

2019 Annual Report

Maryland Senator Edward J. Kasemeyer Prepaid College Trust
Maryland Senator Edward J. Kasemeyer College Investment Plan

Maryland529

formerly College Savings Plans of Maryland





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Governor



Boyd K. Rutherford
Lt. Governor

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Joanna Pratt*
Public Member

*Mr. Tharp left the Maryland 529 Board in the Summer of 2019. Ms. Pratt joined the Board in September 2019.

Maryland529

formerly College Savings Plans of Maryland

October 2019

Dear Friends,

Since its inception, Maryland 529 has been committed to helping make higher education more affordable for Maryland families through its two college savings plans, the Maryland Senator Edward J. Kasemeyer Prepaid College Trust (Maryland Prepaid College Trust) and the Maryland Senator Edward J. Kasemeyer College Investment Plan (Maryland College Investment Plan). We are pleased to report another year of strong growth across both plans. At the close of the fiscal year, accounts were held on behalf of approximately 245,000 beneficiaries and assets totaled over \$7.4 billion.

The Maryland Prepaid College Trust closed FY19 with assets at an all-time high. Although the Prepaid Trust trailed its policy benchmark slightly, due primarily to the timing of capital calls within the private equity allocation, Trust investments had an annual return of 5.7% and was valued at over \$1.1 billion. The actuarial surplus of the Prepaid College Trust increased as well. 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 31,922 accounts as of June 30, 2019, it is reassuring to know that the Prepaid Trust is in such strong fiscal health.

Investments in the Maryland College Investment Plan (MCIP) reached approximately \$6.3 billion as of June 30, 2019. With more than \$648.7 million in contributions from account holders and mixed investment markets during the fiscal year, the average account balance was \$20,829 as of June 30, 2019. In addition, the MCIP had a net gain of 17,648 beneficiaries and reached a total of 215,828 beneficiaries at fiscal year-end. MCIP account growth continues to be strong and much of that success can be attributed to the State Contribution Program. The General Assembly created the Save4College State Contribution Program in 2016 and the first application period commenced January 2017. The State Contribution Program is designed to help lower to middle-income families in Maryland save money for higher education and allows qualified account holders to apply for a \$250 or \$500 contribution from the State. Since inception, participation has increased significantly year over year, with an over 400% increase from 2017 to 2018 and a 49% increase from 2018 to 2019. The Program continues to reach savers and encourage families to save starting with younger beneficiaries. In 2019, applications were received for more than 14,000 unique beneficiaries.

Many Maryland families are benefiting from the State's commitment to its 529 programs and healthy financial behaviors are being encouraged. Data shows that most MCIP Account Holders have contributed more than the required minimum contribution for the State Contribution Program and that 37% of 2019 applications received were for unique beneficiaries in the 0-4 age range. Recognizing the benefit of the State's Contribution, recipients of funding in prior years have reapplied with multi-year applications increasing from 9% in 2018 to 46% in 2019.

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 education goals with a lower amount of student debt.

Sincerely,

The Maryland 529 Board

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Maryland 529 – Features and Benefits

Maryland 529 offers two affordable and flexible options to help families save for higher education expenses and help lessen 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 Senator Edward J. Kasemeyer Prepaid College Trust (sometimes referred to as Maryland Prepaid College Trust, 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 one-semester University Plan or a one-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 twelfth-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 Senator Edward J. Kasemeyer College Investment Plan (sometimes referred to as Maryland College Investment Plan, 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 that 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 allow families to contribute at their own pace. In addition, the Plan has no sales loads, commissions, annual account fee, or enrollment fees. 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.

The College Investment Plan can also be used toward a variety of expenses for eligible trade and technical schools as well as for tuition associated with elementary and secondary 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 for an early head start on saving for education expenses.

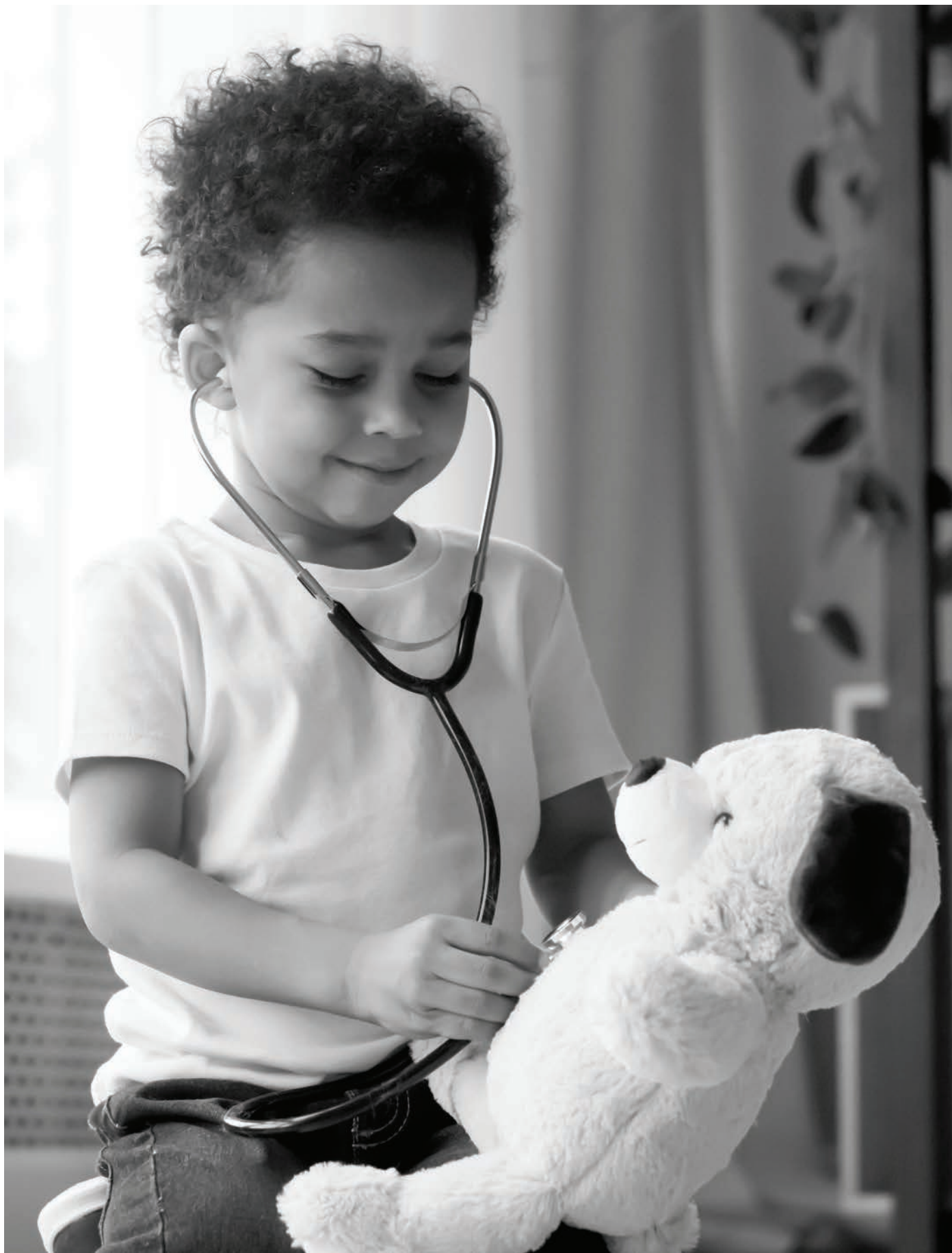
Beginning in 2017, the State of Maryland further incentivized college savings by contributing \$250 or \$500 to certain College Investment Plan accounts opened after December 31, 2016. The State Contribution Program is designed to help low and middle-income families in Maryland save for higher education. Individual tax-filers with less than \$112,500 in Maryland taxable income, and joint-filers with less than \$175,000, are eligible to apply for the State funding. In 2018, the second year of the program, the State contributed \$6,326,500 to 13,381 unique accounts. As of June 30, 2019, we have received 23,980 applications with an estimated \$10,000,000 to be requested from the State. For more information, please visit **Maryland529.com/Save4College**.

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

- Tax-deferred growth at the federal and Maryland State levels;
- Tax-free earnings at the federal and Maryland State levels, provided the funds are used for eligible educational 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 generally be carried forward and deducted in future years. The income deduction is available to both Account Holders and contributors. However, Account Holders who receive a State Contribution to their MCIP account are not eligible for the income deduction for contributions made to the account which receives the State Contribution, or for any other MCIP account, in the tax year they receive the State 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 that you should read and consider carefully before investing.

Capitalized terms not otherwise defined in this report shall have the meanings outlined in the Glossaries of the Trust and the Plan in their respective Plan Disclosure Statements.



Market Commentary

Market performance has a direct effect on the overall performance of investments in the Maryland Senator Edward J. Kasemeyer College Investment Plan and Maryland Senator Edward J. Kasemeyer Prepaid College Trust. *The following is designed to provide a summary of market performance for the period ended June 30, 2019.**

U.S. STOCKS ADVANCE FOR FISCAL YEAR AS GLOBAL CENTRAL BANKS TURN ACCOMMODATIVE

U.S. stocks posted solid gains in the 12 months ended June 30, 2019, but the market's advance masked high volatility as a rally in this year's first half erased the steep declines amid a global stock sell-off at the end of 2018. At the start of the Program's fiscal year, U.S. stocks rose steadily until October, when concerns about slowing global growth, tightening monetary policy, and the U.S.-China trade impasse began to curb investors' risk appetite. Global growth headwinds intensified toward the end of 2018, leaving the major U.S. stock indices with their steepest annual declines since the global financial crisis. Shortly after the start of 2019, however, U.S. stocks began to retrace their losses after the Federal Reserve and other central banks backpedaled on their plans to raise interest rates as the global growth outlook darkened. Expectations for a U.S.-China trade deal also fueled the stock market's gains. Though hopes for an accord fizzled in May after trade talks fell apart, stocks resumed climbing toward record levels after it was announced that the U.S. and China would meet at the G-20 summit. By the end of June, U.S. stocks had recorded their best first-half performance since 1997, more than making up for losses in 2018.

U.S. large-cap stocks performed the best for the year, according to various Russell indices. Large-cap stocks outperformed both mid-cap stocks, which posted a slimmer gain, and small-cap stocks, which declined. Growth stocks outpaced value stocks across all market capitalizations. Ten of 11 sectors in the S&P 500 Index rose, led by utilities. The real estate, consumer staples, information technology, communication services, health care, and industrials and business services sectors posted double-digit gains and outperformed the broad market. Energy was the sole decliner, reflecting volatility in oil prices. After rising sharply in the first quarter of 2019, U.S. crude oil prices fell into a bear market in June amid fears that U.S.-China trade tensions would curb global activity and dampen oil demand.

Outside the U.S., stocks in developed markets recorded a slight gain but lagged the U.S.'s strong returns. The MSCI EAFE Index—which measures the performance of stocks in Europe, Australasia, and the Far East—added 1.60%. The eurozone economy stayed weak as flagging export demand and global trade tensions curbed activity in the region, which was already contending with Brexit-related uncertainty and fallout from unrest in Italy and

France last year. Emerging markets stocks eked out a small gain. Stocks in Latin America performed the best, driven by strength in Brazil, where economic reform hopes and expectations for interest rate cuts drove the stock market to record levels. On the other hand, developing Asian stocks fared the worst due to weakness in China, as trade tensions and signs of slowing domestic growth led investors to retreat from Chinese stocks.

U.S. BONDS GAIN AS GEOPOLITICAL RISKS SPUR GLOBAL BOND RALLY; HIGH YIELD SHINES

U.S. investment-grade bonds advanced as trade tensions, slowing global growth, and falling inflation expectations spurred demand for relatively safe assets. The Bloomberg Barclays U.S. Aggregate Bond Index, which measures the performance of taxable U.S. investment-grade bonds, climbed 7.87%. High yield bonds outperformed investment-grade bonds. Noninvestment-grade bonds—whose returns tend to be closely linked to stock market performance—fell in the final quarter of 2018 but rallied in this year's first half, helped by a resurgent stock market.

The Treasury yield curve flattened over our fiscal year as shorter-term yields increased more than longer-term yields, continuing a trend that gained prominence in 2017. In March, an inversion in a closely watched part of the yield curve—where shorter-term yields are higher than longer-term yields, a phenomenon that has historically preceded a recession—for the first time since 2007 raised expectations that the Fed would start cutting interest rates. Though some economic indicators weakened in the spring, other data showed that the U.S. economy remained on firm footing. Inflation remained below the Fed's 2% target and wages picked up, while the jobless rate held at a 49-year low at the end of June.

The Fed raised its benchmark fed funds rate by one-quarter percentage point four times in 2018, bringing it to a range from 2.25% to 2.50% at year-end. After projecting more interest rate hikes in 2019 as recently as December, the Fed surprised markets by shelving its plans for rate increases this year. Expectations for a rate cut were cemented in June, when Fed Chair Jerome Powell stated that “the case for somewhat more accommodative policy has strengthened.” The Fed's pivot toward looser monetary policy came as other global central banks also reduced their key interest rates this year. The yield on the 10-year U.S. Treasury note—a benchmark for long-term borrowing costs—increased to a 12-month high of 3.24% in early November but decreased in subsequent months to 2.00% at the end of June, its lowest level since 2016. (Bond prices and yields move in opposite directions.)

**This discussion is provided by T. Rowe Price and is not a comprehensive discussion of all stock and bond market performance. It is also not a comprehensive discussion of risks associated with the Maryland Senator Edward J. Kasemeyer College Investment Plan and Maryland Senator Edward J. Kasemeyer 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 the 2018–2019 academic year, consistent with the trend in recent years. In the decade between the 2008–2009 and 2018–2019 academic year periods, published in-state tuition and fees at public four-year institutions rose at an average rate of 3.1% per year beyond inflation compared with average annual increases of 4.1% and 4.2% over the two previous decades.

While annual cost increases have slowed in recent years, college costs continue to outpace inflation and represent a significant financial commitment for most families. Below are the latest data from the College Board on average higher education costs for 2018–2019 (see also the accompanying table):

- The average total cost of a four-year public university for in-state students rose by 2.8% from the previous academic year to \$21,370.
- The average total cost of a four-year private college rose by 3.2% from the previous academic year to \$48,510.

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 and disciplined saving over time can help make college more affordable and reduce the chances of having sizable student loan debt after graduation.

THE STATE OF FINANCIAL AID

Education borrowing has declined in recent years, but paying for college remains a large financial burden for most families. Undergraduate students received an average of \$14,790 in financial aid per full-time equivalent student in the 2017–2018 academic year (the most recent available data), according to the College Board. The figure includes \$8,970 in grants, \$4,510 in federal loans, and \$1,310 in education tax credits, deductions, and Federal Work-Study.

Annual education borrowing declined for the seventh straight year in 2017–2018. Students and their parents borrowed \$105.5 billion last year, down from \$127.7 billion in 2010–2011 on an inflation-adjusted basis, a decline of 17.4%. Besides reflecting the strengthening U.S. economy, the data suggest that long-term financial preparation has paid 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)
2018–2019 Academic Year	\$48,510	\$21,370
Change from the previous academic year	3.2%	2.8%
Annual percentage increase over the past decade above the rate of inflation	2.3%	2.6%

*Source: *Trends in College Pricing 2018* and *Trends in Student Aid 2018*, published by the College Board.

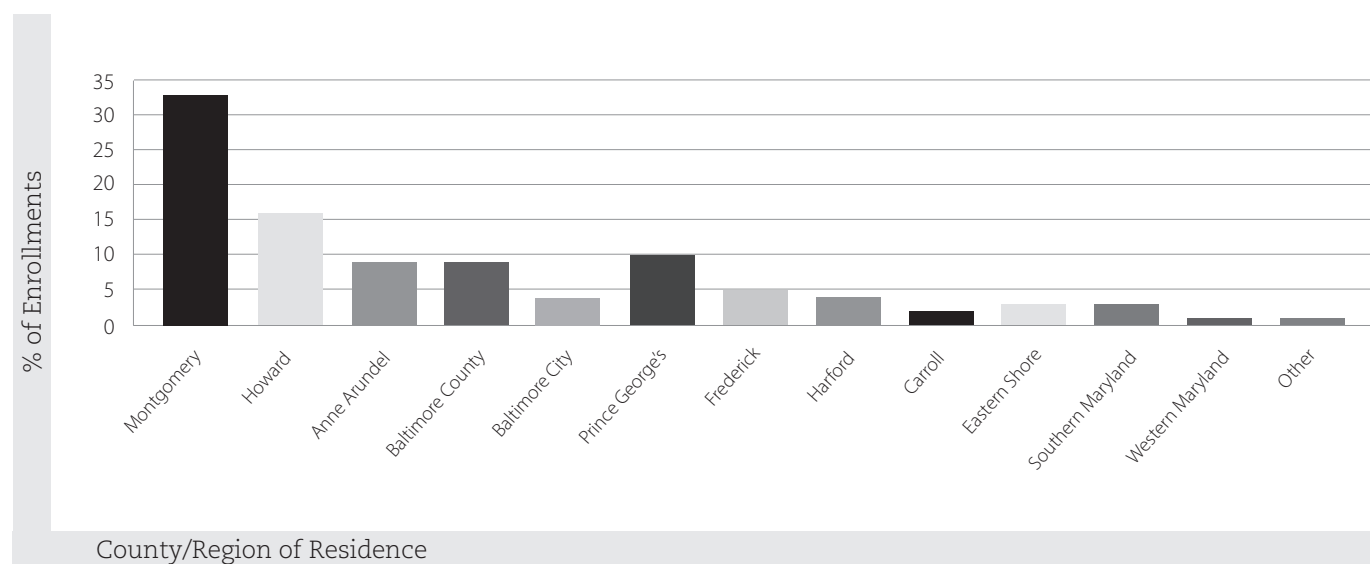
Maryland Senator Edward J. Kasemeyer Prepaid College Trust

PROFILE OF NEW PREPAID COLLEGE TRUST ENROLLMENTS

New Enrollment by County

Of the 1,164 new enrollments that were received for the 2019 enrollment year as of June 30, 2019, Montgomery County residents continue to produce the largest number of account holders, accounting for 33% of all new enrollments. Howard County was the second largest source of new enrollments (16%), followed by Prince George's (10%), Anne Arundel (9%), and Baltimore (9%) counties, as illustrated in the following chart:

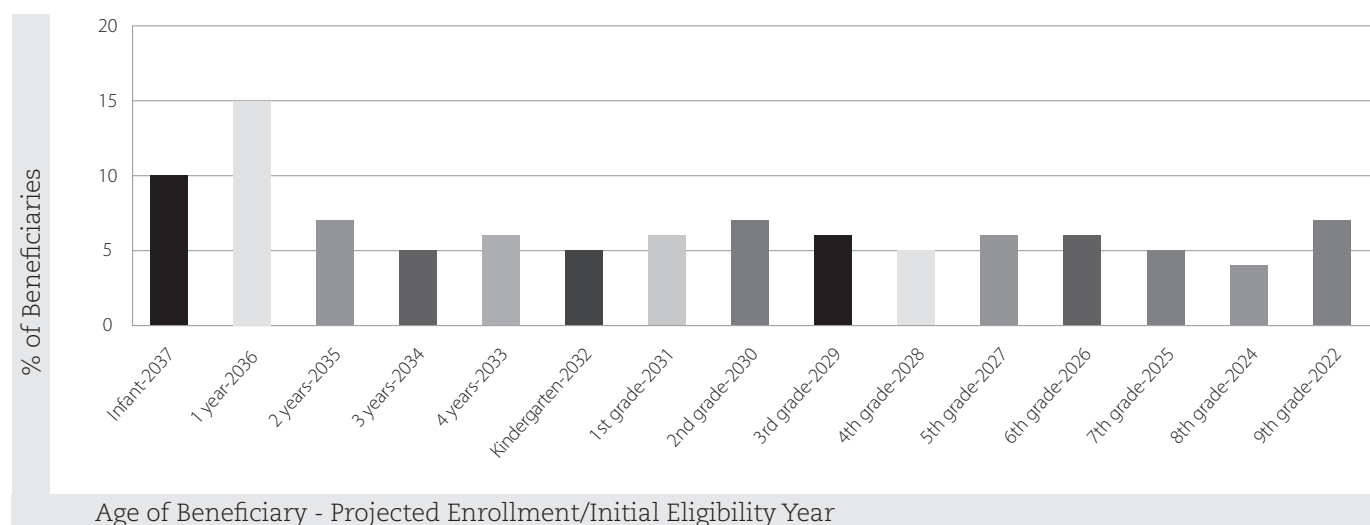
ENROLLMENTS BY COUNTY



Age of New Beneficiaries at Time of Enrollment

The one year age group is the largest percentage of new enrollments of any age group in 2018-2019, with 15% of new enrollments. The infant age group can be enrolled anytime during the year and is not limited to an enrollment period.

AGE OF BENEFICIARIES



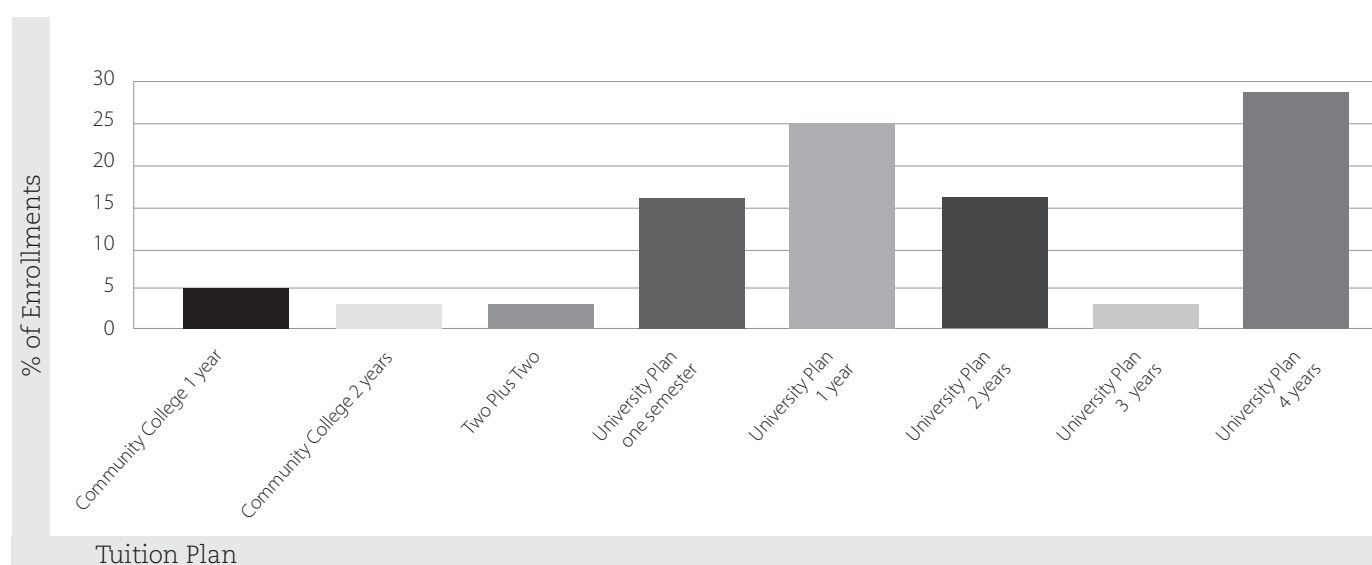
No enrollments were received for beneficiaries in 10th, 11th or 12th grade.

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

Tuition Plan Selected

The four-year University Plan was our most popular tuition plan selected in 2018-2019, with 29% of enrollments; however, the one-year University Plan, was our second most popular tuition plan representing 25% of enrollments, with no change compared to 2018. The one-semester University Plan was 16%. Together, these tuition plans comprised 70% of total tuition plans purchased.

TUITION PLAN SELECTION



STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

As of September 18, 2019, 4,232 students had claimed their benefits for the Fall 2019 semester. Approximately 60% of these students are attending Maryland public colleges, while 40% are attending a wide variety of private and out-of-state colleges across the country. This is the third year in a row where the number of students attending Maryland public colleges exceeded the number of students attending private or out-of-state colleges.

ACTUARIAL SOUNDNESS REPORT

The summary of the actuarial valuation issued by Gabriel Roeder Smith & Company dated October 4, 2019, 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, 2019, the Trust was 163% funded with an actuarial surplus of \$470.2 million, as compared with the previous fiscal year, where the Trust was 155% funded with an actuarial surplus of \$432.5 million.

The primary factor behind the increase in the Trust's actuarial surplus continued to be actual increases in tuition and fees falling below the projected increases. The weighted average tuition at Maryland's public 4-year colleges increased by **2.02%*** for the 2018-2019 academic year. The actuarial assumptions for the Prepaid College Trust assume a 6% increase in tuition.

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

*In September 2020, a typographical error was noted and this figure was updated from 1.94% (which was the figure the previous year) to the appropriate 2.02%.

	2015	2016	2017	2018	2019
Actuarial Surplus/(Deficit) (mil)	\$294.7	\$270.0	\$382.4	\$432.5	\$470.2
Funded Ratio	136%	133%	149%	155%	163%



October 4, 2019

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, 2019

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, 2019. 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, 2019. This report should not be relied on for any other purpose.

The attached full actuarial report presents the principal results of the June 30, 2019 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, 2019, 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, 2019, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is \$751.1 million. Fund assets as of June 30, 2019, including the market value of program assets and the present value of installment contract receivables, is \$1,221.4 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, 2019, 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 \$1,221.4 million and program obligations of \$751.1 million represents a program surplus of \$470.2¹ million as of June 30, 2019. The comparable program surplus as of the last actuarial valuation as of June 30, 2018, was \$432.5 million.

¹Values may not add due to rounding.

Treasurer Nancy K. Kopp
Board Chair
Maryland 529
October 4, 2019
Page 2

The funded ratio of the program as of June 30, 2019, is 162.6%. This compares with a funded ratio as of June 30, 2018, of 155.3%.

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, 2019.

The actuarial 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, 2019, 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.

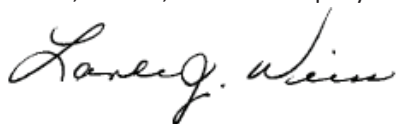
All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

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, 2019.

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 contained herein.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



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



Amy Williams, ASA, MAAA, FCA
Senior Consultant





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 Senator Edward J. Kasemeyer Prepaid College Trust (the Trust), a component unit of the State of Maryland, as of June 30, 2019, 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 controls 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 controls 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 controls. 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.



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

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, 2019, and the changes 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 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 prepaid 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.

Owings Mills, Maryland
October 29, 2019

SB & Company, LLC

Maryland Senator Edward J. Kasemeyer 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, 2019. 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, 2019, have been audited by SB & Company, LLC which is 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 view of the Trust's finances as of and for the year ended June 30, 2019.

Financial Highlights

- The Prepaid College Trust began receiving payments in fiscal year 2019 from 1,303 new enrollments accepted during fiscal year 2018. This is because the initial payments for these accounts were due on August 1, 2018, near the beginning of fiscal year 2019. 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 2017, the income of which began to be realized early in fiscal year 2018. 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 the 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 2019 were 5 basis points (.05%) 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, 2019

\$41,160

Fiscal Year Ended June 30, 2018

\$47,662

Revenues from enrollment fees decreased as a result of a decrease in enrollments. Fees received from the College Investment Plan increased slightly from fiscal year 2018 as a result of increased growth in assets and market value of the assets.

ENROLLMENT AND ADMINISTRATIVE FEES (in thousands)

Fiscal Year Ended	June 30, 2019	June 30, 2018
Prepaid College Trust	\$ 59	\$ 68
College Investment Plan	2,936	2,778
Total	<u>\$2,995</u>	<u>\$2,846</u>

INVESTMENTS (in thousands)

	As of June 30, 2019		As of June 30, 2018	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Intermediate Duration Fixed Income	\$ 226,690	20.5%	\$ 218,227	20.3%
Senior Secured Loans	56,331	5.1%	55,362	5.2%
High Yield Fixed Income	55,093	5.0%	51,224	4.8%
Emerging Market Debt	57,880	5.2%	52,657	4.9%
S&P 500 Core	57,244	5.2%	55,088	5.1%
Domestic Large Cap Value	43,472	3.9%	43,683	4.1%
Domestic Mid Cap Core	46,091	4.2%	47,532	4.4%
Domestic Small Cap Core	47,811	4.3%	55,885	5.2%
Low Volatility US Equity	60,399	5.5%	54,676	5.1%
International Equity	46,674	4.2%	46,389	4.3%
Developed Markets Equity - Large Cap	101,416	9.2%	98,846	9.2%
Developed Markets Equity - Small Cap Core	57,348	5.2%	56,447	5.3%
Emerging Markets Equity	52,417	4.7%	47,107	4.4%
Private Real Estate	166,542	15.1%	162,026	15.1%
Private Equity	29,765	2.7%	27,795	2.6%
Total Investments	<u>\$1,105,173</u>	<u>100%</u>	<u>\$1,072,945</u>	<u>100%</u>

Maryland Senator Edward J. Kasemeyer 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, 2019. 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 96.7% 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, 2019, the net position of the Trust increased by \$37.7 million. The largest contributing factor to the increased overall position was the investment performance of the portfolio. While the Trust's assets generated a 5.7% return on investments, it was lower than the 6.3% projected rate of return.

The following chart presents the condensed Statements of Net Position for the fiscal years ended June 30, 2019 and 2018:

(in millions)	FISCAL YEAR ENDED	
	As of June 30, 2019	As of June 30, 2018
ASSETS		
Current	\$1,142.5	\$1,123.2
Noncurrent	91.8	106.0
Deferred outflows related to pension	.8	.6
Total	1,235.1	1,229.8
LIABILITIES		
Current	84.7	85.7
Noncurrent	680.0	711.4
Deferred inflows related to pension	.2	.2
Total	764.9	797.3
Net Position	\$ 470.2	\$ 432.5

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 to pay tuition benefits. Non-operating revenues are revenues received from investments.

For the fiscal year ended June 30, 2019, the Trust reported an operating loss of \$22.4 million. The loss was mainly the result of tuition benefit expense exceeding tuition contract revenue by \$23.3 million in 2019. The Trust also saw a decrease in the number of new contracts.

Non-operating revenue, which includes investment gains of \$37.3 million and \$22.8 million of other investment income increased \$60.1 million for the fiscal year ended June 30, 2019. Combined, operating loss and non-operating revenue resulted in an increase in net position of \$37.7 million.

The following chart presents the condensed Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2019 and 2018:

(in millions)	FISCAL YEAR ENDED	
	June 30, 2019	June 30, 2018
OPERATING REVENUES		
Tuition Contracts	\$42.1	\$ 42.8
Administrative Fees	4.3	4.1
Other Operating Revenue	-	.5
Total	<u>46.4</u>	<u>47.4</u>
OPERATING EXPENSES		
Tuition Benefits	65.5	65.9
Administrative Expenses	3.3	4.5
Total	<u>68.8</u>	<u>70.4</u>
OPERATING LOSS	(22.4)	(23.0)
NON-OPERATING REVENUES		
Change in Fair Value of Investments	37.3	55.4
Investment Income	22.8	17.5
Total	<u>60.1</u>	<u>72.9</u>
Change in Net Position	<u>\$37.7</u>	<u>\$49.9</u>

Maryland Senator Edward J. Kasemeyer 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.

The following chart presents the condensed Statements of Cash Flows for the fiscal years ended June 30, 2019 and 2018:

(in millions)	FISCAL YEAR ENDED	
	June 30, 2019	June 30, 2018
CASH PROVIDED (USED) BY:		
Operating Activities	\$(27.5)	\$(21.2)
Investing Activities	27.8	20.1
Net Change in Cash and Cash Equivalents	.3	(1.1)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2.3	3.4
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2.6</u>	<u>\$ 2.3</u>

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 1.94% and 2.02%, respectively, for the 2018-2019 and 2019-2020 academic years.

The Board also reviewed the rate of return on the Prepaid College Trust investments, which was a gain of 5.7% and a gain of 7.2% for fiscal year 2019 and 2018, 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, 2019.

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 adviser 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, 2019 and June 30, 2018.

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



Maryland Senator Edward J. Kasemeyer Prepaid College Trust

STATEMENT OF NET POSITION AS OF JUNE 30, 2019

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
Assets			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ -	\$ 2,649	\$ 2,649
Investments, at Fair Value	1,105,173	-	1,105,173
Tuition Contracts Receivable	32,939	-	32,939
Interest Receivable	730	-	730
Accounts Receivable	-	614	614
Due (To)/From Primary Government	-	410	410
Due (To)/From Fund	(9,380)	9,380	-
Total Current Assets	1,129,462	13,053	1,142,515
NONCURRENT ASSETS:			
Capital Assets, Net	-	14	14
Tuition Contracts Receivable, Net of Current Portion	91,835	-	91,835
Total Noncurrent Assets	91,835	14	91,849
Total Assets	1,221,297	13,067	1,234,364
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	-	774	774
Total Deferred Outflows	-	774	774
Total Assets and Deferred Outflows	1,221,297	13,841	1,235,138
Liabilities			
CURRENT LIABILITIES:			
Accrued Tuition Benefits	73,276	-	73,276
Advance Tuition Contract Payments	11,033	-	11,033
Accounts Payable and Accrued Expenses	-	350	350
Compensated Absences	-	73	73
Total Current Liabilities	84,309	423	84,732
NONCURRENT LIABILITIES:			
Accrued Tuition Benefits, Net of Current Portion	677,849	-	677,849
Net Pension Liability	-	2,099	2,099
Total Noncurrent Liabilities	677,849	2,099	679,948
Total Liabilities	762,158	2,522	764,680
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	-	222	222
Total Deferred Inflows	-	222	222
Total Liabilities and Deferred Inflows	762,158	2,744	764,902
Net Position			
Net Investment in Capital Assets	-	14	14
Unrestricted	459,139	11,083	470,222
Total Net Position	\$ 459,139	\$ 11,097	\$ 470,236

See accompanying Notes to Financial Statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
OPERATING REVENUES			
Tuition Contracts	\$ 42,120	\$ -	\$ 42,120
Management Fee	-	1,018	1,018
Maryland College Investment Plan Fees	-	2,936	2,936
Enrollment and Other Fees	-	349	349
Total Operating Revenues	42,120	4,303	46,423
OPERATING EXPENSES			
Tuition Benefits	65,480	-	65,480
Salaries, Wages and Benefits	-	1,575	1,575
Pension Expense	-	309	309
Technical and Special Fees	-	15	15
Communication	-	117	117
Travel	-	17	17
Marketing	-	144	144
Contractual Services	-	947	947
Supplies	-	31	31
Fixed Charges	-	141	141
Depreciation	-	12	12
Total Operating Expenses	65,480	3,308	68,788
Operating (Loss) Income	(23,360)	995	(22,365)
NON-OPERATING REVENUES			
Change in the Fair Value of Investments	37,312	-	37,312
Investment Income	22,776	-	22,776
Total Non-Operating Revenues, Net	60,088	-	60,088
Change in Net Position	36,728	995	37,723
Total Net Position, Beginning of Year	422,411	10,102	432,513
Total Net Position, End of Year	\$ 459,139	\$ 11,097	\$ 470,236

See accompanying Notes to Financial Statements.

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(amounts in thousands)

	Amount
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from:	
Account Holders	\$ 41,160
Maryland College Investment Plan Fees	2,657
Primary Government	\$ 919
Payments to:	
Employees	(1,752)
Marketing	(144)
Contract Vendors	(1,037)
Communication	(117)
Universities and Account Holders	(69,036)
Other Operating Expenses	(187)
Net Cash from Operating Activities	<u>(27,537)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	34
Custodial Fees	(379)
Proceeds from Investments	60,465
Purchases of Investments	(32,228)
Net Cash from Investing Activities	<u>27,892</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Capital Assets	(8)
Net Cash from Capital and Financing Activities	<u>(8)</u>
Net Increase in Cash and Cash Equivalents	347
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,302</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,649</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:	
Operating Loss	\$ (22,365)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:	
Depreciation	12
EFFECT FROM CHANGE IN NON-CASH OPERATING ASSETS AND LIABILITIES:	
Accounts Payable	930
Compensated Absences	39
Accounts Receivable	(377)
Tuition Contracts Receivable	26,861
Advance Contract Payments	(2,328)
Accrued Tuition Benefits Payable	(30,417)
Pension Liability	108
Net Cash from Operating Activities	<u><u>\$ (27,537)</u></u>
NON-CASH TRANSACTIONS:	
Unrealized Gain on Investments	<u><u>\$ 21,658</u></u>

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

1. ORGANIZATION AND PURPOSE

The purpose of the Maryland Senator Edward J. Kasemeyer Prepaid College Trust (formerly Maryland Prepaid College Trust) or (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, Maryland public, 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) oversees 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 **October XX**, 2019 and issued by Gabriel Roeder Smith & Company, as of June 30, 2019, 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, 2019, 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 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 Senator Edward J. Kasemeyer 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 6.30% 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. 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, 2019, 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, 2019, 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 Pronouncements

The GASB has issued Statement No. 84, Fiduciary Activities; Statement No. 87, Leases; Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61; and Statement No. 91, Conduit Debt Obligations; which will require adoption in the future, if applicable. These statements may or will have a material effect on the agency's financial statements once implemented. The agency will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

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, 2019, the carrying amount of the Trust's demand and time deposits was \$2,648,960. 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 \$196,307,380 or 17.8% of net investments as of June 30, 2019.

As of June 30, 2019, 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	\$113,882	\$113,882	\$ -	\$ -	\$ -
Core Fixed Income	112,808	8,828	44,011	38,443	21,526
High Yield Fixed Income	55,093	55,093	-	-	-
Emerging Market Debt	57,880	57,880	-	-	-
Senior Secured Loans	56,331	132	29,702	26,497	-
TOTAL	<u>\$395,994</u>	<u>\$235,815</u>	<u>\$73,713</u>	<u>\$64,940</u>	<u>\$21,526</u>

Maryland Senator Edward J. Kasemeyer 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, 2019:

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	\$ 57,244	\$ 57,244	\$ -	\$ -
Large Cap Value	43,472	43,472	-	-
Mid Cap Core	46,091	46,091	-	-
Small Cap Core	47,811	47,811	-	-
Low Volatility	60,399	60,399	-	-
International Developed Markets	101,416	101,416	-	-
International Equity	46,674	46,674	-	-
International Small Cap	57,348	57,348	-	-
International Emerging Equity	52,417	52,417	-	-
Total Bond Market	113,882	113,882	-	-
Core Fixed Income	112,808	112,808	-	-
High Yield Fixed Income	55,093	-	55,093	-
Emerging Market Debt	57,880	-	55,192	2,688
Senior Secured Loans	56,331	113	56,032	186
Private Equity	29,765	-	-	29,765
Private Real Estate	166,542	-	-	56,331
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	<u>\$1,105,173</u>	<u>\$739,675</u>	<u>\$166,317</u>	<u>\$88,970</u>

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2019 are presented in the following tables.

INVESTMENTS MEASURED AT NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Senior Secured Loans	\$ 56,331	0	Monthly	10 Days
Private Real Estate	166,542	0	Quarterly	45 Days
TOTAL INVESTMENTS MEASURED AT NAV	<u>\$ 222,873</u>			

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, 2019, the holdings in the Trust's bond portfolios were rated as follows:

Fair Value (amounts in thousands)	Average Rating	RATINGS BY ORGANIZATION		
		Moody's	Standard & Poors	Fitch
\$ 66,885	AAA	Aaa	AAA	AAA
785	AA+	Aa2	AA+	AAA
1,000	AA	Aa3	AA	AAA
1,110	AA-	A1	AA-	A+
3,751	A+	A2	A+	A+
6,775	A	A3	A-	A-
11,124	A-	Baa1	BBB+	A-
-	BBB+	Baa1	BBB+	BBB+
7,101	BBB	Baa2	BBB	BBB
4,302	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 primarily maintained in accounts held by U.S. Bank, the Trust's custodian since June 30, 2015.

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019, was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
CAPITAL ASSETS BEING DEPRECIATED:				
Computers	\$ 288	\$ 4	\$ -	\$ 292
Furniture	31	-	-	31
Equipment	5	4	-	9
Software	57	-	-	57
Perpetual Software License	561	-	-	561
Total Capital Assets at Historical Cost	<u>942</u>	<u>8</u>	<u>-</u>	<u>950</u>
LESS ACCUMULATED DEPRECIATION FOR:				
Computers	276	10	-	286
Furniture	25	1	-	26
Equipment	5	1	-	6
Software	57	-	-	57
Perpetual Software License	561	-	-	561
Total Accumulated Depreciation	<u>924</u>	<u>12</u>	<u>-</u>	<u>936</u>
Capital Assets, Net	<u>\$ 18</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 14</u>

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2019, accounts payable and accrued expenses consisted of the following (amounts in thousands)

Due to Vendors	\$ 274
Salaries and Employee Benefits	<u>76</u>
TOTAL	<u>\$ 350</u>

7. PENSION AND POST-RETIREMENT BENEFITS

Pensions

For purposes of pension and post-retirement benefits, Maryland 529 is an independent State agency which oversees the Prepaid College Trust, the College Investment Plan, and the Maryland ABLE Program. Certain employees of Maryland 529 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.

7. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

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, 2019 and 2018, of \$230,608 and \$223,437, respectively.

Pension and Other Post-Retirement Benefits

Employees of Maryland 529 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 by the State Retirement Agency 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 Maryland 529 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. Maryland 529's share of the cost of participation was \$108,733 for the year ended June 30, 2019.

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

As of June 30, 2019, Maryland 529 reported a liability of \$2,098,769 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Maryland 529's proportion of the ERS net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined.

Changes in the net pension liability for the year ended June 30, 2019, are as follows (amounts in thousands):

July 1, 2018	Increase	Decrease	June 30, 2019	Amount Due within One Year
\$1,817	\$282	\$ -	\$2,099	\$ -
			Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions			\$ 50,752	\$ -
Net difference between projected and actual earnings on pension plan investments			96,988	75,598
Net difference between actual and expected experience			-	146,217
Net change in proportionate share			396,065	-
Contributions made subsequent to the measurement date			230,608	-
TOTAL			<u>\$ 774,413</u>	<u>\$ 221,815</u>

The \$230,608 reported 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 ending June 30, 2020.

Maryland Senator Edward J. Kasemeyer 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:

Years Ending June 30,	DEFERRED OUTFLOWS			DEFERRED INFLOWS	
	Change in Assumptions	Net Difference Between Projected & Actual Earnings on Pension Plan Investments	Change in Proportionate Share	Net Difference Between Projected & Actual Earnings on Pension Plan Investments	Actual & Expected Experience
2020	\$ 35,416	\$ 57,263	\$ 87,826	\$ (23,436)	\$ (39,189)
2021	4,557	39,725	87,826	(23,436)	(37,869)
2022	4,557	-	87,558	(23,436)	(32,377)
2023	4,142	-	82,126	(5,290)	(26,977)
2024	2,080	-	50,729	-	(9,805)
TOTAL	\$50,752	\$96,988	\$396,065	\$(75,598)	\$(146,217)

As of June 30, 2019, Maryland 529's proportion for ERS was .010 percent. For the year ended June 30, 2019, Maryland 529 recognized pension expense for ERS of \$309,476. Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at <http://www.sra.state.md.us/Agency/Downloads/CAFR/>.

Sensitivity of Maryland 529's proportionate share of the net pension liability to changes in the discount rate

Maryland 529's proportionate share of the ERS net pension liability calculated using the discount rate of 7.45 percent is \$2,098,769. Additionally, Maryland 529's proportionate share of the ERS net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.45 percent) is \$3,223,857 or 1-percentage-point higher (8.45 percent) is \$1,420,278.

Other Post Retirement Benefits

In accordance with GASB Statement 75, the following reflects information on other State benefits. Eligible employees of the MPCT, 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 single-employer 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. 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.

Maryland 529's employees participate in the State of Maryland's Post Employment Health Benefit Plan. The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance. Costs for postretirement benefits are for State retirees and are primarily funded by the State. The State does not distinguish employees by employer/State agency. For the years ended June 30, 2019 and 2018, Maryland 529's contributions for the retirees health insurance premiums was \$88,981 and \$79,113 respectively. The State did not allocate post-employment healthcare costs to participating employers. As such, the State has elected to maintain the entire Net OPEB Liability as a liability of the general fund of the State and has not allocated any balances to State entities including Maryland 529.

These other post-employment benefits are administered by the Department of Budget and Management 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, 2019, there was one retiree from Maryland 529.

The Post employment Health Benefits Trust Fund of the State of June 30, 2018, 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:

https://finances.marylandtaxes.com/Where_the_Money_Comes_From/General_Revenue_Reports

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 calculated as follows: 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, 2019, 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 2018-2019 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, 2019, are as follows (amounts in thousands):

July 1, 2018	Increase	Decrease	June 30, 2019	Amount Due within One Year
\$781,542	\$34,422	\$64,839	\$751,125	\$73,276

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability (amounts in thousands)	2019	2018	2017	2016	2015
MD 529's proportionate share of the ERS net pension liability	0.010%	0.008%	0.010%	0.010%	0.010%
MD 529's proportionate share of the ERS net liability	\$ 2,099	\$ 1,817	\$ 1,602	\$ 1,401	\$ 883
MD 529's covered-employee payroll	\$ 1,098	\$ 1,024	\$ 1,026	\$ 830	\$ 798
MD 529's proportionate share of the net pension liability as a percentage of its covered-employee payroll	191.07%	177.44%	156.14%	168.89%	110.65%
Plan fiduciary net position as a percentage of total pension liability	71.18%	69.38%	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-Pension (amounts in thousands)	2019	2018	2017	2016	2015
MD 529's contractually required contribution	\$ 231	\$ 223	\$ 204	\$ 143	\$ 142
MD 529's contribution in relation to the contractually required contribution	\$(231)	\$(223)	\$(204)	\$(143)	\$(142)
Contribution deficiency (excess)	-	-	-	-	-
MD 529's covered-employee payroll	\$ 1,098	\$ 1,024	\$ 1,026	\$ 830	\$ 798
MD 529's contribution as a percentage of covered-employee payroll	21.04%	21.78%	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.

Schedule of Contributions-OPEB (amounts in thousands)	2019	2018
MD 529's contractually required contribution	\$ 89	\$ 79
MD 529's contribution in relation to the contractually required contribution	\$ (89)	\$ (79)
Contribution deficiency (excess)	-	-
MD 529's covered-employee payroll	\$ 1,098	\$ 1,024
MD 529's contribution as a percentage of covered-employee payroll	8.11%	7.71%



Maryland Senator Edward J. Kasemeyer College Investment Plan

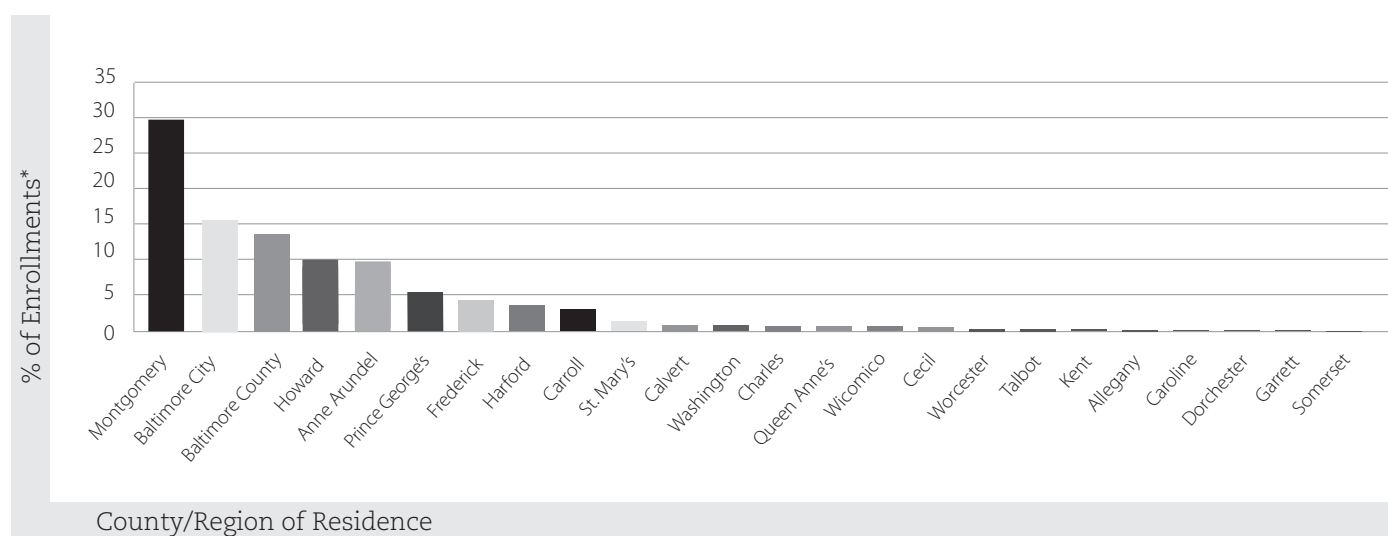
PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

New Enrollment by County/Region

Of the 35,596 new accounts by Maryland residents in the College Investment Plan for the year ended June 30, 2019, Montgomery County had the highest number of any Maryland county or region at 29% of the total. Approximately 39% of new accounts were concentrated in Baltimore City (16%), Baltimore County (13%), and Howard County (10%).

Overall, new account volumes decreased 13% when compared with the same time period in 2018 which can largely be attributed to a banner year for the State Contribution Program. The following chart shows a breakdown of the counties and regions of residence for the College Investment Plan account holders.

ENROLLMENTS BY COUNTY/REGION

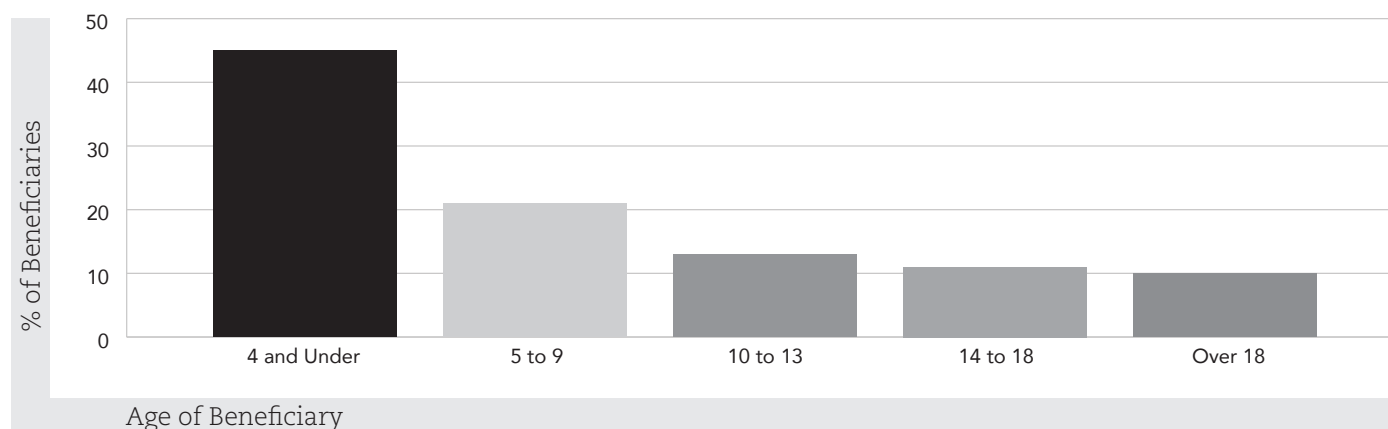


*Scale: 1% equals 361 new accounts.

Age of New Beneficiaries at Time of Enrollment

Approximately 45% of all new beneficiaries were four years old or younger, and approximately 66% of beneficiaries were nine years old or younger, resulting in a 9% increase for each age group when compared to the same time period in 2018. The College Investment Plan permits beneficiaries of any age, with 10% of new beneficiaries over 18 years of age, as shown in the chart below.

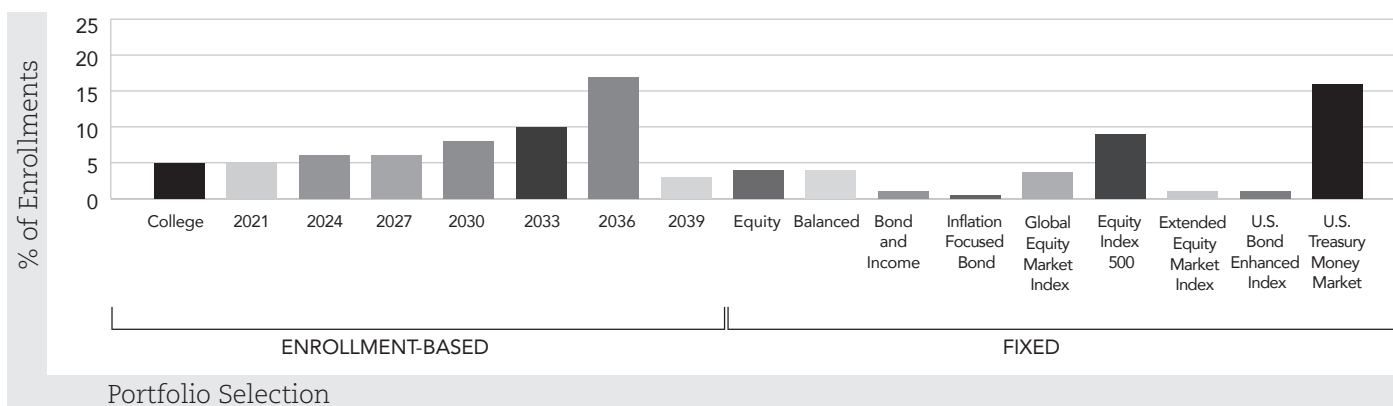
AGE OF BENEFICIARIES



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 2036 was selected for approximately 17% of new accounts. Among the fixed Portfolios, the U.S. Treasury Money Market Portfolio was selected for 16% of new accounts which is consistent with the prior year and reflects its popularity amongst the State Contribution Program applicants. The Equity Index 500 Portfolio was also a popular choice, having been selected for approximately 9% of new accounts.

PORTFOLIO SELECTION



Systematic Investing

Approximately 34% 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 Expenses

Many beneficiaries who were enrolled in the College Investment Plan in the initial years after the Plan's launch in December 2001 have now reached college age. From July 1, 2018, through June 30, 2019, excluding rollovers to other 529 plans, distributions were taken for 33,834 unique beneficiaries totaling approximately \$431.2 million.



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 Senator Edward J. Kasemeyer College Investment Plan (the Plan), as of June 30, 2019, 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 controls 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 controls 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 controls. 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.



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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, 2019, 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 the 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, economic, 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 sufficient evidence 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, 2019, 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.

Owings Mills, Maryland
October 29, 2019

S B & Company, LLC

Maryland Senator Edward J. Kasemeyer College Investment Plan

MANAGEMENT'S DISCUSSION AND ANALYSIS

This 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, 2019. 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 T. Rowe Price for Maryland 529 and should be read in conjunction with the Maryland Senator Edward J. Kasemeyer College Investment Plan's financial statements and notes, which begin on page 56. 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, 2019, 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 view of the Plan's finances as of and for the year ended June 30, 2019. Portfolio financial statements are presented as Supplementary Information beginning on page 62.

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 multiple indexes representing the underlying asset classes in which the portfolio invests. The underlying index for each weighted benchmark is selected as an appropriate representation of one of the overall asset classes and investment styles associated with the underlying T. Rowe Price mutual funds in which the portfolio invests. The index is then weighted within the benchmark based on the neutral allocation to the asset class and investment style within the portfolio.

Additionally, the portfolios may overweight or underweight certain funds and asset classes relative to their neutral allocations and their benchmark. These tactical asset allocation decisions have generally been strategically incorporated to potentially add long-term performance benefits and in an effort 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 funds and decreased exposure to stock funds.

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 Inception Date
Portfolio for College	November 26, 2001
Portfolio 2021	November 26, 2001
Portfolio 2024	October 31, 2003
Portfolio 2027	June 30, 2006
Portfolio 2030	December 31, 2009
Portfolio 2033	December 31, 2012
Portfolio 2036	November 30, 2015
Portfolio 2039	May 31, 2018
Equity Portfolio	November 26, 2001
Balanced Portfolio	November 26, 2001
Bond and Income Portfolio	November 26, 2001
Inflation Focused Bond Portfolio*	October 31, 2003
U.S. Treasury Money Market Portfolio	December 31, 2009
Global Equity Market Index Portfolio	June 30, 2006
Equity Index 500 Portfolio	March 29, 2018
Extended Equity Market Index Portfolio	March 29, 2018
U.S. Bond Enhanced Index Portfolio	March 29, 2018

*Effective January 2, 2013, the name of the portfolio was changed from Short-Term Bond Portfolio to Inflation Focused Bond Portfolio.

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 1.800.638.5660. For consistency, numbers have been rounded to the nearest 100th of a percent.

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—tracks 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
- Credit Suisse High Yield Index—tracks the performance of U.S. dollar-denominated noninvestment-grade corporate bonds
- FTSE 3-Month Treasury Bill Index—tracks the performance of short-term U.S. government debt instruments
- 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 of 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 large- and mid-cap international developed market stocks
- MSCI Emerging Markets Index—tracks stocks from emerging markets countries that can be traded by foreigners
- Real Assets Combined Index Portfolio—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 large-cap U.S. stocks
- S&P Completion Index—tracks the performance of primarily small- and mid-cap stocks and generally includes those U.S. stocks that are not included in the S&P 500 Index
- S&P Total Market Index—tracks the performance of the entire U.S. stock market through a broad spectrum of small-, mid-, and large-cap U.S. stocks

PORTFOLIO FOR COLLEGE

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio for College ⁽¹⁾	6.03%	5.00%	3.26%
Weighted Benchmark ⁽²⁾	6.11%	5.16%	3.36%

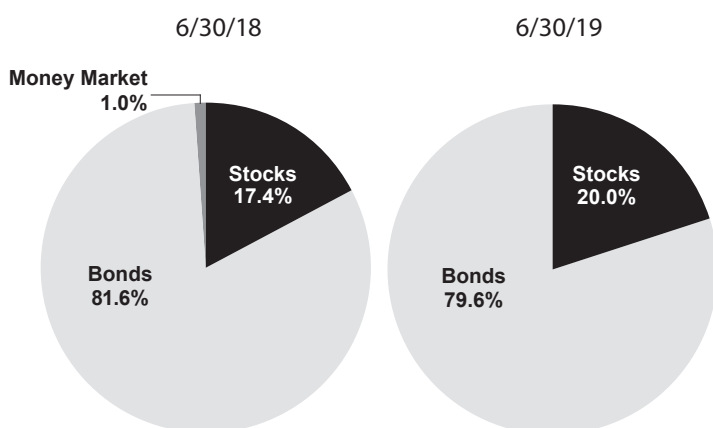
The Portfolio for College recorded a single-digit return and slightly underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio seeks to generate growth while minimizing the risk of principal loss through a combination of diversification and conservative fixed income investments. The portfolio invests in a diversified blend of fixed income securities, which accounted for 80% of assets at period-end. The remaining allocation is in stocks, mostly invested in the Equity Index 500 Fund, which tracks the performance of the S&P 500 Index.

Tactical decisions contributed to relative performance. An underweight to stocks relative to bonds and cash for most of the period helped relative returns. However, an overweight allocation to international stocks relative to U.S. stocks detracted as overseas stock markets lagged U.S. strong returns.

Security selection within the underlying funds detracted from relative performance. Several of the portfolio's underlying funds that invest in international stock markets lagged their respective benchmarks, which weighed on relative returns.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.



UNDERLYING FUND ALLOCATION ⁽³⁾

	6/30/18	6/30/19
Short-Term Bond Fund	41.5%	39.8%
Limited Duration Inflation Focused Bond Fund	40.1%	39.8%
Equity Index 500 Fund	14.8%	17.4%
Overseas Stock Fund	0.7%	0.8%
International Stock Fund	0.7%	0.7%
International Value Equity Fund	0.8%	0.7%
Real Assets Fund	0.4%	0.4%
U.S. Treasury Money Fund	1.0%	0.4%

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

(2) As of June 30, 2019, 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 Combined Index Portfolio—1.00%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

(3) Percentages may not total 100% due to rounding.

PORTFOLIO 2021

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2021 ⁽¹⁾	9.05%	6.02%	5.89%
Weighted Benchmark ⁽²⁾	8.68%	6.62%	5.76%

Portfolio 2021 recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio systematically increases its allocation to bond investments as part of its long-term strategy of becoming more conservative over time. At the end of the reporting period, about 23% of the portfolio was invested in the Spectrum Income Fund, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, and an income-oriented stock fund. Approximately five years prior to the portfolio's target maturity date, the bond component began transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, and the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

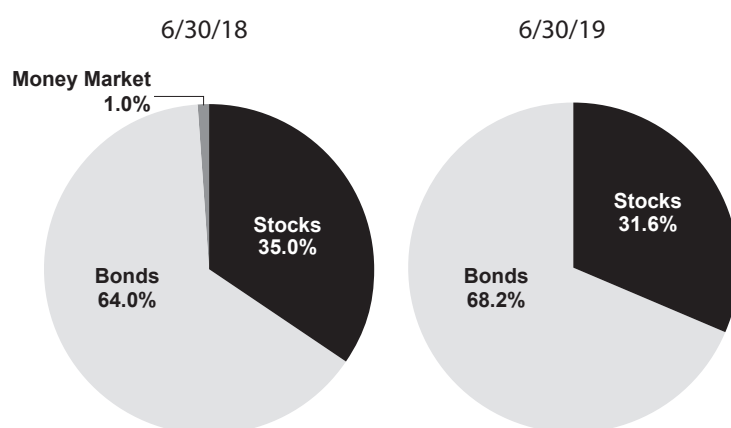
Tactical decisions detracted from relative performance. An overweight allocation to domestic small-cap stocks relative to large-cap stocks detracted from relative returns as small-cap stocks declined for the year. However, an underweight to stocks relative to bonds and cash for most of the period contributed to performance.

Security selection within the underlying funds detracted from relative performance. The Spectrum Income Fund trailed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which detracted from relative returns. Several of the portfolio's underlying funds that invest in international stock markets lagged their respective benchmarks, which further weighed on relative performance.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.

UNDERLYING FUND ALLOCATION ⁽³⁾

	6/30/18	6/30/19
Short-Term Bond Fund	16.4%	23.6%
Spectrum Income Fund	34.8%	23.4%
Equity Index 500 Fund	20.0%	22.2%
Limited Duration Inflation Focused Bond Fund	12.9%	21.2%
Overseas Stock Fund	2.3%	1.6%
International Stock Fund	2.0%	1.5%
International Value Equity Fund	2.2%	1.3%
Blue Chip Growth Fund	2.0%	1.1%
Small-Cap Stock Fund	1.7%	1.0%
Value Fund	1.9%	0.9%
Real Assets Fund	0.8%	0.7%
Mid-Cap Growth Fund	0.9%	0.6%
Mid-Cap Value Fund	0.9%	0.4%
Emerging Markets Stock Fund	0.3%	0.3%
U.S. Treasury Money Fund	0.9%	0.2%



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

(2) As of June 30, 2019, the weighted benchmark was composed of: S&P 500 Index—22.59%; Russell 1000 Growth Index—0.98%; Russell 1000 Value Index—0.98%; Russell Midcap Growth Index—0.31%; Russell Midcap Value Index—0.31%; Russell 2000 Index—0.57%; MSCI EAFE (Europe, Australasia, and Far East) Index—4.05%; MSCI Emerging Markets Index—0.13%; Bloomberg Barclays U.S. Aggregate Bond Index—23.00%; Bloomberg Barclays 1–3 Year Government/Credit Index—24.00%; Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—21.50%; and Real Assets Combined Index Portfolio—1.58%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

(3) Percentages may not total 100% due to rounding.

PORTFOLIO 2024

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2024 ⁽¹⁾	12.57%	6.75%	7.20%
Weighted Benchmark ⁽²⁾	11.83%	7.55%	7.00%

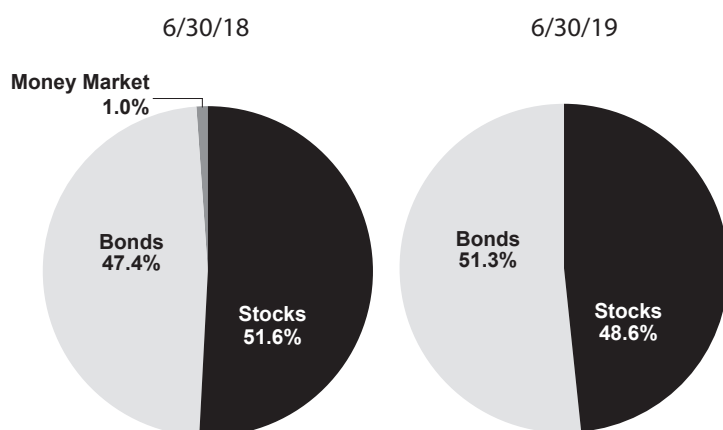
Portfolio 2024 recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio's focus is long-term capital appreciation. Slightly less than half 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, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, and an income-oriented stock fund. In 2019, the bond component began transitioning to the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities. Later this year, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund.

Tactical decisions detracted from relative performance. An overweight allocation to domestic small-cap stocks relative to large-cap stocks detracted from relative returns as small-cap stocks declined for the year. However, an underweight to stocks relative to bonds and cash for most of the period contributed.

Security selection within the underlying funds detracted from relative performance. The Spectrum Income Fund trailed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which detracted from relative returns. Several of the portfolio's underlying funds that invest in international stock markets lagged their respective benchmarks, which further weighed on relative performance.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.



UNDERLYING FUND ALLOCATION ⁽³⁾

	6/30/18	6/30/19
Spectrum Income Fund	47.4%	49.9%
Equity Index 500 Fund	15.2%	18.2%
Blue Chip Growth Fund	5.2%	4.6%
Value Fund	5.0%	4.3%
Overseas Stock Fund	4.8%	3.9%
International Stock Fund	4.2%	3.9%
Small-Cap Stock Fund	4.5%	3.6%
International Value Equity Fund	4.7%	3.3%
Mid-Cap Growth Fund	2.3%	2.1%
Emerging Markets Stock Fund	2.2%	1.9%
Mid-Cap Value Fund	2.3%	1.7%
Limited Duration Inflation Focused Bond Fund	0.0%	1.4%
Real Assets Fund	1.2%	1.1%
U.S. Treasury Money Fund	1.0%	0.1%

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

(2) As of June 30, 2019, the weighted benchmark was composed of: S&P 500 Index—18.92%; Russell 1000 Growth Index—4.45%; Russell 1000 Value Index—4.45%; Russell Midcap Growth Index—1.64%; Russell Midcap Value Index—1.64%; Russell 2000 Index—3.00%; MSCI EAFE (Europe, Australasia, and Far East) Index—10.53%; MSCI Emerging Markets Index—1.44%; Bloomberg Barclays U.S. Aggregate Bond Index—50.00%; Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—1.50%; and Real Assets Combined Index Portfolio—2.43%.

(3) Percentages may not total 100% due to rounding.

PORTFOLIO 2027

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2027⁽¹⁾	14.10%	6.63%	6.95%
Weighted Benchmark ⁽²⁾	13.58%	7.22%	6.74%

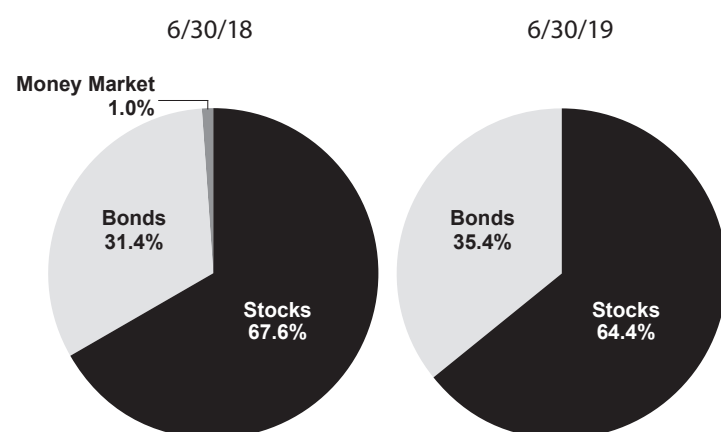
Portfolio 2027 recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio's focus is long-term capital appreciation. Most 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, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, and an income-oriented stock fund. About five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, and the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

Tactical decisions contributed to relative performance. An underweight to stocks relative to bonds and cash for most of the period helped relative returns. However, an overweight allocation to domestic small-cap stocks relative to large-cap stocks detracted as small-cap stocks declined for the year.

Security selection within the underlying funds detracted from relative performance. The Spectrum Income Fund trailed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which detracted from relative returns. Several of the portfolio's underlying funds that invest in international stock markets lagged their respective benchmarks, which further weighed on relative performance.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.



UNDERLYING FUND ALLOCATION⁽³⁾

	6/30/18	6/30/19
Spectrum Income Fund	31.4%	35.4%
Equity Index 500 Fund	20.0%	19.3%
Blue Chip Growth Fund	6.8%	6.7%
Value Fund	6.6%	6.4%
Overseas Stock Fund	6.3%	5.6%
Small-Cap Stock Fund	5.9%	5.5%
International Stock Fund	5.5%	5.5%
International Value Equity Fund	6.2%	4.8%
Emerging Markets Stock Fund	2.8%	3.4%
Mid-Cap Growth Fund	3.0%	3.0%
Mid-Cap Value Fund	2.9%	2.7%
Real Assets Fund	1.6%	1.5%
U.S. Treasury Money Fund	1.0%	0.2%

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

(2) As of June 30, 2019, the weighted benchmark was composed of: S&P 500 Index—19.80%; Russell 1000 Growth Index—6.61%; Russell 1000 Value Index—6.61%; Russell Midcap Growth Index—2.57%; Russell Midcap Value Index—2.57%; Russell 2000 Index—4.72%; MSCI EAFE (Europe, Australasia, and Far East) Index—15.63%; MSCI Emerging Markets Index—2.76%; Bloomberg Barclays U.S. Aggregate Bond Index—35.50%; and Real Assets Combined Index Portfolio—3.23%.

(3) Percentages may not total 100% due to rounding.

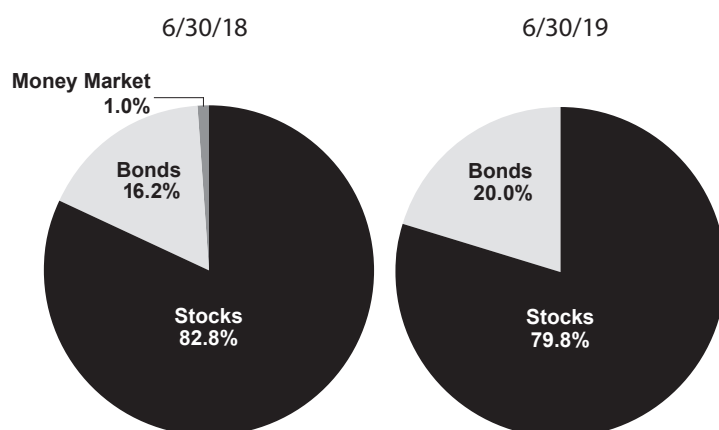
PORTFOLIO 2030

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2030⁽¹⁾	15.61%	6.47%	10.52%
Weighted Benchmark ⁽²⁾	15.31%	6.88%	10.56%

Portfolio 2030 recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio's focus is long-term capital appreciation. Most 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, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, and an income-oriented stock fund. About five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, and the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.



Tactical decisions contributed to relative performance. An underweight to stocks relative to bonds and cash for most of the period helped relative returns. However, an overweight allocation to domestic small-cap stocks relative to large-cap stocks detracted as small-cap stocks declined for the year.

Security selection within the underlying funds detracted from relative performance. The Spectrum Income Fund trailed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which detracted from relative returns. Several of the portfolio's underlying funds that invest in international stock markets lagged their respective benchmarks, which further weighed on relative performance.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.

UNDERLYING FUND ALLOCATION⁽³⁾

	6/30/18	6/30/19
Equity Index 500 Fund	24.6%	24.1%
Spectrum Income Fund	16.3%	20.0%
Blue Chip Growth Fund	8.3%	8.3%
Value Fund	8.1%	7.9%
Overseas Stock Fund	7.8%	7.0%
International Stock Fund	6.7%	6.8%
Small-Cap Stock Fund	7.2%	6.7%
International Value Equity Fund	7.5%	6.0%
Emerging Markets Stock Fund	3.5%	4.3%
Mid-Cap Growth Fund	3.7%	3.7%
Mid-Cap Value Fund	3.5%	3.2%
Real Assets Fund	1.9%	1.8%
U.S. Treasury Money Fund	0.9%	0.2%

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

(2) As of June 30, 2019, the weighted benchmark was composed of: S&P 500 Index—24.59%; Russell 1000 Growth Index—8.19%; Russell 1000 Value Index—8.19%; Russell Midcap Growth Index—3.19%; Russell Midcap Value Index—3.19%; Russell 2000 Index—5.85%; MSCI EAFE (Europe, Australasia, and Far East) Index—19.38%; MSCI Emerging Markets Index—3.42%; Bloomberg Barclays U.S. Aggregate Bond Index—20.00%; and Real Assets Combined Index Portfolio—4.00%.

(3) Percentages may not total 100% due to rounding.

PORTFOLIO 2033

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2033⁽¹⁾	17.07%	6.27%	11.11%
Weighted Benchmark ⁽²⁾	16.96%	6.47%	11.18%

Portfolio 2033 recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio's focus is long-term capital appreciation. Most 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, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, and an income-oriented stock fund. About five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, and the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

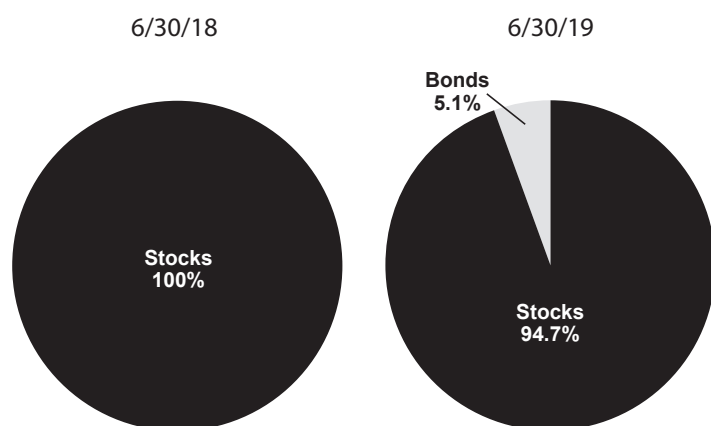
Tactical decisions contributed to relative performance. An underweight to stocks relative to bonds and cash for most of the period helped relative returns. However, an overweight allocation to domestic small-cap stocks relative to large-cap stocks detracted as small-cap stocks declined for the year.

Security selection within the underlying funds contributed to relative performance. The portfolio's underlying funds that invest in domestic small-cap stocks, mid-cap growth stocks, and emerging markets stocks outpaced their style-specific benchmarks and helped relative returns.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.

UNDERLYING FUND ALLOCATION⁽³⁾

	6/30/18	6/30/19
Equity Index 500 Fund	29.8%	28.7%
Blue Chip Growth Fund	10.0%	9.8%
Value Fund	9.7%	9.3%
Overseas Stock Fund	9.3%	8.3%
International Stock Fund	8.0%	8.1%
Small-Cap Stock Fund	8.7%	8.0%
International Value Equity Fund	9.2%	7.0%
Spectrum Income Fund	0.0%	5.1%
Emerging Markets Stock Fund	4.2%	5.1%
Mid-Cap Growth Fund	4.5%	4.4%
Mid-Cap Value Fund	4.3%	3.9%
Real Assets Fund	2.3%	2.1%
U.S. Treasury Money Fund	0.0%	0.2%



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

(2) As of June 30, 2019, the weighted benchmark was composed of: S&P 500 Index—29.19%; Russell 1000 Growth Index—9.73%; Russell 1000 Value Index—9.73%; Russell Midcap Growth Index—3.79%; Russell Midcap Value Index—3.79%; Russell 2000 Index—6.95%; MSCI EAFE (Europe, Australasia, and Far East) Index—23.01%; MSCI Emerging Markets Index—4.06%; Bloomberg Barclays U.S. Aggregate Bond Index—5.00%; and Real Assets Combined Index Portfolio—4.75%.

(3) Percentages may not total 100% due to rounding.

PORTFOLIO 2036

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2036⁽¹⁾	17.48%	6.18%	10.39%
Weighted Benchmark ⁽²⁾	17.38%	6.38%	10.64%

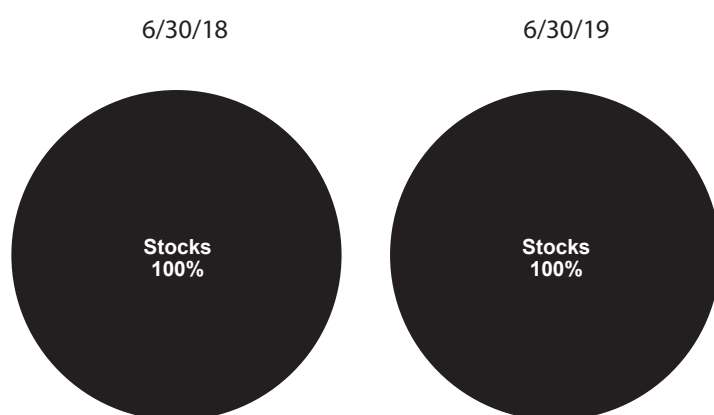
Portfolio 2036 recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio's focus is long-term capital appreciation. The portfolio invests in a diversified selection of U.S. and international stocks, including emerging markets. Later in the portfolio's life cycle, it will incorporate investments offering lower volatility. Initially, this will include the Spectrum Income Fund, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, and an income-oriented stock fund. About five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, and the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

Tactical decisions detracted from relative performance. An overweight allocation to domestic small-cap stocks relative to large-cap stocks detracted from relative returns as small-cap stocks declined for the year. However, an underweight allocation to real assets stocks, which underperformed global stocks, contributed.

Security selection within the underlying funds contributed to relative performance. The portfolio's underlying funds that invest in domestic small-cap stocks, mid-cap growth stocks, and emerging markets stocks outpaced their style-specific benchmarks and helped relative returns.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.



UNDERLYING FUND ALLOCATION⁽³⁾

	6/30/18	6/30/19
Equity Index 500 Fund	29.7%	30.2%
Blue Chip Growth Fund	10.0%	10.3%
Value Fund	9.7%	9.8%
Overseas Stock Fund	9.4%	8.7%
International Stock Fund	8.1%	8.6%
Small-Cap Stock Fund	8.6%	8.5%
International Value Equity Fund	9.4%	7.5%
Emerging Markets Stock Fund	4.1%	5.4%
Mid-Cap Growth Fund	4.5%	4.8%
Mid-Cap Value Fund	4.2%	4.0%
Real Assets Fund	2.3%	2.2%

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

(2) As of June 30, 2019, 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 Combined Index Portfolio—5.00%.

(3) Percentages may not total 100% due to rounding.

PORTFOLIO 2039

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2039⁽¹⁾	17.54%	6.11%	5.44%
Weighted Benchmark ⁽²⁾	17.38%	6.38%	5.86%

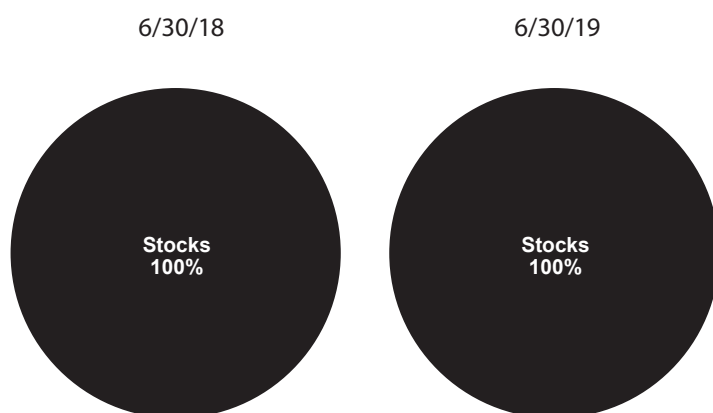
Portfolio 2039 recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio's focus is long-term capital appreciation. The portfolio invests in a diversified selection of U.S. and international stocks, including emerging markets. Later in the portfolio's life cycle, it will incorporate investments offering lower volatility. Initially, this will include the Spectrum Income Fund, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, and an income-oriented stock fund. About five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, and the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

Tactical decisions detracted from relative performance. An overweight allocation to international stocks relative to U.S. stocks detracted from relative returns as overseas stock markets lagged the U.S.'s strong returns. However, an underweight allocation to real assets stocks, which underperformed global stocks, contributed.

Security selection within the underlying funds contributed to relative performance. The portfolio's underlying funds that invest in domestic small-cap stocks, mid-cap growth stocks, and emerging markets stocks outpaced their style-specific benchmarks and helped relative returns.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.



UNDERLYING FUND ALLOCATION⁽³⁾

	6/30/18	6/30/19
Equity Index 500 Fund	29.4%	30.1%
Blue Chip Growth Fund	9.6%	10.2%
Value Fund	9.9%	9.8%
International Stock Fund	8.3%	8.7%
Overseas Stock Fund	9.6%	8.7%
Small-Cap Stock Fund	8.2%	8.5%
International Value Equity Fund	9.5%	7.5%
Emerging Markets Stock Fund	4.4%	5.4%
Mid-Cap Growth Fund	4.5%	4.8%
Mid-Cap Value Fund	4.3%	4.1%
Real Assets Fund	2.3%	2.2%

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

(2) As of June 30, 2019, 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 Combined Index Portfolio—5.00%.

(3) Percentages may not total 100% due to rounding.

EQUITY PORTFOLIO

Performance Comparison as of June 30, 2019

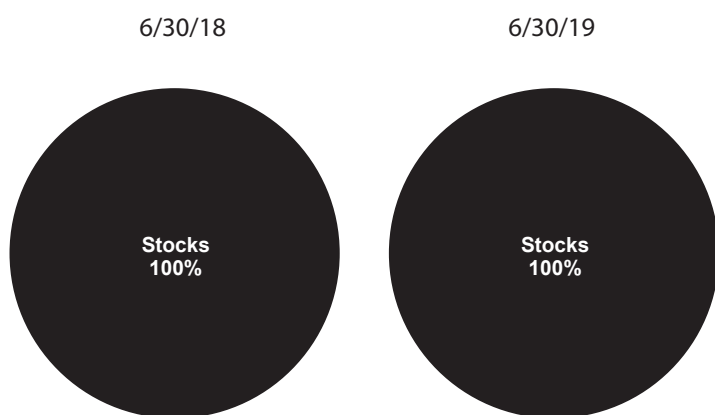
	6 Months	12 Months	Annualized Since Portfolio Inception
Equity Portfolio⁽¹⁾	17.46%	6.15%	7.10%
Weighted Benchmark ⁽²⁾	17.38%	6.38%	7.11%

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.

The Equity Portfolio recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

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 to the Equity Index 500 Fund, which tracks the performance of the S&P 500 Index.

Tactical decisions detracted from relative performance. An overweight allocation to domestic small-cap stocks relative to large-cap stocks detracted from relative returns as small-cap stocks declined for the year. However, security selection within the underlying funds contributed to relative performance. The portfolio's underlying funds that invest in domestic small-cap stocks, mid-cap growth stocks, and emerging markets stocks outpaced their style-specific benchmarks and helped relative returns.



UNDERLYING FUND ALLOCATION⁽³⁾

	6/30/18	6/30/19
Equity Index 500 Fund	29.8%	30.1%
Blue Chip Growth Fund	10.0%	10.3%
Value Fund	9.7%	9.8%
Overseas Stock Fund	9.4%	8.7%
Small-Cap Stock Fund	8.6%	8.6%
International Stock Fund	8.0%	8.6%
International Value Equity Fund	9.3%	7.4%
Emerging Markets Stock Fund	4.2%	5.5%
Mid-Cap Growth Fund	4.5%	4.8%
Mid-Cap Value Fund	4.2%	4.0%
Real Assets Fund	2.3%	2.2%

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

(2) As of June 30, 2019, 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 Combined Index Portfolio—5.00%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

(3) Percentages may not total 100% due to rounding.

BALANCED PORTFOLIO

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Balanced Portfolio⁽¹⁾	13.13%	7.08%	6.63%
Weighted Benchmark ⁽²⁾	13.23%	7.31%	6.40%

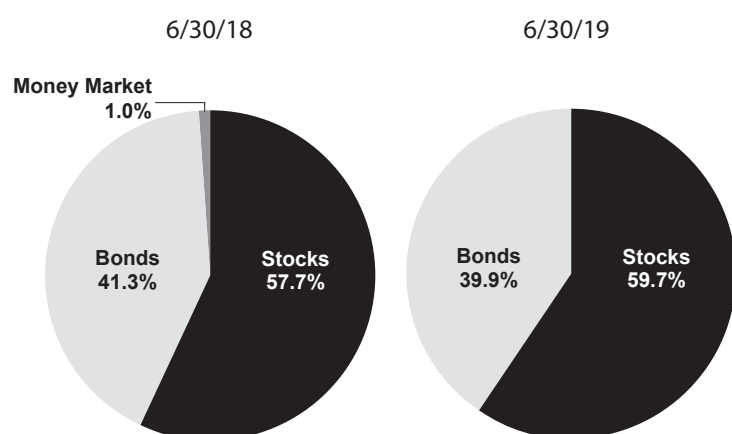
The Balanced Portfolio recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio seeks to provide capital growth and current income by investing in an array of U.S. and international stock and bond funds. 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.

Tactical decisions contributed to relative performance. An underweight to stocks relative to bonds and cash for most of the period helped relative returns. Security selection within

the underlying funds also benefited relative performance. The portfolio's underlying funds that invest in domestic small-cap stocks, mid-cap growth stocks, and emerging markets stocks outpaced their style-specific benchmarks and helped relative returns.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.



UNDERLYING FUND ALLOCATION⁽³⁾

	6/30/18	6/30/19
New Income Fund	30.6%	28.0%
Equity Index 500 Fund	17.1%	18.1%
Blue Chip Growth Fund	5.8%	6.2%
Value Fund	5.6%	5.8%
Overseas Stock Fund	5.4%	5.3%
International Stock Fund	4.7%	5.1%
Small-Cap Stock Fund	5.0%	5.1%
Emerging Markets Bond Fund	3.8%	4.6%
International Value Equity Fund	5.2%	4.5%
High Yield Fund	3.6%	4.0%
International Bond Fund	3.3%	3.3%
Emerging Markets Stock Fund	2.4%	3.2%
Mid-Cap Growth Fund	2.6%	2.8%
Mid-Cap Value Fund	2.5%	2.3%
Real Assets Fund	1.4%	1.3%
U.S. Treasury Money Fund	1.0%	0.4%

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

(2) As of June 30, 2019, 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 Combined Index Portfolio—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) Percentages may not total 100% due to rounding.

BOND AND INCOME PORTFOLIO

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Bond and Income Portfolio⁽¹⁾	7.83%	6.91%	5.62%
Bloomberg Barclays U.S. Aggregate Bond Index	6.11%	7.87%	4.47%

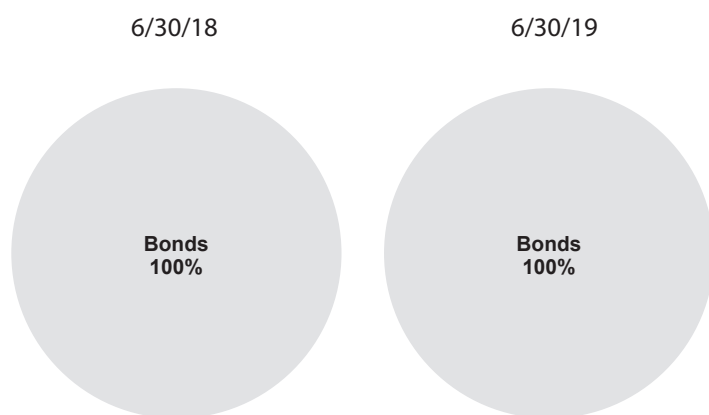
The Bond and Income Portfolio recorded a single-digit return but underperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, for the 12 months ended June 30, 2019.

The portfolio invests in the Spectrum Income Fund, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, 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, bank loans, and dividend-paying stocks.

Tactical decisions to overweight and underweight asset classes contributed to relative performance. An underweight allocation to international bonds relative to U.S. investment-grade bonds for most of the period helped relative returns, given the strong performance of domestic investment-grade bonds.

Security selection within the underlying funds detracted from relative performance. The portfolio's underlying funds that invest in U.S. large-cap dividend-paying stocks and government-issued mortgage-backed bonds trailed their respective style-specific benchmarks and weighed on relative returns.

The inclusion of diversifying sectors that are not part of the benchmark detracted from relative performance. The portfolio's holdings in international bonds, short-term bonds, and U.S. floating-rate notes weighed on relative returns as these securities lagged the benchmark. However, holdings in emerging markets bonds, long-term U.S. Treasuries, and U.S. corporate bonds added value.



UNDERLYING FUND ALLOCATION

	6/30/18	6/30/19
Spectrum Income Fund	100.0%	100.0%

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

INFLATION FOCUSED BOND PORTFOLIO

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Inflation Focused Bond Portfolio⁽¹⁾	3.74%	3.50%	1.98%
Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index	3.60%	3.41%	2.72%

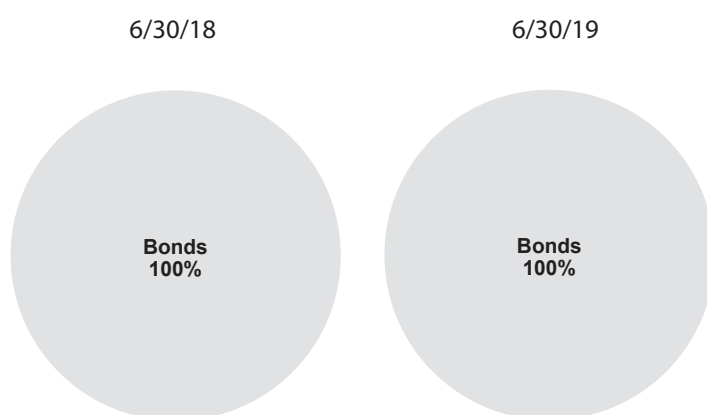
The Inflation Focused Bond Portfolio recorded a single-digit return and slightly outperformed its benchmark, the Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index, for the 12 months ended June 30, 2019.

The portfolio invests in the Limited Duration Inflation Focused Bond Fund, which seeks a level of income that is consistent with the current inflation rate. The fund invests in short- and intermediate-term investment-grade inflation-linked securities, including Treasury inflation protected securities (TIPS), which should provide some protection against inflation. The fund normally maintains a 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 added yield potential over comparable TIPS.

The fund's longer duration posture than that of the benchmark contributed the most to relative performance. Non-benchmark holdings in short-term corporate and securitized bonds—both of which outpaced TIPS over the period—also helped relative returns. Conversely, inflation-linked exposures detracted from relative performance as inflation expectations contracted amid concerns about slowing global growth and excessively tight monetary policy.

UNDERLYING FUND ALLOCATION

	6/30/18	6/30/19
Limited Duration Inflation Focused Bond Fund	100.0%	100.0%



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

U.S. TREASURY MONEY MARKET PORTFOLIO

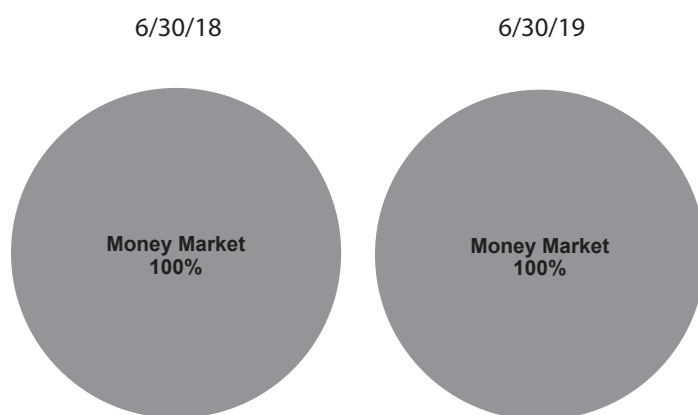
Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
U.S. Treasury Money Market Portfolio⁽¹⁾	1.01%	1.86%	0.30%
FTSE 3-Month Treasury Bill Index	1.21%	2.30%	0.48%

The U.S. Treasury Money Market Portfolio recorded a single-digit return but underperformed its benchmark, the FTSE 3-Month Treasury Bill Index, for the 12 months ended June 30, 2019.

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

The Federal Reserve raised its benchmark fed funds rate by one-quarter percentage point four times in 2018, bringing it to a range from 2.25% to 2.50% at year-end. Treasury bill (T-bill) yields rose in accordance with the Fed's rate hikes, with the yield on the 90-day T-bill increasing from 1.93% to 2.12% over the reporting period. Other short-term interest rates generally rose, but yields at the long end of the money market yield curve declined after the Fed left rates unchanged in January and signaled that it was done raising rates for a prolonged period.



UNDERLYING FUND ALLOCATION

	6/30/18	6/30/19
U.S. Treasury Money Fund	100.0%	100.0%

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

GLOBAL EQUITY MARKET INDEX PORTFOLIO

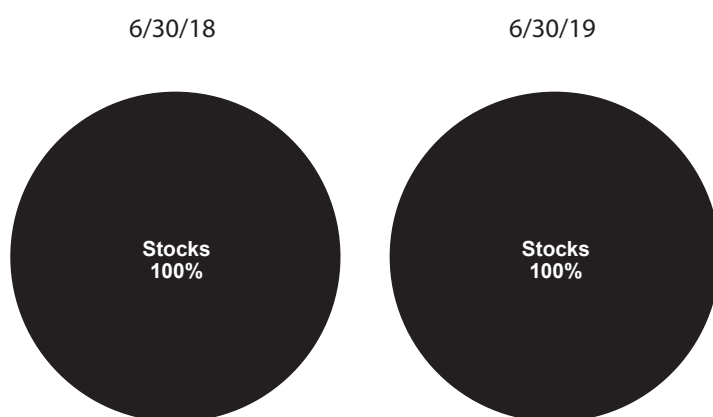
Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Global Equity Market Index Portfolio⁽¹⁾	16.95%	5.98%	7.59%
Weighted Benchmark ⁽²⁾	17.18%	6.39%	8.00%

The Global Equity Market Index Portfolio recorded a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2019.

The portfolio held about 69% of its assets in the Total Equity Market Index Fund and the remainder in the International Equity Index Fund. Both are passively managed index funds. The Total Equity Market Index Fund seeks to match the performance of the entire U.S. stock market using the S&P Total Market Index as its benchmark index. The International Equity Index Fund seeks to match the performance of the FTSE All World Developed ex North America Index, a broadly diversified index based on the market capitalization of over 1,400 mostly large- and mid-cap companies. The index's major markets include Japan, the UK, France, Germany, and other developed countries in Europe and the Asia-Pacific region.

Tactical decisions detracted from relative performance. An overweight allocation to international stocks relative to U.S. stocks detracted from relative returns as overseas stock markets lagged the U.S.'s strong returns. Security selection within the underlying funds also weighed on relative performance. The Total Equity Market Index Fund and the International Equity Index Fund both trailed their style-specific benchmarks, which hurt relative returns.



UNDERLYING FUND ALLOCATION⁽³⁾

	6/30/18	6/30/19
Total Equity Market Index Fund	68.5%	69.3%
International Equity Index Fund	31.5%	30.7%

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

(2) As of June 30, 2019, the weighted benchmark was composed of: S&P Total Market Index—70.00% and FTSE All World Developed ex North America Index—30.00%.

(3) Percentages may not total 100% due to rounding.

EQUITY INDEX 500 PORTFOLIO

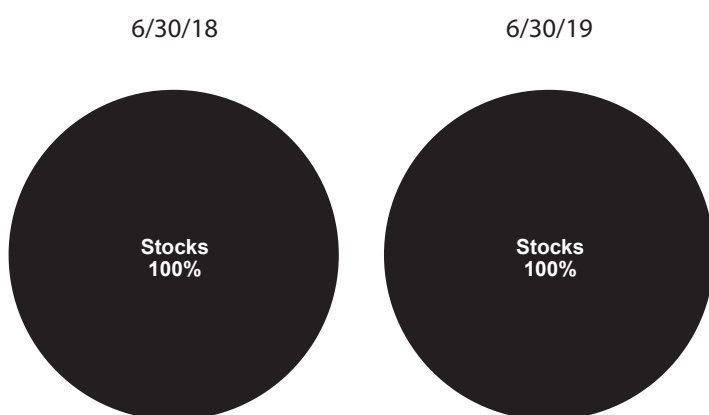
Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Equity Index 500 Portfolio⁽¹⁾	18.42%	10.06%	10.86%
S&P 500 Index	18.54%	10.42%	11.18%

The Equity Index 500 Portfolio recorded a double-digit return and underperformed its benchmark, the S&P 500 Index, for the 12 months ended June 30, 2019.

The portfolio invests in the Equity Index 500 Fund, which attempts to match the return of large-cap U.S. stocks by seeking to match the performance of the S&P 500. The fund uses a full replication strategy, which involves investing nearly all its assets in all the stocks in the S&P 500 and seeking to maintain holdings of each stock in proportion to its weight in the index. As a passively managed index fund, its sector allocations mirror those of the S&P 500.

U.S. stocks advanced over our fiscal year as the Federal Reserve backpedaled on its plans for interest rate hikes and optimism grew about a U.S.-China trade deal, allaying two sources of worry that derailed financial markets at the end of 2018. Though hopes for a trade deal fizzled in May after negotiations fell apart, stocks resumed climbing toward record levels after President Donald Trump tweeted in June that he would meet with China's president at the G-20 summit. By the end of June, the S&P 500 had recorded its best first-half performance since 1997, more than making up for losses in 2018.



UNDERLYING FUND ALLOCATION

	6/30/18	6/30/19
Equity Index 500 Fund	100.0%	100.0%

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

EXTENDED EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2019

	6 Months	12 Months	Annualized Since Portfolio Inception
Extended Equity Market Index Portfolio⁽¹⁾	19.12%	1.60%	6.17%
S&P Completion Index	19.49%	1.88%	6.27%

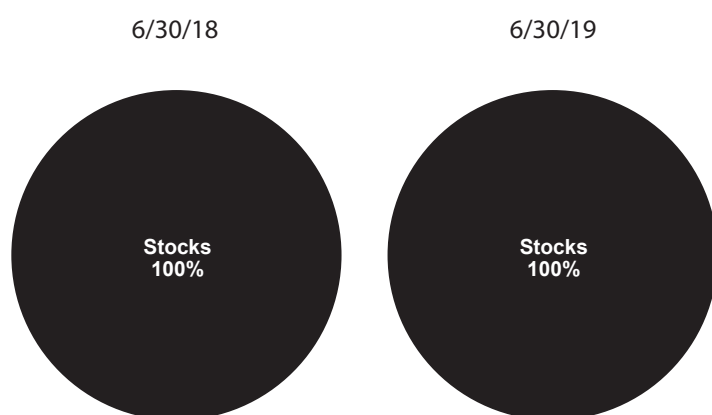
The Extended Equity Market Index Portfolio recorded a single-digit return and underperformed its benchmark, the S&P Completion Index, for the 12 months ended June 30, 2019.

The portfolio invests in the Extended Equity Market Index Fund, which attempts to match the return of small- and mid-cap U.S. stocks by seeking to match the performance of the S&P Completion Index. The S&P Completion Index consists of primarily small- and mid-cap stocks and generally includes U.S. stocks that are not included in the Standard & Poor's 500 Index.

Small- and mid-cap U.S. stocks lagged the stronger performance of their large-cap peers over the reporting period, according to various Russell indices. Mid-cap stocks posted a solid gain over the past year, while small-cap stocks declined. Wavering investor confidence in the direction of the U.S. economy and worries about rising interest rates that prevailed in the reporting period's first half drove underperformance in smaller companies, which tend to be more sensitive to higher rates than their larger counterparts.

UNDERLYING FUND ALLOCATION

	6/30/18	6/30/19
Extended Equity Market Index Fund	100.0%	100.0%



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

U.S. BOND ENHANCED INDEX PORTFOLIO

Performance Comparison as of June 30, 2019

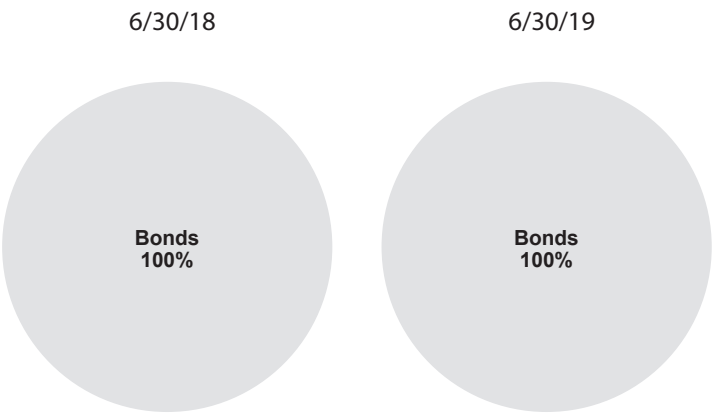
	6 Months	12 Months	Annualized Since Portfolio Inception
U.S. Bond Enhanced Index Portfolio⁽¹⁾	6.11%	7.71%	6.01%
Bloomberg Barclays U.S. Aggregate Bond Index	6.11%	7.87%	6.09%

The U.S. Bond Enhanced Index Portfolio recorded a single-digit return but underperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, for the 12 months ended June 30, 2019.

The portfolio invests in the U.S. Bond Enhanced Index Fund, which seeks to match or slightly exceed the performance of the U.S. investment-grade bond market after expenses. The fund attempts to achieve this goal by investing in a range of bonds representative of the Bloomberg Barclays U.S. Aggregate Bond Index. While the fund's holdings are structured to have similar overall characteristics to the benchmark index, management may adjust certain holdings relative to

their weighting in the index and use other strategies in an attempt to generate slight outperformance over the index.

The portfolio's overweight to corporate bonds and a duration posture slightly longer than that of the index both contributed to relative performance. On the other hand, being defensively positioned within the corporate sector detracted from relative returns as higher-risk assets rallied this year following a highly volatile quarter at the end of 2018.



UNDERLYING FUND ALLOCATION

	6/30/18	6/30/19
U.S. Bond Enhanced Index Fund	100.0%	100.0%

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



Maryland Senator Edward J. Kasemeyer 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, 2019. 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 36,117 new accounts, \$649 million in account holder contributions to portfolios, \$287 million in exchanges and transfers, and \$364 million in net investment income. Deductions from net position include \$431 million in distributions to account holders, \$287 million in exchanges and transfers from portfolios for the fiscal year, and \$23 million in rollovers to other 529 plans. This resulted in an increase in net position of \$557 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 assesses fees, including fees of the underlying mutual funds and a State Fee. 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. In addition, each portfolio is 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, 2019. 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 Senator Edward J. Kasemeyer College Investment Plan

STATEMENT OF FIDUCIARY NET POSITION AS OF JUNE 30, 2019

(amounts in thousands)

ASSETS

Current Assets:

Investments, at Fair Value	\$ 6,324,555
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LIABILITIES

Current Liabilities:

Other Liabilities	406
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NET POSITION

Total	\$6,324,149
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See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(amounts in thousands)

ADDITIONS

Contributions:

Account Holder Contributions	\$ 648,651
Exchanges and Transfers	287,351
Total Contributions	<u>936,002</u>

Investment Income:

Net Increase in Fair Value of Investments	249,326
Investment Income, Net	114,775
Net Investment Income	<u>364,101</u>
Total Additions	<u>1,300,103</u>

DEDUCTIONS

Distributions:

Account Holder Distributions	453,208
Exchanges and Transfers	287,351
Dividend Distributions	2,182
Total Deductions	<u>742,741</u>

Change in Net Position	557,362
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Net Position, Beginning of Year	<u>5,766,787</u>
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Net Position, End of Year	<u><u>\$ 6,324,149</u></u>
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See accompanying Notes to Financial Statements.

Maryland Senator Edward J. Kasemeyer College Investment Plan

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

1. ORGANIZATION AND PURPOSE

The Maryland Senator Edward J. Kasemeyer College Investment Plan (formerly, 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 nine 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 became 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. Effective January 1, 2018, the definition of qualified higher education expenses was expanded to include tuition expenses (up to \$10,000 per year, per beneficiary) in connection with attendance at an elementary or secondary public, private, or religious school.

All administrative costs for Maryland 529, including the Plan, are accounted for in the financial statements of the Maryland Senator Edward J. Kasemeyer 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. The Program Manager believes no events have occurred between June 30, 2019, the date of this report, and October 29, 2019, the date the financial statements were available to be issued, that require adjustment of, or disclosure in, the accompanying financial statements.

Units

Each investor's (Account Holder's) beneficial interest in the net assets 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, 2019, new contributions to the Plan were approximately \$649 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)

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 a trade date basis. Realized gains and losses are reported on the identified cost basis.

Recent Accounting Pronouncements

The GASB has issued Statement No. 84, Fiduciary Activities; Statement No. 87, Leases; Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61; and Statement No. 91, Conduit Debt Obligations; which will require adoption in the future, if applicable. These statements may or will have a material effect on the agency's financial statements once implemented. The agency will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

3. INVESTMENTS

The Maryland Senator Edward J. Kasemeyer 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 (NAV) 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, 2019.

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, among other things, 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 risk associated with a decline in bond prices that usually accompanies a rise in interest rates. The weighted average maturity and weighted average effective duration of the Underlying Mutual Funds that invest predominantly in bonds were as follows as of June 30, 2019 (in years):

	Weighted Average Maturity	Weighted Average Effective Duration
DOMESTIC BOND FUNDS		
T. Rowe Price High Yield Fund	6.17	3.09
T. Rowe Price Limited Duration Inflation Focused Bond Fund	3.23	1.18
T. Rowe Price New Income Fund	10.31	5.84
T. Rowe Price Short-Term Bond Fund	2.08	1.87
T. Rowe Price U.S. Bond Enhanced Index Fund	7.86	5.76
INTERNATIONAL BOND FUNDS		
T. Rowe Price Emerging Markets Bond Fund	10.89	6.97
T. Rowe Price International Bond Fund	9.76	8.31
BLENDED ASSET FUNDS		
T. Rowe Price Spectrum Income Fund	7.91	4.56

Maryland Senator Edward J. Kasemeyer College Investment Plan

3. INVESTMENTS (CONTINUED)

As of June 30, 2019, 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	\$ 108,950	\$ 165,993	\$ 274,943
T. Rowe Price Equity Index 500 Fund	739,223	534,555	1,273,778
T. Rowe Price Extended Equity Market Index Fund	3,747	107	3,854
T. Rowe Price Mid-Cap Growth Fund	85,970	40,688	126,658
T. Rowe Price Mid-Cap Value Fund	96,647	10,150	106,797
T. Rowe Price Small-Cap Stock Fund	165,746	59,562	225,308
T. Rowe Price Total Equity Market Index Fund	106,338	94,065	200,403
T. Rowe Price Value Fund	193,187	66,332	259,519
Total domestic stock funds	<u>1,499,808</u>	<u>971,452</u>	<u>2,471,260</u>
GLOBAL STOCK FUND			
T. Rowe Price Real Assets Fund	<u>62,462</u>	<u>6,712</u>	<u>69,174</u>
INTERNATIONAL STOCK FUNDS			
T. Rowe Price Emerging Markets Stock Fund	100,809	35,288	136,097
T. Rowe Price International Equity Index Fund	83,004	5,748	88,752
T. Rowe Price International Value Equity Fund	203,396	8,443	211,839
T. Rowe Price International Stock Fund	200,378	40,739	241,117
T. Rowe Price Overseas Stock Fund	213,010	34,215	247,225
Total international stock funds	<u>800,597</u>	<u>124,433</u>	<u>925,030</u>
DOMESTIC BOND FUNDS			
T. Rowe Price High Yield Fund	15,473	(83)	15,390
T. Rowe Price Limited Duration Inflation Focused Bond Fund	680,609	6,900	687,509
T. Rowe Price New Income Fund	104,563	2,305	106,868
T. Rowe Price Short-Term Bond Fund	662,648	8,984	671,632
T. Rowe Price U.S. Bond Enhanced Index Fund	6,316	268	6,584
Total domestic bond funds	<u>1,469,609</u>	<u>18,374</u>	<u>1,487,983</u>
INTERNATIONAL BOND FUNDS			
T. Rowe Price Emerging Markets Bond Fund	17,775	(213)	17,562
T. Rowe Price International Bond Fund	12,210	307	12,517
Total international bond funds	<u>29,985</u>	<u>94</u>	<u>30,079</u>
BLENDED ASSET FUND			
T. Rowe Price Spectrum Income Fund	<u>1,172,699</u>	<u>19,616</u>	<u>1,192,315</u>
MONEY MARKET FUND			
T. Rowe Price U.S. Treasury Money Fund	<u>148,714</u>	<u>—</u>	<u>148,714</u>
Total investments in mutual funds	<u>\$ 5,183,874</u>	<u>\$ 1,140,681</u>	<u>\$ 6,324,555</u>

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, recordkeeping 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 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, 2019, the Underlying Mutual Funds incurred \$11,350,000 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.

The staff of Maryland 529 supports Price Associates' management of the Plan in accordance with applicable laws and regulations, Board policy, and the Board's contract with Price Associates. Members of the Board review and approve all Plan disclosure documents, as well as 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.

Each Portfolio pays a State Fee to help cover certain administrative and marketing costs of the Plan. The Trustee receives the State Fee, which is accrued daily and paid monthly. The State Fee equals 0.05% of each Portfolio's average daily net assets.



Supplementary Information

MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

As of June 30, 2019

Statement of Net Position (in thousands, except net asset values per unit and shares)	PORTFOLIO 2039		PORTFOLIO 2036		PORTFOLIO 2033		PORTFOLIO 2030	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
INVESTMENTS AT FAIR VALUE								
T. Rowe Price Blue Chip Growth Fund	8,026	\$ 931	89,566	\$ 10,395	248,709	\$ 28,865	338,715	\$ 39,311
T. Rowe Price Emerging Markets Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Emerging Markets Stock Fund	11,426	496	126,978	5,511	342,262	14,854	467,786	20,302
T. Rowe Price Equity Index 500 Fund	35,069	2,747	389,672	30,527	1,073,242	84,078	1,455,244	114,004
T. Rowe Price Extended Equity Market Index Fund	-	-	-	-	-	-	-	-
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	45,483	795	499,970	8,734	1,355,551	23,682	1,841,327	32,168
T. Rowe Price International Value Equity Fund	51,286	686	564,337	7,551	1,544,346	20,663	2,121,978	28,392
T. Rowe Price Limited Duration Inflation Focused Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Mid-Cap Growth Fund	4,562	433	51,308	4,870	137,353	13,036	186,637	17,714
T. Rowe Price Mid-Cap Value Fund	13,533	370	148,258	4,058	412,742	11,297	558,885	15,297
T. Rowe Price New Income Fund	-	-	-	-	-	-	-	-
T. Rowe Price Overseas Stock Fund	76,096	793	845,043	8,805	2,340,909	24,392	3,192,164	33,262
T. Rowe Price Real Assets Fund	17,534	202	192,342	2,218	529,855	6,109	743,694	8,575
T. Rowe Price Short-Term Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	15,155	777	168,675	8,649	458,611	23,518	623,133	31,954
T. Rowe Price Spectrum Income Fund	-	-	-	-	1,192,003	14,984	7,535,103	94,716
T. Rowe Price Total Equity Market Index Fund	-	-	-	-	-	-	-	-
T. Rowe Price U.S. Bond Enhanced Index Fund	-	-	-	-	-	-	-	-
T. Rowe Price U.S. Treasury Money Fund	-	-	-	-	556,269	556	912,845	913
T. Rowe Price Value Fund	24,975	899	274,701	9,884	760,362	27,358	1,038,160	37,353
Total investments at fair value	9,129	101,202	293,392	473,961				
Other liabilities		-		(4)		(12)		(19)
NET POSITION		\$9,129		\$ 101,198		\$293,380		\$473,942
Composition of Net Position:								
Paid-in capital		\$ 8,582		\$ 90,200		\$ 233,868		\$ 344,282
Retained earnings		547		10,998		59,512		129,660
Number of Units Outstanding		862		7,102		14,804		18,335
NET ASSET VALUE PER UNIT ⁽¹⁾		\$10.59		\$ 14.25		\$ 19.82		\$ 25.85
Investments at cost		\$ 8,768		\$ 94,281		\$ 254,922		\$ 392,239

(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 FOR COLLEGE		EQUITY PORTFOLIO	
Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
432,975	\$ 50,251	381,478	\$ 44,274	96,582	\$ 11,209	-	\$ -	569,238	\$ 66,066
-	-	-	-	-	-	-	-	-	-
594,573	25,804	425,674	18,474	75,673	3,284	-	-	809,074	35,114
1,850,734	144,986	2,225,454	174,342	2,930,611	229,584	2,389,482	187,192	2,470,156	193,512
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2,348,267	41,024	2,112,597	36,907	914,098	15,969	423,237	7,394	3,150,121	55,033
2,712,044	36,287	2,354,195	31,499	1,040,326	13,920	539,675	7,221	3,621,065	48,450
-	-	2,676,768	13,437	43,751,528	219,633	85,032,881	426,865	-	-
239,375	22,719	215,117	20,417	63,294	6,007	-	-	324,564	30,804
726,362	19,881	607,353	16,623	163,556	4,477	-	-	942,794	25,804
-	-	-	-	-	-	-	-	-	-
4,061,094	42,317	3,556,893	37,063	1,565,699	16,315	798,600	8,321	5,350,436	55,752
964,424	11,120	913,684	10,535	631,436	7,280	376,932	4,346	1,207,849	13,927
-	-	-	-	-	244,183	90,369,682	427,449	-	-
800,453	41,047	677,308	34,732	198,304	10,169	-	-	1,074,152	55,082
21,133,135	265,644	38,014,522	477,843	19,342,497	243,135	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,557,077	1,557	1,099,094	1,099	1,633,240	1,633	4,036,121	4,036	-	-
1,335,204	48,041	1,145,148	41,203	270,279	9,725	-	-	1,745,450	62,801
750,678		958,448		1,036,523		1,072,824		642,345	
(30)		(38)		(115)		(107)		(26)	
\$ 750,648		\$ 958,410		\$1,036,408		\$1,072,717		\$642,319	
\$ 481,911		\$ 600,865		\$ 622,469		\$ 896,224		\$ 207,146	
268,737		357,545		413,939		176,493		435,173	
31,331		32,239		34,404		55,481		17,461	
\$ 23.96		\$ 29.73		\$ 30.12		\$ 19.33		\$ 36.79	
\$ 588,704		\$ 821,687		\$ 868,955		\$ 1,003,634		\$ 372,321	

Supplementary Information

MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

As of June 30, 2019

Statement of Net Position (Continued) (in thousands, except net asset values per unit and shares)	GLOBAL EQUITY MARKET INDEX PORTFOLIO		BALANCED PORTFOLIO		BOND AND INCOME PORTFOLIO	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
INVESTMENTS AT FAIR VALUE						
T. Rowe Price Blue Chip Growth Fund	-	\$ -	203,698	\$ 23,641	-	\$ -
T. Rowe Price Emerging Markets Bond Fund	-	-	1,475,825	17,562	-	-
T. Rowe Price Emerging Markets Stock Fund	-	-	282,437	12,258	-	-
T. Rowe Price Equity Index 500 Fund	-	-	880,175	68,953	-	-
T. Rowe Price Extended Equity Market Index Fund	-	-	-	-	-	-
T. Rowe Price High Yield Fund	-	-	2,335,390	15,390	-	-
T. Rowe Price International Bond Fund	-	-	1,389,252	12,517	-	-
T. Rowe Price International Equity Index Fund	6,521,088	88,752	-	-	-	-
T. Rowe Price International Stock Fund	-	-	1,111,113	19,411	-	-
T. Rowe Price International Value Equity Fund	-	-	1,283,252	17,170	-	-
T. Rowe Price Limited Duration Inflation Focused Bond Fund	-	-	-	-	-	-
T. Rowe Price Mid-Cap Growth Fund	-	-	112,291	10,658	-	-
T. Rowe Price Mid-Cap Value Fund	-	-	328,472	8,990	-	-
T. Rowe Price New Income Fund	-	-	11,132,063	106,868	-	-
T. Rowe Price Overseas Stock Fund	-	-	1,939,026	20,205	-	-
T. Rowe Price Real Assets Fund	-	-	421,709	4,862	-	-
T. Rowe Price Short-Term Bond Fund	-	-	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	-	-	377,917	19,380	-	-
T. Rowe Price Spectrum Income Fund	-	-	-	-	7,636,690	95,993
T. Rowe Price Total Equity Market Index Fund	6,094,980	200,403	-	-	-	-
T. Rowe Price U.S. Bond Enhanced Index Fund	-	-	-	-	-	-
T. Rowe Price U.S. Treasury Money Fund	-	-	1,518,808	1,519	-	-
T. Rowe Price Value Fund	-	-	618,546	22,255	-	-
Total investments at fair value		289,155		381,639		95,993
Other liabilities		(12)		(30)		(4)
NET POSITION		\$289,143		\$381,609		\$95,989
Composition of Net Position:						
Paid-in capital		\$163,904		\$173,561		\$ 50,853
Retained earnings		125,239		208,048		45,136
Number of Units Outstanding		11,178		11,212		3,336
NET ASSET VALUE PER UNIT ⁽¹⁾		\$ 25.87		\$ 34.03		\$ 28.77
Investments at cost		\$189,341		\$283,535		\$ 89,202

(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.

INFLATION FOCUSED BOND PORTFOLIO		U.S. TREASURY MONEY MARKET PORTFOLIO		EQUITY INDEX 500 PORTFOLIO		EXTENDED EQUITY MARKET INDEX PORTFOLIO		U.S. BOND ENHANCED INDEX PORTFOLIO		TOTAL	
Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	2,368,987	\$ 274,943
-	-	-	-	-	-	-	-	-	-	1,475,825	17,562
-	-	-	-	-	-	-	-	-	-	3,135,883	136,097
-	-	-	-	559,773	43,853	-	-	-	-	16,259,612	1,273,778
-	-	-	-	-	-	134,857	3,854	-	-	134,857	3,854
-	-	-	-	-	-	-	-	-	-	2,335,390	15,390
-	-	-	-	-	-	-	-	-	-	1,389,252	12,517
-	-	-	-	-	-	-	-	-	-	6,521,088	88,752
-	-	-	-	-	-	-	-	-	-	13,801,764	241,117
-	-	-	-	-	-	-	-	-	-	15,832,504	211,839
5,492,790	27,574	-	-	-	-	-	-	-	-	136,953,967	687,509
-	-	-	-	-	-	-	-	-	-	1,334,501	126,658
-	-	-	-	-	-	-	-	-	-	3,901,955	106,797
-	-	-	-	-	-	-	-	-	-	11,132,063	106,868
-	-	-	-	-	-	-	-	-	-	23,725,960	247,225
-	-	-	-	-	-	-	-	-	-	5,999,459	69,174
-	-	-	-	-	-	-	-	-	-	141,994,018	671,632
-	-	-	-	-	-	-	-	-	-	4,393,708	225,308
-	-	-	-	-	-	-	-	-	-	94,853,950	1,192,315
-	-	-	-	-	-	-	-	-	-	6,094,980	200,403
-	-	-	-	-	-	-	-	589,949	6,584	589,949	6,584
-	-	137,400,892	137,401	-	-	-	-	-	-	148,714,346	148,714
-	-	-	-	-	-	-	-	-	-	7,212,825	259,519
27,574		137,401		43,853		3,854		6,584		6,324,555	
(1)		(6)		(2)		-		-		(406)	
\$27,573		\$137,395		\$43,851		\$ 3,854		\$ 6,584		\$6,324,149	
\$ 19,756		\$ 137,395		\$ 40,406		\$ 3,689		\$ 6,214		\$ 4,081,324	
7,817		-		3,445		165		370		2,242,825	
2,028		137,395		3,852		357		612		381,988	
\$ 13.60		\$ 1.00		\$11.38		\$10.78		\$10.76			
\$ 27,747		\$ 137,401		\$ 41,074		\$ 3,747		\$ 6,316		\$ 5,183,874	

Supplementary Information

MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the year ended June 30, 2019

Statement of Changes in Net Position

(amounts in thousands)

	PORTFOLIO 2039	PORTFOLIO 2036	PORTFOLIO 2033	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024
OPERATIONS						
Net investment income						
Income distributions from Underlying Mutual Funds	\$ 67	\$ 1,006	\$3,603	\$ 7,483	\$ 14,576	\$ 22,076
State fee expense	2	38	125	209	339	436
Net investment income (loss)	65	968	3,478	7,274	14,237	21,640
Net realized and unrealized gain/loss						
Net realized gain (loss)						
Sales of Underlying Mutual Fund shares	(22)	(374)	(1,140)	(1,473)	(196)	(1,691)
Capital gain distributions from Underlying Mutual Funds	143	2,294	7,690	11,638	16,687	17,875
Net realized gain (loss)	121	1,920	6,550	10,165	16,491	16,184
Change in unrealized gain (loss)	366	3,713	8,091	11,748	16,059	22,513
Net realized and change in unrealized gain (loss)	487	5,633	14,641	21,913	32,550	38,697
Increase (decrease) in net position from investments	552	6,601	18,119	29,187	46,787	60,337
DISTRIBUTIONS TO UNIT HOLDERS						
Decrease in net position from distributions	-	-	-	-	-	-
UNIT TRANSACTIONS – see UNIT INFORMATION below						
Units issued						
Account Holder contributions	4,116	40,704	58,806	63,982	72,584	78,057
Account Holder transfers from other portfolios	4,728	3,826	5,619	9,576	14,939	26,674
Units redeemed						
Account Holder distributions	(216)	(1,251)	(3,561)	(6,134)	(9,810)	(13,970)
Account Holder transfers to other portfolios	(414)	(3,556)	(5,557)	(6,996)	(15,100)	(22,105)
Increase (decrease) in net position from unit transactions	8,214	39,723	55,307	60,428	62,613	68,656
NET POSITION						
Increase (decrease) during year	8,766	46,324	73,426	89,615	109,400	128,993
Beginning of year	363	54,874	219,954	384,327	641,248	829,417
End of year	\$9,129	\$101,198	\$293,380	\$473,942	\$750,648	\$958,410
UNIT INFORMATION						
Units outstanding, beginning of year	36	4,088	11,796	15,829	28,532	29,779
Units issued						
Account Holder contributions and transfers from other portfolios	890	3,372	3,499	3,050	3,902	3,746
Units redeemed						
Account Holder distributions and transfers to other portfolios	(64)	(358)	(491)	(544)	(1,103)	(1,286)
Units outstanding, end of year	862	7,102	14,804	18,335	31,331	32,239

PORTFOLIO 2021	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	EQUITY INDEX 500 PORTFOLIO	EXTENDED EQUITY MARKET INDEX PORTFOLIO	U.S. BOND ENHANCED INDEX PORTFOLIO	TOTAL
\$ 22,266	\$ 18,645	\$ 8,326	\$ 5,171	\$ 8,079	\$ 3,293	\$ 220	\$ 2,240	\$ 538	\$ 20	\$ 101	\$ 117,710
487	544	308	136	180	45	13	58	13	1	1	2,935
21,779	18,101	8,018	5,035	7,899	3,248	207	2,182	525	19	100	114,775
13,134	(4,399)	4,026	(442)	456	(288)	(166)	-	(14)	(44)	(1)	7,366
11,901	9,352	20,075	1,793	6,789	915	502	-	119	83	-	107,856
25,035	4,953	24,101	1,351	7,245	627	336	-	105	39	(1)	115,222
11,909	28,573	5,352	10,244	9,866	2,269	377	-	2,663	93	268	134,104
36,944	33,526	29,453	11,595	17,111	2,896	713	-	2,768	132	267	249,326
58,723	51,627	37,471	16,630	25,010	6,144	920	2,182	3,293	151	367	364,101
-	-	-	-	-	-	-	(2,182)	-	-	-	(2,182)
74,287	88,671	45,687	30,199	34,180	8,158	2,188	31,745	12,822	1,261	1,204	648,651
33,974	54,021	15,706	8,125	18,700	9,220	3,552	48,365	22,998	2,467	4,861	287,351
(32,109)	(255,067)	(36,344)	(12,193)	(31,436)	(10,821)	(3,787)	(34,692)	(1,314)	(170)	(333)	(453,208)
(41,354)	(66,152)	(48,319)	(25,140)	(26,796)	(7,801)	(2,458)	(12,622)	(2,261)	(446)	(274)	(287,351)
34,798	(178,527)	(23,270)	991	(5,352)	(1,244)	(505)	32,796	32,246	3,112	5,458	195,443
93,521	(126,900)	14,201	17,621	19,658	4,900	415	32,796	35,538	3,263	5,825	557,362
942,887	1,199,617	628,118	271,522	361,951	91,089	27,158	104,599	8,313	591	759	5,766,787
\$1,036,408	\$1,072,717	\$642,319	\$289,143	\$381,609	\$95,989	\$27,573	\$137,395	\$43,851	\$3,854	\$6,584	\$6,324,149
33,190	65,144	18,124	11,124	11,388	3,384	2,066	104,599	804	56	76	
3,775	7,670	1,795	1,591	1,657	637	436	80,110	3,382	361	595	
(2,561)	(17,333)	(2,458)	(1,537)	(1,833)	(685)	(474)	(47,314)	(334)	(60)	(59)	
34,404	55,481	17,461	11,178	11,212	3,336	2,028	137,395	3,852	357	612	

Supplementary Information

MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the year ended June 30, 2019

Financial Highlights (For a unit outstanding throughout the year)	PORTFOLIO 2039	PORTFOLIO 2036	PORTFOLIO 2033	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024
NET ASSET VALUE⁽¹⁾						
Beginning of year	\$ 9.98	\$ 13.42	\$ 18.65	\$ 24.28	\$ 22.47	\$ 27.85
Investment activities ⁽²⁾						
Net investment income ⁽³⁾	0.13	0.17	0.26	0.43	0.48	0.70
Net realized and unrealized gain (loss)	0.48	0.66	0.91	1.14	1.01	1.18
Total from investment activities	0.61	0.83	1.17	1.57	1.49	1.88
Distributions of net investment income	-	-	-	-	-	-
NET ASSET VALUE⁽¹⁾						
End of year	\$10.59	\$14.25	\$19.82	\$25.85	\$23.96	\$29.73
RATIOS⁽⁴⁾						
Total Return	6.11%	6.18%	6.27%	6.47%	6.63%	6.75%
Ratio of expenses to average net assets	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Ratio of net investment income (loss) to average net assets	1.31%	1.29%	1.40%	1.74%	2.10%	2.48%
Portfolio turnover rate	4.4%	4.1%	9.4%	8.6%	9.4%	9.7%
SUPPLEMENTAL INFORMATION						
Weighted-average expense ratio of the Underlying Mutual Funds ⁽⁵⁾	0.64%	0.64%	0.63%	0.63%	0.63%	0.61%
Effective expense ratio	0.69%	0.69%	0.68%	0.68%	0.68%	0.66%
Net Assets, end of year (in millions)	\$ 9.1	\$ 101.2	\$ 293.4	\$ 473.9	\$ 750.6	\$ 958.4

(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 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	EQUITY INDEX 500 PORTFOLIO	EXTENDED EQUITY MARKET INDEX PORTFOLIO	U.S. BOND ENHANCED INDEX PORTFOLIO
\$ 28.41	\$ 18.41	\$ 34.66	\$24.41	\$ 31.78	\$ 26.91	\$ 13.14	\$ 1.00	\$10.34	\$ 10.61	\$9.99
0.64	0.31	0.45	0.45	0.70	0.98	0.10	0.02	0.23	0.09	0.31
1.07	0.61	1.68	1.01	1.55	0.88	0.36	-	0.81	0.08	0.46
1.71	0.92	2.13	1.46	2.25	1.86	0.46	0.02	1.04	0.17	0.77
-	-	-	-	-	-	-	(0.02)	-	-	-
\$30.12	\$ 19.33	\$36.79	\$25.87	\$34.03	\$28.77	\$13.60	\$ 1.00	\$11.38	\$10.78	\$ 10.76
6.02%	5.00%	6.15%	5.98%	7.08%	6.91%	3.50%	1.86%	10.06%	1.60%	7.71%
0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
2.23%	1.67%	1.30%	1.85%	2.19%	3.60%	0.76%	1.87%	2.15%	0.85%	3.05%
22.7%	9.5%	9.5%	7.3%	15.8%	9.0%	13.7%	-	2.3%	17.5%	8.0%
0.48%	0.39%	0.63%	0.35%	0.61%	0.62%	0.39%	0.39%	0.21%	0.35%	0.30%
0.53%	0.44%	0.68%	0.40%	0.66%	0.67%	0.44%	0.44%	0.26%	0.40%	0.35%
\$1,036.4	\$1,072.7	\$ 642.3	\$ 289.1	\$ 381.6	\$ 96.0	\$ 27.6	\$ 137.4	\$ 43.9	\$ 3.9	\$ 6.6