Statement of Changes in Net Position and the Financial Highlights for each portfolio are included in this Annual Report as supplementary statements. These statements contain certain information for each of the portfolios within the College Investment Plan as of June 30, 2017. The Statement of Net Position details the investments and net position of each portfolio. This statement also contains information regarding the investments in the underlying mutual funds for each of the portfolios. Net position consists of account contributions and investment earnings and losses, net of distributions from accounts. The Statement of Changes in Net Position report the net investment income and the realized and unrealized gains and losses for each portfolio. This statement also includes information regarding account contributions and distributions from accounts for each portfolio. An account holder's interest in a portfolio is represented as a number of units. The Financial Highlights statement includes net asset value information, total return, and various ratios for each individual portfolio.

BUDGETARY CONTROL AND FINANCIAL OVERSIGHT

The College Investment Plan is administered by Maryland 529. The Board, in accordance with the Enabling Legislation for the College Investment Plan, prepares and submits an annual budget to the Maryland Governor and the General Assembly for informational purposes only. In accordance with its fiduciary obligations, each quarter, the Board reviews a comparison of actual and budgeted expenses in connection with its administration of Maryland 529.

Maryland College Investment Plan

STATEMENT OF FIDUCIARY NET POSITION AS OF JUNE 30, 2017

(amounts in thousands)

ASSETS	
Current Assets:	
Investments, at Fair Value	$ 5,187,587
LIABILITIES	
Current Liabilities:	
Other Liabilities	592
NET POSITION	
Total	$ 5,186,995

See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(amounts in thousands)

ADDITIONS	
Contributions:	
Account Holder Contributions to Portfolios	$ 520,965
Exchanges and Transfers	219,706
Account Holder Contributions to Portfolios	740,671
Investment Income:	
Net Decrease in Fair Value of Investments	444,627
Investment Income	76,084
Net Investment Income	520,711
Total Additions	1,261,382
DEDUCTIONS	
Distributions:	
Payments in Accordance with Trust Agreements	316,820
Exchanges and Transfers	219,706
Account Holder Distributions	536,526
Distributions to Unit Holders	66
Change in Net Position	724,790
Net Position, Beginning of Year	4,462,205
Net Position, End of Year	$ 5,186,995

See accompanying Notes to Financial Statements.

Maryland College Investment Plan

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

1. ORGANIZATION AND PURPOSE

The Maryland College Investment Plan (Plan) was established under the Maryland College Investment Trust (Trust) to allow investors to save for qualified higher education expenses on a tax-advantaged basis in accordance with the provisions of Section 529 of the Internal Revenue Code. The Plan is a private purpose trust fund, used to account for resources legally held in trust for individual investors. The Maryland 529 Board (Board) serves as Trustee for the Trust (Trustee), and T. Rowe Price Associates, Inc. (Price Associates or the Program Manager), serves as the program manager. The Plan is marketed directly to investors without sales charges and offers eight enrollment-based and six fixed portfolios (individually, a Portfolio and collectively, the Portfolios). Each Portfolio invests in predetermined underlying equity, fixed income, fund-of-funds, and/or money market mutual funds (Underlying Mutual Funds) managed by Price Associates, and/or its affiliated investment advisors. Each Underlying Mutual Fund is registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

The Maryland General Assembly passed House Bill 11, which created the Plan, during the 2000 legislative session. The Plan is a separate program, authorized by the Maryland Code Annotated Education Article, Section 18, Subtitle 19A (Enabling Legislation). The Board directs the Trust and consists of 11 members, six of whom are ex-officio members. The ex-officio members are the State Comptroller, the State Treasurer, the State Secretary of Higher Education, the State Superintendent of Schools, the Secretary of Disabilities, and the Chancellor of the University System of Maryland. The five remaining members are public members appointed by the Governor.

The Enabling Legislation allows that contributions made to the Plan may be deducted from Maryland state income in an amount up to $2,500 per contributor for each beneficiary annually. Effective January 1, 2002, earnings on contributions are tax-free for federal and state purposes when used toward eligible qualified higher education expenses. The federal exemption was made permanent by the Pension Protection Act of 2006.

All administrative costs for Maryland 529, including the Plan, are accounted for in the financial statements of the Maryland Prepaid College Trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying Plan financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which require the use of estimates. The Program Manager believes that estimates and valuations of the Underlying Mutual Funds are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale of the Underlying Mutual Funds. The financial statements of the Plan use an economic resources measurement focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

Units

Each investor's beneficial interest in the net position of a Portfolio is represented by units, an unlimited number of which are authorized. Contributions to, distributions from, and exchanges between Portfolios of the Plan are recorded upon receipt of Account Holder instructions in good order, based on the next determined net asset value per unit. Account Holder contributions and redemptions, as disclosed in the Statement of Changes in Net Position, include new contributions made to the Plan as well as exchanges and transfers between Portfolios. For the year ended June 30, 2017, new contributions to the Plan were approximately $521 million. For all Portfolios other than the U.S. Treasury Money Market Portfolio, net investment income and net realized gains accumulate in the net asset value of the Portfolio and are not separately distributed to Account Holders. The U.S. Treasury Money Market Portfolio declares a daily dividend of net investment income, which is automatically reinvested in the Account Holder's account monthly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Plan has implemented this statement, and it had no material effect on the financial position of the Plan.

Also, in June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for post-employment benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. Finally, in March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, effective for fiscal years beginning after June 15, 2017. The Plan will be analyzing the effect of these pronouncements and plans to adopt them as applicable by their respective effective dates.

Investment Income and Transactions

Income and capital gain distributions from the Underlying Mutual Funds are recorded on the ex-dividend date, which is the date that an investor is required to be a shareholder of record in order to receive the dividend. Investment transactions in shares of the Underlying Mutual Funds are accounted for on the trade date. Realized gains and losses are reported on the identified cost basis.

3. INVESTMENTS

The Maryland College Investment Plan's Investment Policy, adopted by the Board, specifies the number of Portfolios and the general character and composition of each Portfolio. Based on these guidelines, detailed asset allocations have been developed and Underlying Mutual Funds have been selected for each Portfolio. The Plan is not restricted in its investments by legal or contractual provisions.

Investments are stated at fair value, which GAAP defines as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan invests solely in mutual funds, which are valued at the mutual fund's closing net asset value per share on the date of valuation.

Various valuation techniques and inputs are used to determine the fair value of investments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

LEVEL 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the Plan can access at the reporting date

LEVEL 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

LEVEL 3 – unobservable inputs

Because the Plan invests in mutual funds that are actively traded at publicly available NAVs, all investments are classified as Level 1 as of June 30, 2017.

Changes in unrealized gain/loss resulting from changes in the fair values of investments are recognized daily in each Portfolio's net asset value per unit and, for the fiscal year, are reflected in the Plan's accompanying Statement of Changes in Net Position.

The Plan's investments in mutual funds expose it to certain risks, including market risk in the form of equity price risk—that is, the potential future loss of value that would result from a decline in the fair values of the Underlying Mutual Funds. Each Underlying Mutual Fund and its underlying net assets are also subject to market risk that may arise from changes in equity prices, credit ratings, foreign currency exchange rates, and interest rates. The Plan's investments in mutual fund shares are not subject to classification by credit risk.

Each Underlying Mutual Fund that invests in bonds is subject to certain risks, including interest rate risk, which is the decline in bond prices that usually accompanies a rise in interest rates. The weighted average maturity and weighted average effective duration of the underlying net assets of applicable Underlying Mutual Funds were as follows as of June 30, 2017 (in years):

	Weighted Average Maturity	Weighted Averages Effective Duration
DOMESTIC BOND FUNDS		
T. Rowe Price High Yield Fund	6.43	3.01
T. Rowe Price Limited Duration Inflation Focused Bond Fund	3.10	1.68
T. Rowe Price New Income Fund	7.97	5.85
T. Rowe Price Short-Term Bond Fund	1.95	1.86
INTERNATIONAL BOND FUNDS		
T. Rowe Price Emerging Markets Bond Fund	10.72	6.52
T. Rowe Price International Bond Fund	10.09	7.99
BLENDED ASSET FUNDS		
T. Rowe Price Spectrum Income Fund	9.57	5.29

Maryland College Investment Plan

3. INVESTMENTS (CONTINUED)

As of June 30, 2017, the Plan held the following aggregate investments in mutual funds (amounts in thousands):

	Aggregate Cost	Unrealized Gain/(Loss)	Aggregate Fair Value
DOMESTIC STOCK FUNDS			
T. Rowe Price Blue Chip Growth Fund	$ 128,918	$ 143,766	$ 272,684
T. Rowe Price Equity Index 500 Fund	522,104	440,125	962,229
T. Rowe Price Mid-Cap Growth Fund	57,133	30,297	87,430
T. Rowe Price Mid-Cap Value Fund	66,536	18,856	85,392
T. Rowe Price Small-Cap Stock Fund	124,200	43,842	168,042
T. Rowe Price Total Equity Market Index Fund	90,419	63,087	153,506
T. Rowe Price Value Fund	149,836	76,457	226,293
Total domestic stock funds	1,139,146	816,430	1,955,576
GLOBAL STOCK FUND			
T. Rowe Price Real Assets Fund	60,566	3,158	63,724
INTERNATIONAL STOCK FUNDS			
T. Rowe Price Emerging Markets Stock Fund	59,123	21,701	80,824
T. Rowe Price International Equity Index Fund	66,496	5,111	71,607
T. Rowe Price International Value Equity Fund	187,008	26,055	213,063
T. Rowe Price International Stock Fund	150,152	50,571	200,723
T. Rowe Price Overseas Stock Fund	183,277	39,560	222,837
Total international stock funds	646,056	142,998	789,054
DOMESTIC BOND FUNDS			
T. Rowe Price High Yield Fund	13,404	18	13,422
T. Rowe Price Limited Duration Inflation Focused Bond Fund	578,301	(1,241)	577,060
T. Rowe Price New Income Fund	97,726	202	97,928
T. Rowe Price Short-Term Bond Fund	578,027	(1,607)	576,420
Total domestic bond funds	1,267,458	(2,628)	1,264,830
INTERNATIONAL BOND FUNDS			
T. Rowe Price Emerging Markets Bond Fund	13,351	215	13,566
T. Rowe Price International Bond Fund	12,343	(103)	12,240
Total international bond funds	25,694	112	25,806
BLENDED INCOME FUND			
T. Rowe Price Spectrum Income Fund	962,687	24,316	987,003
MONEY MARKET FUND			
T. Rowe Price U.S. Treasury Money Fund	101,594	-	101,594
Total investments in mutual funds	$ 4,203,201	$ 984,386	$ 5,187,587

4. TAX-EXEMPT STATUS

The Plan is exempt from federal taxation in accordance with Section 529 of the Internal Revenue Code and is exempt from Maryland state and local taxation in accordance with the Enabling Legislation. Accordingly, the Plan makes no provision for income taxes.

5. RELATED PARTIES

Price Associates is a wholly owned subsidiary of T. Rowe Price Group, Inc. Price Associates and its wholly owned subsidiaries provide investment management, record-keeping and account servicing, administrative, distribution and marketing, custodial, and certain other services to the Plan. Price Associates and its wholly owned subsidiaries also serve as investment manager for each of the Underlying Mutual Funds, and certain officers and directors of Price Associates and its subsidiaries are also officers and directors of the Underlying Mutual Funds.

Each Portfolio pays an all-inclusive program fee to Price Associates, which is accrued daily and paid monthly. The program fee is equal to 0.13% of each Portfolio's average daily net assets for all portfolios except the Global Equity Market Index Portfolio, which is 0.11% of average daily net assets. As of June 30, 2017, program fees of $550,000 remain payable by the Portfolios.

Each Portfolio indirectly bears its pro-rata share of the fees and expenses of the Underlying Mutual Funds in which it invests (indirect expenses). The Portfolios pay no investment management fees; however, Price Associates receives asset-based management fees from the Underlying Mutual Funds in which the Portfolios invest. The costs associated with record-keeping and related account servicing for the Portfolios are borne by each Underlying Mutual Fund in proportion to the average daily value of its shares owned by the Portfolios. During the year ended June 30, 2017, the Underlying Mutual Funds incurred $8,743,000 related to services provided to Plan accounts. The impact of Portfolio related costs borne by the Underlying Mutual Funds is reflected in the valuations of the Underlying Mutual Funds, which, in turn, affect the net asset values of the Portfolios.

Price Associates has agreed to limit the ratio of the Plan's aggregate direct and indirect expenses to average net assets (Plan's effective expense ratio) to 0.80% per year (expense limit). For purposes of the limitation, direct expenses are the program fees charged to the Portfolios and indirect expenses reflect the weighted average expense ratios of the Underlying Mutual Funds in which the Portfolios invest. Expenses in excess of the limit are borne by Price Associates (expense waivers) in the form of reduced program fees paid by each Portfolio to Price Associates. Expense waivers are allocated to the Portfolios on the basis of relative average net assets and are subject to later repayment by the Portfolios to the extent that repayment would not cause the Plan's effective expense ratio to exceed the expense limit. The expense limit has no effect on the computation of the Program Manager Contribution. During the fiscal year ended June 30, 2017, there were no waivers or repayments of program fees pursuant to this limit and there were no amounts subject to future repayment by the Portfolios at year end.

Price Associates has agreed to limit the direct and indirect expenses of the U.S. Treasury Money Market Portfolio (the Money Market Portfolio). Price Associates will waive all or a portion of the program fees charged to the Money Market Portfolio to the extent payment of the program fee would result in a negative return for the Money Market Portfolio. Any program fees waived under this agreement will not be reimbursed to Price Associates by the Money Market Portfolio or the Plan. Pursuant to this arrangement, $40,000 of the Money Market Portfolio's program fee was waived during the year ended June 30, 2017.

Price Associates has further agreed to remit a portion of the program fees earned to the Trustee to support certain administrative and marketing efforts provided by the Board to the Plan (Program Manager Contribution). Under this agreement, the Trustee receives an annual amount equal to the greater of: (1) $2 million or (2) 0.07% of the average monthly net assets of the Plan (average Plan assets). When any part of the program fee is waived for the Money Market Portfolio, the assets of this portfolio will not be included in the calculation of the Program Manager Contribution. During the year ended June 30, 2017, the Program Manager paid the Trustee $3,303,000 in accordance with this agreement.

The staff of the Board supports Price Associates' management of the Plan in accordance with applicable laws and regulations, Board policy, and the Board's contract with Price Associates. Employees of the Board review and obtain Board approval of all Plan disclosure documents, review and approve all marketing initiatives in accordance with the approved marketing plan, and monitor the implementation and employee training of operational procedures. The Trust coordinates several contracts between the Board and its service providers for services to both the Trust and the Plan.

6. SUBSEQUENT EVENT

Effective July 1, 2017, the Plan's program fee paid to Price Associates will be eliminated. To help offset expenses associated with administering the Plan, an annual state fee of 0.05% of Plan assets will be paid to the Trustee of the Plan.

Supplementary Information

MARYLAND COLLEGE INVESTMENT PLAN

As of June 30, 2017

Statement of Net Position (in thousands, except net asset values per unit and shares)	PORTFOLIO 2036 Shares	PORTFOLIO 2036 Fair Value	PORTFOLIO 2033 Shares	PORTFOLIO 2033 Fair Value	PORTFOLIO 2030 Shares	PORTFOLIO 2030 Fair Value
INVESTMENTS AT FAIR VALUE						
T. Rowe Price Blue Chip Growth Fund	24,187	$2,096	198,958	$17,242	355,964	$30,848
T. Rowe Price Emerging Markets Bond Fund	-	-	-	-	-	-
T. Rowe Price Emerging Markets Stock Fund	17,349	661	142,030	5,413	263,571	10,045
T. Rowe Price Equity Index 500 Fund	77,783	5,063	639,242	41,608	1,136,218	73,956
T. Rowe Price High Yield Fund	-	-	-	-	-	-
T. Rowe Price International Bond Fund	-	-	-	-	-	-
T. Rowe Price International Equity Index Fund	-	-	-	-	-	-
T. Rowe Price International Stock Fund	80,941	1,461	667,121	12,042	1,213,443	21,903
T. Rowe Price International Value Equity Fund	108,010	1,569	890,740	12,942	1,593,095	23,148
T. Rowe Price Limited Duration Inflation Focused Bond Fund	-	-	-	-	4,060	20
T. Rowe Price Mid-Cap Growth Fund	8,066	697	66,399	5,736	118,349	10,224
T. Rowe Price Mid-Cap Value Fund	23,055	691	188,274	5,641	334,056	10,008
T. Rowe Price New Income Fund	-	-	-	-	-	-
T. Rowe Price Overseas Stock Fund	156,601	1,642	1,290,266	13,535	2,321,337	24,351
T. Rowe Price Real Assets Fund	38,497	417	324,626	3,519	557,995	6,049
T. Rowe Price Short-Term Bond Fund	-	-	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	28,208	1,343	230,254	10,960	419,852	19,985
T. Rowe Price Spectrum Income Fund	-	-	-	-	2,829,442	35,877
T. Rowe Price Total Equity Market Index Fund	-	-	-	-	-	-
T. Rowe Price U.S. Treasury Money Fund	-	-	-	-	950,064	950
T. Rowe Price Value Fund	48,039	1,755	396,015	14,466	714,039	26,084
Total investments at fair value		17,395		143,104		293,448
Other liabilities		(1)		(15)		(31)
NET POSITION		**$17,394**		**$143,089**		**$293,417**
Composition of Net Position:						
Paid-in capital		$ 15,727		$ 120,495		$ 224,986
Retained earnings		1,667		22,594		68,431
Number of Units Outstanding		1,454		8,609		13,359
NET ASSET VALUE PER UNIT (1)		**$ 11.97**		**$ 16.62**		**$ 21.96**
Investments at cost		$ 15,873		$ 124,901		$ 241,867

(1) The net asset value (NAV) per unit is calculated at the close of the New York Stock Exchange on each day the exchange is open for business. Each Portfolio's NAV is computed by dividing the value of its net position by the number of Portfolio units outstanding. A Portfolio's investments in the Underlying Mutual Funds are valued at each Underlying Mutual Fund's closing net asset value per share on the date of valuation.

PORTFOLIO 2027		PORTFOLIO 2024		PORTFOLIO 2021		PORTFOLIO 2018	
Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
534,906	$46,355	567,361	$49,168	390,334	$33,826	-	$ -
-	-	-	-	-	-	-	-
391,397	14,916	412,069	15,704	122,012	4,650	-	-
1,694,189	110,275	1,768,518	115,113	2,490,311	162,094	2,252,783	146,634
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,815,157	32,764	1,895,548	34,215	1,237,263	22,333	386,833	6,982
2,389,427	34,718	2,515,740	36,554	1,616,526	23,488	498,911	7,249
5,132	26	5,321	27	13,998,727	70,134	51,831,269	259,675
176,494	15,247	182,663	15,780	103,997	8,984	-	-
494,425	14,813	514,431	15,412	275,996	8,269	-	-
-	-	-	-	-	-	-	-
3,471,907	36,420	3,607,197	37,839	2,353,195	24,685	731,960	7,678
846,057	9,171	886,057	9,605	802,120	8,695	457,623	4,961
-	-	-	-	17,099,201	80,708	57,245,673	270,199
620,340	29,528	647,722	30,832	346,733	16,504	-	-
11,348,874	143,904	24,169,282	306,466	27,486,098	348,524	4,979,543	63,141
-	-	-	-	-	-	-	-
1,500,101	1,500	1,500,101	1,500	3,121,680	3,122	5,070,370	5,070
1,068,190	39,021	1,124,043	41,061	720,914	26,335	-	-
	528,658		709,276		842,351		771,589
	(56)		(76)		(103)		(82)
	$ 528,602		**$ 709,200**		**$ 842,248**		**$ 771,507**
	$ 354,121		$ 462,446		$ 533,967		$ 483,234
	174,481		246,754		308,281		288,273
	25,594		27,255		31,281		30,692
	$ 20.65		**$ 26.02**		**$ 26.92**		**$ 25.14**
	$ 402,751		$ 608,683		$ 683,165		$ 674,951

Supplementary Information

MARYLAND COLLEGE INVESTMENT PLAN

As of June 30, 2017

Statement of Net Position (Continued) (in thousands, except net asset values per unit and shares)	PORTFOLIO FOR COLLEGE Shares	PORTFOLIO FOR COLLEGE Fair Value	EQUITY PORTFOLIO Shares	EQUITY PORTFOLIO Fair Value	GLOBAL EQUITY MARKET INDEX PORTFOLIO Shares	GLOBAL EQUITY MARKET INDEX PORTFOLIO Fair Value
INVESTMENTS AT FAIR VALUE						
T. Rowe Price Blue Chip Growth Fund	-	$ -	797,361	$69,099	-	$ -
T. Rowe Price Emerging Markets Bond Fund	-	-	-	-	-	-
T. Rowe Price Emerging Markets Stock Fund	-	-	571,434	21,777	-	-
T. Rowe Price Equity Index 500 Fund	1,293,846	84,216	2,563,539	166,861	-	-
T. Rowe Price High Yield Fund	-	-	-	-	-	-
T. Rowe Price International Bond Fund	-	-	-	-	-	-
T. Rowe Price International Equity Index Fund	-	-	-	-	5,292,454	71,607
T. Rowe Price International Stock Fund	226,358	4,086	2,676,018	48,302	-	-
T. Rowe Price International Value Equity Fund	272,912	3,965	3,557,879	51,696	-	-
T. Rowe Price Limited Duration Inflation Focused Bond Fund	43,641,629	218,644	-	-	-	-
T. Rowe Price Mid-Cap Growth Fund	-	-	266,023	22,982	-	-
T. Rowe Price Mid-Cap Value Fund	-	-	763,784	22,883	-	-
T. Rowe Price New Income Fund	-	-	-	-	-	-
T. Rowe Price Overseas Stock Fund	377,700	3,962	5,174,255	54,278	-	-
T. Rowe Price Real Assets Fund	259,839	2,817	1,275,563	13,827	-	-
T. Rowe Price Short-Term Bond Fund	47,778,116	225,513	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	-	-	920,380	43,810	-	-
T. Rowe Price Spectrum Income Fund	-	-	-	-	-	-
T. Rowe Price Total Equity Market Index Fund	-	-	-	-	5,555,786	153,506
T. Rowe Price U.S. Treasury Money Fund	3,866,679	3,867	-	-	-	-
T. Rowe Price Value Fund	-	-	1,583,532	57,847	-	-
Total investments at fair value		547,070		573,362		225,113
Other liabilities		(58)		(62)		(20)
NET POSITION		**$547,012**		**$573,300**		**$225,093**
Composition of Net Position:						
Paid-in capital		$ 434,977		$ 244,190		$ 142,545
Retained earnings		112,035		329,110		82,548
Number of Units Outstanding		30,552		18,557		10,284
NET ASSET VALUE PER UNIT (1)		**$ 17.90**		**$ 30.89**		**$ 21.89**
Investments at cost		$ 504,594		$ 343,315		$ 156,915

(1) The net asset value (NAV) per unit is calculated at the close of the New York Stock Exchange on each day the exchange is open for business. Each Portfolio's NAV is computed by dividing the value of its net position by the number of Portfolio units outstanding. A Portfolio's investments in the Underlying Mutual Funds are valued at each Underlying Mutual Fund's closing net asset value per share on the date of valuation.

BALANCED PORTFOLIO		BOND AND INCOME PORTFOLIO		INFLATION FOCUSED BOND PORTFOLIO		U.S.TREASURY MONEY MARKET PORTFOLIO		TOTAL	
Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
277,516	$24,050	-	$ -	-	$ -	-	$ -	3,146,587	$272,684
1,073,227	13,566	-	-	-	-	-	-	1,073,227	13,566
200,938	7,658	-	-	-	-	-	-	2,120,800	80,824
866,637	56,409	-	-	-	-	-	-	14,783,066	962,229
1,985,488	13,422	-	-	-	-	-	-	1,985,488	13,422
1,389,368	12,240	-	-	-	-	-	-	1,389,368	12,240
-	-	-	-	-	-	-	-	5,292,454	71,607
921,593	16,635	-	-	-	-	-	-	11,120,275	200,723
1,220,530	17,734	-	-	-	-	-	-	14,663,770	213,063
2,772	14	-	-	5,692,571	28,520	-	-	115,181,481	577,060
90,062	7,780	-	-	-	-	-	-	1,012,053	87,430
256,161	7,675	-	-	-	-	-	-	2,850,182	85,392
10,319,117	97,928	-	-	-	-	-	-	10,319,117	97,928
1,758,523	18,447	-	-	-	-	-	-	21,242,941	222,837
430,166	4,663	-	-	-	-	-	-	5,878,543	63,724
-	-	-	-	-	-	-	-	122,122,990	576,420
316,798	15,080	-	-	-	-	-	-	3,530,287	168,042
-	-	7,026,096	89,091	-	-	-	-	77,839,335	987,003
-	-	-	-	-	-	-	-	5,555,786	153,506
1,752,522	1,752	-	-	-	-	83,832,665	83,833	101,594,182	101,594
539,948	19,724	-	-	-	-	-	-	6,194,720	226,293
	334,777		89,091		28,520		83,833		5,187,587
	(36)		(31)		(3)		(18)		(592)
	$334,741		**$89,060**		**$28,517**		**$83,815**		**$5,186,995**
	$ 174,401		$ 50,917		$ 21,916		$ 83,815		$ 3,347,737
	160,340		38,143		6,601		-		1,839,258
	11,248		3,342		2,193		83,815		298,235
	$ 29.76		**$ 26.64**		**$ 13.00**		**$ 1.00**		
	$ 251,340		$ 81,951		$ 29,062		$ 83,833		$ 4,203,201

Supplementary Information

MARYLAND COLLEGE INVESTMENT PLAN

For the year ended June 30, 2017

Statement of Changes in Net Position (amounts in thousands)	PORTFOLIO 2036	PORTFOLIO 2033	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024
OPERATIONS					
Net investment income					
Income distributions from Underlying Mutual Funds	$ 106	$ 1,414	$ 3,675	$ 8,388	$ 13,669
Program management fee expense	11	142	320	602	827
Expenses waived by program manager	-	-	-	-	-
Net investment income (loss)	95	1,272	3,355	7,786	12,842
Net realized and unrealized gain / loss					
Net realized gain (loss)					
Sales of Underlying Mutual Fund shares	(8)	(244)	(438)	360	15,035
Capital gain distributions from Underlying Mutual Funds	54	843	1,873	3,211	3,939
Net realized gain	46	599	1,435	3,571	18,974
Change in unrealized gain / loss	1,436	17,787	36,600	57,716	50,112
Net realized and change in unrealized gain / loss	1,482	18,386	38,035	61,287	69,086
Increase (decrease) in net position from investments	1,577	19,658	41,390	69,073	81,928
DISTRIBUTIONS TO UNIT HOLDERS					
Decrease in net position from distributions	-	-	-	-	-
UNIT TRANSACTIONS* - see Unit Information below					
Units issued					
Account Holder contributions	9,235	45,322	50,696	58,207	63,491
Account Holder transfers from other portfolios	4,490	4,185	7,271	10,856	15,236
Units redeemed					
Account Holder distributions	(110)	(1,188)	(2,393)	(3,845)	(6,415)
Account Holder transfers to other portfolios	(597)	(3,754)	(5,855)	(9,232)	(14,945)
Increase (decrease) in net position from unit transactions	13,018	44,565	49,719	55,986	57,367
NET POSITION					
Increase (decrease) during period	14,595	64,223	91,109	125,059	139,295
Beginning of period	2,799	78,866	202,308	403,543	569,905
End of period	**$17,394**	**$143,089**	**$293,417**	**$528,602**	**$709,200**
*Unit information					
Units outstanding, beginning of period	280	5,673	10,893	22,669	24,903
Units issued					
Account Holder contributions and transfers from other portfolios	1,238	3,256	2,872	3,608	3,231
Units redeemed					
Account Holder distributions and transfers to other portfolios	(64)	(320)	(406)	(683)	(879)
Units outstanding, end of period	1,454	8,609	13,359	25,594	27,255

PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO FOR COLLEGE	EQUITY PORTFOLIO	GLOBAL EQUITY MARKET INDEX PORTFOLIO	BALANCED PORTFOLIO	BOND AND INCOME PORTFOLIO	INFLATION FOCUSED BOND PORTFOLIO	U.S. TREASURY MONEY MARKET PORTFOLIO	TOTAL
$ 17,709	$ 11,312	$ 5,844	$ 6,854	$ 3,739	$ 6,466	$ 2,906	$ -	$ 123	$ 82,205
1,004	971	740	680	217	404	110	36	97	6,161
-	-	-	-	-	-	-	-	(40)	(40)
16,705	10,341	5,104	6,174	3,522	6,062	2,796	(36)	66	76,084
10,921	36,626	1,413	911	(691)	1,303	(80)	(74)	-	65,034
3,843	3,100	2,731	4,237	1,032	1,552	264	301	-	26,980
14,764	39,726	4,144	5,148	341	2,855	184	227	-	92,014
46,868	(9,114)	10,090	82,440	30,735	27,010	1,253	(320)	-	352,613
61,632	30,612	14,234	87,588	31,076	29,865	1,437	(93)	-	444,627
78,337	40,953	19,338	93,762	34,598	35,927	4,233	(129)	66	520,711
-	-	-	-	-	-	-	-	(66)	(66)
64,704	54,375	54,166	43,710	25,538	30,285	7,003	2,573	11,660	520,965
26,419	21,552	36,219	19,456	8,797	14,549	10,553	4,068	36,055	219,706
(10,653)	(36,354)	(164,141)	(28,813)	(7,837)	(20,858)	(9,297)	(5,060)	(19,856)	(316,820)
(23,964)	(38,013)	(33,846)	(37,528)	(9,962)	(21,039)	(5,658)	(2,778)	(12,535)	(219,706)
56,506	1,560	(107,602)	(3,175)	16,536	2,937	2,601	(1,197)	15,324	204,145
134,843	42,513	(88,264)	90,587	51,134	38,864	6,834	(1,326)	15,324	724,790
707,405	728,994	635,276	482,713	173,959	295,877	82,226	29,843	68,491	4,462,205
$842,248	**$771,507**	**$547,012**	**$573,300**	**$225,093**	**$334,741**	**$89,060**	**$28,517**	**$83,815**	**$5,186,995**
29,077	30,635	36,710	18,680	9,468	11,151	3,242	2,285	68,491	
3,560	3,102	5,142	2,248	1,707	1,604	679	510	47,715	
(1,356)	(3,045)	(11,300)	(2,371)	(891)	(1,507)	(579)	(602)	(32,391)	
31,281	30,692	30,552	18,557	10,284	11,248	3,342	2,193	83,815	

Supplementary Information

MARYLAND COLLEGE INVESTMENT PLAN

For the year ended June 30, 2017

Financial Highlights (For a unit outstanding throughout the period)	PORTFOLIO 2036	PORTFOLIO 2033	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024
NET ASSET VALUE [1]					
Beginning of period	$ 10.01	$ 13.90	$ 18.57	$ 17.80	$ 22.88
Investment activities [2]					
Net investment income (loss) [3]	0.12	0.18	0.28	0.32	0.49
Net realized and unrealized gain / loss	1.84	2.54	3.11	2.53	2.65
Total from investment activities	1.96	2.72	3.39	2.85	3.14
Distributions of net investment income	-	-	-	-	-
NET ASSET VALUE [1]					
End of period	**$11.97**	**$16.62**	**$21.96**	**$20.65**	**$26.02**
RATIOS [4]					
Total Return	**19.58%**	**19.57%**	**18.26%**	**16.01%**	**13.72%**
Ratio of expenses to average net assets	0.13%	0.13%	0.13%	0.13%	0.13%
Ratio of net investment income (loss) to average net assets	1.10%	1.16%	1.36%	1.68%	2.02%
Portfolio turnover rate	8.9%	7.2%	11.9%	11.9%	12.3%
SUPPLEMENTAL INFORMATION					
Weighted-average expense ratio of the Underlying Mutual Funds [5]	0.66%	0.66%	0.66%	0.66%	0.66%
Effective expense ratio	0.79%	0.79%	0.79%	0.79%	0.79%
Net Assets, end of period (in millions)	$ 17.4	$ 143.1	$ 293.4	$ 528.6	$ 709.2

(1) The net asset value (NAV) per unit is calculated at the close of the New York Stock Exchange on each day the exchange is open for business. Each Portfolio's NAV is computed by dividing the value of its net position by the number of Portfolio units outstanding. A Portfolio's investments in the Underlying Mutual Funds are valued at each Underlying Mutual Fund's closing net asset value per share on the date of valuation.

(2) Per unit amounts were calculated based on average units outstanding during the fiscal year.

(3) Recognition of the Portfolios' net investment income is affected by the timing of the dividend declarations by the Underlying Mutual Funds in which the Portfolios invest.

(4) Ratios reflect the activity of each Portfolio, and do not include the activity of the Underlying Mutual Funds in which the Portfolios invest.

(5) Reflects the indirect expense impact to the Portfolio from its investment(s) in the Underlying Mutual Funds, based on the actual expense ratio of each Underlying Mutual Fund weighted for the Portfolio's relative average investment therein.

PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO FOR COLLEGE	EQUITY PORTFOLIO	GLOBAL EQUITY MARKET INDEX PORTFOLIO	BALANCED PORTFOLIO	BOND AND INCOME PORTFOLIO	INFLATION FOCUSED BOND PORTFOLIO	U.S. TREASURY MONEY MARKET PORTFOLIO
$ 24.33	$ 23.80	$ 17.31	$ 25.84	$ 18.37	$ 26.53	$ 25.36	$ 13.06	$ 1.00
0.55	0.34	0.16	0.33	0.36	0.55	0.86	(0.02)	0.00[6][7]
2.04	1.00	0.43	4.72	3.16	2.68	0.42	(0.04)	0.00
2.59	1.34	0.59	5.05	3.52	3.23	1.28	(0.06)	0.00
-	-	-	-	-	-	-	-	-[7]
$26.92	**$25.14**	**$17.90**	**$30.89**	**$21.89**	**$29.76**	**$26.64**	**$13.00**	**$ 1.00**
10.65%	**5.63%**	**3.41%**	**19.54%**	**19.16%**	**12.17%**	**5.05%**	**(0.46)%**	**0.08%[6]**
0.13%	0.13%	0.13%	0.13%	0.11%	0.13%	0.13%	0.13%	0.08%[6]
2.16%	1.38%	0.90%	1.18%	1.78%	1.95%	3.30%	(0.13)%	0.09%[6]
22.4%	30.2%	8.2%	11.7%	6.0%	13.7%	7.5%	14.7%	12.5%
0.61%	0.49%	0.46%	0.66%	0.35%	0.65%	0.67%	0.50%	0.39%
0.74%	0.62%	0.59%	0.79%	0.46%	0.78%	0.80%	0.63%	0.47%[6]
$ 842.2	$ 771.5	$ 547.0	$ 573.3	$ 225.1	$ 334.7	$ 89.1	$ 28.5	$ 83.8

(6) Includes the effect of voluntary management fee waivers of 0.05% of average net assets. See Note 5 to the Financial Statements for details.

(7) Amounts round to less than $0.01 per unit.

NOTES

NOTES