

# 2020 Annual Report

Maryland Senator Edward J. Kasemeyer **PREPAID COLLEGE TRUST**

Maryland Senator Edward J. Kasemeyer **COLLEGE INVESTMENT PLAN**





**Larry Hogan**  
Governor



**Boyd K. Rutherford**  
Lt. Governor

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**Joanna Pratt**  
Public Member

\* Mr. Caret left the Maryland 529 Board in June 2020. Dr. Perman joined the Board in June 2020.

\*\* Ms. Coughlin left the Board in September 2019. Mr. Gallo joined the Board in February 2020.

\*\*\* Mr. Persinger left the Board in June 2020. Ms. McClain joined the Board in July 2020.



October 2020

Dear Friends,

Despite the rapidly evolving impact of COVID-19 and market volatility, we are pleased to report another year of strong growth across 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). At the close of the fiscal year, Accounts were held on behalf of 258,977 unique beneficiaries and assets totaling almost \$8 billion.

The Maryland Prepaid College Trust closed the fiscal year with a positive return of 1.6% even after a sharp and unexpected decline in the stock market during the first quarter of 2020. Trust assets were valued at just under \$1.1 billion and the actuarial surplus remains strong. As of June 30, 2020, the Prepaid College Trust had 32,394 active Accounts and was in strong fiscal health. While having an actuarial surplus can protect the Trust's soundness from lower than expected investment returns, or higher than expected tuition increases, the Board is permitted by statute to consider a rebate when the Trust exceeds a certain funding status and plans to explore such an option.

Investments in the Maryland College Investment Plan (MCIP) reached approximately \$6.7 billion as of June 30, 2020. With more than \$716 million in contributions from Account Holders and fluctuating investment markets during the fiscal year, the average Account balance was \$20,177 at the close of the fiscal year. Over 17,000 new Beneficiaries joined the MCIP in FY20 and the Program can attribute much of its growth 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 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, and this year there were over 30,000 applications for 18,000 unique Beneficiaries.

Many Maryland families are benefiting from the State's commitment to its 529 programs, and healthy financial behaviors are being encouraged. We are honored that despite these uncertain times, Marylanders continue to trust Maryland 529 to help make higher education more affordable. Thank you for making college savings a priority for your family and participating with Maryland 529.

Sincerely,

**The Maryland 529 Board**

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# Maryland 529 — Features and Benefits

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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.<sup>1</sup> 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 2019, the third year of the program, the State contributed \$10,067,500 to 21,284 qualified applications. As of June 30, 2020, we have received 30,447 applications with an estimated \$14,339,300 to be requested from the State. For more information, please visit [Maryland529.com/Save4College](https://www.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.

<sup>1</sup> 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

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Market performance has a direct effect on the overall performance of investments in the Maryland Senator Edward J. Kasemeyer College Investment Plan and the 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, 2020.\*

## **U.S. STOCKS ADVANCE FOR FISCAL YEAR DESPITE EXTRAORDINARY VOLATILITY**

U.S. stocks rose in the 12 months ended June 30, 2020, weathering unprecedented volatility in the year's second fiscal half after steadily advancing in the first fiscal half. By the end of 2019, the Federal Reserve had announced three rate cuts, and a thaw in U.S.-China trade relations increased investor optimism that helped many major indexes hit all-time highs. However, sentiment turned sharply in late February, as fears that the nascent coronavirus, which was spreading far more rapidly than anticipated, could disrupt the global economy. Stocks sold off sharply in March, and the longest bull market in U.S. history came to a swift end, as the rapid spread of the coronavirus domestically prompted government officials to close schools, nonessential businesses, and public facilities. In the face of a steep contraction in economic activity, the Fed and the U.S. government responded with extraordinary monetary and fiscal stimulus in an effort to stabilize financial markets and provide relief to businesses and consumers. By the end of June, major indexes had retraced most of their losses from their lows hit in late March, despite concerns over rising infections and a fading tailwind from fiscal stimulus measures that were set to end in July.

U.S. large-cap stocks performed the best for the year, according to various Russell indices. Large-cap stocks delivered positive returns and outperformed both mid- and small-cap stocks, which declined. Growth stocks significantly outpaced value stocks across all market capitalizations. Sector performance in the S&P 500 Index was widely mixed. Information technology led all sectors, driven by cyclical tailwinds from shifting consumer behavior amid the pandemic. The consumer discretionary, communication services, and health care sectors also posted double-digit returns. The energy sector declined sharply, battered by an oil price war between Russia and Saudi Arabia in March followed by a collapse in global demand as the coronavirus dampened economic activity worldwide. The financials and industrials and business services sectors were also notable laggards.

Outside the U.S., stocks in developed markets declined, as the pandemic-induced sell-off was more acute in Europe and Asia, which experienced broad virus transmission earlier than the U.S. The MSCI EAFE Index—which measures the performance of stocks in Europe, Australasia, and the Far East—declined by -4.73%. The eurozone economy

experienced a significant contraction over the latter half of the period, though the easing of government-mandated social distancing measures and improving economic data offered cause for optimism by the end of the fiscal year. Stocks in Latin America declined sharply, as concerns over the impact of the coronavirus were exacerbated by poor economic data, diminished commodities demand, and broad currency weakness. Developing markets stocks in Asia held up better, driven by strength in China, which produced solid returns due to the country's success in containing the coronavirus's spread almost entirely to Wuhan province, where it originated. By the end of June, many economic indicators showed that China was nearing full economic activity.

## **U.S. BONDS RISE AS RISK APPETITE RECEDES**

U.S. investment-grade bonds advanced, particularly in the first half of 2020, as historic volatility in equity markets drove investor preference for relatively safe assets. The Bloomberg Barclays U.S. Aggregate Bond Index, which measures the performance of taxable U.S. investment-grade bonds, climbed 8.74%. U.S. Treasuries were the best performers within fixed income. High yield bonds declined, significantly underperforming investment-grade bonds. Noninvestment-grade bonds—whose returns tend to be closely linked to stock market performance—turned lower in the final quarter of 2020 but rallied over the remainder of the fiscal year, buoyed by a strong recovery in the stock market.

The Treasury yield curve steepened as shorter-term yields plummeted, outpacing declines in longer-term yields, particularly as the period drew to a close. Entering the fiscal year, market participants expected that the Fed would turn more accommodative as escalating U.S.-China trade tensions exacerbated fears over slowing global growth. In August, the Fed delivered its first rate decrease in a decade, followed by further cuts in September and October. As 2019 closed, trade risks appeared to recede, and the lower interest rate environment seemed poised to provide a tailwind for growth in the coming year.

In March, as the pandemic's devastating toll on the U.S. economy became clear, the Fed took sweeping steps to mitigate the worst of these effects. By mid-March, the Fed had slashed its benchmark fed funds rate to a range of 0.00% to 0.25%, compared with a range of 2.25% to 2.50% at the beginning of the fund's fiscal year. The central bank also resumed purchasing securities such as Treasuries and asset-backed securities, a key tool employed in the wake of the global financial crisis. These asset purchases amounted to trillions of dollars and, in combination with additional lending and repurchase facilities, provided badly needed liquidity and stability in financial markets. Fed Chair Jerome Powell all but ruled out near-term rate increases when he stated in April, "We expect to maintain interest rates at this level until we're confident that the economy

has weathered recent events and is on track to achieve our maximum-employment and price-stability goals.” The yield on the 10-year U.S. Treasury note—a benchmark for long-term borrowing costs—declined to an all-time low of 0.32% in March before climbing slightly to 0.66% by period-end. (Bond prices and yields move in opposite directions.)

Overseas, bonds in developed markets delivered modest gains in U.S. dollar terms but lagged the strong returns of U.S. bonds as heightened volatility and uncertainty led investors to seek safety in traditional safe-haven assets. The European Central Bank (ECB) moved in tandem with the Fed and other major central banks to provide a forceful intervention in response to the economic impacts of the pandemic. However, with a policy rate that has been negative since 2014, the ECB had a more limited toolkit at hand. In March, ECB President

\*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 the 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 2019–2020 Academic Year, consistent with the trend in recent years. In the decade between the 2009–2010 and 2019–2020 Academic Year periods, published in-state Tuition and fees at public four-year institutions rose at an average rate of 2.2% per year beyond inflation compared with average annual increases of 3.9% and 5.0% 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 2019–2020 (see also the accompanying table):

- The average total cost of a four-year public university for in-state students rose by 2.6% from the previous Academic Year to \$21,950.
- The average total cost of a four-year private college rose by 3.3% from the previous Academic Year to \$49,870.

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.

Christine Lagarde announced a substantial asset purchasing program that, by June, amounted to a commitment to spend EUR 1.35 trillion over the coming year. While prices for 10-year government bonds in Japan, Germany, and several other European countries declined in March, accommodative monetary policy and optimism for an economic recovery helped send yields lower by June.

Emerging markets bonds fared worse than other fixed income sectors as investors shunned assets perceived to be higher risk. Local currency-denominated emerging markets debt declined, pressured by weak currencies in Brazil, Turkey, and a few other developing countries. Dollar-denominated emerging markets bonds, however, rose slightly, supported by the strength of the dollar and a global pivot to dovish monetary policy.

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

### THE STATE OF FINANCIAL AID

Education borrowing has declined in recent years, but paying for college remains a large financial burden for most families. Undergraduate students received an average of \$15,210 in financial aid per full-time equivalent student in the 2018–2019 Academic Year (the most recent available data), according to the College Board. The figure includes \$9,520 in grants, \$4,410 in federal loans, and \$1,280 in education tax credits and Federal Work-Study.

Annual education borrowing declined for the eighth straight year in 2018–2019. Students and their parents borrowed \$106.2 billion last year, down from \$131.7 billion in 2010–2011 on an inflation-adjusted basis, a decline of 19.4%. 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)
2019–2020 Academic Year	\$49,870	\$21,950
Change from the previous Academic Year	3.30%	2.60%
Annual percentage increase over the past decade above the rate of inflation	1.82%	1.90%

\*Source: Trends in College Pricing 2019 and Trends in Student Aid 2019, published by the College Board.

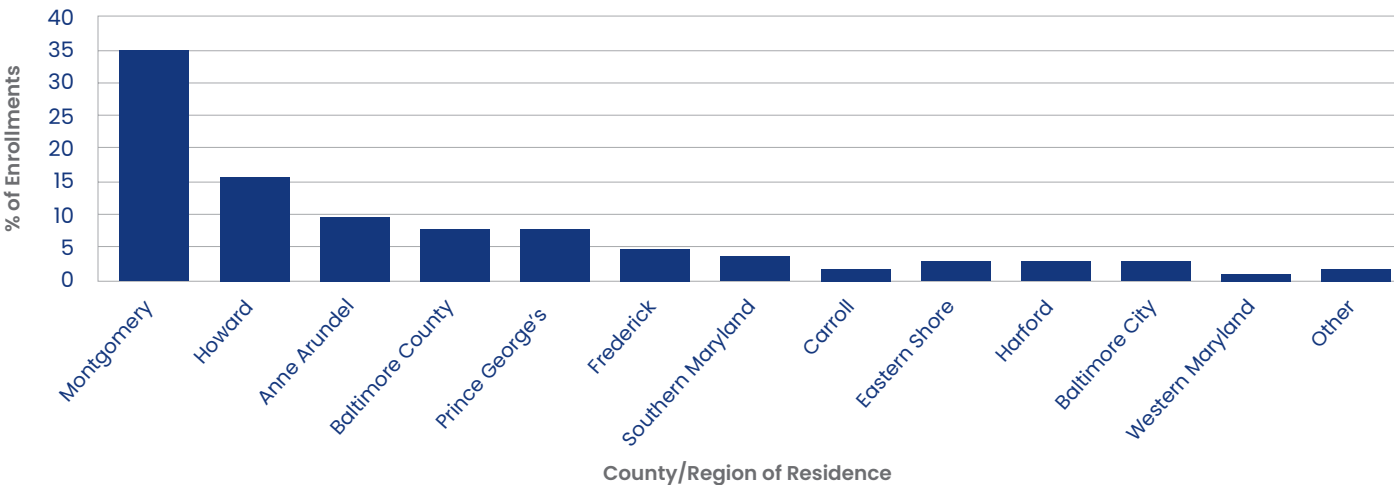
# Maryland Senator Edward J. Kasemeyer Prepaid College Trust

## PROFILE OF NEW PREPAID COLLEGE TRUST ENROLLMENTS

### New Enrollment by County

Of the 1,119 new enrollments that were received for the 2020 enrollment year as of June 30, 2020, Montgomery County residents continue to produce the largest number of Account Holders, accounting for 35% of all new enrollments. Howard County was the second largest source of new enrollments (16%), followed by Anne Arundel (10%), Prince George's (8%), and Baltimore (8%) counties, as illustrated in the following chart.

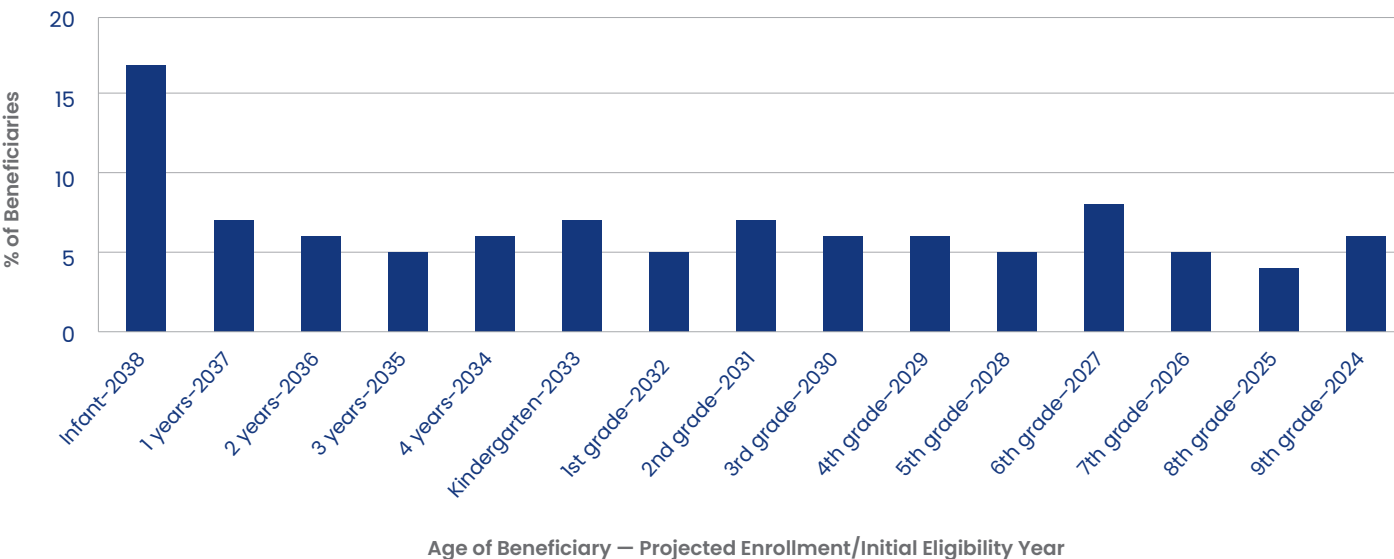
#### ENROLLMENTS BY COUNTY



### Age of New Beneficiaries at Time of Enrollment

The infant age group was the largest percentage of new enrollments of any age group in 2019-2020, with 17% of new enrollments. The infant age group can be enrolled anytime during the year and is not limited to an enrollment period.

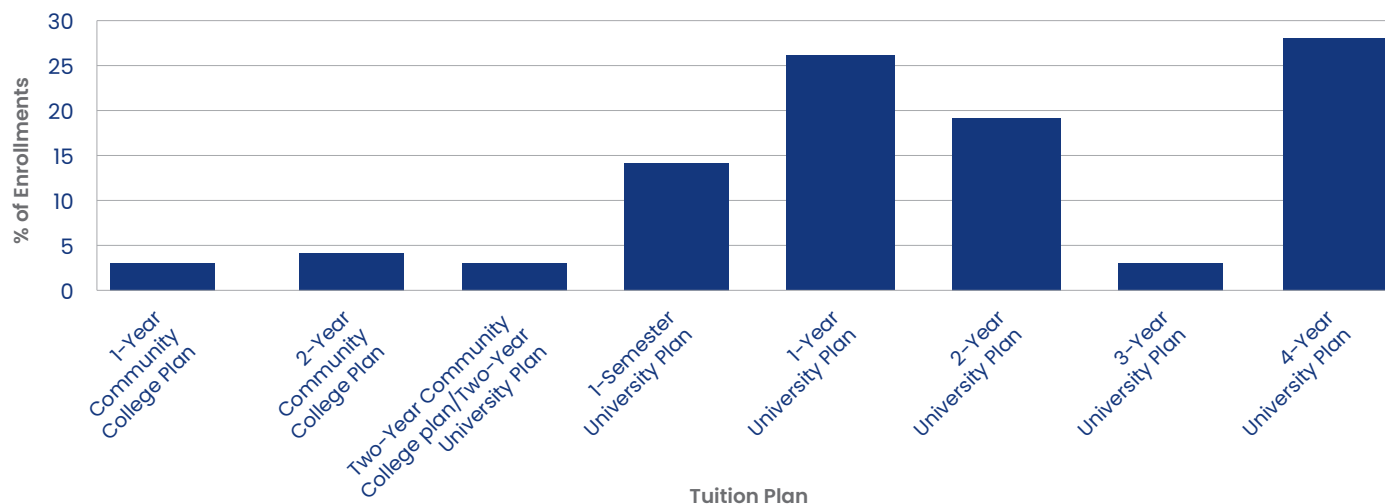
#### AGE OF BENEFICIARIES



## Tuition Plan Selected

University plans continued to dominate enrollments accounting for 90% of FY 20 contracts. The four-year University Plan was our most popular Tuition Plan selected in 2019-2020, with 28% of enrollments. The one-year University Plan was our second most popular Tuition Plan representing 26% of enrollments, with a 1% increase compared to FY 2019. The Two-Year University Plan was 19%. Together, these Tuition Plans comprised 73% of total Tuition plans purchased.

### TUITION PLAN SELECTION



## STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

As of September 10, 2020, 3,137 students had claimed their benefits for the Fall 2020 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 fourth year in a row 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 September 24, 2020, appears on page 8. 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, 2020, the Trust was 180.9% funded with an actuarial surplus of \$538.7 million, as compared with the previous fiscal year, where the Trust was 163% funded with an actuarial surplus of \$470.2 million.

The primary factor behind the increase in the Trust's actuarial surplus continued to be the difference in actual and assumed rate of increases in tuition and fees. The weighted average tuition at Maryland's public 4-year colleges increased by 2.02% for the 2019-2020 Academic Year. The assumed rate of tuition and fees were changed during the summer of 2020 on the basis of an experience study and information about potential future tuition increases from our partners in the Higher Education field. The assumption changed from 6% to 3% for the next five years for tuition and the assumed fee increases were reduced from 8% to 6%.

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

	2016	2017	2018	2019	2020
Actuarial Surplus/(Deficit) (mil)	\$270.0	\$382.4	\$432.5	\$470.2	\$538.7
Funded Ratio	133%	149%	155%	163%	180.9%



September 24, 2020

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, 2020**

Dear Treasurer Kopp:

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the Maryland Prepaid College Trust ("MPCT") as of June 30, 2020. Although the term "actuarial soundness" is not specifically defined, the purpose of this actuarial valuation is to evaluate the financial status of the program as of June 30, 2020.

This report presents the principal results of the June 30, 2020 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, 2020, 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;
- Sensitivity testing; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

This report was prepared at the request of the Maryland 529 ("MD529") Board and is intended for use by the MD529 Board and those designated or approved by the MD529 Board. This report may be provided to parties other than the MD529 Board only in its entirety and only with the permission of the MD529 Board. GRS is not responsible for unauthorized use of this report. This report should not be relied on for any purpose other than the purpose described above.

The actuarial soundness valuation results set forth in this 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 and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by MD529. Further, the

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Board Chair  
Maryland 529  
September 24, 2020  
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data and information provided is through June 30, 2020, and does not reflect subsequent market volatility.

The actuarial soundness valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The actuarial assumptions used in the actuarial valuation as of June 30, 2020 were based on an experience review for the period from July 1, 2015 to June 30, 2019, and were adopted for first use commencing with the June 30, 2020 actuarial soundness valuation. The major actuarial assumptions used in this analysis were provided by and are the responsibility of MD529.

Given the current asset allocation and liquidity requirements, the net investment rate of return assumption of 6.00 percent is reasonable based on applicable Actuarial Standards of Practice. However, other assumptions could also be reasonable, and could result in materially different results.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future actuarial assumptions.

We believe that the actuarial methods used in this report are reasonable and appropriate for the purpose for which they have been used. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report is not a recommendation to anyone to participate in the MPCT. GRS makes no representations or warranties to any person participating in or considering participation in the MPCT.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Maryland Prepaid College Trust as of June 30, 2020. All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

There are currently no Actuarial Standards of Practice which specifically relate to prepaid tuition programs. We have looked to the Actuarial Standards of Practice related to pensions for guidance due to their similar nature.



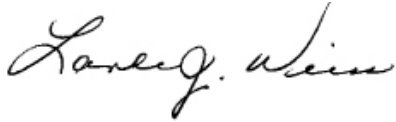
Treasurer Kopp  
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This report reflects the impact of COVID-19 through June 30, 2020. However, this report does not reflect the longer term and still developing future impact of COVID-19, which is likely to further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact.

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

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 fiduciary net position of the Maryland Senator Edward J. Kasemeyer Prepaid College Trust (the Trust), as of and for the year ended June 30, 2020, and the related statement revenues, expenses and changes in net position and cash flows for the year then ended, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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, 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 opinions 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, and accordingly, we do not express an opinion or provide any assurance on it.

Owings Mills, Maryland  
October 28, 2020

*SB & Company, LLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Prepaid College Trust's (the Trust) financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2020. 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, 2020, have been audited by SB & Company, LLC.

### 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, 2020.

### Financial Highlights

- The Prepaid College Trust began receiving payments in fiscal year 2020 from 1,167 new enrollments accepted during fiscal year 2019. This is because the initial payments for these Accounts were due on August 1, 2019, near the beginning of fiscal year 2020. 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 2019, the income of which began to be realized early in fiscal year 2019. 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 2020 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, 2020  
\$36,976

Fiscal Year Ended June 30, 2019  
\$41,160

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 2019 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, 2020	June 30, 2019
Prepaid College Trust	\$50	\$59
College Investment Plan	\$3,188	\$2,936
<b>Total</b>	<b>\$3,238</b>	<b>\$2,995</b>

## Investments (in thousands)

	As of June 30, 2020		As of June 30, 2019	
	Amount	Percent	Amount	Percent
Intermediate Duration Fixed Income	\$223,865	20.7%	\$226,690	20.5%
Senior Secured Loans	48,927	4.5%	56,331	5.1%
High Yield Fixed Income	53,838	5.0%	55,093	5.0%
Emerging Market Debt	52,352	4.8%	57,880	5.2%
S&P 500 Core	98,006	9.1%	57,244	5.2%
Domestic Large Cap Value	-	0.0%	43,472	3.9%
Domestic Mid Cap Core	43,243	4.0%	46,091	4.2%
Domestic Small Cap Core	47,490	4.4%	47,811	4.3%
Low Volatility US Equity	54,578	5.0%	60,399	5.5%
International Equity	40,332	3.7%	46,674	4.2%
Developed Markets Equity - Large Cap	104,045	9.6%	101,416	9.2%
Developed Markets Equity - Small Cap Core	61,411	5.7%	57,348	5.2%
Emerging Markets Equity	55,047	5.1%	52,417	4.7%
Private Real Estate	165,880	15.3%	166,542	15.1%
Private Equity	33,366	3.1%	29,765	2.7%
<b>Total Investments</b>	<b>\$1,082,380</b>	<b>100%</b>	<b>\$1,105,173</b>	<b>100%</b>

## 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, 2020. 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 96.1% 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, 2020, the net position of the Trust increased by \$68.5 million. Actuarial assumptions and valuations were the largest contributing factors to the increased overall position. While the Trust's assets generated a 1.6% return on investments, it was lower than the 6.0% projected rate of return.

The following chart presents the condensed Statements of Net Position as of June 30, 2020 and 2019:

#### Condensed Statements of Net Position (in millions)

	As of June 30, 2020	As of June 30, 2019
<b>ASSETS</b>		
Current	\$1,126.4	\$1,142.5
Noncurrent	88.6	91.8
Deferred Outflows Related to Pension	0.9	0.7
<b>Total</b>	<b>1,215.9</b>	<b>1,235.1</b>
<b>LIABILITIES</b>		
Current	71.3	84.7
Noncurrent	605.7	680.0
Deferred Inflows Related to Pension	0.2	0.2
<b>Total</b>	<b>677.2</b>	<b>764.9</b>
<b>Net Position</b>	<b>\$538.7</b>	<b>\$470.2</b>

## 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, 2020, the Trust reported an operating loss of \$31.9 million. The loss was mainly the result of tuition benefit expense exceeding tuition contract revenue by \$33 million in 2020. The Trust also saw a decrease in the number of new contracts.

Non-operating revenue, which includes investment gains of \$77.9 million and \$22.5 million of other investment income totaled \$100.4 million for the fiscal year ended June 30, 2020. Combined, operating loss and non-operating revenue resulted in an increase in net position of \$68.5 million.

The following chart presents the condensed Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2020 and 2019:

Condensed Statements of Revenues, Expenses and Changes in Net Position (in millions)		
	June 30, 2020	June 30, 2019
<b>OPERATING REVENUES</b>		
Tuition Contracts	\$35.7	\$42.1
Administrative Fees	4.5	4.3
Other Operating Revenue	—	—
<b>Total</b>	<b>40.2</b>	<b>46.4</b>
<b>OPERATING EXPENSES</b>		
Tuition Benefits	68.8	65.4
Administrative Expenses	3.3	3.3
<b>Total</b>	<b>72.1</b>	<b>68.7</b>
<b>OPERATING LOSS</b>	<b>(31.9)</b>	<b>(22.3)</b>
<b>NON-OPERATING REVENUES</b>		
Change in Fair Value of Investments	77.9	37.3
Investment Income	22.5	22.7
<b>Total</b>	<b>100.4</b>	<b>60.0</b>
<b>Change in Net Position</b>	<b>\$68.5</b>	<b>\$37.7</b>

# 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, 2020 and 2019:

Condensed Statements of Cash Flows (in millions)		
	June 30, 2020	June 30, 2019
<b>Cash Provided (Used) by:</b>		
Operating Activities	\$(31.3)	\$(27.5)
Investing Activities	41.3	27.8
Net Change in Cash and Cash Equivalent	10.0	0.3
Cash and Cash Equivalents, Beginning of Year	2.6	2.3
Cash and Cash Equivalents, End of Year	\$12.6	\$2.6

## 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 oversight of the agency and 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 adviser 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 in-state students at four-year Maryland public universities, which increased 2.02% and 1.94%, respectively, for the 2019-2020 and 2018-2019 Academic Years.

The Board also reviewed the rate of return on the Prepaid College Trust investments, which was a gain of 1.6% and a gain of 5.7% for fiscal years 2020 and 2019, 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, 2020.

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, 2020 and June 30, 2019.

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, 2020 (in thousands)

	Tuition and Investments	Administration/ Operating	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$-	\$12,624	\$12,624
Investments, at Fair Value	1,082,380	-	1,082,380
Tuition Contracts Receivable	30,215	-	30,215
Interest Receivable	667	-	667
Accounts Receivable		314	314
Due (To) / From Primary Government	-	280	280
Due (To) / From Fund	(1,181)	1,181	-
<b>Total Current Assets</b>	<b>1,112,081</b>	<b>14,399</b>	<b>1,126,480</b>
<b>Noncurrent Assets:</b>			
Capital Assets, Net	-	13	13
Tuition Contracts Receivable, Net of Current Portion	88,558	-	88,558
<b>Total Noncurrent Assets</b>	<b>88,558</b>	<b>13</b>	<b>88,571</b>
<b>Total Assets</b>	<b>1,200,639</b>	<b>14,412</b>	<b>1,215,051</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions	-	874	874
<b>Total Deferred Outflows</b>	<b>-</b>	<b>874</b>	<b>874</b>
<b>Total Assets and Deferred Outflows</b>	<b>1,200,639</b>	<b>15,286</b>	<b>1,215,925</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accrued Tuition Benefits	62,467	-	62,467
Advance Tuition Contract Payments	8,363	-	8,363
Accounts Payable and Accrued Expenses	-	363	363
Compensated Absences	-	94	94
<b>Total Current Liabilities</b>	<b>70,830</b>	<b>457</b>	<b>71,287</b>
<b>Noncurrent Liabilities:</b>			
Accrued Tuition Benefits, Net of Current Portion	603,381	-	603,381
Net Pension Liability	-	2,307	2,307
<b>Total Noncurrent Liabilities</b>	<b>603,381</b>	<b>2,307</b>	<b>605,688</b>
<b>Total Liabilities</b>	<b>674,211</b>	<b>2,764</b>	<b>676,975</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	-	245	245
<b>Total Deferred Inflows</b>	<b>-</b>	<b>245</b>	<b>245</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>674,211</b>	<b>3,009</b>	<b>677,220</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	13	13
Unrestricted	526,428	12,264	538,692
<b>Total Net Position</b>	<b>\$526,428</b>	<b>\$12,277</b>	<b>\$538,705</b>

See accompanying Notes to Financial Statements.

## Statement of Revenues, Expenses and Change in Net Position For the Fiscal Year Ended June 30, 2020 (in thousands)

	Tuition and Investments	Administration/ Operating	Total
<b>OPERATING REVENUES</b>			
Tuition Contracts	\$35,728	\$-	\$35,728
Management Fee	-	916	916
Maryland College Investment Plan Fees	-	3,188	3,188
Enrollment and Other Fees	-	332	332
<b>Total Operating Revenues</b>	<b>35,728</b>	<b>4,436</b>	<b>40,164</b>
<b>OPERATING EXPENSES</b>			
Tuition Benefits	68,802	-	68,802
Salaries, Wages and Benefits	-	1,580	1,580
Pension Expense	-	357	357
Technical and Special Fees	-	41	41
Communication	-	92	92
Travel	-	12	12
Marketing	-	226	226
Contractual Services	-	748	748
Supplies	-	16	16
Fixed Charges	-	168	168
Depreciation	-	16	16
<b>Total Operating Expenses</b>	<b>68,802</b>	<b>3,256</b>	<b>72,058</b>
Operating (Loss) Income	(33,074)	1,180	(31,894)
<b>NON-OPERATING REVENUES</b>			
Net Increase in the Fair Value of Investments	77,871	-	77,871
Investment Income, net	22,492	-	22,492
<b>Total Non-Operating Revenues, Net</b>	<b>100,363</b>	<b>-</b>	<b>100,363</b>
Change in Net Position	67,289	1,180	68,469
Total Net Position, Beginning of Year	459,139	11,097	470,236
<b>Total Net Position, End of Year</b>	<b>\$526,428</b>	<b>\$12,277</b>	<b>\$538,705</b>

See accompanying Notes to Financial Statements.

## Statement of Cash Flows For the Fiscal Year Ended June 30, 2020 (in thousands)

Amounts

### Cash Flows from Operating Activities:

#### Receipts from:

Account Holders	\$36,976
Maryland College Investment Plan Fees	3,438

#### Payments to:

Employees	(1,826)
Marketing	(226)
Contract Vendors	(686)
Communication	(92)
Universities and Account Holders	(68,801)
Other Operating Expenses	(65)
Net Cash from Operating Activities	(31,282)

### Cash Flows from Investing Activities:

Interest Income	79
Custodial Fees	887
Proceeds from Investments	91,792
Purchases of Investments	(49,711)
Net Cash from Investing Activities	41,273

### Cash Flows Used for Capital and Related Financing Activities:

Purchase of Capital Assets	(16)
Net Cash from Capital and Financing Activities	(16)
Net decrease in Cash and Cash Equivalents	9,975

**Cash and Cash Equivalents, Beginning of Year** 2,649

**Cash and Cash Equivalents, End of Year** **\$12,624**

### Reconciliation of Operating Income to Net Cash from Operating Activities:

Operating Loss	\$(31,894)
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### Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:

Depreciation	\$16
Change in Actuarial Assumptions	81,946

### Effect from Change in Non-Cash Operating Assets and Liabilities:

Accounts Payable	143
Compensated Absences	21
Accounts Receivable	300
Tuition Contracts Receivable	6,000
Advance Contract Payments	(2,669)
Accrued Tuition Benefits Payable	(85,277)
Pension Liability	132
Net Cash from Operating Activities	<b>\$(31,282)</b>

### Non-cash Transactions:

Unrealized Loss on Investments	<b>\$(18,793)</b>
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See accompanying Notes to Financial Statements.

# Maryland Senator Edward J. Kasemeyer Prepaid College Trust

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## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

### 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 fees received from 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 September 24, 2020 and issued by Gabriel Roeder Smith & Company, as of June 30, 2020, 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, 2020, 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, except distributions to pay student loans of a sibling of a Beneficiary, which may be subject to State tax consequences.

### 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.

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 used a 6.30% discount rate, which was 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, 2020, represents management’s estimate of the present value of future contract payments. This is calculated by using a 6.0% 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	5 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, 2020, 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 6.0% discount rate.

Compensated Absences

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.

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 have not exceeded insurance coverage in the past three fiscal years.

Use of Estimates

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

Recent Accounting Pronouncement

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; 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, 2020, the carrying amount of the Trust’s demand and time deposits was \$12,624,083. 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 \$199,245,958 or 18.4% of net investments as of June 30, 2020.

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.

As of June 30, 2020, the Trust had the following investment maturities:

<b>Duration on Fixed Income Investments (in thousands)</b>					
<b>Security Type</b>	<b>Fair Value</b>	<b>&lt; 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>10-15+ Years</b>
Total Bond Market	\$109,379	\$109,379	\$-	\$-	\$-
Core Fixed Income	114,486	5,978	63,692	21,893	22,923
High Yield Fixed Income	53,838	53,838			
Emerging Market Debt	52,352	52,352			
Senior Secured Loans	48,927	465	32,086	16,376	
<b>Total</b>	<b>\$378,983</b>	<b>\$222,013</b>	<b>\$95,778</b>	<b>\$38,269</b>	<b>\$22,923</b>

The Trust has the following fair value measurements as of June 30, 2020:

<b>Investments by fair value level (in thousands)</b>				
<b>Security Type</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Large Cap Core	\$98,006	\$98,006	\$-	\$-
Mid Cap Core	43,243	43,243	-	-
Small Cap Core	47,490	47,490	-	-
Low Volatility	54,578	54,578	-	-
International Developed Markets	104,045	104,045	-	-
International Equity	40,332	40,332	-	-
International Small Cap	61,411	61,411	-	-
International Emerging Equity	55,047	55,047	-	-
Total Bond Market	109,379	109,379	-	-
Core Fixed Income	114,486	114,486	-	-
High Yield Fixed Income	53,838	-	53,838	-
Emerging Market Debt	52,352	-	49,921	2,431
Senior Secured Loans	48,927	98	48,668	161
Private Equity	33,366	-	-	33,366
Private Real Estate	165,880	-	-	165,880
<b>Total Investments by Fair Value Level</b>	<b>\$1,082,380</b>	<b>\$728,114</b>	<b>\$152,427</b>	<b>\$201,839</b>

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2020 are presented in the following tables.

### Investments Measured at NAV (in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Senior Secured Loans	\$48,927	0	Monthly	10 Days
Private Real Estate	165,880	0	Quarterly	45 Days
<b>Total Investments Measured at NAV</b>	<b>\$214,807</b>			

### 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, 2020, the holdings in the Trust's bond portfolios were rated as follows:

### Ratings by Organization

Fair Value (in thousands)	Average Rating	Moody's	Standard & Poors	Fitch
\$62,687	AAA	Aaa	AAA	AAA
1,733	AA+	Aa2	AA+	AAA
1,983	AA	Aa3	AA	AAA
1,458	AA-	A1	AA-	A+
3,418	A+	A2	A+	A+
7,326	A	A3	A-	A-
8,558	A-	Baa1	BBB+	A-
11,723	BBB+	Baa1	BBB+	BBB+
10,080	BBB	Baa2	BBB	BBB
3,833	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.

## 5. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
<b>CAPITAL ASSETS BEING DEPRECIATED:</b>				
Computers	\$292	\$16	\$ -	\$308
Furniture	31	-	-	31
Equipment	9	-	-	9
Software	57	-	-	57
Perpetual Software License	561	-	-	561
<b>Total Capital Assets at Historical Cost</b>	<b>950</b>	<b>16</b>	<b>-</b>	<b>966</b>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Computers	286	14	-	300
Furniture	26	2	-	28
Equipment	6	1	-	7
Software	57	-	-	57
Perpetual Software License	561	-	-	561
<b>Total Accumulated Depreciation</b>	<b>936</b>	<b>17</b>	<b>-</b>	<b>953</b>
<b>Capital Assets, Net</b>	<b>\$14</b>	<b>(\$1)</b>	<b>\$-</b>	<b>\$13</b>

## 6. Accounts Payable and Accrued Expenses

As of June 30, 2020, accounts payable and accrued expenses consisted of the following (amounts in thousands)

Due to Vendors	\$298
Salaries and Employee Benefits	65
<b>Total</b>	<b>\$363</b>

## 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.

### 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 contributions during fiscal years ended June 30, 2020 and 2019, of \$257,827 and \$230,608, 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 \$131,504 for the year ended June 30, 2020.

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

As of June 30, 2020, Maryland 529 reported a liability of \$2,306,611 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2019, 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, 2020, are as follows (amounts in thousands):

July 1, 2019	Increase	Decrease	June 30, 2020	Amount Due within One Year
\$2,099	\$208	\$-	\$2,307	\$-

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$15,336	\$62,671
Net difference between projected and actual earnings on pension plan investments	87,136	52,161
Net difference between actual and expected experience	-	130,207
Net change in proportionate share	513,677	-
Contributions made subsequent to the measurement date	257,827	-
<b>Total</b>	<b>\$873,976</b>	<b>\$245,039</b>

The \$257,827 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, 2021.

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

Deferred Outflows				Deferred Inflows		
Years Ending June 30	Change in Assumptions	Net Difference Between Projected & Actual Earnings on Pension Plan Investments	Change in Proportionate Share	Net Difference Between Projected & Actual Earnings on Pension Plan Investments	Actual and Expected Experience	Change in Assumptions
2021	\$4,557	\$51,578	\$131,704	\$(23,436)	\$(42,820)	\$(13,386)
2022	4,557	11,853	131,436	(23,436)	(37,328)	(13,386)
2023	4,142	11,853	126,005	(5,289)	(31,928)	(13,386)
2024	2,079	11,853	94,607	-	(14,754)	(13,386)
2025	-	-	29,925	-	(3,377)	(9,129)
<b>Total</b>	<b>\$15,336</b>	<b>\$87,136</b>	<b>\$513,677</b>	<b>(52,161)</b>	<b>(130,207)</b>	<b>(62,671)</b>

As of June 30, 2020, Maryland 529's proportion for ERS was .012 percent. For the year ended June 30, 2020, Maryland 529 recognized pension expense for ERS of \$357,441. 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 7.40 percent is \$2,306,611. 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 (6.40 percent) is \$3,352,550 or 1-percentage-point higher (8.40 percent) is \$1,453,155.

### 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, 2020 and 2019, Maryland 529's contributions for the retirees health insurance premiums was \$96,171 and \$88,981 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, 2020, there were no retirees from Maryland 529 and there was one retiree from Maryland 529 as of June 30, 2019. 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](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 fulltime equivalent in-state or in-county students enrolled at all Maryland Public Colleges. For the actuarial valuation for the fiscal year ended June 30, 2020, the Tuition component of the 2020-2021 WAT for Maryland public universities and community colleges is projected to increase 3.0% per annum for five years and 5.0% per annum thereafter, and the mandatory fee component of the WAT is projected to increase 6.0% per annum.

**Investment Return:** The actuarial valuation of the Trust fund was determined using an assumed 6.0% 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, based on assumed benefit usage rates commencing on or after 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 2020-2021 WAT with a 4.5% bias load used for the university plan contract WAT and a 3.0% bias load used for the community college contract WAT to recognize the bias toward enrollment at more expensive schools.

**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 or community college with Tuition and Mandatory Fees that are higher than the WAT. The 4.5% bias load used for the university plan contract WAT and a 3.0% bias load used for the community college contract WAT 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, 2020, are as follows (amounts in thousands):

July 1, 2019	Increase	Decrease	June 30, 2020	Amount Due within One Year
\$751,125	\$30,794	\$116,071	\$665,848	\$62,467

## Maryland Senator Edward J. Kasemeyer Prepaid College Trust

### REQUIRED SUPPLEMENTARY INFORMATION

#### Schedule of Proportionate Share of Net Pension Liability (in thousands)

	2020	2019	2018	2017	2016	2015
The Trust's proportionate share of the ERS net pension liability	0.012%	0.010%	0.008%	0.010%	0.010%	0.010%
The Trust's proportionate share of the ERS net liability	\$2,307	\$2,098	\$1,817	\$1,602	\$1,401	\$883
The Trust's covered-employee payroll	1,207	1,098	1,024	1,026	830	798
The Trust's proportionate share of the net pension liability as a percentage of its covered-employee payroll	191.05%	191.07%	177.44%	156.14%	168.89%	110.65%
Plan fiduciary net position as a percentage of total pension liability	72.90%	72.50%	71.18%	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 (in thousands)

	2020	2019	2018	2017	2016	2015
The Trust's contractually required contribution	\$258	\$231	\$223	\$204	\$143	\$142
The Trust's contribution in relation to the contractually required contribution	(258)	(231)	(223)	(204)	(143)	(142)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The Trust's covered-employee payroll	\$1,207	\$1,098	\$1,024	\$1,026	\$830	\$798
The Trust's contribution as a percentage of covered-employee payroll	21.37%	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 (in thousands)

	2020	2019	2018
The Trust's contractually required contribution	\$96	\$89	\$79
The Trust's contribution in relation to the contractually required contribution	(96)	(89)	(79)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
The Trust's covered-employee payroll	\$1,207	\$1,098	\$1,024
The Trust's contribution as a percentage of covered-employee payroll	7.95%	8.11%	7.71%

# Maryland Senator Edward J. Kasemeyer

## College Investment Plan

### PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

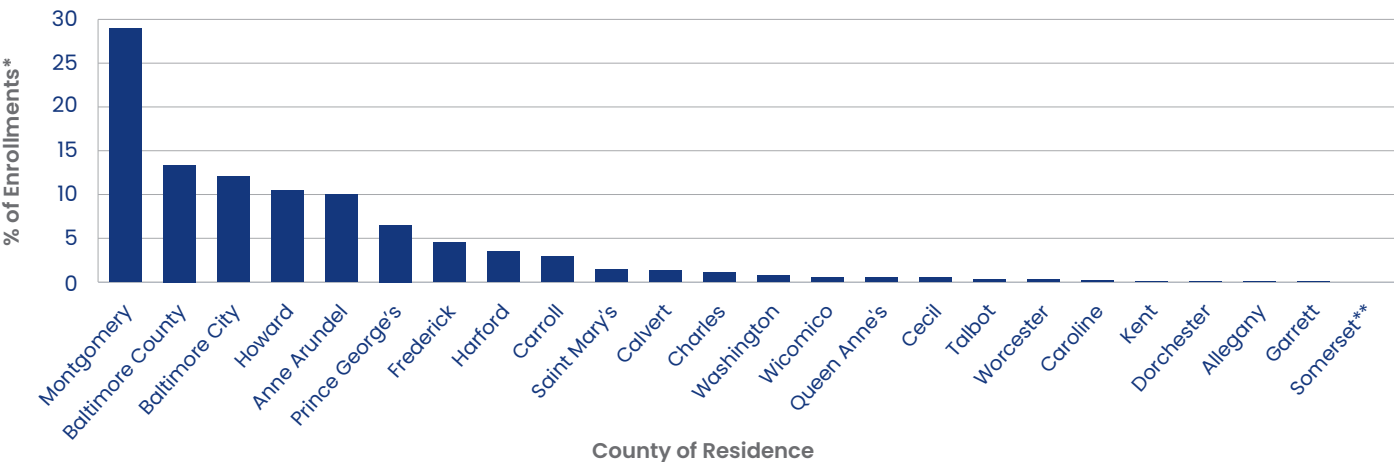
Over 38,300 Accounts were opened in the College Investment Plan during the fiscal year. The Plan's Account growth continues to outpace the growth of 529 savings plans nationally at almost double for the last several years.\* Maryland 529 expanded digital advertising to include new paid social media channels, especially Facebook advertising, which proved to be very effective in helping to drive in new Accounts despite COVID-19.

\*Source: ISS Market Intelligence 529 Industry Analysis 2020; T. Rowe Price Associates, Inc.

### New Enrollment by County

Of the 33,712 new Accounts opened by Maryland residents in the College Investment Plan for the year ended June 30, 2020, Montgomery County had the highest number of any Maryland county or region at 29% of the total. Approximately 36% of new Accounts were concentrated in either Baltimore County (13%), Baltimore City (12%), and Howard County (11%). The following chart shows a breakdown of the counties of residence for the new Account Holders.

#### ENROLLMENTS BY COUNTY



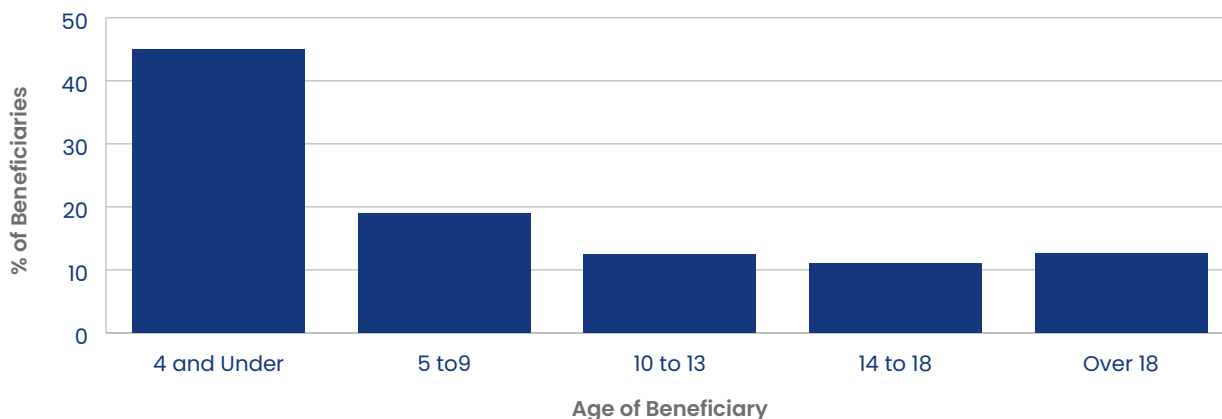
\*Scale: 1% equals 337 new Accounts.

\*\*While no bar appears for Somerset County in the chart, the county experienced enrollment of 0.03% during the reporting period.

## Age of New Beneficiaries at Time of Enrollment

Approximately 45% of all new Beneficiaries were four years old or younger, and approximately 64% of Beneficiaries were nine years old or younger. All age groups were within 1% of 2019, with the exception of over 18, which increased by approximately 3%. While the College Investment Plan permits Beneficiaries of any age, approximately 12% of new Beneficiaries were over 18 years of age, as shown in the chart below.

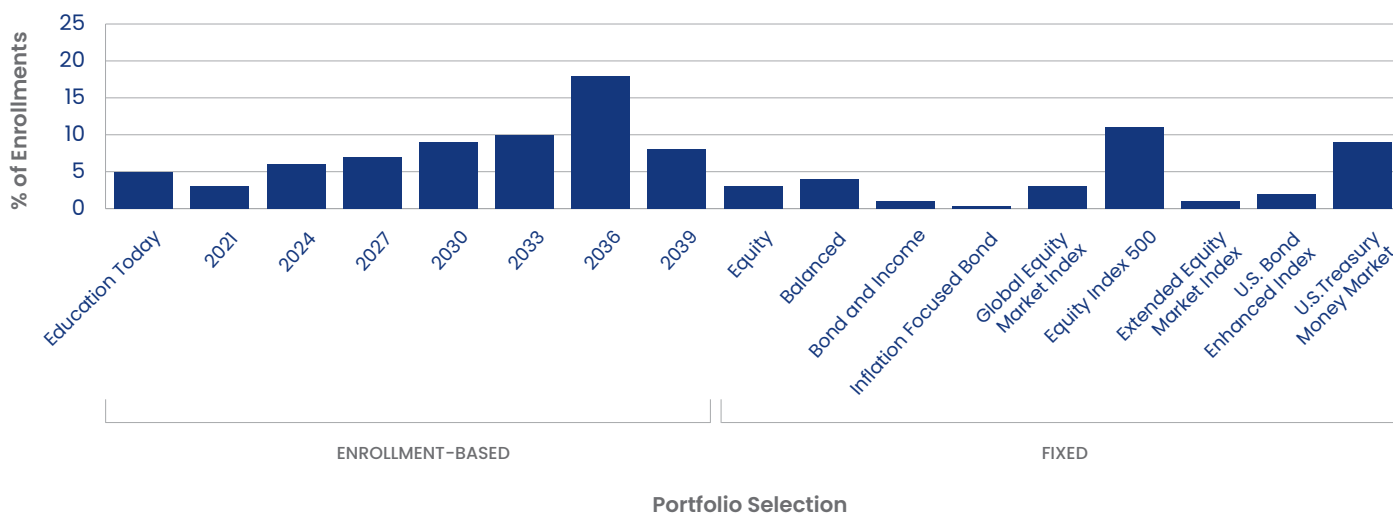
### AGE OF BENEFICIARIES



## 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 adjust automatically to be more conservative over time, continue to be a popular choice and were selected for approximately 66% of new Accounts. Portfolio 2036 was selected for approximately 18% of new Accounts. Among the fixed Portfolios, the U.S. Treasury Money Market Portfolio was selected for 9% of new Accounts which is a 7% decrease from the prior year. The most popular fixed Portfolio, Equity Index 500 Portfolio, was selected for approximately 11% of new Accounts.

### PORTFOLIO SELECTION



## Systematic Investing

Approximately 33% 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, 2019, through June 30, 2020, excluding rollovers to other 529 plans, distributions were taken for 36,799 unique Beneficiaries totaling approximately \$469 million.

## COVID-19 Impact

The second half of the fiscal year, and in particular the last quarter, realized a very different landscape for current and potential Account Holders. Offices and schools shifted to remote environments as quarantine orders and business closures were enacted to respond to the novel virus. The final quarter saw a significant YOY decrease in College Investment Plan distributions as college attendance was disrupted or students selected lower cost educational options. But families that didn't suffer job losses found themselves with excess cash due to restrictions on their shopping, travel and entertainment. Despite the market volatility, these families were saving and investing more, including saving more for college. Sales in the College Investment Plan for the first 6 months of 2020 were \$320.8 Million, up 10.9% versus the prior year.\*

To take advantage of the change in daily routines, a proactive shift was made to focus on digital marketing to better reach families during quarantine. While in-person events were canceled within our partnership programs, these pivoted to online communications to help fill the gap. Overall, the fiscal year ended with the College Investment Plan having successful results for new Accounts, new Account Holders and an uptick in contributions.

\*Source: T. Rowe Price





## 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 and for the year ended June 30, 2020, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the Plan, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 opinions 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 statements of net position as of June 30, 2020, 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, and accordingly, we do not express an opinion or provide any assurance on it.

Owings Mills, Maryland  
October 28, 2020

*SB & 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, 2020. 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 57. Inquiries may be directed to the College Investment Plan at [Maryland529.com](http://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, 2020, have been audited by SB & Company, LLC.

### 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, 2020. Portfolio financial statements are presented as Supplementary Information beginning on page 64.

## General Commentary

To assist in reviewing the performance of the Portfolios, we have established a weighted benchmark (or identified an index as a benchmark) for each Portfolio. A 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 or in an effort to limit Portfolio volatility.

Neutral Allocations of enrollment-based Portfolios (except Portfolio for Education Today) 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.

## FINANCIAL HIGHLIGHTS BY PORTFOLIO

PORTFOLIO NAME	PORTFOLIO INCEPTION DATE
Portfolio for Education Today*	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

PORTFOLIO NAME	PORTFOLIO INCEPTION DATE
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 November 15, 2019, the name of the Portfolio was changed from Portfolio for College to Portfolio for Education Today.

\*\*Effective January 2, 2013, Total Equity Market Index Portfolio became Global Equity Market Index Portfolio and Short-Term Bond Portfolio was replaced with 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](http://troweprice.com) or by calling 1.800.638.5660. For consistency, performance numbers on pages 38 to 54 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 net**—tracks the performance of large-cap non-U.S. companies. **Index returns shown with reinvestment of dividends after the deduction of withholding taxes.**
- **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. **Index returns noted “net” are shown with reinvestment of dividends after the deduction of withholding taxes.**
- **MSCI Emerging Markets Index net**—tracks stocks from emerging markets countries that can be traded by foreigners. **Index returns shown with reinvestment of dividends after the deduction of withholding taxes.**
- **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. **Index returns shown with gross dividends reinvested.**
- **Russell 1000 Value Index**—tracks the performance of large-cap U.S. stocks with lower price-to-book ratios and lower forecast growth values. **Index returns shown with gross dividends reinvested.**
- **Russell Midcap Growth Index**—tracks the performance of mid-cap U.S. stocks with higher price-to-book ratios and higher forecast growth values. **Index returns shown with gross dividends reinvested.**
- **Russell Midcap Value Index**—tracks the performance of mid-cap U.S. stocks with lower price-to-book ratios and lower forecast growth values. **Index returns shown with gross dividends reinvested.**
- **Russell 2000 Index**—tracks the performance of 2,000 small-cap U.S. companies. **Index returns shown with gross dividends reinvested.**
- **S&P 500 Index**—tracks the performance of 500 primarily large-cap U.S. stocks. **Index returns shown with gross dividends reinvested.**
- **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. **Index returns shown with gross dividends reinvested.**
- **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. **Index returns shown with gross dividends reinvested.**

## PORTFOLIO FOR EDUCATION TODAY

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio for Education Today<sup>1</sup></b>	<b>1.35%</b>	<b>4.55%</b>	<b>3.33%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>1.40%</b>	<b>4.55%</b>	<b>3.42%</b>

The Portfolio for Education Today recorded a positive return and performed in line with its weighted benchmark for the 12 months ended June 30, 2020.

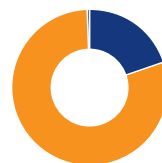
The Portfolio seeks to generate growth while minimizing the risk of principal loss through a combination of diversification and conservative fixed income investments. The Portfolio primarily invests in a diversified blend of fixed income securities, which accounted for 80% of assets at period-end. The 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 overweight to stocks relative to bonds and cash held late in the period helped relative returns.

Security selection within the underlying Funds detracted from relative performance. The Portfolio's underlying Funds that invest in short-term bonds underperformed their respective benchmarks, which detracted from relative returns.

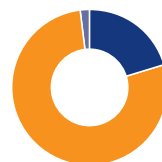
The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.

6/30/19



**19.9%** Stocks  
**79.6%** Bonds  
**0.4%** Money Market

6/30/20



**20.4%** Stocks  
**77.8%** Bonds  
**1.7%** Money Market

### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Limited Duration Inflation Focused Bond Fund	39.8%	39.4%
Short-Term Bond Fund	39.8%	38.5%
Equity Index 500 Fund	17.4%	17.9%
U.S. Treasury Money Fund	0.4%	1.7%
International Stock Fund	0.7%	0.7%
Overseas Stock Fund	0.8%	0.7%
International Value Equity Fund	0.7%	0.7%
Real Assets Fund	0.4%	0.5%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—17.11%; MSCI EAFE (Europe, Australasia, and Far East) Index net—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.

<sup>3</sup> Percentages may not total 100% due to rounding.

## PORTFOLIO 2021

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2021<sup>1</sup></b>	<b>0.06%</b>	<b>4.25%</b>	<b>5.80%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>1.18%</b>	<b>5.29%</b>	<b>5.68%</b>

Portfolio 2021 recorded a positive return but underperformed its weighted benchmark for the 12 months ended June 30, 2020.

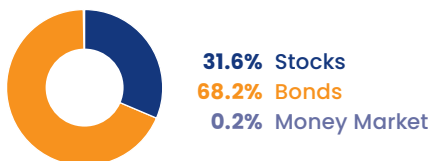
The Portfolio systematically increases its allocation to bond investments as part of its long-term strategy of becoming more conservative over time. At the end of the reporting period, 10.5% of the Portfolio was invested in the Spectrum Income Fund, which invests in a diversified group of underlying 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, which is 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 overweight to stocks relative to bonds and cash held late in the period helped relative returns.

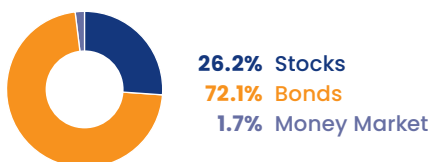
Security selection within the underlying Funds detracted from relative performance. The Spectrum Income Fund trailed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which detracted from relative returns.

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

6/30/19



6/30/20



### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Short-Term Bond Fund	23.6%	30.9%
Limited Duration Inflation Focused Bond Fund	21.2%	30.7%
Equity Index 500 Fund	22.2%	23.0%
Spectrum Income Fund	23.4%	10.5%
U.S. Treasury Money Fund	0.2%	1.7%
International Stock Fund	1.5%	0.9%
Overseas Stock Fund	1.6%	0.9%
International Value Equity Fund	1.3%	0.8%
Real Assets Fund	0.7%	0.6%
Blue Chip Growth Fund	1.1%	0.0%
Value Fund	0.9%	0.0%
Small-Cap Stock Fund	1.0%	0.0%
Mid-Cap Growth Fund	0.6%	0.0%
Emerging Markets Stock Fund	0.3%	0.0%
Mid-Cap Value Fund	0.4%	0.0%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—22.00%; MSCI EAFE (Europe, Australasia, and Far East) Index net—2.46%; Bloomberg Barclays U.S. Aggregate Bond Index—11.00%; Bloomberg Barclays 1–3 Year Government/Credit Index—32.00%; Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—31.25%; and Real Assets Combined Index Portfolio—1.29%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

<sup>3</sup> Percentages may not total 100% due to rounding.

## PORTFOLIO 2024

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2024<sup>1</sup></b>	<b>-2.76%</b>	<b>2.93%</b>	<b>6.94%</b>
<b>Weighted Benchmark<sup>2</sup></b>	0.26%	5.79%	6.85%

Portfolio 2024 recorded a positive return but underperformed its weighted benchmark for the 12 months ended June 30, 2020.

The Portfolio seeks to balance the need for long-term capital appreciation with an emphasis on capital preservation and current income. Roughly 43% of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The Portfolio has a sizable 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 Short-Term Bond Fund, which is 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 overweight to stocks relative to bonds and cash held late in the period helped relative returns.

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 accounted for the majority of the negative effect from security selection. However, certain underlying Funds that invest in international stocks and U.S. small-cap stocks outperformed their respective benchmarks, which modestly added value.

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

6/30/19



48.6% Stocks  
51.3% Bonds  
0.1% Money Market

6/30/20



43.1% Stocks  
55.1% Bonds  
1.8% Money Market

### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Spectrum Income Fund	49.9%	40.8%
Equity Index 500 Fund	18.2%	21.0%
Short-Term Bond Fund	0.0%	7.9%
Limited Duration Inflation Focused Bond Fund	1.4%	6.4%
Blue Chip Growth Fund	4.6%	3.5%
Value Fund	4.3%	3.3%
International Stock Fund	3.9%	2.7%
Overseas Stock Fund	3.9%	2.7%
International Value Equity Fund	3.3%	2.7%
Small-Cap Stock Fund	3.6%	2.4%
U.S. Treasury Money Fund	0.1%	1.8%
Mid-Cap Growth Fund	2.1%	1.4%
Mid-Cap Value Fund	1.7%	1.3%
Emerging Markets Stock Fund	1.9%	1.1%
Real Assets Fund	1.1%	1.0%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—20.75%; Russell 1000 Growth Index—3.28%; Russell 1000 Value Index—3.28%; Russell Midcap Growth Index—1.14%; Russell Midcap Value Index—1.14%; Russell 2000 Index—2.09%; MSCI EAFE (Europe, Australasia, and Far East) Index net—8.13%; MSCI Emerging Markets Index net—0.80%; Bloomberg Barclays U.S. Aggregate Bond Index—42.00%; Bloomberg Barclays 1-3 Year Government/Credit Index—8.00%; Bloomberg Barclays U.S. 1-5 Year Treasury TIPS Index—7.25%; and Real Assets Combined Index Portfolio—2.14%.

<sup>3</sup> Percentages may not total 100% due to rounding.

## PORTFOLIO 2027

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2027<sup>1</sup></b>	<b>-4.22%</b>	<b>2.25%</b>	<b>6.61%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-1.88%</b>	<b>4.46%</b>	<b>6.48%</b>

Portfolio 2027 recorded a positive return but underperformed its weighted benchmark for the 12 months ended June 30, 2020.

The Portfolio's primary focus is long-term capital appreciation, with a secondary emphasis on capital preservation and current income. Over half of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The Portfolio also 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. Approximately five years prior to the expected enrollment year referenced in the Portfolio's name, the bond component will begin transitioning to a more conservative mix of investments, consisting of U.S. investment-grade bonds and inflation-linked securities with a relatively shorter duration profile.

Tactical decisions contributed to relative performance. An overweight to stocks relative to bonds and cash held late in the period helped relative returns. An overweight to U.S. growth stocks, which outperformed U.S. value stocks, was also beneficial.

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. However, certain underlying Funds that invest in international, U.S. small-cap, and U.S. mid-cap value stocks outperformed their respective benchmarks, which added value.

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

6/30/19



**64.4%** Stocks  
**35.4%** Bonds  
**0.2%** Money Market

6/30/20



**59.4%** Stocks  
**38.8%** Bonds  
**1.8%** Money Market

### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Spectrum Income Fund	35.4%	38.8%
Equity Index 500 Fund	19.3%	20.3%
Blue Chip Growth Fund	6.7%	5.5%
Value Fund	6.4%	5.1%
International Stock Fund	5.5%	4.8%
Overseas Stock Fund	5.6%	4.8%
International Value Equity Fund	4.8%	4.7%
Small-Cap Stock Fund	5.5%	4.7%
Emerging Markets Stock Fund	3.4%	3.2%
Mid-Cap Growth Fund	3.0%	2.6%
Mid-Cap Value Fund	2.7%	2.4%
U.S. Treasury Money Fund	0.2%	1.8%
Real Assets Fund	1.5%	1.3%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—18.32%; Russell 1000 Growth Index—6.09%; Russell 1000 Value Index—6.09%; Russell Midcap Growth Index—2.26%; Russell Midcap Value Index—2.26%; Russell 2000 Index—4.22%; MSCI EAFE (Europe, Australasia, and Far East) Index net—14.29%; MSCI Emerging Markets Index net—2.52%; Bloomberg Barclays U.S. Aggregate Bond Index—41.00%; and Real Assets Combined Index Portfolio—2.95%.

<sup>3</sup> Percentages may not total 100% due to rounding.

## PORTFOLIO 2030

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2030<sup>1</sup></b>	<b>-4.89%</b>	<b>2.36%</b>	<b>9.72%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-4.03%</b>	<b>3.15%</b>	<b>9.70%</b>

Portfolio 2030 recorded a positive return but underperformed its weighted benchmark for the 12 months ended June 30, 2020.

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 also 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. Approximately five years prior to the expected enrollment year referenced in the Portfolio's name, the bond component will begin transitioning to a more conservative mix of investments, consisting of U.S. investment-grade bonds and inflation-linked securities with a relatively shorter duration profile.

Tactical decisions contributed to relative performance. An overweight to stocks relative to bonds and cash held late in the period helped relative returns. An overweight to U.S. growth stocks, which outperformed U.S. value stocks, was also beneficial.

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. The Portfolio's underlying Funds that invest in U.S. large- and mid-cap growth stocks lagged their respective benchmarks, which further weighed on relative performance. However, certain underlying Funds that invest in international, U.S. small-cap, and U.S. mid-cap value stocks outperformed their respective benchmarks, which added value.

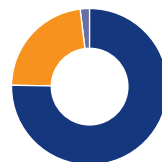
The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—detracted from relative performance.

6/30/19



**79.8%** Stocks  
**20.0%** Bonds  
**0.2%** Money Market

6/30/20



**75.4%** Stocks  
**22.7%** Bonds  
**1.9%** Money Market

### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Equity Index 500 Fund	24.1%	23.5%
Spectrum Income Fund	20.0%	22.7%
Blue Chip Growth Fund	8.3%	8.1%
Value Fund	7.9%	7.4%
International Stock Fund	6.8%	6.1%
Overseas Stock Fund	7.0%	6.1%
International Value Equity Fund	6.0%	6.1%
Small-Cap Stock Fund	6.7%	6.0%
Emerging Markets Stock Fund	4.3%	4.1%
Mid-Cap Growth Fund	3.7%	3.3%
Mid-Cap Value Fund	3.2%	3.1%
U.S. Treasury Money Fund	0.2%	1.9%
Real Assets Fund	1.8%	1.7%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—23.27%; Russell 1000 Growth Index—7.76%; Russell 1000 Value Index—7.76%; Russell Midcap Growth Index—2.87%; Russell Midcap Value Index—2.87%; Russell 2000 Index—5.36%; MSCI EAFE (Europe, Australasia, and Far East) Index net—18.17%; MSCI Emerging Markets Index net—3.21%; Bloomberg Barclays U.S. Aggregate Bond Index—25.00%; and Real Assets Combined Index Portfolio—3.75%.

<sup>3</sup> Percentages may not total 100% due to rounding.

## PORTFOLIO 2033

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2033<sup>1</sup></b>	<b>-5.68%</b>	<b>2.27%</b>	<b>9.89%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-6.17%</b>	<b>1.75%</b>	<b>9.72%</b>

Portfolio 2033 recorded a positive return and outperformed its weighted benchmark for the 12 months ended June 30, 2020.

The Portfolio's focus is long-term capital appreciation. Almost all of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The Portfolio has a small 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. Approximately five years prior to the expected enrollment year referenced in the Portfolio's name, the bond component will begin transitioning to a more conservative mix of investments, consisting of U.S. investment-grade bonds and inflation-linked securities with a relatively shorter duration profile.

Tactical decisions contributed to relative performance. An overweight to stocks relative to bonds and cash held late in the period helped relative returns. An overweight to U.S. growth stocks, which outperformed U.S. value stocks, was also beneficial. Conversely, an overweight to international stocks detracted, as they trailed U.S. stocks.

Overall, security selection within the underlying Funds had a muted impact, as outperformance in some Funds was offset by underperformance in others. Several underlying Funds that invest in international, U.S. small-cap, and U.S. mid-cap value stocks outperformed their respective benchmarks, which added value. Conversely, the Spectrum Income Fund trailed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which detracted from relative returns. The Portfolio's underlying Funds that invest in U.S. large- and mid-cap growth stocks 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.

6/30/19



94.7% Stocks  
5.1% Bonds  
0.2% Money Market

6/30/20



90.5% Stocks  
7.6% Bonds  
2.0% Money Market

### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Equity Index 500 Fund	28.7%	28.3%
Blue Chip Growth Fund	9.8%	9.8%
Value Fund	9.3%	8.6%
Spectrum Income Fund	5.1%	7.6%
Overseas Stock Fund	8.3%	7.4%
International Stock Fund	8.1%	7.3%
International Value Equity Fund	7.0%	7.3%
Small-Cap Stock Fund	8.0%	7.2%
Emerging Markets Stock Fund	5.1%	4.9%
Mid-Cap Growth Fund	4.4%	4.0%
Mid-Cap Value Fund	3.9%	3.6%
Real Assets Fund	2.1%	2.0%
U.S. Treasury Money Fund	0.2%	2.0%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—27.92%; Russell 1000 Growth Index—9.31%; Russell 1000 Value Index—9.31%; Russell Midcap Growth Index—3.44%; Russell Midcap Value Index—3.44%; Russell 2000 Index—6.43%; MSCI EAFE (Europe, Australasia, and Far East) Index net—21.80%; MSCI Emerging Markets Index net—3.85%; Bloomberg Barclays U.S. Aggregate Bond Index—10.00%; and Real Assets Combined Index Portfolio—4.50%.

<sup>3</sup> Percentages may not total 100% due to rounding.

# PORTFOLIO 2036

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2036<sup>1</sup></b>	<b>-6.19%</b>	<b>2.11%</b>	<b>8.53%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-7.26%</b>	<b>1.05%</b>	<b>8.33%</b>

Portfolio 2036 recorded a positive return and outperformed its weighted benchmark for the 12 months ended June 30, 2020.

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. Approximately five years prior to the expected enrollment year referenced in the Portfolio's name, the bond component will begin transitioning to a more conservative mix of investments, consisting of U.S. investment-grade bonds and inflation-linked securities with a relatively shorter duration profile.

Tactical decisions contributed to relative performance. An overweight to U.S. growth stocks, which outperformed U.S. value stocks, was beneficial. Conversely, an overweight to international stocks detracted, as they trailed U.S. stocks.

Security selection within the underlying Funds contributed to relative performance. Several underlying Funds that invest in international, U.S. small-cap, and U.S. mid-cap value stocks outperformed their respective benchmarks, which added value. Conversely, the Portfolio's underlying Funds that invest in U.S. large- and mid-cap growth stocks lagged their respective benchmarks, which weighed on relative performance.

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

6/30/19



100% Stocks

6/30/20



100% Stocks

## UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Equity Index 500 Fund	30.2%	30.6%
Blue Chip Growth Fund	10.3%	11.2%
Value Fund	9.8%	9.3%
Overseas Stock Fund	8.7%	8.2%
International Value Equity Fund	7.5%	8.2%
International Stock Fund	8.6%	8.2%
Small-Cap Stock Fund	8.5%	8.2%
Emerging Markets Stock Fund	5.4%	5.4%
Mid-Cap Growth Fund	4.8%	4.7%
Mid-Cap Value Fund	4.0%	3.9%
Real Assets Fund	2.2%	2.1%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—31.02%; Russell 1000 Growth Index—10.34%; Russell 1000 Value Index—10.34%; Russell Midcap Growth Index—3.82%; Russell Midcap Value Index—3.82%; Russell 2000 Index—7.15%; MSCI EAFE (Europe, Australasia, and Far East) Index net—24.23%; MSCI Emerging Markets Index net—4.28%; and Real Assets Combined Index Portfolio—5.00%.

<sup>3</sup> Percentages may not total 100% due to rounding.

## PORTFOLIO 2039

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2039<sup>1</sup></b>	<b>-6.16%</b>	<b>2.08%</b>	<b>3.81%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-7.26%</b>	<b>1.05%</b>	<b>3.43%</b>

Portfolio 2039 recorded a positive return and outperformed its weighted benchmark for the 12 months ended June 30, 2020.

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. Approximately five years prior to the expected enrollment year referenced in the Portfolio's name, the bond component will begin transitioning to a more conservative mix of investments, consisting of U.S. investment-grade bonds and inflation-linked securities with a relatively shorter duration profile.

Tactical decisions contributed to relative performance. An overweight to U.S. growth stocks, which outperformed U.S. value stocks, was beneficial. Conversely, an overweight to international stocks detracted, as they trailed U.S. stocks.

Security selection within the underlying Funds contributed to relative performance. Several underlying Funds that invest in international, U.S. small-cap, and U.S. mid-cap value stocks outperformed their respective benchmarks, which added value. Conversely, the Portfolio's underlying Funds that invest in U.S. large- and mid-cap growth stocks lagged their respective benchmarks, which weighed on relative performance.

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

6/30/19



100% Stocks

6/30/20



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Equity Index 500 Fund	30.1%	30.6%
Blue Chip Growth Fund	10.2%	11.2%
Value Fund	9.8%	9.3%
Overseas Stock Fund	8.7%	8.2%
International Stock Fund	8.7%	8.2%
Small-Cap Stock Fund	8.5%	8.1%
International Value Equity Fund	7.5%	8.1%
Emerging Markets Stock Fund	5.4%	5.5%
Mid-Cap Growth Fund	4.8%	4.6%
Mid-Cap Value Fund	4.1%	4.0%
Real Assets Fund	2.2%	2.1%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—31.02%; Russell 1000 Growth Index—10.34%; Russell 1000 Value Index—10.34%; Russell Midcap Growth Index—3.82%; Russell Midcap Value Index—3.82%; Russell 2000 Index—7.15%; MSCI EAFE (Europe, Australasia, and Far East) Index net—24.23%; MSCI Emerging Markets Index net—4.28%; and Real Assets Combined Index Portfolio—5.00%.

<sup>3</sup> Percentages may not total 100% due to rounding.

## EQUITY PORTFOLIO

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Equity Portfolio<sup>1</sup></b>	<b>-6.22%</b>	<b>2.09%</b>	<b>6.83%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-7.27%</b>	<b>1.03%</b>	<b>6.67%</b>

The Equity Portfolio recorded a positive return and outperformed its weighted benchmark for the 12 months ended June 30, 2020.

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 contributed to relative performance. An overweight to U.S. growth stocks, which outperformed U.S. value stocks, was beneficial. Conversely, an overweight to international stocks detracted, as they trailed U.S. stocks.

Security selection within the underlying Funds also contributed to relative performance. Several underlying Funds that invest in international, U.S. small-cap, and U.S. mid-cap value stocks outperformed their respective benchmarks, which added value. Conversely, the Portfolio's underlying Funds that invest in U.S. large- and mid-cap growth stocks lagged their respective benchmarks, which weighed on relative performance.

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

6/30/19



100% Stocks

6/30/20



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Equity Index 500 Fund	30.1%	30.6%
Blue Chip Growth Fund	10.3%	11.2%
Value Fund	9.8%	9.3%
Overseas Stock Fund	8.7%	8.2%
Small-Cap Stock Fund	8.6%	8.2%
International Stock Fund	8.6%	8.2%
International Value Equity Fund	7.4%	8.1%
Emerging Markets Stock Fund	5.5%	5.4%
Mid-Cap Growth Fund	4.8%	4.8%
Mid-Cap Value Fund	4.0%	3.9%
Real Assets Fund	2.2%	2.1%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—31.02%; Russell 1000 Growth Index—10.34%; Russell 1000 Value Index—10.34%; Russell Midcap Growth Index—3.82%; Russell Midcap Value Index—3.82%; Russell 2000 Index—7.15%; MSCI EAFE (Europe, Australasia, and Far East) Index net—24.23%; MSCI Emerging Markets Index net—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.

<sup>3</sup> Percentages may not total 100% due to rounding.

## BALANCED PORTFOLIO

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Balanced Portfolio<sup>1</sup></b>	<b>-2.85%</b>	<b>3.26%</b>	<b>6.45%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-2.61%</b>	<b>3.58%</b>	<b>6.19%</b>

The Balanced Portfolio recorded a positive return but slightly underperformed its weighted benchmark for the 12 months ended June 30, 2020.

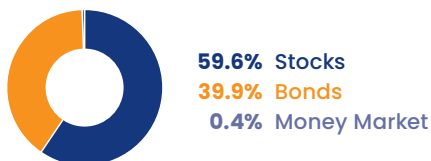
The Portfolio seeks to provide capital growth and current income by investing in an array of U.S. and international stock and bond Funds. Its structure is intended to offer investors a way to balance the potential capital appreciation of stocks with the relative stability and income of bonds over the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

Tactical decisions contributed to relative performance. An overweight to stocks relative to bonds and cash held late in the period helped relative returns.

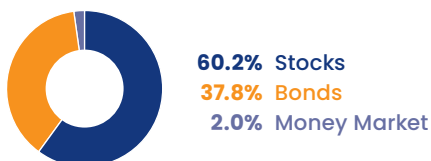
Conversely, security selection within the underlying Funds detracted from relative returns. The New Income Fund trailed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which detracted from relative returns. The Portfolio's underlying Funds that invest in U.S. large- and mid-cap growth stocks lagged their respective benchmarks, which also weighed on relative performance. However, certain underlying Funds that invest in international, U.S. small-cap, and U.S. mid-cap value stocks outperformed their respective benchmarks, which added value.

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

6/30/19



6/30/20



### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
New Income Fund	28.0%	25.6%
Equity Index 500 Fund	18.1%	18.6%
Blue Chip Growth Fund	6.2%	6.6%
Value Fund	5.8%	6.1%
High Yield Fund	4.0%	5.1%
International Stock Fund	5.1%	5.0%
Overseas Stock Fund	5.3%	4.9%
International Value Equity Fund	4.5%	4.8%
Small-Cap Stock Fund	5.1%	4.7%
Emerging Markets Bond Fund	4.6%	3.9%
International Bond Fund	3.3%	3.3%
Emerging Markets Stock Fund	3.2%	3.2%
Mid-Cap Growth Fund	2.8%	2.6%
Mid-Cap Value Fund	2.3%	2.4%
U.S. Treasury Money Fund	0.4%	2.0%
Real Assets Fund	1.3%	1.3%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P 500 Index—18.61%; Russell 1000 Growth Index—6.20%; Russell 1000 Value Index—6.20%; Russell Midcap Growth Index—2.29%; Russell Midcap Value Index—2.29%; Russell 2000 Index—4.29%; MSCI EAFE (Europe, Australasia, and Far East) Index net—14.54%; MSCI Emerging Markets Index net—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 JPM Emerging Markets Bond Global Index—4.00%.

<sup>3</sup> Percentages may not total 100% due to rounding.

## BOND AND INCOME PORTFOLIO

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Bond and Income Portfolio<sup>1</sup></b>	<b>-2.08%</b>	<b>1.22%</b>	<b>5.38%</b>
Bloomberg Barclays U.S. Aggregate Bond Index	6.14%	8.74%	4.70%

The Bond and Income Portfolio recorded a positive return but underperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, for the 12 months ended June 30, 2020.

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 fixed income sub-asset classes detracted from relative performance. Performance was negatively impacted by an underweight allocation to long-term U.S. Treasuries, which generated strong returns as yields fell sharply during the period.

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, U.S. core bonds, and dollar-denominated emerging markets 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 U.S. large-cap dividend-paying stocks, high yield bonds, and emerging markets bonds weighed on relative returns as these securities lagged the benchmark. However, holdings in long-term U.S. Treasuries added value.

6/30/19



100% Bonds

6/30/20



100% Bonds

### UNDERLYING FUND ALLOCATION

	6/30/19	6/30/20
Spectrum Income Fund	100.0%	100.0%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

## INFLATION FOCUSED BOND PORTFOLIO

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Inflation Focused Bond Portfolio<sup>1</sup></b>	<b>1.52%</b>	<b>2.94%</b>	<b>2.04%</b>
Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index	2.21%	3.67%	2.23%

The Inflation Focused Bond Portfolio recorded a positive return but underperformed its benchmark, the Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index, for the 12 months ended June 30, 2020.

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.

Entering 2020, the Fund was positioned for a moderate pickup in economic growth and upward pressure on inflation. However, inflation expectations plummeted due to the sudden economic shutdown and steep decline in oil prices. In this environment, the Fund's exposure to expanding break-even spreads through TIPS and inflation swaps detracted from relative results.

6/30/19



100% Bonds

6/30/20



100% Bonds

### UNDERLYING FUND ALLOCATION

	6/30/19	6/30/20
Limited Duration Inflation Focused Bond Fund	100.0%	100.0%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

# U.S. TREASURY MONEY MARKET PORTFOLIO

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>U.S. Treasury Money Market Portfolio<sup>1</sup></b>	<b>0.25%</b>	<b>1.07%</b>	<b>0.37%</b>
FTSE 3-Month Treasury Bill Index	0.52%	1.56%	0.58%

The U.S. Treasury Money Market Portfolio recorded a positive return but slightly underperformed its benchmark, the FTSE 3-Month Treasury Bill Index, for the 12 months ended June 30, 2020.

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.

In response to far-reaching economic stoppages stemming from the coronavirus, the Fed slashed its policy rate to a target range of 0.00%–0.25%. Treasury bill (T-bill) yields fell in accordance with the Fed policy actions, with the yield on the 90-day T-bill sinking from 2.35% to 0.14% over the reporting period. While the U.S. government money market generally functioned well, other money market segments experienced distress amid heightened volatility in March. Other short-term interest rates, such as the three-month London interbank offered rate, declined to a lesser extent, due in part to some lingering stresses in certain funding markets.

6/30/19



100% Money Market

6/30/20



100% Money Market

## UNDERLYING FUND ALLOCATION

	6/30/19	6/30/20
U.S. Treasury Money Fund	100.0%	100.0%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

## GLOBAL EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Global Equity Market Index Portfolio<sup>1</sup></b>	<b>-6.03%</b>	<b>2.47%</b>	<b>7.21%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-5.77%</b>	<b>3.08%</b>	<b>7.58%</b>

The Global Equity Market Index Portfolio recorded a positive return but underperformed its weighted benchmark for the 12 months ended June 30, 2020.

The Portfolio held about 70% 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 detracted, as they trailed U.S. stocks. Security selection within the underlying Funds also weighed on relative performance. The Total Equity Market Index Fund trailed its style-specific benchmark, which hurt relative returns.

6/30/19



100% Stocks

6/30/20



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>3</sup>

	6/30/19	6/30/20
Total Equity Market Index Fund	69.3%	69.8%
International Equity Index Fund	30.7%	30.2%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

<sup>2</sup> As of June 30, 2020, the weighted benchmark was composed of: S&P Total Market Index—70.00% and FTSE All World Developed ex North America Index net —30.00%.

<sup>3</sup> Percentages may not total 100% due to rounding.

# EQUITY INDEX 500 PORTFOLIO

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Equity Index 500 Portfolio<sup>1</sup></b>	<b>-3.17%</b>	<b>7.29%</b>	<b>9.26%</b>
<b>S&amp;P 500 Index</b>	<b>-3.08%</b>	<b>7.51%</b>	<b>9.53%</b>

The Equity Index 500 Portfolio recorded a positive return but slightly underperformed its benchmark, the S&P 500 Index, for the 12 months ended June 30, 2020.

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 rose over our fiscal year despite steep losses in early 2020. Equities climbed higher at the end of 2019, with many indexes hitting all-time highs following the Fed's decision to reduce rates and on optimism of cooling trade tensions between the U.S. and China. However, in late February and through much of March, equity markets sold off sharply as the economic impact of the coronavirus came into focus. Stocks rebounded during the second quarter, driven by the Fed's and U.S. government's massive stimulus efforts, as well as slowing coronavirus infection rates in the U.S. and various other countries, which encouraged leaders to gradually lift lockdowns and reopen their economies.

6/30/19



100% Stocks

6/30/20



100% Stocks

### UNDERLYING FUND ALLOCATION

	6/30/19	6/30/20
Equity Index 500 Fund	100.0%	100.0%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

## EXTENDED EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Extended Equity Market Index Portfolio<sup>1</sup></b>	<b>-6.06%</b>	<b>0.65%</b>	<b>3.69%</b>
S&P Completion Index	-5.60%	1.08%	3.93%

The Extended Equity Market Index Portfolio recorded a positive return but slightly underperformed its benchmark, the S&P Completion Index, for the 12 months ended June 30, 2020.

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 positive performance of their large-cap peers over the reporting period, according to various Russell indices. Mid-cap stocks declined over the past year but held up better than small-cap stocks. Smaller companies were particularly hurt by the pandemic-induced sell-off, due in part to their higher exposure to consumer spending relative to larger companies. Investors were also wary of smaller companies given their more limited balance sheet flexibility and borrowing capacity.

6/30/19



100% Stocks

6/30/20



100% Stocks

### UNDERLYING FUND ALLOCATION

	6/30/19	6/30/20
Extended Equity Market Index Fund	100.0%	100.0%

<sup>1</sup> Performance information reflected is net of Fees and expenses.

## U.S. BOND ENHANCED INDEX PORTFOLIO

Performance Comparison as of June 30, 2020

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>U.S. Bond Enhanced Index Portfolio<sup>1</sup></b>	<b>6.27%</b>	<b>8.64%</b>	<b>7.17%</b>
Bloomberg Barclays U.S. Aggregate Bond Index	6.14%	8.74%	7.26%

The U.S. Bond Enhanced Index Portfolio recorded a positive return and performed in line with its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, for the 12 months ended June 30, 2020.

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.

Performance over the fiscal year was mixed, as outperformance during the second half was offset by underperformance in the first half. The Fund's structural preference to underweight U.S. Treasuries while overweighting investment-grade corporate bonds hurt relative performance as market conditions deteriorated in February and March.

6/30/19



100% Bonds

6/30/20



100% Bonds

### UNDERLYING FUND ALLOCATION

	6/30/19	6/30/20
U.S. Bond Enhanced Index Fund	100.0%	100.0%

<sup>1</sup> Performance information reflected is net of Fees and expenses.



### 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, 2020. 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 38,309 new Accounts, \$716 million in Account Holder contributions to Portfolios, \$473 million in exchanges and transfers, and \$191 million in net investment income. Deductions from net position include \$469 million in distributions to Account Holders, \$473 million in exchanges and transfers from Portfolios for the fiscal year, and \$24 million in rollovers to other 529 plans. This resulted in an increase in net position of \$413 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, 2020. 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 reports 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.

## Statement of Fiduciary Net Position as of June 30, 2020 (amounts in thousands)

<b>ASSETS</b>	
<b>Current Assets:</b>	
Investments, at Fair Value	\$6,737,423
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Other Liabilities	265
<b>Total Net Position</b>	<b>\$6,737,158</b>

## Statement of Changes in Fiduciary Net Position for the Fiscal Year Ended June 30, 2020 (amounts in thousands)

<b>ADDITIONS</b>	
<b>Contributions:</b>	
Account Holder Contributions	\$716,954
Exchanges and Transfers	473,982
Total Contributions	1,190,936
<b>Investment Income:</b>	
Net Increase in Fair Value of Investments	70,697
Investment Income	120,626
Net Investment Income	191,323
Total Additions	1,382,259
<b>DEDUCTIONS</b>	
<b>Distributions:</b>	
Account Holder Distributions	493,738
Exchanges and Transfers	473,982
Dividend Distributions	1,530
Total Deductions	969,250
Change in Net Position	413,009
Net Position, Beginning of Year	6,324,149
<b>Net Position, End of Year</b>	<b>\$6,737,158</b>

See accompanying Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

### 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, 2020, the date of this report, and October 28, 2020, 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, 2020, new contributions to the Plan were approximately \$716 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.

## 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; 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:

<b>LEVEL 1</b>	quoted prices (unadjusted) in active markets for identical financial instruments that the Plan can access at the reporting date
<b>LEVEL 2</b>	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)
<b>LEVEL 3</b>	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, 2020.

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, 2020 (in years):

	Weighted Average Maturity	Weighted Average Effective Duration
<b>Domestic Bond Funds</b>		
T. Rowe Price High Yield Fund	5.99	3.22
T. Rowe Price Limited Duration Inflation Focused Bond Fund	2.81	1.85
T. Rowe Price New Income Fund	6.60	5.94
T. Rowe Price Short-Term Bond Fund	2.26	1.87
T. Rowe Price U.S. Bond Enhanced Index Fund	8.47	6.05
<b>International Bond Funds</b>		
T. Rowe Price Emerging Markets Bond Fund	12.43	7.51
T. Rowe Price International Bond Fund	8.98	8.15
<b>Blended Asset Funds</b>		
T. Rowe Price Spectrum Income Fund	7.37	5.25

As of June 30, 2020, the Plan held the following aggregate investments in mutual Funds (amounts in thousands):

	Aggregate Cost	Unrealized Gain/(Loss)	Aggregate Fair Value
<b>Domestic Stock Funds</b>			
T. Rowe Price Blue Chip Growth Fund	\$92,804	\$183,555	\$276,359
T. Rowe Price Equity Index 500 Fund	837,563	610,678	1,448,241
T. Rowe Price Extended Equity Market Index Fund	6,591	340	6,931
T. Rowe Price Mid-Cap Growth Fund	81,707	34,231	115,938
T. Rowe Price Mid-Cap Value Fund	104,874	(1,718)	103,156
T. Rowe Price Small-Cap Stock Fund	164,692	42,260	206,952
T. Rowe Price Total Equity Market Index Fund	98,811	100,715	199,526
T. Rowe Price Value Fund	205,918	40,044	245,962
Total Domestic Stock Funds	1,592,960	1,010,105	2,603,065
<b>Global Stock Fund</b>			
T. Rowe Price Real Assets Fund	69,169	1,245	70,414
<b>International Stock Funds</b>			
T. Rowe Price Emerging Markets Stock Fund	104,129	29,555	133,684
T. Rowe Price International Equity Index Fund	86,181	141	86,322
T. Rowe Price International Stock Fund	189,367	39,928	229,295
T. Rowe Price International Value Equity Fund	236,714	(11,262)	225,452
T. Rowe Price Overseas Stock Fund	206,428	21,906	228,334
Total International Stock Funds	822,819	80,268	903,087
<b>Domestic Bond Funds</b>			
T. Rowe Price High Yield Fund	20,572	(1,123)	19,449
T. Rowe Price Limited Duration Inflation Focused Bond Fund	773,009	15,089	788,098
T. Rowe Price New Income Fund	93,727	4,340	98,067
T. Rowe Price Short-Term Bond Fund	748,955	20,746	769,701
T. Rowe Price U.S. Bond Enhanced Index Fund	27,244	1,224	28,468
Total Domestic Bond Funds	1,663,507	40,276	1,703,783
<b>International Bond Funds</b>			
T. Rowe Price Emerging Markets Bond Fund	16,601	(1,518)	15,083
T. Rowe Price International Bond Fund	12,202	352	12,554
Total International Bond Funds	28,803	(1,166)	27,637
<b>Blended Asset Fund</b>			
T. Rowe Price Spectrum Income Fund	1,106,541	(1,267)	1,105,274
<b>Money Market Fund</b>			
T. Rowe Price U.S. Treasury Money Fund	324,163	—	324,163
<b>Total Investments in Mutual Funds</b>	<b>\$5,607,962</b>	<b>\$1,129,461</b>	<b>\$6,737,423</b>

## 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, 2020, the Underlying Mutual Funds incurred \$13,053,000 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. When market conditions warrant, the Trustee has authorized the waiver of the State Fee otherwise payable by the Money Market Portfolio to the extent necessary to maintain a net yield of at least 0.00%

for the Money Market Portfolio. Any amounts waived under this arrangement are not subject to repayment by the Money Market Portfolio. Pursuant to this arrangement, \$22,000 of State Fees were waived for the Money Market Portfolio during the year ended June 30, 2020.

## 6. Portfolio Changes

On November 15, 2019, the Portfolio for College was renamed Portfolio for Education Today.

## 7. Other Matters

Unpredictable events such as environmental or natural disasters, war, terrorism, pandemics, outbreaks of infectious diseases, and similar public health threats may significantly affect the economy and the markets and Underlying Mutual Funds in which the Portfolios invest. Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors, and industries more significantly than others, and exacerbate other preexisting political, social, and economic risks.

These types of events may also cause widespread fear and uncertainty, and result in, among other things: quarantines and travel restrictions, including border closings; disruptions to business operations and supply chains; exchange trading suspensions and closures, and overall reduced liquidity of securities, derivatives, and commodities trading markets; reductions in consumer demand and economic output; and significant challenges in health care service preparation and delivery. The Portfolios could be negatively impacted if the value of a Portfolio holding held by an Underlying Mutual Fund were harmed by such political or economic conditions or events. In addition, the operations of the Plan, including the Underlying Mutual Funds, their investment advisers, and their service providers may be significantly impacted, or even temporarily halted, as a result of extensive employee illnesses or unavailability, government quarantine measures, and restrictions on travel or meetings and other factors related to public emergencies. Recently, a novel strain of coronavirus (COVID-19) has resulted in disruptions to global business activity and caused significant volatility and declines in global financial markets.

Governmental and quasi-governmental authorities and regulators have, in the past, responded to major economic disruptions with a variety of significant fiscal and monetary policy changes, including but not limited to, direct capital infusions into companies, new monetary programs, and dramatically lower interest rates. An unexpected or quick reversal of these policies, or the ineffectiveness of these policies, could negatively impact overall investor sentiment and further increase volatility in securities markets.

## 8. Subsequent Events

The Trust approved the following changes to the Plan.

### Expense Changes

Effective November 18, 2020, each Portfolio will pay a Program Fee of 0.05% of its average daily net assets, which will be reflected in each Portfolio's NAV. This Fee will accrue daily and be paid monthly to the Program Manager and is used to help offset certain record keeping and Account Holder servicing expenses associated with managing the Plan.

The Program Fee will be voluntarily waived on Extended Equity Market Index Portfolio and Global Equity Market Index Portfolio from November 18, 2020, until the Underlying Mutual Fund changes for these Portfolios are completed, which begin in January 2021, as described further below. The Program Fee will be voluntarily waived on Bond and Income Portfolio until such time as the Portfolio's Underlying Mutual Fund, Spectrum Income Fund, is exchanged from Investor Class to I Class, if this Fund offers the I Class in the future.

For Portfolio 2039, Portfolio 2036, and Equity Portfolio, the aggregate Program Fee plus State Fee and indirect expenses may not exceed 0.69% of each Portfolio's average net assets in any year. Additionally, for Portfolio 2033, the aggregate Program Fee plus State Fee and indirect expenses may not exceed 0.68% of the Portfolio's average net assets in any year. Price Associates has agreed to waive its Program Fee to maintain the expense limits for these Portfolios. Expenses in excess of the expense limit arrangement are not subject to future repayment by the Portfolios.

The Program Fee (and, if necessary, the State Fee) will be voluntarily waived in whole or in part in the event that the combination of the indirect expenses, State Fee, and the Program Fee would result in a negative return for U.S. Treasury Money Market Portfolio. Any amounts waived under this arrangement are not subject to repayment by the Money Market Portfolio. This voluntary waiver may be amended or terminated at any time without prior notice.

### Portfolio Changes

In November 2020, the Portfolios' investments in the Underlying Mutual Funds will exchange from Investor Class to I Class for those Underlying Mutual Funds that currently offer an I Class; the expense ratios for the I Class are generally lower than the Investor Class. Once the exchanges to I Class are completed in November 2020, only Portfolio investments in Extended Equity Market Index Fund, Total Equity Market

Index Fund, International Equity Index Fund, and Spectrum Income Fund will continue to be held in the Investor Class.

Effective October 1, 2020, T. Rowe Price U.S. Bond Enhanced Index Fund, the sole underlying Fund for U.S. Bond Enhanced Index Portfolio, will be changing its name to T. Rowe Price QM U.S. Bond Index Fund.

Beginning in January 2021, U.S. Large-Cap Core Fund and Emerging Markets Discovery Stock Fund will be gradually added as Underlying Mutual Funds in Equity Portfolio, Balanced Portfolio, and the Enrollment-Based Portfolios, including Portfolio for Education Today. In each Portfolio, up to 22.5% of the U.S. Equity Large-Cap allocation will be allocated to U.S. Large-Cap Core Fund and 50.0% of the Emerging Markets Equity allocation will be allocated to Emerging Markets Discovery Stock Fund.

In addition, beginning in January 2021, the following changes to Underlying Mutual Funds will gradually occur; however, the overall investment objective and description for each Portfolio will not change as a result of these Underlying Mutual Fund changes:

Portfolio	Current Underlying Mutual Fund	New Underlying Mutual Fund(s)
Extended Equity Market Index Portfolio	Extended Equity Market Index Fund	Small-Cap Index Fund—I Class and Mid-Cap Index Fund—I Class
Global Equity Market Index Portfolio	Total Equity Market Index Fund	Small-Cap Index Fund—I Class, Mid-Cap Index Fund—I Class, and Equity Index 500 Fund—I Class
Inflation Focused Bond Portfolio	Limited Duration Inflation Focused Bond Fund	U.S. Limited Duration TIPS Index Fund
Enrollment-Based Portfolios, including Portfolio for Education Today	Limited Duration Inflation Focused Bond Fund	U.S. Limited Duration TIPS Index Fund



# Supplementary Information

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

As of June 30, 2020

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
<b>Investments at Fair Value</b>								
T. Rowe Price Blue Chip Growth Fund	21,077	\$2,909	129,716	\$17,905	257,421	\$35,532	325,601	\$44,943
T. Rowe Price Emerging Markets Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Emerging Markets Stock Fund	33,734	1,428	206,395	8,735	420,090	17,778	531,597	22,497
T. Rowe Price Equity Index 500 Fund	96,466	7,942	595,974	49,066	1,242,350	102,283	1,581,589	130,212
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	121,294	2,118	750,124	13,097	1,514,456	26,442	1,946,583	33,987
T. Rowe Price International Value Equity Fund	178,728	2,112	1,109,968	13,120	2,227,108	26,324	2,842,021	33,593
T. Rowe Price Limited Duration Inflation Focused Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Mid-Cap Growth Fund	12,841	1,202	79,991	7,486	154,264	14,436	194,867	18,236
T. Rowe Price Mid-Cap Value Fund	42,481	1,036	259,303	6,327	537,796	13,122	697,544	17,020
T. Rowe Price New Income Fund	-	-	-	-	-	-	-	-
T. Rowe Price Overseas Stock Fund	215,167	2,132	1,330,327	13,183	2,700,676	26,764	3,399,123	33,685
T. Rowe Price Real Assets Fund	53,202	554	326,622	3,400	698,905	7,275	912,445	9,499
T. Rowe Price Short-Term Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	43,639	2,114	270,183	13,088	538,517	26,086	687,610	33,308
T. Rowe Price Spectrum Income Fund	-	-	-	-	2,226,613	27,321	10,242,170	125,671
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	-	-	-	-	7,117,753	7,118	10,394,342	10,394
T. Rowe Price Value Fund	74,056	2,424	455,831	14,919	948,879	31,057	1,254,199	41,050
<b>Total investments at fair value</b>		25,971		160,326		361,538		554,095
Other liabilities		(1)		(6)		(15)		(22)
<b>Net Position</b>		<b>\$25,970</b>		<b>\$160,320</b>		<b>\$361,523</b>		<b>\$554,073</b>
<i>Composition of Net Position:</i>								
Paid-in capital		\$24,970		\$147,020		\$294,855		\$412,720
Retained earnings		1,000		13,300		66,668		141,353
Number of Units Outstanding		2,403		11,017		17,838		20,943
<b>Net Asset Value Per Unit<sup>1</sup></b>		<b>\$10.81</b>		<b>\$14.55</b>		<b>\$20.27</b>		<b>\$26.46</b>
Investments at cost		\$25,419		\$153,728		\$321,970		\$470,641

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 Education Today		Equity Portfolio	
Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
326,553	\$45,074	261,674	\$36,119	-	-	-	-	496,008	\$68,464
-	-	-	-	-	-	-	-	-	-
620,316	26,252	276,082	11,684	-	-	-	-	780,293	33,022
2,038,297	167,813	2,657,248	218,771	2,971,276	\$244,625	2,026,911	\$166,876	2,270,031	186,892
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2,288,917	39,964	1,638,385	28,606	543,664	9,492	368,758	6,438	2,864,475	50,014
3,309,428	39,117	2,391,621	28,269	763,069	9,019	519,780	6,144	4,181,922	49,430
-	-	13,057,414	66,201	64,432,934	326,675	72,236,430	366,239	-	-
227,149	21,257	151,518	14,179	-	-	-	-	311,759	29,174
809,481	19,751	539,191	13,156	-	-	-	-	963,688	23,514
-	-	-	-	-	-	-	-	-	-
4,006,850	39,708	2,875,628	28,498	925,680	9,174	640,168	6,344	5,067,617	50,220
1,052,596	10,958	972,249	10,121	603,367	6,281	412,334	4,292	1,238,744	12,895
-	-	17,146,751	82,476	68,462,087	329,303	74,412,090	357,922	-	-
799,881	38,746	523,590	25,363	-	-	-	-	1,033,641	50,069
26,100,744	320,256	34,591,355	424,436	9,094,226	111,586	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
14,909,721	14,910	18,525,400	18,525	18,279,648	18,280	16,248,633	16,249	-	-
1,292,945	42,318	1,040,975	34,071	-	-	-	-	1,733,838	56,749
826,124		1,040,475		1,064,435		930,504		610,443	
(33)		(43)		(44)		(38)		(25)	
<b>\$826,091</b>		<b>\$1,040,432</b>		<b>\$1,064,391</b>		<b>\$930,466</b>		<b>\$610,418</b>	
\$540,765		\$655,662		\$607,625		\$711,783		\$161,796	
285,326		384,770		456,766		218,683		448,622	
33,725		34,004		33,894		46,050		16,250	
<b>\$24.50</b>		<b>\$30.60</b>		<b>\$31.40</b>		<b>\$20.21</b>		<b>\$37.56</b>	
\$669,596		\$905,624		\$911,405		\$843,783		\$355,688	

# MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

As of June 30, 2020

## 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		Inflation Focused Bond Portfolio	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
<b>Investments at Fair Value</b>								
T. Rowe Price Blue Chip Growth Fund	-	-	184,109	\$25,413	-	-	-	-
T. Rowe Price Emerging Markets Bond Fund	-	-	1,413,571	15,083	-	-	-	-
T. Rowe Price Emerging Markets Stock Fund	-	-	290,359	12,288	-	-	-	-
T. Rowe Price Equity Index 500 Fund	-	-	865,923	71,291	-	-	-	-
T. Rowe Price Extended Equity Market Index Fund	-	-	-	-	-	-	-	-
T. Rowe Price High Yield Fund	-	-	3,141,932	19,449	-	-	-	-
T. Rowe Price International Bond Fund	-	-	1,399,548	12,554	-	-	-	-
T. Rowe Price International Equity Index Fund	6,818,480	\$86,322	-	-	-	-	-	-
T. Rowe Price International Stock Fund	-	-	1,096,072	19,137	-	-	-	-
T. Rowe Price International Value Equity Fund	-	-	1,550,254	18,324	-	-	-	-
T. Rowe Price Limited Duration Inflation Focused Bond Fund	-	-	-	-	-	-	5,716,569	\$28,983
T. Rowe Price Mid-Cap Growth Fund	-	-	106,518	9,968	-	-	-	-
T. Rowe Price Mid-Cap Value Fund	-	-	378,261	9,230	-	-	-	-
T. Rowe Price New Income Fund	-	-	9,976,254	98,067	-	-	-	-
T. Rowe Price Overseas Stock Fund	-	-	1,879,535	18,626	-	-	-	-
T. Rowe Price Real Assets Fund	-	-	493,681	5,139	-	-	-	-
T. Rowe Price Short-Term Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	-	-	375,276	18,178	-	-	-	-
T. Rowe Price Spectrum Income Fund	-	-	-	-	7,824,263	\$96,004	-	-
T. Rowe Price Total Equity Market Index Fund	5,835,785	199,526	-	-	-	-	-	-
T. Rowe Price U.S. Bond Enhanced Index Fund	-	-	-	-	-	-	-	-
T. Rowe Price U.S. Treasury Money Fund	-	-	7,662,080	7,662	-	-	-	-
T. Rowe Price Value Fund	-	-	714,160	23,374	-	-	-	-
<b>Total investments at fair value</b>		285,848		383,783		96,004		28,983
Other liabilities		(12)		(16)		(4)		(1)
<b>Net Position</b>		<b>\$285,836</b>		<b>\$383,767</b>		<b>\$96,000</b>		<b>\$28,982</b>
<i>Composition of Net Position:</i>								
Paid-in capital		\$154,380		\$164,691		\$50,048		\$20,368
Retained earnings		131,456		219,076		45,952		8,614
Number of Units Outstanding		10,784		10,920		3,296		2,070
<b>Net Asset Value Per Unit<sup>1</sup></b>		<b>\$26.51</b>		<b>\$35.14</b>		<b>\$29.12</b>		<b>\$14.00</b>
Investments at cost		\$184,992		\$284,685		\$91,352		\$28,749

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.

**Statement of Net Position (Continued)** (in thousands, except net asset values per unit and shares)

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
-	-	-	-	-	-	-	-	2,002,159	\$276,359
-	-	-	-	-	-	-	-	1,413,571	15,083
-	-	-	-	-	-	-	-	3,158,866	133,684
-	-	1,244,622	\$102,470	-	-	-	-	17,590,687	1,448,241
-	-	-	-	252,034	\$6,931	-	-	252,034	6,931
-	-	-	-	-	-	-	-	3,141,932	19,449
-	-	-	-	-	-	-	-	1,399,548	12,554
-	-	-	-	-	-	-	-	6,818,480	86,322
-	-	-	-	-	-	-	-	13,132,728	229,295
-	-	-	-	-	-	-	-	19,073,899	225,452
-	-	-	-	-	-	-	-	155,443,347	788,098
-	-	-	-	-	-	-	-	1,238,907	115,938
-	-	-	-	-	-	-	-	4,227,745	103,156
-	-	-	-	-	-	-	-	9,976,254	98,067
-	-	-	-	-	-	-	-	23,040,771	228,334
-	-	-	-	-	-	-	-	6,764,145	70,414
-	-	-	-	-	-	-	-	160,020,928	769,701
-	-	-	-	-	-	-	-	4,272,337	206,952
-	-	-	-	-	-	-	-	90,079,371	1,105,274
-	-	-	-	-	-	-	-	5,835,785	199,526
-	-	-	-	-	-	2,412,533	\$28,468	2,412,533	28,468
231,025,013	\$231,025	-	-	-	-	-	-	324,162,590	324,163
-	-	-	-	-	-	-	-	7,514,883	245,962
231,025		102,470		6,931		28,468		6,737,423	
-		(4)		-		(1)		(265)	
<b>\$231,025</b>		<b>\$102,466</b>		<b>\$6,931</b>		<b>\$28,467</b>		<b>\$6,737,158</b>	
\$231,025		\$93,629		\$6,441		\$26,763		\$4,304,541	
-		8,837		490		1,704		2,432,617	
231,025		8,395		639		2,434		485,687	
<b>\$1.00</b>		<b>\$12.21</b>		<b>\$10.85</b>		<b>\$11.69</b>			
231,025		\$95,470		\$6,591		\$27,244		\$5,607,962	

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the year ended June 30, 2020

### Statement of Operations and Changes in Net Position (in thousands)

	Portfolio 2039	Portfolio 2036	Portfolio 2033	Portfolio 2030	Portfolio 2027	Portfolio 2024	Portfolio 2021
<b>Operations</b>							
Net investment income							
Income distributions from Underlying Mutual Funds	\$232	\$2,013	\$5,474	\$9,864	\$17,232	\$23,228	\$19,799
State Fee expense	8	64	162	254	392	499	521
Expenses waived by the Program Manager	-	-	-	-	-	-	-
Net investment income (loss)	224	1,949	5,312	9,610	16,840	22,729	19,278
Net realized and unrealized gain/loss							
Net realized gain (loss)							
Sales of Underlying Mutual Fund shares	(84)	(470)	(2,109)	(3,852)	(842)	(42)	32,772
Capital gain distributions from Underlying Mutual Funds	122	1,146	2,855	4,203	6,037	6,448	5,315
Net realized gain (loss)	38	676	746	351	5,195	6,406	38,087
Change in unrealized gain (loss)	191	(323)	1,098	1,732	(5,446)	(1,910)	(14,538)
Net realized and change in unrealized gain (loss)	229	353	1,844	2,083	(251)	4,496	23,549
Increase (decrease) in net position from investments	453	2,302	7,156	11,693	16,589	27,225	42,827
<b>Distributions to Unit Holders</b>							
Decrease in net position from distributions	-	-	-	-	-	-	-
<b>Unit Transactions – see Unit Information below</b>							
Units issued							
Account Holder contributions	10,902	59,112	68,445	76,173	81,638	81,820	71,059
Account Holder transfers from other Portfolios	8,319	5,539	9,267	14,263	20,807	36,974	39,931
Units redeemed							
Account Holder distributions	(439)	(1,515)	(4,280)	(6,564)	(10,213)	(16,170)	(54,743)
Account Holder transfers to other Portfolios	(2,394)	(6,316)	(12,445)	(15,434)	(33,378)	(47,827)	(71,091)
Increase (decrease) in net position from unit transactions	16,388	56,820	60,987	68,438	58,854	54,797	(14,844)
<b>Net Position</b>							
Increase (decrease) during year	16,841	59,122	68,143	80,131	75,443	82,022	27,983
Beginning of year	9,129	101,198	293,380	473,942	750,648	958,410	1,036,408
<b>End of year</b>	<b>\$25,970</b>	<b>\$160,320</b>	<b>\$361,523</b>	<b>\$554,073</b>	<b>\$826,091</b>	<b>\$1,040,432</b>	<b>\$1,064,391</b>
<b>Unit Information</b>							
Units outstanding, beginning of year	862	7,102	14,804	18,335	31,331	32,239	34,404
Units issued							
Account Holder contributions and transfers from other Portfolios	1,801	4,472	3,883	3,461	4,233	3,935	3,620
Units redeemed							
Account Holder distributions and transfers to other Portfolios	(260)	(557)	(849)	(853)	(1,839)	(2,170)	(4,130)
Units outstanding, end of year	2,403	11,017	17,838	20,943	33,725	34,004	33,894

The accompanying notes are an integral part of these financial statements.

# Statement of Operations and Changes in Net Position (in thousands)

Portfolio for Education Today	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
\$15,513	\$9,757	\$5,706	\$8,351	\$3,046	\$213	\$1,591	\$1,369	\$46	\$381	\$123,815
480	310	143	189	48	14	83	35	2	7	3,211
-	-	-	-	-	-	(22)	-	-	-	(22)
15,033	9,447	5,563	8,162	2,998	199	1,530	1,334	44	374	120,626
4,610	13,443	(872)	(259)	(555)	(131)	-	(277)	(108)	(11)	41,213
5,016	5,828	484	2,131	512	322	-	114	156	15	40,704
9,626	19,271	(388)	1,872	(43)	191	-	(163)	48	4	81,917
17,531	(15,269)	1,042	994	(2,139)	407	-	4,221	233	956	(11,220)
27,157	4,002	654	2,866	(2,182)	598	-	4,058	281	960	70,697
42,190	13,449	6,217	11,028	816	797	1,530	5,392	325	1,334	191,323
-	-	-	-	-	-	(1,530)	-	-	-	(1,530)
79,383	46,474	29,945	36,038	7,899	2,296	33,542	26,700	1,611	3,917	716,954
61,527	23,164	9,583	20,867	15,822	6,069	135,283	41,423	2,706	22,438	473,982
(254,550)	(39,345)	(11,670)	(30,294)	(10,932)	(4,046)	(44,608)	(2,806)	(204)	(1,359)	(493,738)
(70,801)	(75,643)	(37,382)	(35,481)	(13,594)	(3,707)	(30,587)	(12,094)	(1,361)	(4,447)	(473,982)
(184,441)	(45,350)	(9,524)	(8,870)	(805)	612	93,630	53,223	2,752	20,549	223,216
(142,251)	(31,901)	(3,307)	2,158	11	1,409	93,630	58,615	3,077	21,883	413,009
1,072,717	642,319	289,143	381,609	95,989	27,573	137,395	43,851	3,854	6,584	6,324,149
<b>\$930,466</b>	<b>\$610,418</b>	<b>\$285,836</b>	<b>\$383,767</b>	<b>\$96,000</b>	<b>\$28,982</b>	<b>\$231,025</b>	<b>\$102,466</b>	<b>\$6,931</b>	<b>\$28,467</b>	<b>\$6,737,158</b>
55,481	17,461	11,178	11,212	3,336	2,028	137,395	3,852	357	612	
7,179	1,895	1,509	1,646	818	609	168,825	5,835	431	2,340	
(16,610)	(3,106)	(1,903)	(1,938)	(858)	(567)	(75,195)	(1,292)	(149)	(518)	
46,050	16,250	10,784	10,920	3,296	2,070	231,025	8,395	639	2,434	

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the year ended June 30, 2020

### Financial Highlights (For a unit outstanding throughout the year)

	Portfolio 2039	Portfolio 2036	Portfolio 2033	Portfolio 2030	Portfolio 2027	Portfolio 2024
<b>Net Asset Value<sup>1</sup></b>						
Beginning of year	\$10.59	\$14.25	\$19.82	\$25.85	\$23.96	\$29.73
Investment activities <sup>2</sup>						
Net investment income <sup>3</sup>	0.15	0.22	0.33	0.49	0.52	0.68
Net realized and unrealized gain (loss)	0.07	0.08	0.12	0.12	0.02 <sup>6</sup>	0.19
Total from investment activities	0.22	0.30	0.45	0.61	0.54	0.87
Distributions of net investment income	-	-	-	-	-	-
<b>Net Asset Value<sup>1</sup></b>						
End of year	<b>\$10.81</b>	<b>\$14.55</b>	<b>\$20.27</b>	<b>\$26.46</b>	<b>\$24.50</b>	<b>\$30.60</b>
<b>Ratios<sup>4</sup></b>						
<b>Total Return</b>	<b>2.08%</b>	<b>2.11%</b>	<b>2.27%</b>	<b>2.36%</b>	<b>2.25%</b>	<b>2.93%</b>
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	1.44%	1.51%	1.64%	1.89%	2.15%	2.28%
Portfolio turnover rate	10.9%	4.0%	12.1%	16.6%	20.0%	25.7%
<b>Supplemental Information</b>						
Weighted-average expense ratio of the Underlying Mutual Funds <sup>5</sup>	0.63%	0.63%	0.63%	0.63%	0.63%	0.57%
Effective expense ratio	0.68%	0.68%	0.68%	0.68%	0.68%	0.62%
Net Assets, end of year (in millions)	\$26.0	\$160.3	\$361.5	\$554.1	\$826.1	\$1,040.4

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 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.

6 The amount presented is inconsistent with the Fund's aggregate gains and losses because of the timing of sales and redemptions of Fund shares in relation to fluctuating market values for the investment Portfolio.

7 Includes the effect of voluntary management Fee waivers of 0.01% of average net assets (see Note 5).

The accompanying notes are an integral part of these financial statements.

## Financial Highlights (For a unit outstanding throughout the year)

Portfolio 2021	Portfolio for Education Today	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
\$30.12	\$19.33	\$36.79	\$25.87	\$34.03	\$28.77	\$13.60	\$1.00	\$11.38	\$10.78	\$10.76
0.57	0.31	0.56	0.51	0.74	0.90	0.10	0.01 <sup>7</sup>	0.22	0.09	0.29
0.71	0.57	0.21	0.13	0.37	(0.55)	0.30	-	0.61	(0.02) <sup>6</sup>	0.64
1.28	0.88	0.77	0.64	1.11	0.35	0.40	0.01	0.83	0.07	0.93
-	-	-	-	-	-	-	(0.01)	-	-	-
<b>\$31.40</b>	<b>\$20.21</b>	<b>\$37.56</b>	<b>\$26.51</b>	<b>\$35.14</b>	<b>\$29.12</b>	<b>\$14.00</b>	<b>\$1.00</b>	<b>\$12.21</b>	<b>\$10.85</b>	<b>\$11.69</b>
<b>4.25%</b>	<b>4.55%</b>	<b>2.09%</b>	<b>2.47%</b>	<b>3.26%</b>	<b>1.22%</b>	<b>2.94%</b>	<b>1.07%</b> <sup>7</sup>	<b>7.29%</b>	<b>0.65%</b>	<b>8.64%</b>
0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.04% <sup>7</sup>	0.05%	0.05%	0.05%
1.85%	1.57%	1.53%	1.94%	2.16%	3.11%	0.72%	0.94% <sup>7</sup>	1.89%	0.90%	2.57%
34.2%	14.6%	7.6%	10.4%	23.0%	11.5%	15.8%	-	3.0%	18.4%	9.6%
0.43%	0.39%	0.63%	0.35%	0.61%	0.64%	0.39%	0.34%	0.20%	0.35%	0.30%
0.48%	0.44%	0.68%	0.40%	0.66%	0.69%	0.44%	0.38% <sup>7</sup>	0.25%	0.40%	0.35%
\$1064.4	\$930.5	\$610.4	\$285.8	\$383.8	\$96.0	\$29.0	\$231.0	\$102.5	\$6.9	\$28.5

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