

*Maryland***529**

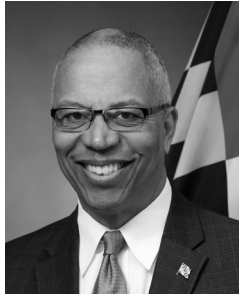
# 2021 Annual Report



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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*\*Dr. Salmon left the Maryland 529 Board in July 2021. Mr. Choudhury joined the Board in July 2021.*



October 2021

Dear Friends,

The COVID-19 pandemic created unprecedented public health challenges. These challenges continued to impact Maryland 529 throughout fiscal year 2021 with the implementation of telework and adherence to workplace safety and health practices. At all times, Maryland 529's priority remained ensuring our availability and responsiveness to all current and prospective Account Holders in a timely manner.

Conversely, from a financial perspective, the growth in our plans was unprecedented during fiscal 2021. The Maryland Senator Edward J. Kasemeyer Prepaid College Trust (Maryland Prepaid College Trust) closed the fiscal year with its highest one-year investment return, 21.3%, since the inception of the Trust and assets under management totaled over \$1.2 billion dollars. As of June 30, 2021 the Prepaid College Trust had 30,955 active Accounts and continued to be in strong fiscal health.

Similarly, the Maryland Senator Edward J. Kasemeyer College Investment Plan (Maryland College Investment Plan) saw unprecedented growth with over \$182 million dollars in contributions received from account holders during the quarter ending June 30, 2021 and total plan assets topping out at \$8.6 billion dollars. With a strong investment market over the fiscal year, the average MCIP Account balance grew to \$23,541. At the close of the fiscal year, Accounts were held on behalf of 254,049 unique beneficiaries in the MCIP plan.

In total, assets were more than \$9.8 billion for 279,626 unique beneficiaries combined for both programs.

Account Holders continue to benefit from the State's commitment to its 529 programs and we are honored that despite these uncertain times, Marylanders continue to save for higher education expenses. Thank you for making college savings a priority for you and your family and participating with Maryland 529.

Sincerely,

**The Maryland 529 Board**



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# Maryland 529 — Features and Benefits

Maryland 529 offers two affordable and flexible options to help families save for higher education expenses and help lessen the need to borrow in the future to finance a college education. By choosing one or both plans, families are likely to find an option that suits their individual investing style, comfort level, and budget.<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 secure future college Tuition, today 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.

Plans can be purchased for as little as a one-semester University Plan or a one-year Community College Plan and then additional semesters or years can be purchased later on 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 a start on saving for education expenses.

Beginning in 2017, the State of Maryland further incentivized college savings by contributing \$250 or \$500 to certain applicants who have opened a College Investment Plan Account 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 2020, the fourth year of the program, the State contributed \$12,465,250 to 26,592 qualified applications. For the 2021 application period, we received 34,805 applications with an estimated \$10 million dollars currently budgeted by the State. The decrease in the funding estimate is primarily a result of a change in State legislation in 2021 that limits the number of contributions to two per Beneficiary. For more information, please visit [Maryland529.com/Save4College](https://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:

- Any earnings are tax-deferred at the federal and Maryland State levels;
- Any earnings are tax-free at the federal and Maryland State levels, provided the funds are used for qualified 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 each plan's Disclosure Statement in full before deciding to enroll in that program. 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 Disclosure Statement contains investment objectives, risks, Fees and expenses, and other information that you should read and consider carefully before investing. Tax benefits may be conditioned on meeting certain requirements, such as residency, purpose for or timing of distributions, or other factors, as applicable. T. Rowe Price Investment Services, Inc., Distributor/Underwriter, Maryland College Investment Plan.

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, 2021.\*

## **ECONOMIC RECOVERY PROPELS U.S. STOCKS TO NEW HIGHS**

U.S. stocks surged in the 12 months ended June 30, 2021, with many major indexes recording fresh all-time highs in the last few months of the period. Equity markets had already largely recovered from the global stock market crash of 2020 by the beginning of the recent fiscal year. In the latter half of 2020, the domestic economic recovery proceeded faster than expected, and progress in the development of vaccines and therapeutics to combat the spread of the coronavirus were a continual source of optimism. As 2020 drew to a close, stock markets reacted favorably to the election, the initial distribution of coronavirus vaccines, and an agreement to include \$900 billion in new coronavirus relief as part of a broader government spending bill. Fiscal and monetary support remained a key factor in providing a positive backdrop for markets in 2021. The \$1.9 trillion American Rescue Plan Act was signed into law in March, and the Federal Reserve kept its short-term lending rates near zero. The broadening distribution of coronavirus vaccines also enabled many state and local governments to roll back and eventually remove many of their pandemic restrictions on business operations, travel, and gatherings.

U.S. small-cap stocks performed the best for the year, according to various Russell indices. Large-cap stocks delivered very strong absolute returns but trailed both small- and mid-cap stocks, which delivered historic returns. Value stocks outpaced growth stocks across all market capitalizations, although this outperformance was more pronounced among mid- and small-caps. Sector performance was positive across the S&P 500 Index, although returns varied widely. Financials led all sectors, as banks benefited from rising longer-term interest rates, and the materials and industrials and business services sectors outperformed amid higher commodity prices and a rebound in economic growth. The energy sector, which had negative results in the first half of the fiscal year, rebounded sharply as oil prices rallied to their highest level in more than two years. The utilities, consumer staples, and health care sectors were notable laggards.

Outside the U.S., stocks in developed markets also posted robust returns but lagged domestic markets. The MSCI EAFE Index—which measures the performance of stocks in Europe, Australasia, and the Far East—rose by 32.92%. European equities produced strong results, as hopes of an economic recovery outweighed worries about an early tightening

in monetary policy and uncertainty triggered by rising coronavirus infections caused by a new variant of the virus. Among developed markets, Japanese shares were a notable laggard, as the country's economic recovery was marred by a challenged vaccine rollout. Within developing markets, stocks in Latin America advanced, buoyed by optimism over the pace of the economic recovery and hopes that demand from global consumers would support regional commodities and the energy sector. Developing markets stocks in Asia also fared well, as many Asian countries implemented relatively effective containment and mitigation measures early in the pandemic, which spared local economies from some of the deterioration experienced globally. Chinese shares rose but were extremely volatile amid concerns about increasing regulatory pressures for Chinese tech companies and continued U.S.-China trade tensions.

## **U.S. BONDS TRADED SIDEWAYS AMID HIGHER GROWTH AND INFLATION EXPECTATIONS**

U.S. investment-grade bonds generated slight negative returns, largely weighed down by rising intermediate- and long-term Treasury yields. (Bond prices and yields move in opposite directions.) The Bloomberg U.S. Aggregate Bond Index, which measures the performance of taxable U.S. investment-grade bonds, posted a modest decline of -0.33%. U.S. Treasuries was the worst-performing sector in fixed income. Mortgage-backed securities also posted negative results due to uncertainty regarding when the Fed would begin to taper its asset purchases. High yield bonds, which are less sensitive to moves in interest rates due to their shorter duration profile, produced strong returns. High yield bonds have significant exposure to the energy sector, and the recovery in oil and energy prices spurred by growing demand and easing economic restrictions bolstered the high yield market.

Longer-term interest rates rose steadily throughout most of the fiscal year as demand for safe-haven assets such as U.S. Treasuries waned. Unprecedented fiscal stimulus, a largely successful domestic vaccination program, and the Fed's commitment to ultra-accommodative monetary policy contributed to rising expectations for economic growth and inflation, which in turn spurred demand for higher-yielding segments of the fixed income market.

Inflation data drew increasing attention later in the period as investors tried to assess the impact of higher prices on the broader economy as well as the chance that an overheating economy might lead the Fed to start rolling back its accommodative monetary policies earlier than expected. The central bank's preferred inflation measure, the core personal consumption expenditures price index, increased 3.4% in the year ended in May, the biggest increase in nearly three decades and above the Fed's 2% inflation target. However, Fed policymakers stressed that the increase in inflation was

a temporary result of the economic recovery and that they remain committed to accommodative policy.

The Federal Open Market Committee (FOMC) kept its benchmark interest rate close to zero throughout the fiscal year, and following its mid-June meeting, the FOMC made no changes to the minimum pace or composition of the central bank's asset purchases. However, projections from FOMC members indicated an increasing likelihood of at least one rate increase before the end of 2023. This shift in projections was widely viewed as a response to the faster-than-expected economic recovery and sparked concerns that the Fed may moderate its policy stance in the coming months.

Overseas, bonds in developed markets delivered strong gains in U.S. dollar terms and outperformed U.S. bonds. The European Central Bank (ECB) kept its policy rate steady throughout the period. The central bank's Pandemic Emergency Purchase Programme—a €1.35 trillion bond-purchasing program—provided significant support to the region's fixed income markets. Despite an improving economic outlook and a slightly

more hawkish tone from the Fed as the period drew to a close, the ECB did not signal any shift in policy on the horizon. The Bank of Japan provided a similarly supportive backdrop for Japanese government bonds by keeping rates near zero and enacting a broad bond-purchasing program. While prices for 10-year government bonds in Japan, Germany, and several other European countries declined modestly over the period, higher-yielding debt in developed markets outside the U.S. notched impressive returns as risk sentiment improved.

Emerging markets bonds outperformed several key fixed income sectors against a backdrop of improved risk appetite and historically low yields among higher-quality issues. Local currency- and dollar-denominated bonds turned sharply lower early in 2021, as central banks in some countries raised short-term interest rates and various currencies declined against the U.S. dollar. However, emerging markets debt rebounded as global central bank policy remained broadly supportive and strength in the U.S. dollar softened over the remainder of the fiscal year.

*\*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 or 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 2020–2021 Academic Year, consistent with the trend in recent years. In the decade between the 2010–2011 and 2020–2021 Academic Year periods, published in-state Tuition and fees at public four-year institutions increased by 16% in inflation-adjusted dollars, compared with 38% between 1990–1991 and 2000–2001 and 72% between 2000–2001 and 2010–2011.

While annual cost increases have slowed in recent years, college costs continue to represent a significant financial commitment for most families. Below are the latest data from the College Board on average higher education costs for 2020–2021 (see also the accompanying table):

- The average total cost of a four-year public university for in-state students rose by 1.0% from the previous Academic Year to \$22,180.
- The average total cost of a four-year private college rose by 1.8% from the previous Academic Year to \$50,770.

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

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

## THE STATE OF FINANCIAL AID

While education borrowing has declined in recent years, paying for college remains a large financial burden for most families. Undergraduate students received an average of \$14,940 in financial aid per full-time equivalent student in the 2019–2020 Academic Year (the most recent available data), according to the College Board. The figure includes \$9,850 in grants, \$4,090 in federal loans, and \$1,000 in education tax credits and Federal Work-Study Program.

In the 2019–2020 academic year, grant aid made up 62% of the total funds used by undergraduate students and their families to supplement their own resources to cover education expenses, up significantly from 47% in 2009–2010. Over the same period, the proportion of total funds from federal loans declined from 43% to 32%. While the overall trend suggests a diminishing reliance on debt to finance education, the average debt per borrower has remained relatively stable over the past decade, reflecting the rising cost of education. Long-term financial preparation can diminish reliance on student loans for families, and 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)
2020–2021 Academic Year	\$50,770	\$22,180
Change from the previous Academic Year	1.8%	1.0%
Percentage increase between 2010–2011 and 2020–2021 after adjusting for inflation.	17%	15%

\*Source: Trends in Student Aid 2020, published by the College Board.

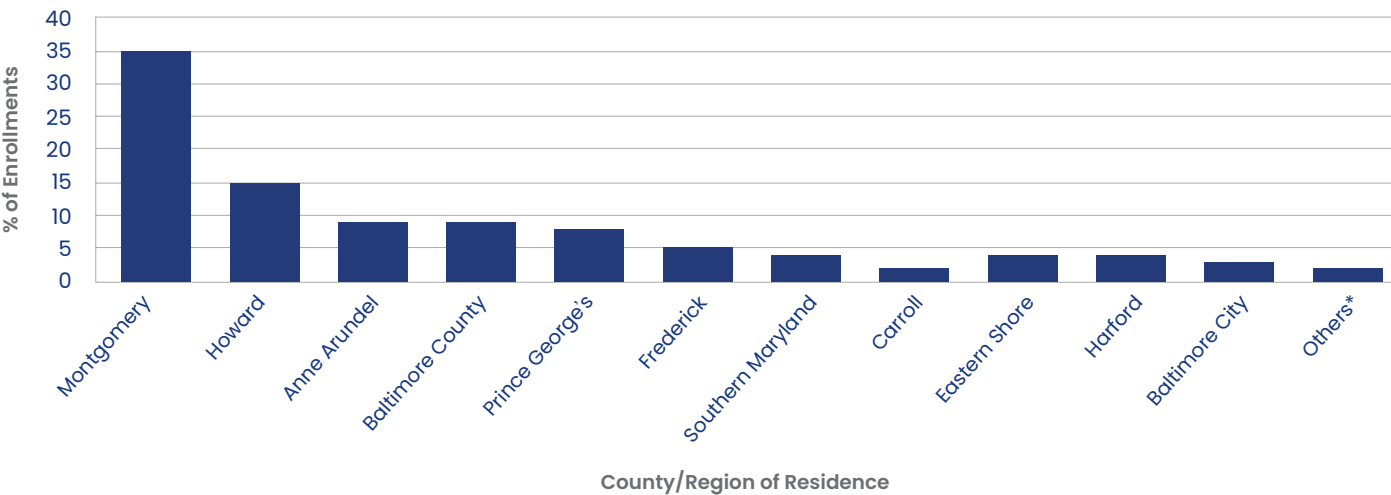
# Maryland Senator Edward J. Kasemeyer Prepaid College Trust

## PROFILE OF NEW PREPAID COLLEGE TRUST ENROLLMENTS

### New Enrollment by County

Of the 1,201 new enrollments that were received for the 2021 enrollment year as of June 30, 2021, Montgomery County residents continued to produce the largest number of Account Holder applicants accounting for 35% of all new enrollments. Howard County was the second largest source of new enrollments (15%), followed by Anne Arundel (9%), Baltimore (9%), and Prince George’s (8%) counties, as illustrated in the following chart.

NEW ENROLLMENTS BY COUNTY

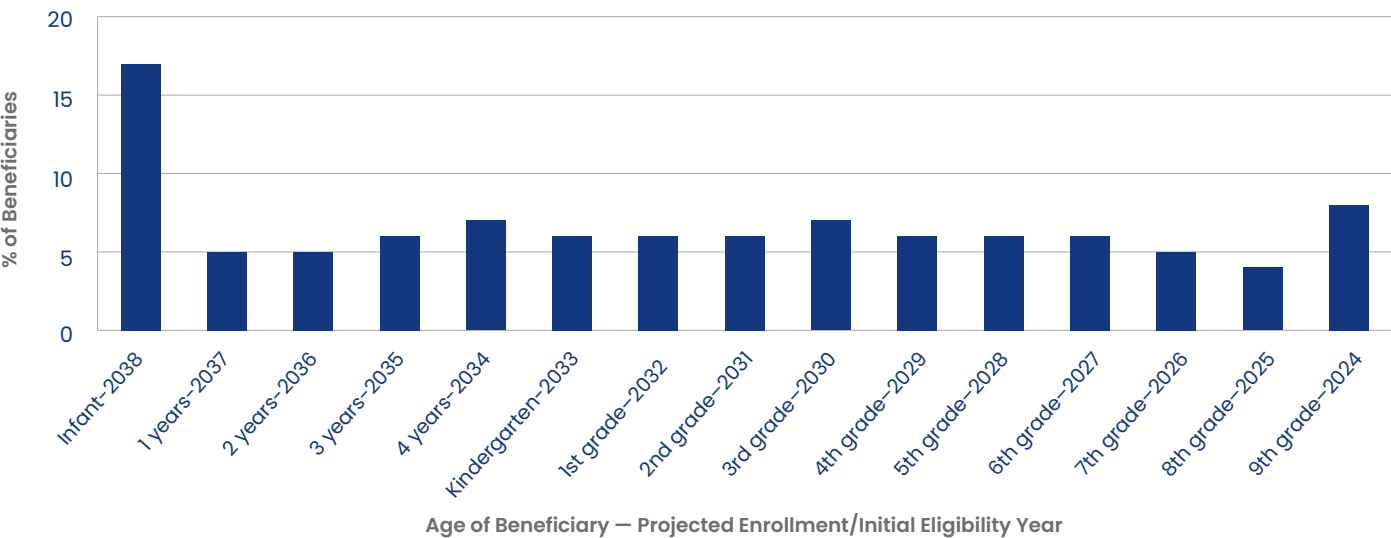


\*Other counties include Western Maryland and out-of-state enrollments.

### Age of New Beneficiaries at Time of Enrollment

The infant age group was the largest percentage of new enrollments of any age group in 2020–2021, with 17% of new enrollments. The infant age group can be enrolled anytime during the year and is not limited to an enrollment period.

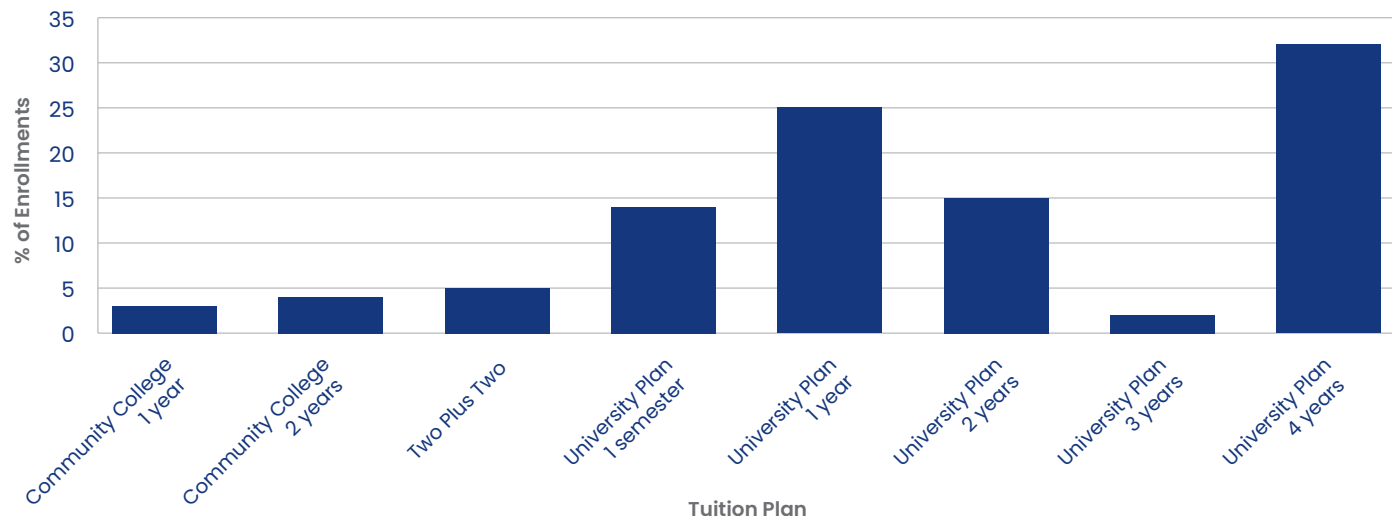
AGE OF BENEFICIARIES



## Tuition Plan Selected

University plans continued to dominate enrollments accounting for 88% of 2021 contracts. The four-year University Plan was the most popular Tuition Plan selected in 2020–2021, with 32% of enrollments, a 4% increase compared to FY 2020. The one-year University Plan was the second most popular Tuition Plan representing 25% of enrollments. The Two-Year University Plan was 15%. Together, these Tuition Plans comprised 72% of total Tuition plans purchased.

### TUITION PLAN SELECTION



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

As of September 13, 2021, 3,581 students had claimed their benefits for the Fall 2021 semester. Approximately 71% of these students were attending Maryland public colleges, an 11% increase compared to September 2020. Another 29% of Beneficiaries are attending a wide variety of private and out-of-state colleges across the country. This is the fifth 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 October 13, 2021, appears on page 9. 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, 2021, the Trust was 161.4% funded with an actuarial surplus of \$525.4 million. In comparison, as of June 30, 2020 the Trust was 180.9% funded with an actuarial surplus of \$538.7 million.

The primary factor behind the decrease in the Trust's actuarial surplus was a change in the calculation methodology for future minimum benefits, refunds and rollovers. The Weighted Average Tuition at Maryland's public 4-year colleges increased by 0.06% for the 2020–2021 Academic Year. The assumed rate of Tuition and fees were maintained at 3% increases for the next four years and then 5% thereafter. And the fee increase assumption was also maintained at 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:

	2017	2018	2019	2020	2021
Actuarial Surplus/(Deficit) (mil)	\$382.4	\$432.5	\$470.2	\$538.7	\$525.4
Funded Ratio	149%	155%	163%	180.9%	161.4%





October 13, 2021

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, 2021**

Dear Treasurer Kopp:

At the request of the Maryland 529 ("MD529"), Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the Maryland Prepaid College Trust ("MPCT") as of June 30, 2021. Although the term "actuarial soundness" is not specifically defined, the purpose of this actuarial valuation is to evaluate the financial status of the MPCT as of June 30, 2021. This report should not be relied on for any other purpose.

The attached full actuarial report presents the principal results of the June 30, 2021 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, 2021, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

As of June 30, 2021, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is \$856.0 million. Fund assets as of June 30, 2021, including the market value of program assets and the present value of installment contract receivables, is \$1,381.4 million. The present value of all future tuition obligations and installment contract receivables are based on the actuarial assumptions used in the actuarial soundness valuation as of June 30, 2021, including a discount rate assumption of 6.00%, assumed annual tuition increases of 3.00% for the first four years and 5.00% thereafter (based on last year's assumption of 3.00% for the first five years and 5.00% thereafter) and assumed annual fee increases of 6.00%.

The difference between the market value of assets of \$1,381.4 million and program obligations of \$856.0 million represents a program surplus of \$525.4<sup>1</sup> million as of June 30, 2021. The comparable program surplus as of the last actuarial valuation as of June 30, 2020, was \$538.7 million.

<sup>1</sup>Values may not add due to rounding.

Treasurer Nancy K. Kopp  
Board Chair  
Maryland 529  
October 13, 2021  
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The funded ratio of the program as of June 30, 2021, is 161.4%. This compares with a funded ratio as of June 30, 2020, of 180.9%.

Beginning November 1, 2021 and first reflected in the actuarial valuation results as of June 30, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited through October 31, 2021 on account balances at the Trust since inception rate of return as of June 30, 2021 (6.00 percent). Interest credited after October 31, 2021 will be based on the 10-year Treasury note rate as of June 30, compounded monthly.

To the best of our knowledge, the information contained in the full actuarial report is accurate and fairly presents the actuarial position of the Maryland Prepaid College Trust as of June 30, 2021.

The actuarial valuation results set forth in the full actuarial report are based upon data and information, furnished by MD529, concerning program benefits, financial transactions and beneficiaries of the MPCT. We reviewed this information for internal year-to-year consistency, but did not audit the data.

The major actuarial assumptions used in the actuarial valuation were provided by and are the responsibility of MD529.

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

This is one of multiple documents comprising the actuarial report for the MPCT actuarial valuation. Additional information regarding actuarial assumptions and methods, and important additional disclosures are provided in the full actuarial valuation report as of June 30, 2021.

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 and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report reflects the impact of COVID-19 through June 30, 2021. 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.


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



Treasurer Nancy K. Kopp  
Board Chair  
Maryland 529  
October 13, 2021  
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Respectfully submitted,

Gabriel, Roeder, Smith & Company



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



Amy Williams, ASA, MAAA, FCA  
Senior Consultant







## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Maryland 529

### **Report on the Financial Statements**

We have audited the accompanying statement of net position of the Maryland Senator Edward J. Kasemeyer Prepaid College Trust (the Trust), a component unit of the State of Maryland, as of and for the year ended June 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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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 financial position of the Trust, as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The other data and information in the Annual Report, which includes the profile of new prepaid college trust enrollments, students use of prepaid college trust tuition benefits at colleges, 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.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

*Mitchell Titus, LLP*

October 28, 2021



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, 2021. 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 21. 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, 2021, have been audited by Mitchell Titus.

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, 2021.

Financial Highlights

- The Prepaid College Trust began receiving payments in fiscal year 2021 from 1,298 new enrollments accepted during fiscal year 2020. This is because the initial payments for these Accounts were due on August 1, 2020, near the beginning of fiscal year 2021. Contract receipts were higher year over year as a result of an increase in Prepaid Trust enrollments over the prior fiscal 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 2.5% 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 2021 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, 2021
\$39,050
Fiscal Year Ended June 30, 2020
\$36,976

Revenues from enrollment fees increased as a result of an increase in enrollments. Fees received from the College Investment Plan increased from fiscal year 2020 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, 2021	June 30, 2020
Prepaid College Trust	\$51	\$50
College Investment Plan	3,745	3,188
<b>Total</b>	<b>\$3,796</b>	<b>\$3,238</b>

## Investments (in thousands)

	As of June 30, 2021		As of June 30, 2020	
	Amount	Percent	Amount	Percent
Intermediate Duration Fixed Income	\$246,922	19.4%	\$223,865	20.7%
Senior Secured Loans	56,792	4.5%	48,927	4.5%
High Yield Fixed Income	62,877	4.9%	53,838	5.0%
Emerging Market Debt	59,087	4.6%	52,352	4.8%
Domestic Large Cap Core	126,157	9.9%	98,006	9.1%
Domestic Mid Cap Core	61,449	4.8%	43,243	4.0%
Domestic Small Cap Core	55,402	4.4%	47,490	4.4%
Low Volatility US Equity	69,309	5.4%	54,578	5.0%
International Equity	—	0.0%	40,332	3.7%
Developed Markets Equity — Large Cap Core	72,760	5.7%	104,045	9.6%
Developed Markets Equity — Large Cap Growth	57,474	4.5%	—	0.0%
Developed Markets Equity — Large Cap Value	53,507	4.2%	—	0.0%
Developed Markets Equity — Small Cap	72,307	5.7%	61,411	5.7%
Emerging Markets Equity	65,295	5.1%	55,047	5.1%
Private Real Estate	163,877	12.9%	165,880	15.3%
Private Equity	49,215	3.9%	33,366	3.1%
<b>Total Investments</b>	<b>\$1,272,429</b>	<b>100%</b>	<b>\$1,082,380</b>	<b>100%</b>

## ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

### Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the Trust as of June 30, 2021. Net position is defined as total assets, and deferred outflows less total liabilities, and deferred inflows. 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 of investments expected to be used within the one year to pay for Tuition Benefits, Tuition contracts receivable, as well as cash and cash

equivalents. Noncurrent assets consist of investments that are not expected to be used within the one year and Tuition Contracts receivable. 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, 2021, the net position of the Trust decreased by \$0.5 million due to a decrease in funded status. The change in calculation methodology for future minimum benefits, refunds and rollovers resulted in a decrease in funded status. The Trust's assets saw a 21.3% return on investments, considerably higher than the previous fiscal year return of 1.6%, as well as the 6% projected rate of return used for actuarial assumptions.

The following chart presents the condensed Statements of Net Position as of June 30, 2021 and 2020:

Condensed Statements of Net Position (in millions)		
	As of June 30, 2021	As of June 30, 2020
<b>ASSETS</b>		
Current	\$122.6	\$1,126.5
Noncurrent	1,279.8	88.5
<b>DEFERRED OUTFLOWS RELATED TO PENSION</b>	0.9	0.9
<b>Total</b>	<b>1,403.3</b>	<b>1,215.9</b>
<b>LIABILITIES</b>		
Current	111.5	71.3
Noncurrent	753.6	605.7
<b>DEFERRED INFLOWS RELATED TO PENSION</b>	0.0	0.2
<b>Total</b>	<b>865.1</b>	<b>677.2</b>
<b>Net Position</b>	<b>\$538.2</b>	<b>\$538.7</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, 2021, the Trust reported an operating loss of \$32 million. The loss was mainly the result of Tuition Benefit expense exceeding Tuition contract revenue by \$32.5 million in 2021.

Non-operating revenue, which includes investment gains of \$11.6 million and \$19.8 million of other investment income totaled \$31.4 million for the fiscal year ended June 30, 2021. Combined, operating loss and non-operating revenue resulted in a decrease in net position of \$0.5 million.

The following chart presents the condensed Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2021 and 2020:

Condensed Statements of Revenues, Expenses and Changes in Net Position (in millions)		
	June 30, 2021	June 30, 2020
<b>OPERATING REVENUES</b>		
Tuition Contracts	\$37.8	\$35.7
Administrative Fees	5.0	4.5
<b>Total</b>	<b>42.8</b>	<b>40.2</b>
<b>OPERATING EXPENSES</b>		
Tuition Benefits	70.3	68.8
Administrative Expenses	4.5	3.3
<b>Total</b>	<b>74.8</b>	<b>72.1</b>
<b>OPERATING LOSS</b>	<b>(32.0)</b>	<b>(31.9)</b>
<b>NON-OPERATING REVENUES</b>		
Change in Fair Value of Investments Gain	11.7	77.9
Investment Income	19.8	22.5
<b>Total</b>	<b>31.5</b>	<b>100.4</b>
<b>Change in Net Position</b>	<b>(\$0.5)</b>	<b>\$68.5</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, 2021 and 2020:

Condensed Statements of Cash Flows (in millions)		
	June 30, 2021	June 30, 2020
<b>Cash Provided (Used) by:</b>		
Operating Activities	(\$32.1)	(\$31.3)
Investing Activities	35.4	41.3
Net Change in Cash and Cash Equivalents	3.3	10.0
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>12.6</b>	<b>2.6</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$15.9</b>	<b>\$12.6</b>

## 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 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, 2021.

Specifically, the Board reviewed the weighted average tuition for in-state students at four-year Maryland public universities, which increased 0.06% and 2.02%, respectively, for the 2020–2021 and 2019–2020 Academic Years.

The Board also reviewed the rate of return on the Prepaid College Trust investments, which was a gain of 21.3% and a gain of 1.6% for fiscal years 2021 and 2020, respectively.

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, 2021 and 2020.

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, 2021 (in thousands)

	Tuition and Investments	Administration/ Operating	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$5,235	\$10,734	\$15,969
Investments, at Fair Value	78,094	—	78,094
Tuition Contracts Receivable	26,843	—	26,843
Interest Receivable	721	—	721
Accounts Receivable	—	415	415
Due (To) / From Primary Government	—	640	640
Due (To) / From Fund	(3,545)	3,545	—
Total Current Assets	107,348	15,334	122,682
<b>Noncurrent Assets:</b>			
Investments, at Fair Value	1,194,335	—	1,194,335
Capital Assets, Net	—	5	5
Tuition Contracts Receivable, Net of Current Portion	85,518	—	85,518
Total Noncurrent Assets	1,279,853	5	1,279,858
Total Assets	1,387,201	15,339	1,402,540
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	—	854	854
Total Deferred Outflows	—	854	854
<b>Total Assets and Deferred Outflows</b>	<b>1,387,201</b>	<b>16,193</b>	<b>1,403,394</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accrued Tuition Benefits	104,937	—	104,937
Advance Tuition Contract Payments	5,826	—	5,826
Accounts Payable and Accrued Expenses	—	561	561
Compensated Absences	—	141	141
Total Current Liabilities	110,763	702	111,465
<b>Noncurrent Liabilities:</b>			
Accrued Tuition Benefits, Net of Current Portion	751,082	—	751,082
Net Pension Liability	—	2,522	2,522
Total Noncurrent Liabilities	751,082	2,522	753,604
Total Liabilities	861,845	3,224	865,069
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	—	169	169
Total Deferred Inflows	—	169	169
<b>Total Liabilities and Deferred Inflows</b>	<b>861,845</b>	<b>3,393</b>	<b>865,238</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	—	5	5
Unrestricted	525,356	12,795	538,151
<b>Restricted:</b>			
Administration	—	—	—
<b>Total Net Position</b>	<b>\$525,356</b>	<b>\$12,800</b>	<b>\$538,156</b>

See accompanying Notes to Financial Statements.

**Statement of Revenues, Expenses and Change in Net Position For the Fiscal Year  
Ended June 30, 2021** (in thousands)

	Tuition and Investments	Administration/ Operating	Total
<b>OPERATING REVENUES</b>			
Tuition Contracts	\$37,746	\$—	\$37,746
Management Fee	—	968	968
Maryland College Investment Plan Fees	—	3,745	3,745
Enrollment and Other Fees	—	336	336
<b>Total Operating Revenues</b>	<b>37,746</b>	<b>5,049</b>	<b>42,795</b>
<b>OPERATING EXPENSES</b>			
Tuition Benefits	70,274	—	70,274
Salaries, Wages and Benefits	—	1,640	1,640
Pension Expense	—	413	413
Technical and Special Fees	—	17	17
Communication	—	93	93
Travel	—	2	2
Marketing	—	339	339
Contractual Services	—	1,838	1,838
Supplies	—	9	9
Fixed Charges	—	172	172
Depreciation	—	9	9
<b>Total Operating Expenses</b>	<b>70,274</b>	<b>4,532</b>	<b>74,806</b>
Operating Income (Loss)	(32,528)	517	(32,011)
<b>NON-OPERATING REVENUES</b>			
Net Increase in the Fair Value of Investments	11,632	—	11,632
Investment Income	19,824	6	19,830
<b>Total Non-Operating Revenues, Net</b>	<b>31,456</b>	<b>6</b>	<b>31,462</b>
<b>TRANSFER TO RESTRICTED RESERVE</b>			
Change in Net Position	(1,072)	523	(549)
Total Net Position, Beginning of Year	526,428	12,277	538,705
<b>Total Net Position, End of Year</b>	<b>\$525,356</b>	<b>\$12,800</b>	<b>\$538,156</b>

See accompanying Notes to Financial Statements.

## Statement of Cash Flows For the Fiscal Year Ended June 30, 2021 (in thousands)

	Amounts
<b>Cash Flows from Operating Activities:</b>	
Receipts from:	
Account Holders	\$39,050
Maryland College Investment Plan fees	3,668
Payments to:	
Employees	(1,863)
Marketing	(339)
Contract Vendors	(1,665)
Communication	(93)
Universities and Account Holders	(70,274)
Other Operating Expenses	(543)
Net Cash from Operating Activities	(32,059)
<b>Cash Flows from Investing Activities:</b>	
Interest Income	33
Custodial Fees	(1,345)
Proceeds from Investments	162,330
Purchase of Investments	(125,614)
Net Cash from Investing Activities	35,404
<b>Cash Flows Used for Capital and Related Financing Activities:</b>	
Purchase of Capital Assets	—
Net Cash from Capital and Financing Activities	—
Net Decrease in Cash and Cash Equivalents	3,345
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>12,624</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$15,969</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities:</b>	
Operating Loss	(\$32,011)
<b>Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:</b>	
Depreciation	9
Change in Actuarial Assumptions	(194,046)
<b>Effect from Change in Non-Cash Operating Assets and Liabilities:</b>	
Accounts Payable	(163)
Compensated Absences	47
Accounts Receivable	(101)
Tuition Contracts Receivable	6,411
Advance Contract Payments	(2,537)
Accrued Tuition Benefits Payable	190,172
Pension Liability	160
Net Cash from Operating Activities	<b>(32,059)</b>
<b>Non-cash Transactions:</b>	
Unrealized Gain on Investments	<b>\$152,701</b>

See accompanying Notes to Financial Statements.



# Maryland Senator Edward J. Kasemeyer Prepaid College Trust

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2021

### 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. The Actuarial Soundness Report, as of June 30, 2021, was issued by Gabriel Roeder Smith & Company on October 13, 2021. Based on the information contained in the report, 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, 2021, 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

#### Accounting Changes

Of the total Investments, 93% have been reclassified from Current Assets to Noncurrent Assets to reflect the anticipated use of the assets to pay Tuition Benefits in the future (after one year).

#### 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 6.0% 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 liability.

Tuition Contracts Receivable

Tuition contracts receivable as of June 30, 2021, 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, 2021, 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 accrues for obligations that may arise in connection with compensated absences for annual leave at the current rate. Employees fully vested in all earned but unused annual leave, up to a maximum of 600 hours, are eligible to receive compensation, at the current rate, on termination of State employment.

Risk Management

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

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

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

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

There have been no significant reductions in coverage from the prior year. There have never been any Maryland Tort Claims Act claims against the agency; therefore, the amount of settlements have not exceeded coverage in the past three fiscal years.

Use of Estimates

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

Recent Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities* and Statement No. 90, *Majority Equity Interests*—an amendment of GASB Statements No. 14 and No. 61. The Trust has implemented these statements and they had no material effect on the Trust’s financial statements.

The GASB issued Statement No. 87, *Leases*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32; which will require adoption in the future, if applicable. These statements may have a material effect on the Trust’s financial statements once implemented. The Trust 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 in the name of the State for these deposits.

As of June 30, 2021, the carrying amount of the Trust's demand and time deposits was \$6,105,436. This includes funds invested in short term investments at the Custodian offset by outstanding checks issued to Account Holders and institutions.

#### Operating Surplus

Maryland 529 has an Operating Surplus account that is invested in a Money Market Mutual fund and has been maintained in an account held by Wells Fargo since September 30, 2020. As of June 30, 2021, the amount invested in this account was \$9,864,207. These funds are separate from Trust funds and are not used to pay benefits.

### 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; global infrastructure; 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 return target of the Trust.

Investments are stated at fair value. Unrealized appreciation and depreciation on investments due to changes in fair value is recognized in the Trust's Financial Statements each year. Investments are valued on a daily basis except for private funds, private equity, and private real estate, which are valued on a monthly or quarterly basis. Private equity and private real estate investments totaled \$213,092,230 or 16.7% of net investments as of June 30, 2021.

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 other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads); Level 3 inputs are significant unobservable inputs and valuations based on assumptions used by fund managers.

As of June 30, 2021 the Trust had the following investment maturities:

Maturity on Fixed Income Investments (in thousands)					
	Fair Value	< 1 Year	1–5 Years	6–10 Years	10–15+ Years
Intermediate Duration Fixed Income	\$246,922	\$13,352	\$119,611	\$62,380	\$51,579
Senior Secured Loans	56,792	1,000	32,422	23,307	62
Emerging Market Debt	59,087	591	10,636	18,908	28,953
<b>Total</b>	<b>\$362,800</b>	<b>\$14,943</b>	<b>\$162,668</b>	<b>\$104,595</b>	<b>\$80,594</b>

The Trust has the following fair value measurements as of June 30, 2021:

<b>Investments by Fair Value Level</b> (in thousands)				
<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>
Intermediate Duration Fixed Income	\$246,922	\$4,249	\$242,672	\$ —
Senior Secured Loans	56,792	2,834	51,374	2,584
High Yield Fixed Income	62,877	—	62,877	—
Emerging Market Debt	59,087	295	58,791	—
Domestic Large Cap Core	126,157	126,132	25	—
Domestic Mid Cap Core	61,449	61,449	—	—
Domestic Small Cap Core	55,402	55,402	—	—
Low Volatility US Equity	69,309	69,309	—	—
Developed Markets Equity — Large Cap Core	72,760	10,128	62,603	29
Developed Markets Equity — Large Cap Growth	57,474	4,914	52,560	—
Developed Markets Equity — Large Cap Value	53,507	53,507	—	—
Developed Markets Equity — Small Cap	72,307	6,291	66,016	—
Emerging Markets Equity	65,295	65,295	—	—
Private Real Estate	163,877	—	—	163,877
Private Equity	49,215	—	—	49,215
<b>Total Investments by Fair Value Level</b>	<b>\$1,272,429</b>	<b>\$459,806</b>	<b>\$596,918</b>	<b>\$215,705</b>

Private fund investments that are not invested in liquid securities may have different structures that require capital to be called and redeemed at various times according to the legal documents governing each entity. The table below displays the outstanding capital calls and redemptions as of June 30, 2021.

<b>Private Fund Investments</b> (in thousands)			
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemptions Pending</b>
Private Real Estate	\$163,877	\$—	\$51,222
Global Infrastructure	—	58,000	—
Private Equity	49,215	28,647	—
<b>Total</b>	<b>\$213,092</b>	<b>\$86,647</b>	<b>\$51,222</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 co-mingled investments,

such as mutual funds, are only subject to credit quality limits per the governing documents of that entity. 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. The table below displays holdings by credit rating as provided by each manager as of June 30, 2021.

As of June 30, 2021, the holdings in the Trust's bond portfolios were rated as follows:

### Equivalent Ratings by Organization

Fair Value (in thousands)	Average Rating	Moody's	Standard & Poors	Fitch
\$165,776	AAA/US Gov't	Aaa	AAA	AAA
8,760	AA	Aa1/Aa2/Aa3	AA+/AA/AA-	AA+/AA/AA-
34,186	A	A1/A2/A3	A+/A/A-	A+/A/A-
58,078	BBB	Baa1/Baa2/Baa3	BBB+/BBB/BBB-	BBB+/BBB/BBB-
56,269	BB	Ba1/Ba2/Ba3	BB+/BB/BB-	BB+/BB/BB-
79,440	B	B1/B2/B3	B+/B/B-	B+/B/B-
19,468	CCC or Lower	Caa1/Caa2/Caa3	CCC+/CCC/CCC-	CCC+/CCC/CCC-
3,700	Other/Not Rated	—	—	—

## 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, 2021, was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
<b>CAPITAL ASSETS BEING DEPRECIATED:</b>				
Computers	\$308	\$ —	\$ —	\$308
Furniture	31	—	—	31
Equipment	9	—	—	9
Software	57	—	—	57
Perpetual Software License	561	—	—	561
<b>Total Capital Assets at Historical Cost</b>	<b>966</b>	<b>—</b>	<b>—</b>	<b>966</b>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Computers	300	6	—	306
Furniture	28	1	—	29
Equipment	7	1	—	8
Software	57	—	—	57
Perpetual Software License	561	—	—	561
<b>Total Accumulated Depreciation</b>	<b>953</b>	<b>8</b>	<b>—</b>	<b>961</b>
<b>Capital Assets, Net</b>	<b>\$13</b>	<b>(\$8)</b>	<b>\$ —</b>	<b>\$5</b>

## 6. Accounts Payable and Accrued Expenses

As of June 30, 2021, accounts payable and accrued expenses consisted of the following (amounts in thousands)

Due to Vendors	\$474
Salaries and Employee Benefits	87
<b>Total</b>	<b>\$561</b>

## 7. Pension And Post-Retirement Benefits

### Pensions

The Maryland State Retirement and Pension System (the System), which is considered a multiple employer cost sharing defined benefit plan is administered by the Maryland State Retirement Agency.

The System is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland and consists of several plans which are managed by the System's Board of Trustees. All State employees and employees of participating entities are covered by the plans.

"Retirement System"—retirement programs for substantially all State employees, teachers, State Police and judges who are not members of the Pension System.

"Pension System"—retirement programs for employees and teachers hired after January 1, 1980, and prior employees who elected to transfer from the Retirement System.

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 (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 Maryland State Retirement Agency, 120 E. Baltimore Street, Baltimore, Maryland 21202.

## 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 Maryland 529 and covered employees are required by State statute to contribute to the System. Employer contribution rates are determined by the State annually. Employees of Maryland 529 are required to contribute 7% of their regular salaries and wages to the System. Maryland 529 made its required contributions during fiscal years ended June 30, 2021 and 2020, of \$287,884 and \$257,827, respectively.

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

As of June 30, 2021, Maryland 529 reported a liability of \$2,522,305 for its proportionate share of the System's net pension liability. The System's 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 System's 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.

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 the System and additions to/ deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. 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 reports 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 reports 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.

Changes in the net pension liability for the year ended June 30, 2021, are as follows (amounts in thousands):

July 1, 2020	Increase	Decrease	June 30, 2021	Amount Due within One Year
\$2,307	\$215	\$—	\$2,522	\$—

A Summary of Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2021, is as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$10,779	\$49,285
Net difference between projected and actual earnings on pension plan investments	221,322	28,725
Net difference between actual and expected experience	—	91,460
Net change in proportionate share	381,592	—
Contributions made subsequent to the measurement date	240,178	—
<b>Total</b>	<b>\$853,871</b>	<b>\$169,470</b>

The \$240,178 reported above as deferred outflows of resources related to the System is resulting from the Trust's contributions subsequent to the measurement date that will

be recognized as a reduction of the System's net pension liability during the year ending June 30, 2022.

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

Deferred Outflows				Deferred Inflows		
Years Ending June 30,	Changes in Assumptions	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Net Change in Proportionate Share	Changes in Assumptions	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Net Difference Between Actual and Expected Experience
2022	\$4,557	\$58,294	\$131,351	(\$13,386)	(\$23,436)	(\$38,232)
2023	4,142	58,294	125,920	(13,385)	(5,289)	(32,832)
2024	2,080	58,294	94,523	(13,385)	—	(15,658)
2025	—	46,440	29,841	(9,129)	—	(4,281)
2026	—	—	(43)	—	—	(457)
2027	—	—	—	—	—	—
<b>Total</b>	<b>\$10,779</b>	<b>\$221,322</b>	<b>\$381,592</b>	<b>(\$49,285)</b>	<b>(\$28,725)</b>	<b>(\$91,460)</b>

As of June 30, 2021, Maryland 529's proportion for Net Pension Liability was .012%. For the year ended June 30, 2021, Maryland 529 recognized pension expense for the System of \$412,654. Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at <https://sra.maryland.gov/comprehensive-annual-financial-reports>

### 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 System net pension liability calculated using the discount rate of 7.40% is \$2,522,305. Additionally, Maryland 529's proportionate share of the System's net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.40%) is \$3,590,910 or 1-percentage-point higher (8.40%) is \$1,632,258.

### Other Post Retirement Benefits

In accordance with GASB Statement 75, the following reflects information on other State benefits.

State Employee and Retiree Health and Welfare Benefits Program:

Plan Description: The State Employee and Retiree Health and Welfare Benefits Program (Plan) is a single-employer defined benefit healthcare plan established by State Personnel and Pensions Article, Sections 2-501-2-516, of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees and

their dependents. State law grants authority to establish and amend benefit provisions to the Secretary of the Department of Budget and Management (DBM). In addition, the Secretary shall specify by regulation the types or categories of State employees who are eligible to enroll, with or without State subsidies, or who are not eligible to enroll.

The Postretirement Health Benefits Trust Fund (OPEB Trust) is established as an irrevocable trust under Section 34-101 of the State Personnel and Pensions Article to receive appropriated funds and contributions which will be used to assist the Plan in financing the State's postretirement health insurance subsidy. The oversight of the OPEB funds is the same Board of Trustees that oversees the Maryland State Retirement and Pension System. The Board of Trustees consists of 15 members. The Maryland State Retirement and Pension System prepares separately audited financial statements for the OPEB Trust Fund. The report may be obtained from the Office of the Comptroller, Attention: Plan Administrator, P.O. Box 746, Annapolis, Maryland 21404.

Eligible employees of the Maryland 529, 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. Based on current practice, the State subsidizes approximately 50% to 85% of healthcare costs. Maryland 529's employees participate in the State of Maryland's Postretirement Health Benefits Trust Fund (OPEB Trust). The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance.

## Funding Policy

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, 2021 and 2020, Maryland 529's contributions for the retirees health insurance premiums was \$97,020 and \$96,171 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.

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

**Tuition and Mandatory Fee Increases:** The Weighted Average Tuition (WAT) is calculated as follows: the in-state or in-county Tuition and Mandatory Fees at each Maryland Public College times the number of full-time equivalent in-state or

in-county students enrolled at that college, added together. This total is then divided by the number of full-time equivalent in-state or in-county students enrolled at all Maryland Public Colleges. For the actuarial valuation for the fiscal year ended June 30, 2021, the Tuition component of the 2021–2022 WAT is projected to increase 3.0% per annum for four 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 for the Trust was determined using an assumed 6.0% rate of return on investments. It is further assumed that the Trust 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 2021–2022 WAT with a 4.5% bias load used on average for the university plan contract WAT and a 2.5% 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 on average used for the university plan contract WAT (based on a 9.0% bias load applicable to 50% of contract beneficiaries assumed to attend Maryland public universities) and the 2.5% 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, 2021, are as follows (amounts in thousands):

July 1, 2020	Increase	Decrease	June 30, 2021	Amount Due within One Year
\$665,848	\$235,640	\$45,468	\$856,019	\$104,937

# Maryland Senator Edward J. Kasemeyer Prepaid College Trust

## REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015
Maryland 529s % share of the State's net pension liability	1%	0.012%	0.010%	0.008%	0.010%	0.010%	0.010%
Maryland 529's proportionate share of the State's net pension liability	\$2,522	\$2,307	\$2,099	\$1,817	\$1,602	\$1,401	\$883
Maryland 529's covered-employee payroll	\$1,268	\$1,207	\$1,098	\$1,024	\$1,026	\$830	\$798
Maryland 529's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.89%	191.06%	191.07%	177.44%	156.14%	168.89%	110.65%
Plan net position as a percentage of total pension liability	73.60%	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 Pension (in thousands)

	2021	2020	2019	2018	2017	2016	2015
Maryland 529's contractually required contribution	\$240	\$258	\$231	\$223	\$204	\$143	\$142
Maryland 529's contribution in relation to the contractually required contribution	(\$240)	(\$258)	(\$231)	(\$223)	(\$204)	(\$143)	(\$142)
Contribution deficiency (excess)	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Maryland 529's covered-employee payroll	\$1,268	\$1,207	\$1,098	\$1,024	\$1,026	\$830	\$798
Maryland 529's contribution as a percentage of covered-employee payroll	18.93%	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)

	2021	2020	2019	2018
Maryland 529's contractually required contribution	\$110	\$109	\$99	\$79
Maryland 529's contribution in relation to the contractually required contribution	(\$110)	(\$109)	(\$99)	(\$79)
Contribution deficiency (excess)	\$—	\$—	\$—	\$—
Maryland 529's covered-employee payroll	\$1,268	\$1,207	\$1,098	\$1,024
Maryland 529's contribution as a percentage of covered-employee payroll	8.67%	9.03%	9.02%	7.71%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2018 is not available.



# Maryland Senator Edward J. Kasemeyer

## College Investment Plan

### PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

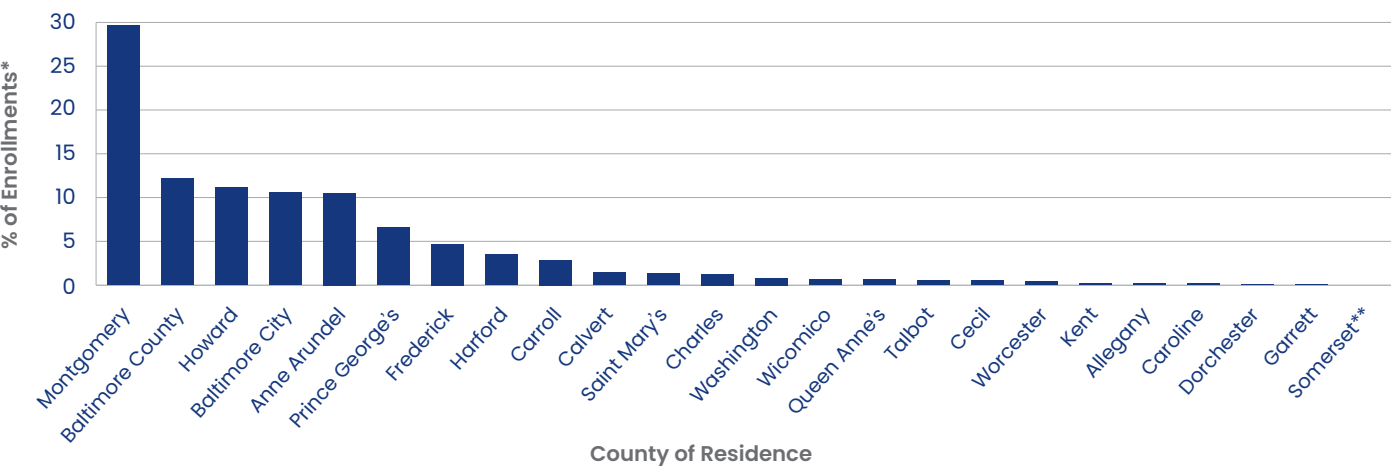
Over 43,300 Accounts were opened in the College Investment Plan during the fiscal year. The Plan's Account growth continues to outpace the growth of 529 savings plans nationally at almost double for the last several years.<sup>1</sup> Maryland 529 expanded digital advertising to include new paid social media channels, especially Facebook advertising, which proved to be very effective in helping to drive in new Accounts despite COVID-19.

<sup>1</sup> Source: ISS Market Intelligence 529 Industry Analysis 2021; T. Rowe Price Associates, Inc.

### New Enrollment by County

Of the 41,837 new Accounts opened by Maryland residents in the College Investment Plan for the year ended June 30, 2021, Montgomery County had the highest number of any Maryland county or region at approximately 30% of the total. Approximately 34% of new Accounts were concentrated in either Baltimore County (12%), Howard County (11%), or Baltimore City (11%). The following chart shows a breakdown of the counties of residence for the new Account Holders.

#### ENROLLMENTS BY COUNTY

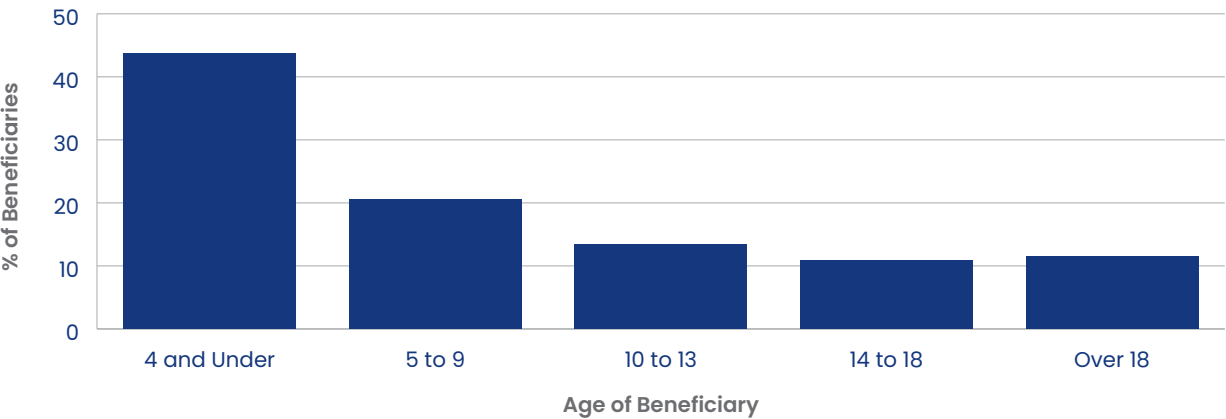


\*Scale: 1% equals 418 new Accounts.  
\*\*While no bar appears for Somerset County in the chart, the county experienced enrollment of 0.03% during the reporting period.

## Age of New Beneficiaries at Time of Enrollment

Approximately 44% 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 2020, with the exception of 4 and under, which decreased by approximately 1.5%. While the College Investment Plan permits Beneficiaries of any age, approximately 11.5% of new Beneficiaries were over 18 years of age, as shown in the chart below.

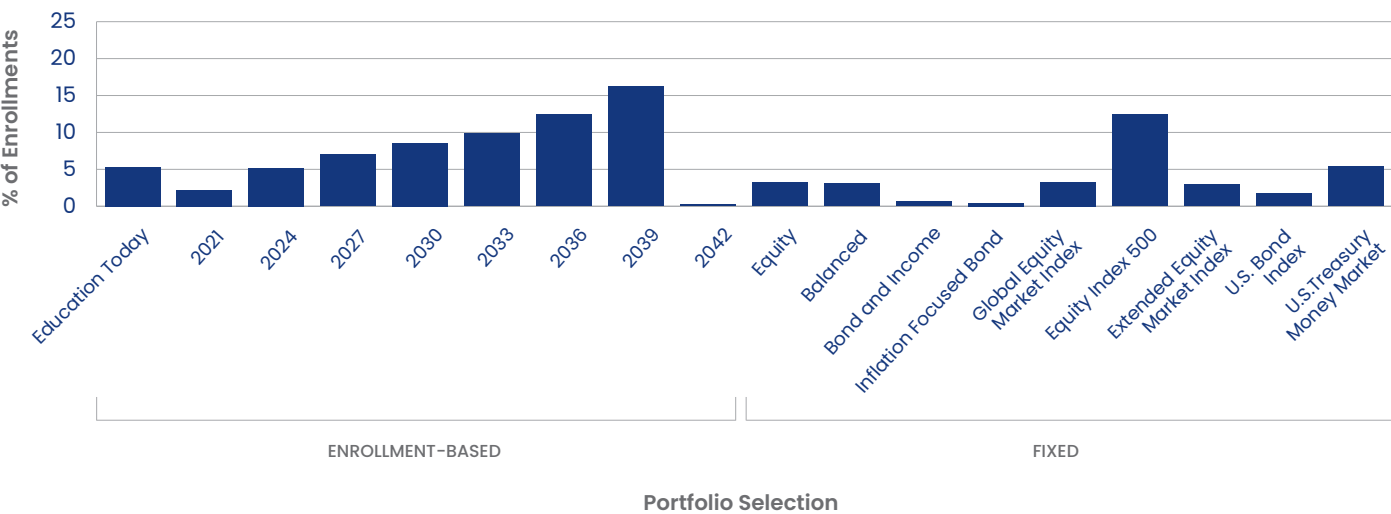
AGE OF BENEFICIARIES



## Investment Portfolio Selections

Trends in investment selection by new Account Holders show that, during the fiscal year, 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 two-thirds of new Accounts. Portfolio 2039 was selected for approximately 16% of new Accounts. Among the fixed Portfolios, the U.S. Treasury Money Market Portfolio was selected for 5% of new Accounts, which is a 4% decrease from the prior year. The most popular fixed Portfolio, Equity Index 500 Portfolio, was selected for approximately 12% of new Accounts.

PORTFOLIO SELECTION



## Systematic Investing

Approximately 41% 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 and then depositing the funds into an Account.

## 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, 2020 through June 30, 2021, excluding rollovers to other 529 plans, distributions were taken for 38,752 unique Beneficiaries totaling approximately \$481 million.

## COVID-19 Impact

Despite the continued impact of the pandemic as offices and schools extended remote or hybrid environments, many consumers had the time and resources to save and invest more. U.S. families—that have not suffered job losses—were saving and investing more as COVID-19 responses continued to limit opportunities to spend. This saving behavior continued even as the economy started to recover with the introduction of economic stimulus packages and the COVID-19 vaccine. The 529 category (i.e. funded 529 accounts) has been growing 3–5% annually over the past 5 years. This may be accelerating in 2021 as more families choose 529's as their vehicle for college savings. College attendance was disrupted for many and 529 plan distributions softened in calendar 2020. However, at the close of the fiscal year (i.e. June 30, 2021), distribution behavior had returned to more normal levels and college attendance began to normalize. Overall, the 529 industry is on pace for all-time highs in terms of assets and Accounts. Sales in the College Investment Plan for the first 6 months of 2021 were \$399 Million, up 24% versus the prior year.\*

Strategic digital marketing tactics continued to be the cornerstone of successfully reaching families during the pandemic and driving in new Accounts. In-person events continued to have limited capacity within the partnership programs, ongoing strategic digital and social promotions helped fill the gap. Overall, the fiscal year ended with the College Investment Plan having surpassed the fiscal year 2021 business goals for total Accounts, contributions and Beneficiaries.

\*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, 2021, 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.

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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 financial position the Plan, as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, 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 and COVID-19 impact 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.



The individual portfolio statements of net position as of June 30, 2021, and the individual portfolio statements of operations and changes in net position and financial highlights (the “supplementary information”) for the year then ended is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 on our consideration of the Plan’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan’s internal control over financial reporting and compliance.

*Mitchell Titus, LLP*

October 28, 2021

### 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, 2021. 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 61. Inquiries may be directed to the College Investment Plan at **Maryland529.com** or by mailing your request to 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Plan for the fiscal year ended June 30, 2021, have been audited by Mitchell Titus.

### 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, 2021. Portfolio financial statements are presented as Supplementary Information beginning on page 68.

### 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 allocation to the asset class and investment style within the Portfolio.

Additionally, T. Rowe Price may overweight or underweight certain Funds and asset classes relative to their Neutral Allocations for certain Portfolios. 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
Portfolio 2042	May 26, 2021
Equity Portfolio	November 26, 2001
Extended Equity Market Index Portfolio	March 29, 2018
Global Equity Market Index Portfolio	June 30, 2006

PORTFOLIO NAME	PORTFOLIO INCEPTION DATE
Equity Index 500 Portfolio	March 29, 2018
Balanced Portfolio	November 26, 2001
Bond and Income Portfolio	November 26, 2001
U.S. Bond Index Portfolio*	March 29, 2018
Inflation Focused Bond Portfolio	October 31, 2003
U.S. Treasury Money Market Portfolio	December 31, 2009

\*Effective March 18, 2021, the name of the Portfolio was changed from U.S. Bond Enhanced Index Portfolio to U.S. Bond Index 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 43 to 60 have been rounded to the nearest 100th of a percent.

## DEFINITIONS OF THE BENCHMARKS CITED IN THE REPORT

- **Bloomberg 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 1–5 Year U.S. Treasury TIPS Index**—tracks the performance of inflation protected public obligations of the U.S. Treasury with maturities of 1 to 5 years.
- **Bloomberg 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 3-month U.S. Treasury Bills.
- **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 (excludes U.S.A. and Canada). **Index returns noted “net” are shown with reinvestment of dividends after the deduction of withholding taxes.**
- **MSCI Emerging Markets Index net**—measures large -and mid-cap equity market performance of emerging countries. **Index returns shown with reinvestment of dividends after the maximum 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 Select Midcap Index**—tracks the performance of mid-cap U.S. stocks by including all stocks in the Russell 1000 Index except those also represented in the S&P 500 Index.
- **Russell 2000 Index**—tracks the performance of the small-cap segment of the U.S. equity universe. **Index returns shown with gross dividends reinvested.**
- **S&P 500 Index**—tracks the performance of the U.S. large cap equity market (generally 500 stocks of leading companies). **Index returns shown with gross dividends reinvested.**

## PORTFOLIO FOR EDUCATION TODAY

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio for Education Today<sup>1</sup></b>	<b>4.00%</b>	<b>10.74%</b>	<b>3.69%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>3.91%</b>	<b>9.97%</b>	<b>3.74%</b>

The Portfolio for Education Today recorded positive returns and outperformed its weighted benchmark for the 12 months ended June 30, 2021.

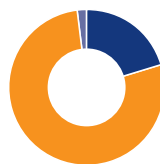
The Portfolio seeks to generate growth while minimizing the risk of principal loss through a combination of diversification and conservative fixed income investments. The Portfolio primarily invests in a diversified blend of fixed income securities, which accounted for a little more than 80% of assets at period-end. The remaining allocation is in a diversified blend of domestic and international equity stocks.

Security selection within the underlying Funds was the top contributor to relative performance. The Portfolio's underlying Funds that invest in short-term and inflation focused bonds outperformed their respective benchmarks, which lifted relative returns. However, the underlying Funds that invest in U.S. large-cap growth and small-cap stocks trailed their respective benchmarks, which slightly detracted from returns.

Tactical decisions also contributed to relative performance. An overweight to U.S. small-cap stocks, which outpaced large-cap stocks, added value. An overweight allocation to emerging markets stocks also contributed, as emerging markets stocks outperformed stocks in developed markets.

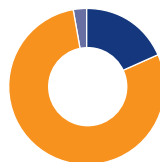
The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—also modestly added value.

6/30/20



**20.4%** Stocks  
**77.9%** Bonds  
**1.7%** Money Market

6/30/21



**18.5%** Stocks  
**78.8%** Bonds  
**2.7%** Money Market

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
U.S. Limited Duration TIPS Index Fund	0.0%	40.6%
Short-Term Bond Fund	38.5%	38.2%
Equity Index 500 Fund	17.9%	4.3%
Value Fund	0.0%	3.7%
Blue Chip Growth Fund	0.0%	3.4%
U.S. Treasury Money Fund	1.7%	2.7%
International Value Equity Fund	0.7%	1.3%
Overseas Stock Fund	0.6%	1.3%
International Stock Fund	0.7%	1.2%
Small-Cap Stock Fund	0.0%	0.8%
Real Assets Fund	0.5%	0.5%
U.S. Large-Cap Core Fund	0.0%	0.5%
Mid-Cap Value Fund	0.0%	0.5%
Mid-Cap Growth Fund	0.0%	0.5%
Emerging Markets Discovery Stock Fund	0.0%	0.3%
Emerging Markets Stock Fund	0.0%	0.2%
Limited Duration Inflation Focused Bond Fund	39.4%	0.0%

Diversification cannot assure a profit or protect against loss in a declining market.

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—5.33%; Russell 1000 Growth Index—4.00%; Russell 1000 Value Index—4.00%; Russell Midcap Growth Index—0.37%; Russell Midcap Value Index—0.37%; Russell 2000 Index—0.74%; MSCI EAFE (Europe, Australasia, and Far East) Index net—3.97%; MSCI Emerging Markets Index net—0.21%; Bloomberg 1–3 Year Government/Credit Index—40.00%; Bloomberg U.S. 1–5 Year Treasury TIPS Index—40.00%; and Real Assets Broad Weighted Benchmark—1.00%. Benchmark performance commenced on November 30, 2001.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.



## PORTFOLIO 2021

Performance Comparison as of May 31, 2021

	5 Months	11 Months	Annualized Since Portfolio Inception
<b>Portfolio 2021<sup>1</sup></b>	<b>3.94%</b>	<b>11.75%</b>	<b>6.13%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>3.70%</b>	<b>10.38%</b>	<b>5.94%</b>

Portfolio 2021 recorded positive returns and outperformed its weighted benchmark for the 11 months ended May 31, 2021. Throughout the period, the Portfolio's asset allocation became more conservative to match more closely the Portfolio for Education Today. The Portfolio automatically converted to the Portfolio for Education Today when it reached its predetermined conversion date of June 25, 2021. Therefore, the following information for Portfolio 2021 is applicable for the 11 months ended May 31, 2021.

The Portfolio systematically increases its allocation to bond investments as part of its long-term strategy of becoming more conservative over time. More than three-quarters of the Portfolio was invested in fixed income funds at the beginning of the reporting period. These included the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund; the Limited Duration Inflation Focused Bond Fund which primarily holds short- and intermediate-term investment-grade inflation-linked securities; and 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. Over the course of the period, the allocations to the Limited Duration Inflation Focused Bond Fund and the Spectrum Income Fund transitioned to the U.S. Limited Duration TIPS Index Fund, which invests in a diversified portfolio of short- and intermediate-term investment-grade inflation-linked securities, including Treasury inflation protected securities, as well as corporate, government, mortgage-backed, and asset-backed securities.

Security selection within the underlying Funds was the primary driver of relative outperformance. The Spectrum Income Fund outpaced the Bloomberg U.S. Aggregate Bond Index, its style-specific benchmark, which added value. Certain underlying Funds that invest in shorter-duration U.S. investment-grade debt also outperformed their respective benchmarks, which boosted relative returns.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—also added value, albeit modestly.

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

<sup>2</sup> As of May 31, 2021, the weighted benchmark was composed of: S&P 500 Index—5.33%; Russell 1000 Growth Index—4.00%; Russell 1000 Value Index—4.00%; Russell Midcap Growth Index—0.37%; Russell Midcap Value Index—0.37%; Russell 2000 Index—0.74%; MSCI EAFE (Europe, Australasia, and Far East) Index net—3.97%; MSCI Emerging Markets Index net—0.21%; Bloomberg 1–3 Year Government/Credit Index—40.00%; Bloomberg U.S. 1–5 Year Treasury TIPS Index—40.00%; and Real Assets Broad Weighted Benchmark—1.00%. Benchmark performance commenced on November 30, 2001.

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

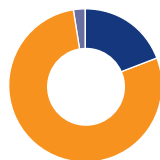
<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of May 31, 2021, all assets were invested in the I Class of each underlying mutual Fund.

6/30/20



26.2% Stocks  
72.1% Bonds  
1.7% Money Market

5/31/21



19.3% Stocks  
78.5% Bonds  
2.2% Money Market

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	5/31/21
U.S. Limited Duration TIPS Index Fund	0.0%	40.8%
Short-Term Bond Fund	30.9%	37.7%
Equity Index 500 Fund	23.0%	6.6%
Value Fund	0.0%	3.6%
Blue Chip Growth Fund	0.0%	3.0%
U.S. Treasury Money Fund	1.7%	2.2%
International Value Equity Fund	0.8%	1.2%
Overseas Stock Fund	0.9%	1.1%
International Stock Fund	0.9%	1.1%
Real Assets Fund	0.6%	0.6%
Small-Cap Stock Fund	0.0%	0.6%
U.S. Large-Cap Core Fund	0.0%	0.5%
Mid-Cap Value Fund	0.0%	0.4%
Mid-Cap Growth Fund	0.0%	0.3%
Emerging Markets Discovery Stock Fund	0.0%	0.2%
Emerging Markets Stock Fund	0.0%	0.1%
Limited Duration Inflation Focused Bond Fund	30.7%	0.0%
Spectrum Income Fund	10.5%	0.0%

## PORTFOLIO 2024

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2024<sup>1</sup></b>	<b>6.27%</b>	<b>20.16%</b>	<b>7.65%</b>
<b>Weighted Benchmark<sup>2</sup></b>	4.85%	15.43%	7.32%

Portfolio 2024 recorded strong positive returns and outperformed its weighted benchmark for the 12 months ended June 30, 2021.

The Portfolio seeks to balance the need for long-term capital appreciation with an emphasis on capital preservation and current income. Roughly 36% 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; this structural reallocation will continue until the Portfolio reaches matriculation in 2024, at which time it will hold a 40% short-term bond allocation. Over the course of the period, the allocations to the Limited Duration Inflation Focused Bond Fund transitioned to the U.S. Limited Duration TIPS Index Fund, which invests in a diversified portfolio of short- and intermediate-term investment-grade inflation-linked securities, including Treasury inflation protected securities, as well as corporate, government, mortgage-backed, and asset-backed securities.

Security selection within the underlying Funds was the primary driver of relative outperformance. The Spectrum Income Fund significantly outpaced the Bloomberg U.S. Aggregate Bond Index, its style-specific benchmark, which accounted for the majority of the positive effect from security selection. However, certain underlying Funds that invest in U.S. large-cap growth and small-cap stocks lagged their respective benchmarks, which was a modest drag on relative results.

Tactical decisions also contributed to relative performance. An overweight to U.S. small-cap stocks, which outpaced large-cap stocks, added value.

6/30/20



**43.1% Stocks**  
**55.1% Bonds**  
**1.8% Money Market**

6/30/21



**36.0% Stocks**  
**62.1% Bonds**  
**1.9% Money Market**

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
Spectrum Income Fund	40.8%	32.6%
Short-Term Bond Fund	7.9%	15.1%
U.S. Limited Duration TIPS Index Fund	0.0%	14.4%
Equity Index 500 Fund	21.0%	8.7%
Value Fund	3.3%	6.4%
Blue Chip Growth Fund	3.5%	6.0%
International Value Equity Fund	2.7%	2.6%
Overseas Stock Fund	2.7%	2.5%
International Stock Fund	2.7%	2.4%
Small-Cap Stock Fund	2.4%	2.1%
U.S. Treasury Money Fund	1.8%	1.9%
Mid-Cap Value Fund	1.3%	1.2%
Mid-Cap Growth Fund	1.4%	1.1%
Real Assets Fund	1.0%	1.0%
Emerging Markets Stock Fund	1.1%	0.8%
U.S. Large-Cap Core Fund	0.0%	0.7%
Emerging Markets Discovery Stock Fund	0.0%	0.5%
Limited Duration Inflation Focused Bond Fund	6.4%	0.0%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—8.79%; Russell 1000 Growth Index—6.59%; Russell 1000 Value Index—6.59%; Russell Midcap Growth Index—1.01%; Russell Midcap Value Index—1.01%; Russell 2000 Index—2.02%; MSCI EAFE (Europe, Australasia, and Far East) Index net—8.23%; MSCI Emerging Markets Index net—0.91%; Bloomberg U.S. Aggregate Bond Index—34.00%; Bloomberg 1–3 Year Government/Credit Index—16.00%; Bloomberg U.S. 1–5 Year Treasury TIPS Index—13.00%; and Real Assets Broad Weighted Benchmark—1.85%.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.

## PORTFOLIO 2027

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2027<sup>1</sup></b>	<b>8.19%</b>	<b>26.78%</b>	<b>7.85%</b>
<b>Weighted Benchmark<sup>2</sup></b>	6.56%	21.69%	7.43%

Portfolio 2027 recorded strong positive returns and outperformed its weighted benchmark for the 12 months ended June 30, 2021.

The Portfolio's focus is long-term capital appreciation. A little more than 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. About five years prior to the expected enrollment year referenced in the Portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, which is a shorter-duration U.S. investment-grade bond fund, and the U.S. Limited Duration TIPS Index Fund, which invests in a diversified portfolio of short- and intermediate-term investment-grade inflation-linked securities, including Treasury inflation protected securities, as well as corporate, government, mortgage-backed, and asset-backed securities.

Security selection within the underlying Funds was the primary driver of relative outperformance. The Spectrum Income Fund significantly outpaced the Bloomberg U.S. Aggregate Bond Index, its style-specific benchmark, which accounted for the majority of the positive effect from security selection. However, certain underlying Funds that invest in U.S. large-cap growth and small-cap stocks lagged their respective benchmarks, which was a modest drag on relative results.

Tactical decisions also contributed to relative performance. An overweight to U.S. small-cap stocks, which outpaced large-cap stocks, added value. An overweight allocation to emerging markets stocks also contributed, as emerging markets stocks outperformed stocks in developed markets.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—also modestly added value.

6/30/20



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

6/30/21



**52.7% Stocks**  
**45.2% Bonds**  
**2.1% Money Market**

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
Spectrum Income Fund	38.8%	44.1%
Equity Index 500 Fund	20.3%	10.5%
Value Fund	5.1%	8.3%
Blue Chip Growth Fund	5.5%	7.8%
International Value Equity Fund	4.8%	4.5%
Overseas Stock Fund	4.8%	4.2%
Small-Cap Stock Fund	4.7%	4.0%
International Stock Fund	4.7%	3.8%
Emerging Markets Stock Fund	3.2%	2.2%
Mid-Cap Growth Fund	2.6%	2.2%
Mid-Cap Value Fund	2.4%	2.0%
U.S. Treasury Money Fund	1.8%	2.1%
Real Assets Fund	1.3%	1.5%
U.S. Limited Duration TIPS Index Fund	0.0%	1.1%
Emerging Markets Discovery Stock Fund	0.0%	0.9%
U.S. Large-Cap Core Fund	0.0%	0.8%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—11.29%; Russell 1000 Growth Index—8.47%; Russell 1000 Value Index—8.47%; Russell Midcap Growth Index—1.88%; Russell Midcap Value Index—1.88%; Russell 2000 Index—3.75%; MSCI EAFE (Europe, Australasia, and Far East) Index net—13.02%; MSCI Emerging Markets Index net—2.30%; Bloomberg U.S. Aggregate Bond Index—46.25%; and Real Assets Broad Weighted Benchmark—2.69%.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.

## PORTFOLIO 2030

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2030<sup>1</sup></b>	<b>9.97%</b>	<b>31.78%</b>	<b>11.48%</b>
<b>Weighted Benchmark<sup>2</sup></b>	9.04%	28.60%	11.23%

Portfolio 2030 recorded strong positive returns and outperformed its weighted benchmark for the 12 months ended June 30, 2021.

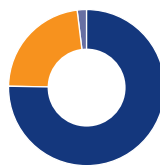
The Portfolio's focus is long-term capital appreciation. Most of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The Portfolio also has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income 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. About five years prior to the expected enrollment year referenced in the Portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, which is a shorter-duration U.S. investment-grade bond fund, and the U.S. Limited Duration TIPS Index Fund, which invests in a diversified portfolio of short- and intermediate-term investment-grade inflation-linked securities, including Treasury inflation protected securities, as well as corporate, government, mortgage-backed, and asset-backed securities.

Security selection within the underlying Funds was the primary driver of relative outperformance. The Spectrum Income Fund significantly outpaced the Bloomberg U.S. Aggregate Bond Index, its style-specific benchmark, which accounted for the majority of the positive effect from security selection. However, certain underlying Funds that invest in U.S. large-cap growth and small-cap stocks lagged their respective benchmarks, which was a modest drag on relative results.

Tactical decisions also contributed to relative performance. An overweight to U.S. small-cap stocks, which outpaced large-cap stocks, added value. An overweight allocation to emerging markets stocks also contributed, as emerging markets stocks outperformed stocks in developed markets.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—also modestly added value.

6/30/20



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

6/30/21



**68.6% Stocks**  
**29.3% Bonds**  
**2.1% Money Market**

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
Spectrum Income Fund	22.7%	28.2%
Equity Index 500 Fund	23.5%	13.8%
Value Fund	7.4%	10.8%
Blue Chip Growth Fund	8.1%	10.2%
International Value Equity Fund	6.1%	5.8%
Overseas Stock Fund	6.1%	5.4%
Small-Cap Stock Fund	6.0%	5.2%
International Stock Fund	6.1%	5.0%
Emerging Markets Stock Fund	4.0%	2.8%
Mid-Cap Growth Fund	3.3%	2.8%
Mid-Cap Value Fund	3.1%	2.7%
U.S. Treasury Money Fund	1.9%	2.1%
Real Assets Fund	1.7%	1.9%
Emerging Markets Discovery Stock Fund	0.0%	1.2%
U.S. Limited Duration TIPS Index Fund	0.0%	1.1%
U.S. Large-Cap Core Fund	0.0%	1.0%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—14.66%; Russell 1000 Growth Index—10.99%; Russell 1000 Value Index—10.99%; Russell Midcap Growth Index—2.44%; Russell Midcap Value Index—2.44%; Russell 2000 Index—4.87%; MSCI EAFE (Europe, Australasia, and Far East) Index net—16.90%; MSCI Emerging Markets Index net—2.98%; Bloomberg U.S. Aggregate Bond Index—30.25%; and Real Assets Broad Weighted Benchmark—3.49%.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.

## PORTFOLIO 2033

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2033<sup>1</sup></b>	<b>11.73%</b>	<b>36.75%</b>	<b>12.75%</b>
<b>Weighted Benchmark<sup>2</sup></b>	11.45%	35.49%	12.48%

Portfolio 2033 recorded strong positive returns and outperformed its weighted benchmark for the 12 months ended June 30, 2021.

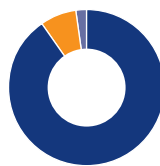
The Portfolio's focus is long-term capital appreciation. Most of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The Portfolio has a small allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income 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. About five years prior to the expected enrollment year referenced in the Portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, which is a shorter-duration U.S. investment-grade bond fund, and the U.S. Limited Duration TIPS Index Fund, which invests in a diversified portfolio of short- and intermediate-term investment-grade inflation-linked securities, including Treasury inflation protected securities, as well as corporate, government, mortgage-backed, and asset-backed securities.

Security selection within the underlying Funds was the top contributor to relative outperformance. The Spectrum Income Fund significantly outpaced the Bloomberg U.S. Aggregate Bond Index, its style-specific benchmark, which had a notable positive impact. The underlying Fund that invests in U.S. large-cap value stocks also outperformed its style-specific benchmark, which added value. However, certain underlying Funds that invest in U.S. large-cap growth and small-cap stocks lagged their respective benchmarks, which was a modest drag on relative results.

Tactical decisions also contributed to relative performance. An overweight to U.S. small-cap stocks, which outpaced large-cap stocks, added value. An overweight allocation to emerging markets stocks also contributed, as emerging markets stocks outperformed stocks in developed markets.

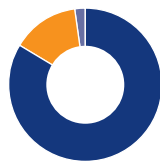
The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—also added value, albeit modestly.

6/30/20



**90.4% Stocks**  
**7.6% Bonds**  
**2.0% Money Market**

6/30/21



**83.7% Stocks**  
**14.2% Bonds**  
**2.1% Money Market**

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
Equity Index 500 Fund	28.3%	16.8%
Value Fund	8.6%	13.2%
Spectrum Income Fund	7.6%	13.1%
Blue Chip Growth Fund	9.8%	12.5%
International Value Equity Fund	7.3%	7.0%
Overseas Stock Fund	7.4%	6.6%
Small-Cap Stock Fund	7.2%	6.4%
International Stock Fund	7.3%	6.1%
Emerging Markets Stock Fund	4.9%	3.5%
Mid-Cap Growth Fund	4.0%	3.4%
Mid-Cap Value Fund	3.6%	3.3%
Real Assets Fund	2.0%	2.3%
U.S. Treasury Money Fund	2.0%	2.1%
Emerging Markets Discovery Stock Fund	0.0%	1.4%
U.S. Large-Cap Core Fund	0.0%	1.2%
U.S. Limited Duration TIPS Index Fund	0.0%	1.1%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—17.86%; Russell 1000 Growth Index—13.40%; Russell 1000 Value Index—13.40%; Russell Midcap Growth Index—2.97%; Russell Midcap Value Index—2.97%; Russell 2000 Index—5.94%; MSCI EAFE (Europe, Australasia, and Far East) Index net—20.59%; MSCI Emerging Markets Index net—3.63%; Bloomberg U.S. Aggregate Bond Index—15.00%; and Real Assets Broad Weighted Benchmark—4.25%.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.



## PORTFOLIO 2036

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2036<sup>1</sup></b>	<b>13.30%</b>	<b>41.10%</b>	<b>13.75%</b>
<b>Weighted Benchmark<sup>2</sup></b>	13.74%	41.58%	13.65%

Portfolio 2036 recorded strong positive returns but underperformed its weighted benchmark for the 12 months ended June 30, 2021.

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

Tactical decisions contributed to relative performance. An overweight to U.S. small-cap stocks, which outpaced large-cap stocks, added value. An overweight allocation to emerging markets stocks also contributed, as emerging markets stocks outperformed stocks in developed markets.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—also modestly added value.

Security selection within the underlying Funds detracted from relative performance. Underlying Funds that invest in U.S. large-cap growth, U.S. small-cap, and emerging markets growth stocks underperformed their respective benchmarks, which detracted. Conversely, the Portfolio's underlying Funds that invest in U.S. large-cap value and international developed markets stocks outpaced their respective benchmarks, which bolstered relative performance.

6/30/20



100% Stocks

6/30/21



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
Equity Index 500 Fund	30.6%	20.1%
Value Fund	9.3%	15.9%
Blue Chip Growth Fund	11.2%	15.1%
International Value Equity Fund	8.2%	8.3%
Overseas Stock Fund	8.2%	7.8%
Small-Cap Stock Fund	8.2%	7.5%
International Stock Fund	8.2%	7.3%
Emerging Markets Stock Fund	5.4%	4.2%
Mid-Cap Growth Fund	4.7%	4.0%
Mid-Cap Value Fund	3.9%	4.0%
Real Assets Fund	2.1%	2.7%
Emerging Markets Discovery Stock Fund	0.0%	1.7%
U.S. Large-Cap Core Fund	0.0%	1.4%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—21.01%; Russell 1000 Growth Index—15.76%; Russell 1000 Value Index—15.76%; Russell Midcap Growth Index—3.49%; Russell Midcap Value Index—3.49%; Russell 2000 Index—6.98%; MSCI EAFE (Europe, Australasia, and Far East) Index net—24.23%; MSCI Emerging Markets Index net—4.28%; and Real Assets Broad Weighted Benchmark—5.00%.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.

## PORTFOLIO 2039

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2039<sup>1</sup></b>	<b>13.30%</b>	<b>41.07%</b>	<b>14.67%</b>
<b>Weighted Benchmark<sup>2</sup></b>	13.74%	41.58%	14.52%

Portfolio 2039 recorded strong positive returns but underperformed its weighted benchmark for the 12 months ended June 30, 2021.

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

Tactical decisions contributed to relative performance. An overweight to U.S. small-cap stocks, which outpaced large-cap stocks, added value. An overweight allocation to emerging markets stocks also contributed, as emerging markets stocks outperformed stocks in developed markets.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—also modestly added value.

Security selection within the underlying Funds detracted from relative performance. Underlying Funds that invest in U.S. large-cap growth, U.S. small-cap, and emerging markets growth stocks underperformed their respective benchmarks, which detracted. Conversely, the Portfolio's underlying Funds that invest in U.S. large-cap value and international developed markets stocks outpaced their respective benchmarks, which bolstered relative performance.

6/30/20



100% Stocks

6/30/21



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
Equity Index 500 Fund	30.6%	20.0%
Value Fund	9.3%	15.9%
Blue Chip Growth Fund	11.2%	15.1%
International Value Equity Fund	8.1%	8.2%
Overseas Stock Fund	8.2%	7.8%
Small-Cap Stock Fund	8.2%	7.5%
International Stock Fund	8.2%	7.3%
Emerging Markets Stock Fund	5.5%	4.2%
Mid-Cap Growth Fund	4.6%	4.0%
Mid-Cap Value Fund	4.0%	4.0%
Real Assets Fund	2.1%	2.7%
Emerging Markets Discovery Stock Fund	0.0%	1.8%
U.S. Large-Cap Core Fund	0.0%	1.5%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—21.01%; Russell 1000 Growth Index—15.76%; Russell 1000 Value Index—15.76%; Russell Midcap Growth Index—3.49%; Russell Midcap Value Index—3.49%; Russell 2000 Index—6.98%; MSCI EAFE (Europe, Australasia, and Far East) Index net—24.23%; MSCI Emerging Markets Index net—4.28%; and Real Assets Broad Weighted Benchmark—5.00%.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.

## PORTFOLIO 2042

Performance Comparison as of June 30, 2021

	Cumulative Since Portfolio Inception
<b>Portfolio 2042<sup>1</sup></b>	<b>1.30%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>1.73%</b>

Portfolio 2042 recorded positive returns but underperformed its weighted benchmark for the period from inception through June 30, 2021. The Portfolio began operations on May 26, 2021.

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

Security selection within the underlying Funds detracted from relative performance. Underlying Funds that invest in U.S. large- and mid-cap equities trailed their respective benchmarks, which hurt relative returns. Conversely, the underlying Fund that invests in U.S. small-cap stocks outpaced its style-specific benchmark, which added value.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—was a modest drag on relative performance.

Tactical decisions detracted from relative performance. An overweight to U.S. value stocks, which trailed U.S. growth stocks, proved unfavorable. Conversely, while the inclusion of real assets stocks was a modest detractor, an underweight allocation to the sector had a positive effect.

6/30/21



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/21
Value Fund	17.4%
Blue Chip Growth Fund	14.7%
U.S. Large-Cap Core Fund	12.0%
Equity Index 500 Fund	9.4%
International Value Equity Fund	8.3%
Overseas Stock Fund	7.8%
International Stock Fund	7.2%
Small-Cap Stock Fund	7.0%
Mid-Cap Value Fund	3.8%
Mid-Cap Growth Fund	3.7%
Emerging Markets Discovery Stock Fund	3.3%
Emerging Markets Stock Fund	2.7%
Real Assets Fund	2.7%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—21.28%; Russell 1000 Growth Index—15.96%; Russell 1000 Value Index—15.96%; Russell Midcap Growth Index—3.33%; Russell Midcap Value Index—3.33%; Russell 2000 Index—6.65%; MSCI EAFE (Europe, Australasia, and Far East) Index net—24.23%; MSCI Emerging Markets Index net—4.28%; and Real Assets Broad Weighted Benchmark—5.00%.

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

<sup>4</sup> As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.

## EQUITY PORTFOLIO

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Equity Portfolio<sup>1</sup></b>	<b>13.30%</b>	<b>41.11%</b>	<b>8.36%</b>
<b>Weighted Benchmark<sup>2</sup></b>	13.74%	41.60%	8.23%

The Equity Portfolio recorded strong positive returns but underperformed its weighted benchmark for the 12 months ended June 30, 2021.

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. small-cap stocks, which outpaced large-cap stocks, added value. An overweight allocation to emerging markets stocks also contributed, as emerging markets stocks outperformed stocks in developed markets.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—also modestly added value.

Security selection within the underlying Funds detracted from relative performance. Underlying Funds that invest in U.S. large-cap growth, U.S. small-cap, and emerging markets stocks underperformed their respective benchmarks, which detracted. Conversely, the Portfolio's underlying Funds that invest in U.S. large-cap value and international developed markets stocks outpaced their respective benchmarks, which bolstered relative performance.

6/30/20



100% Stocks

6/30/21



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
Equity Index 500 Fund	30.6%	20.2%
Value Fund	9.3%	15.9%
Blue Chip Growth Fund	11.2%	15.0%
International Value Equity Fund	8.1%	8.2%
Overseas Stock Fund	8.2%	7.8%
Small-Cap Stock Fund	8.2%	7.5%
International Stock Fund	8.2%	7.3%
Emerging Markets Stock Fund	5.4%	4.2%
Mid-Cap Growth Fund	4.8%	4.0%
Mid-Cap Value Fund	3.9%	4.0%
Real Assets Fund	2.1%	2.7%
Emerging Markets Discovery Stock Fund	0.0%	1.8%
U.S. Large-Cap Core Fund	0.0%	1.4%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—21.01%; Russell 1000 Growth Index—15.76%; Russell 1000 Value Index—15.76%; Russell Midcap Growth Index—3.49%; Russell Midcap Value Index—3.49%; Russell 2000 Index—6.98%; MSCI EAFE (Europe, Australasia, and Far East) Index net—24.23%; MSCI Emerging Markets Index net—4.28%; and Real Assets Broad Weighted Benchmark—5.00%. Benchmark performance commenced on November 30, 2001.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.

## EXTENDED EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Extended Equity Market Index Portfolio<sup>1</sup></b>	<b>15.03%</b>	<b>60.09%</b>	<b>18.49%</b>
S&P Completion Index	15.42%	61.60%	19.03%

The Extended Equity Market Index Portfolio recorded strong positive returns but underperformed its benchmark, the S&P Completion Index, for the 12 months ended June 30, 2021.

Over the period, the Portfolio's investment in the Extended Equity Market Index Fund transitioned to two roughly equal allocations to the Mid-Cap Index Fund and the Small-Cap Index Fund. The Mid-Cap Index Fund attempts to match the return of mid-cap U.S. stocks by seeking to replicate the performance of the Russell Select Mid Cap Index. The Small-Cap Index Fund attempts to match the return of small-cap U.S. stocks by seeking to replicate the performance of the Russell 2000 Index. The funds use a full replication strategy, which involves investing substantially all assets in the stocks in the respective benchmark index and seeking to maintain holdings of each stock in proportion to its weight in the index. As passively managed index funds, sector allocations mirror those of the respective benchmark indexes.

Small- and mid-cap U.S. stocks delivered robust absolute returns and outperformed their large-cap peers over the reporting period, according to various Russell indices. Smaller companies have traditionally been viewed as more sensitive to the state of the overall economy, and improving conditions, both domestically and globally, were a tailwind for these assets as economic restrictions eased and pent-up demand began to be unleashed. Small-cap stocks in particular were the beneficiary of momentum trading during the period, particularly among individual investors.

6/30/20



100% Stocks

6/30/21



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>2,3</sup>

	6/30/20	6/30/21
Mid-Cap Index Fund	0.0%	50.3%
Small-Cap Index Fund	0.0%	49.7%
Extended Equity Market Index Fund	100.0%	0.0%

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

<sup>2</sup> Percentages may not equal 100% due to rounding.

<sup>3</sup> As of June 30, 2020, all assets were invested in the Investor Class of the underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund, reflecting class exchanges that occurred during the period.



## GLOBAL EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Global Equity Market Index Portfolio<sup>1</sup></b>	<b>12.92%</b>	<b>39.83%</b>	<b>9.13%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>13.32%</b>	<b>41.06%</b>	<b>9.54%</b>

The Global Equity Market Index Portfolio recorded strong positive returns but underperformed its weighted benchmark for the 12 months ended June 30, 2021.

The Portfolio's domestic equity allocation in the Total Equity Market Index Fund transitioned to an approximately 80% allocation to the Equity Index 500 Fund and two smaller allocations to the Mid-Cap Index Fund and the Small-Cap Index Fund. The Equity Index 500 Fund attempts to match the return of large-cap U.S. stocks by seeking to replicate the performance of the S&P 500 Index. Thirty percent of the Portfolio's assets were held in the International Equity Index Fund, which seeks to match the performance of the MSCI EAFE Index Net, an equity index which captures large- and mid-cap representation across 21 developed-markets countries around the world, excluding the U.S. and Canada.

Security selection within the underlying Funds weighed on relative performance. Prior to the transition, the Total Equity Market Index Fund trailed its style-specific benchmark, which hurt relative returns.

6/30/20



100% Stocks

6/30/21



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
Equity Index 500 Fund	0.0%	56.6%
International Equity Index Fund	30.2%	29.8%
Mid-Cap Index Fund	0.0%	6.9%
Small-Cap Index Fund	0.0%	6.7%
Total Equity Market Index Fund	69.8%	0.0%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P Total Market Index—56.00%; Russell Select Midcap Index—7.00%; Russell 2000 Index—7.00%; and MSCI EAFE (Europe, Australasia, and Far East) Index net—30.00%.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund (except for International Equity Market Index Fund, which does not offer an I Class and remains invested in Investor Class).

## EQUITY INDEX 500 PORTFOLIO

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Equity Index 500 Portfolio<sup>1</sup></b>	<b>15.17%</b>	<b>40.54%</b>	<b>18.05%</b>
S&P 500 Index	15.25%	40.79%	18.32%

The Equity Index 500 Portfolio recorded strong positive returns and performed in line with its benchmark, the S&P 500 Index, for the 12 months ended June 30, 2021.

The Portfolio invests in the Equity Index 500 Fund, which attempts to match the return of large-cap U.S. stocks by seeking to replicate 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 during the fiscal year, with many major indexes reaching new highs in the last few months. During the second half of 2020, a faster-than-expected rebound in the economy coupled with reports of progress in developing several possible coronavirus vaccines and treatments boosted stocks. Stocks also received a major boost following positive announcements in the development and eventual distribution of approved coronavirus vaccines. Strong performance continued into early 2021, driven by favorable economic data and corporate earnings reports and expectations for new federal fiscal stimulus measures. The broadening distribution of coronavirus vaccines also enabled many state and local governments to roll back and eventually remove many of their pandemic restrictions on business operations, travel, and gatherings.

6/30/20



100% Stocks

6/30/21



100% Stocks

### UNDERLYING FUND ALLOCATION<sup>2</sup>

	6/30/20	6/30/21
Equity Index 500 Fund	100.0%	100.0%

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

<sup>2</sup> As of June 30, 2020, all assets were invested in the Investor Class of the underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of the underlying mutual Fund.

## BALANCED PORTFOLIO

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Balanced Portfolio<sup>1</sup></b>	<b>7.71%</b>	<b>25.61%</b>	<b>7.35%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>7.54%</b>	<b>24.73%</b>	<b>7.06%</b>

The Balanced Portfolio recorded strong positive returns and outperformed its weighted benchmark for the 12 months ended June 30, 2021.

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.

Security selection within the underlying Funds contributed to relative outperformance. The Portfolio's underlying Fund that invests in U.S. investment-grade bonds significantly outpaced the Bloomberg U.S. Aggregate Bond Index, its style-specific benchmark, which had a notable positive impact. The underlying Fund that invests in U.S. large-cap value stocks also outperformed its style-specific benchmark, which added value. However, underlying Funds that invest in U.S. large-cap growth and small-cap stocks lagged their respective benchmarks, which was a modest drag on relative results.

Tactical decisions contributed to relative performance. Most notably, the Portfolio held a favorable overweight allocation to high yield bonds, which outperformed investment-grade bonds. An overweight to U.S. small-cap stocks, which outpaced large-cap stocks, added value. An overweight allocation to emerging markets stocks also contributed, as emerging markets stocks outperformed stocks in developed markets.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—also modestly added value.

6/30/20



**60.1% Stocks**  
**37.9% Bonds**  
**2.0% Money Market**

6/30/21



**58.9% Stocks**  
**38.9% Bonds**  
**2.2% Money Market**

### UNDERLYING FUND ALLOCATION<sup>3,4</sup>

	6/30/20	6/30/21
New Income Fund	25.6%	24.4%
Equity Index 500 Fund	18.6%	11.9%
Value Fund	6.1%	9.3%
Blue Chip Growth Fund	6.6%	8.7%
High Yield Fund	5.1%	5.5%
International Value Equity Fund	4.8%	4.9%
Overseas Stock Fund	4.8%	4.6%
Small-Cap Stock Fund	4.7%	4.5%
International Stock Fund	5.0%	4.3%
International Bond Fund	3.3%	4.2%
Emerging Markets Bond Fund	3.9%	3.7%
Emerging Markets Stock Fund	3.2%	2.5%
Mid-Cap Growth Fund	2.6%	2.5%
Mid-Cap Value Fund	2.4%	2.3%
U.S. Treasury Money Fund	2.0%	2.2%
Real Assets Fund	1.3%	1.6%
U.S. Limited Duration TIPS Index Fund	0.0%	1.1%
Emerging Markets Discovery Stock Fund	0.0%	1.0%
U.S. Large-Cap Core Fund	0.0%	0.8%

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

<sup>2</sup> As of June 30, 2021, the weighted benchmark was composed of: S&P 500 Index—12.61%; Russell 1000 Growth Index—9.46%; Russell 1000 Value Index—9.46%; Russell Midcap Growth Index—2.10%; Russell Midcap Value Index—2.10%; Russell 2000 Index—4.19%; MSCI EAFE (Europe, Australasia, and Far East) Index net—14.53%; MSCI Emerging Markets Index net—2.57%; Bloomberg U.S. Aggregate Bond Index—28.00%; Real Assets Broad Weighted Benchmark—3.00%; Credit Suisse High Yield Index—4.00%; IBF Custom Blended Benchmark—4.00%; and JPM Emerging Markets Bond Global Index—4.00%. Benchmark performance commenced on November 30, 2001.

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

<sup>4</sup> As of June 30, 2020, all assets were invested in the Investor Class of each underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of each underlying mutual Fund.

## BOND AND INCOME PORTFOLIO

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Bond and Income Portfolio<sup>1</sup></b>	<b>2.13%</b>	<b>10.54%</b>	<b>5.63%</b>
Bloomberg U.S. Aggregate Bond Index	-1.60%	-0.33%	4.43%

The Bond and Income Portfolio recorded positive returns and significantly outperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index, for the 12 months ended June 30, 2021.

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.

The inclusion of diversifying sectors that are not part of the benchmark was the primary driver of relative outperformance. The Portfolio's holdings in U.S. large-cap dividend-paying stocks and high yield bonds added value as these securities strongly outpaced the benchmark. However, holdings in long-term U.S. Treasuries detracted.

Security selection within the underlying Funds also boosted 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 outpaced their respective style-specific benchmarks and lifted relative returns.

Tactical decisions to overweight and underweight fixed income sub-asset classes contributed to relative performance. An underweight allocation to long-term U.S. Treasuries largely offset the negative impact of their inclusion, as long-term Treasuries were among the worst-performing assets in the fixed income universe. An overweight allocation to U.S. large-cap dividend-paying stocks also had a positive impact.

6/30/20



100% Bonds

6/30/21



100% Bonds

### UNDERLYING FUND ALLOCATION<sup>2</sup>

	6/30/20	6/30/21
Spectrum Income Fund	100.0%	100.0%

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

<sup>2</sup> As of June 30, 2020, all assets were invested in the Investor Class of the underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of the underlying mutual Fund.

## U.S. BOND INDEX PORTFOLIO

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>U.S. Bond Index Portfolio<sup>1</sup></b>	<b>-1.35%</b>	<b>0.34%</b>	<b>5.03%</b>
Bloomberg U.S. Aggregate Bond Index	-1.60%	-0.33%	4.87%

The U.S. Bond Index Portfolio recorded slightly positive returns and outperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index, for the 12 months ended June 30, 2021.

The Portfolio invests in the QM U.S. Bond 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 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.

Security selection was a significant contributor, particularly among agency mortgage-backed securities. Selection within corporates was also positive, aided by a mix of holdings in energy, telecom, financials, and airline-related credits. Performance was also boosted by the Portfolio's slightly shorter-duration posture relative to the benchmark, on average, in a rising rate environment.

6/30/20



100% Bonds

6/30/21



100% Bonds

### UNDERLYING FUND ALLOCATION<sup>2</sup>

	6/30/20	6/30/21
QM U.S. Bond Index Fund	100.0%	100.0%

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

<sup>2</sup> As of June 30, 2020, all assets were invested in the Investor Class of the underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of the underlying mutual Fund.



## INFLATION FOCUSED BOND PORTFOLIO

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Inflation Focused Bond Portfolio<sup>1</sup></b>	<b>2.82%</b>	<b>6.93%</b>	<b>2.31%</b>
Bloomberg U.S. 1–5 Year Treasury TIPS Index	2.88%	6.40%	2.47%

The Inflation Focused Bond Portfolio recorded positive returns and outperformed its benchmark, the Bloomberg U.S. 1–5 Year Treasury TIPS Index, for the 12 months ended June 30, 2021.

Over the period, the Portfolio's investment in the Limited Duration Inflation Focused Bond Fund transitioned to the U.S. Limited Duration TIPS Index Fund, which invests in a diversified portfolio of short- and intermediate-term investment-grade inflation-linked securities, including Treasury inflation protected securities, as well as corporate, government, mortgage-backed, and asset-backed securities. The Fund seeks to track the performance of the Bloomberg U.S. 1–5 Year TIPS Index, which measures the investment returns of U.S. Treasury inflation protected securities with remaining maturities ranging between one and five years. Treasury inflation protected securities, commonly known as TIPS, are income-generating instruments whose interest and principal payments are adjusted for inflation—a sustained increase in prices of goods and services that erodes the purchasing power of money.

U.S. TIPS produced positive returns over the past 12 months and significantly outperformed nominal U.S. Treasuries, which had negative returns. TIPS benefited during the period as the rollout of coronavirus vaccines, additional fiscal stimulus, and the Federal Reserve's commitment to ultra-accommodative monetary policy contributed to rising economic growth and higher inflation. Supply and demand imbalances and higher commodity prices also helped fuel higher inflation and boosted inflation expectations. Shorter-maturity TIPS outperformed TIPS with longer maturities in this environment.

6/30/20



100% Bonds

6/30/21



100% Bonds

### UNDERLYING FUND ALLOCATION<sup>2</sup>

	6/30/20	6/30/21
U.S. Limited Duration TIPS Index Fund	0.0%	100.0%
Limited Duration Inflation Focused Bond Fund	100.0%	0.0%

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

<sup>2</sup> As of June 30, 2020, all assets were invested in the Investor Class of the underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of the underlying mutual Fund.

## U.S. TREASURY MONEY MARKET PORTFOLIO

Performance Comparison as of June 30, 2021

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>U.S. Treasury Money Market Portfolio<sup>1</sup></b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.34%</b>
FTSE 3-Month Treasury Bill Index	0.03%	0.08%	0.54%

The U.S. Treasury Money Market Portfolio recorded relatively flat returns and performed in line with its benchmark, the FTSE 3-Month Treasury Bill Index, for the 12 months ended June 30, 2021.

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

The Federal Reserve's continued buying of Treasury securities placed downward pressure on money market yields. Additionally, a decrease in the Treasury Department's cash balance—due to disbursements of stimulus checks from its general account—and efforts by some banks to slow deposit growth contributed to a substantial influx of cash into government money funds. Treasury bill (T-bill) yields broadly declined in this environment. The yield on the 90-day T-bill slid from 0.12% to 0.01% over the past 12 months, while the rate for six-month maturities fell from 0.18% to 0.03%. Further along the maturity spectrum, the one-year T-bill yield decreased from 0.17% to 0.07% during the period.

6/30/20



100% Money Market

6/30/21



100% Money Market

### UNDERLYING FUND ALLOCATION<sup>2</sup>

	6/30/20	6/30/21
U.S. Treasury Money Fund	100.0%	100.0%

Diversification cannot assure a profit or protect against loss in a declining market.

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

<sup>2</sup> As of June 30, 2020, all assets were invested in the Investor Class of the underlying mutual Fund. As of June 30, 2021, all assets were invested in the I Class of the underlying mutual Fund.

You could lose money by investing in this Portfolio. Although the U.S. Treasury Money Market Portfolio seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this Portfolio. Neither the Program Manager nor the underlying Fund's sponsor has any legal obligation to provide financial support to the underlying Fund, and you should not expect that either the Program Manager or the Fund sponsor will provide financial support to the Portfolio or the underlying Fund at any time.

## 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, 2021. 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. Assets consist primarily of investments, which comprise in excess of 99% of 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 43,314 new Accounts, \$816 million in Account Holder contributions to Portfolios, and \$1.6 billion in net investment income. Deductions from net position include \$481 million in distributions to Account Holders and \$34 million in rollovers to other 529 plans. This resulted in an increase in net position of \$1.9 billion 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, a Program Fee, 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 underlying fees and expenses are not charged directly to a Portfolio but are included in the net asset value (NAV) 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. Each Portfolio is charged a Program Fee for administration and servicing costs of the Maryland College Investment Plan; T. Rowe Price Associates, Inc., receives the Program Fee, which equals 0.05% based on the assets of the College Investment Plan. In addition, each Portfolio is charged a State Fee for administration and marketing costs of the Maryland 529 programs. The Trustee receives the State Fee, which equals 0.05% based on the assets of the College Investment Plan. Payment of the Program Fee and State Fee by each Portfolio will be reflected in the Portfolio's NAV. The Program Fee is contractually limited in certain situations, and both the Program Fee and State Fee may be voluntarily waived for certain Portfolios, as described in the Plan Disclosure Statement.

### 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, 2021. 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 NAV 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, 2021 (in thousands)

<b>ASSETS</b>	
<b>Assets:</b>	
Investments, at Fair Value	\$8,645,403
<b>LIABILITIES</b>	
<b>Liabilities:</b>	
Other Liabilities	602
<b>Total Net Position</b>	<b>\$8,644,801</b>

## Statement of Changes in Fiduciary Net Position for the Fiscal Year Ended June 30, 2021 (in thousands)

<b>ADDITIONS</b>	
<b>Contributions:</b>	
Account Holder Contributions	\$816,291
Total Contributions	816,291
<b>Investment Income:</b>	
Net Increase in Fair Value of Investments	1,513,227
Investment Income	93,632
Net Investment Income	1,606,859
Total Additions	2,423,150
<b>DEDUCTIONS</b>	
<b>Distributions:</b>	
Account Holder Distributions	515,485
Dividend Distributions	22
Total Deductions	515,507
Change in Net Position	1,907,643
Net Position, Beginning of Year	6,737,158
<b>Net Position, End of Year</b>	<b>\$8,644,801</b>

See accompanying Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2021

### 1. Organization and Purpose

The Maryland Senator Edward J. Kasemeyer 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. Effective January 1, 2020, the definition of qualified higher education expenses was expanded again to include apprenticeship expenses and payments of qualified education loans.

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, 2021, the date of this report, and October 28, 2021, 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) 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, as disclosed in the Statement of Changes in Net Position, include new contributions made to the Plan. For the year ended June 30, 2021, new contributions to the Plan were approximately \$816 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 the trade date basis. Realized gains and losses are reported on the identified cost basis.

## Recent Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities* and Statement No. 90, *Majority Equity Interests* – an amendment of GASB Statements No. 14 and No. 61. The Plan has implemented these statements and they had no material effect on the Plan's financial statements.

The GASB issued Statement No. 87, *Leases*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32; which will require adoption in the future, if applicable. These statements may have a material effect on the Plan's financial statements once implemented. The Plan 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 NAV per share on the date of valuation.

Various valuation techniques and inputs are used to determine the fair value of financial instruments. 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 fund 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 (including the fund's own assumptions in determining fair value)
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Because the Plan invests in mutual Funds that are actively traded at publicly available NAVs, all investments were classified as Level 1 as of June 30, 2021.

Changes in unrealized gain/loss resulting from changes in the fair values of investments are recognized daily in each Portfolio's NAV 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 were as follows on June 30, 2021 (in years):

	<b>Weighted Average Maturity</b>	<b>Weighted Average Effective Duration</b>
<b>Domestic Bond Funds</b>		
T. Rowe Price High Yield Fund	6.30	2.93
T. Rowe Price New Income Fund	5.83	6.59
T. Rowe Price Short-Term Bond Fund	2.15	1.74
T. Rowe Price QM U.S. Bond Index Fund	8.55	6.55
T. Rowe Price U.S. Limited Duration TIPS Index Fund	3.34	3.95
<b>International Bond Funds</b>		
T. Rowe Price Emerging Markets Bond Fund	12.23	7.96
T. Rowe Price International Bond Fund	8.53	7.43
<b>Blended Asset Fund</b>		
T. Rowe Price Spectrum Income Fund	7.31	5.40



As of June 30, 2021, 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	\$343,905	\$273,960	\$617,865
T. Rowe Price Equity Index 500 Fund	733,401	586,304	1,319,705
T. Rowe Price Mid-Cap Growth Fund	85,124	67,265	152,389
T. Rowe Price Mid-Cap Index Fund	40,183	2,155	42,338
T. Rowe Price Mid-Cap Value Fund	106,063	43,465	149,528
T. Rowe Price Small-Cap Index Fund	40,091	1,265	41,356
T. Rowe Price Small-Cap Stock Fund	155,922	127,472	283,394
T. Rowe Price U.S. Large-Cap Core Fund	58,296	5,009	63,305
T. Rowe Price Value Fund	483,926	174,068	657,994
Total Domestic Stock Funds	2,046,911	1,280,963	3,327,874
<b>International Stock Funds</b>			
T. Rowe Price Emerging Markets Discovery Stock Fund	65,530	1,727	67,257
T. Rowe Price Emerging Markets Stock Fund	84,234	62,162	146,396
T. Rowe Price International Equity Index Fund	92,964	26,933	119,897
T. Rowe Price International Stock Fund	193,247	92,938	286,185
T. Rowe Price International Value Equity Fund	262,512	62,015	324,527
T. Rowe Price Overseas Stock Fund	217,436	88,500	305,936
Total International Stock Funds	915,923	334,275	1,250,198
<b>Domestic Bond Funds</b>			
T. Rowe Price High Yield Fund	25,769	687	26,456
T. Rowe Price New Income Fund	113,236	3,741	116,977
T. Rowe Price Short-Term Bond Fund	955,894	14,964	970,858
T. Rowe Price QM U.S. Bond Index Fund	29,992	397	30,389
T. Rowe Price U.S. Limited Duration TIPS Index Fund	1,063,798	11,718	1,075,516
Total Domestic Bond Funds	2,188,689	31,507	2,220,196
<b>Global Stock Fund</b>			
T. Rowe Price Real Assets Fund	83,055	27,002	110,057
<b>International Bond Funds</b>			
T. Rowe Price Emerging Markets Bond Fund	18,064	(438)	17,626
T. Rowe Price International Bond Fund	19,166	887	20,053
Total International Bond Funds	37,230	449	37,679
<b>Blended Asset Fund</b>			
T. Rowe Price Spectrum Income Fund	1,271,543	68,600	1,340,143
<b>Money Market Fund</b>			
T. Rowe Price U.S. Treasury Money Fund	359,256	—	359,256
<b>Total Investments in Mutual Funds</b>	<b>\$6,902,607</b>	<b>\$1,742,796</b>	<b>\$8,645,403</b>

\* All assets as of June 30, 2021 are invested in the I Class of each T. Rowe Price mutual Fund, with the exception of T. Rowe Price International Equity Index Fund —Investor Class.

## 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 recordkeeping and related Account servicing for the Portfolios are borne by either Price Associates or each underlying mutual Fund in proportion to the average daily value of its shares owned by the Portfolios. During the year ended June 30, 2021, the underlying mutual Funds incurred \$14,695,000 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 oversees 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. Maryland 529 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 the Trustee to help cover certain administrative and marketing costs of Maryland 529. 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.

Effective November 18, 2020, each Portfolio pays an annual Program Fee to the Program Manager to help cover

certain administrative and marketing expenses associated with administering the Plan. The Program Fee is equal to 0.05% of each Portfolio's average daily net assets, accrues daily and is paid monthly. At June 30, 2021, Program Fees of \$301,000 were payable by the Portfolios. The Program Manager agreed to voluntarily waive the Program Fee for Extended Equity Market Index Portfolio, Global Equity Market Index Portfolio, and Bond and Income Portfolio from November 18, 2020, until the underlying mutual Fund changes described in Note 6 were completed. Pursuant to this arrangement, Program Fees of \$1,000, \$68,000, and \$25,000 were waived for Extended Equity Market Index Portfolio, Global Equity Market Index Portfolio, and Bond and Income Portfolio, respectively, for the year ended June 30, 2021. For Portfolio 2042, Portfolio 2039, Portfolio 2036, and Equity Portfolio, the Program Manager has contractually agreed to limit the annual aggregate Program Fee plus State Fee and indirect expenses to 0.69% of each Portfolio's respective average net assets. Additionally, for Portfolio 2033, the Program Manager has contractually agreed to limit the annual aggregate Program Fee plus State Fee and indirect expenses to 0.68% of the Portfolio's average net assets. Fees waived under these expense limit arrangements are not subject to future repayment by the Portfolios. Pursuant to these arrangements, no Program Fees were waived for Portfolio 2042, Portfolio 2039, Portfolio 2036, Portfolio 2033, and Equity Portfolio, respectively, for the year ended June 30, 2021.

When market conditions warrant, 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, the 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. Pursuant to this arrangement, \$69,000 of Program Fees and \$114,000 of State Fees were waived for the year ended June 30, 2021.

## 6. Portfolio Changes

On October 1, 2020, the T. Rowe Price U.S. Bond Enhanced Index Fund, the sole underlying mutual Fund for U.S. Bond Enhanced Index Portfolio, changed its name to T. Rowe Price QM U.S. Bond Index Fund.

On November 18, 2020, each Portfolio's investments in the underlying mutual Funds were exchanged from Investor Class to I Class for those underlying mutual Funds offering an I class as of that date.

In January 2021, U.S. Large-Cap Core Fund and Emerging Markets Discovery Stock Fund began to be gradually added as underlying mutual Funds in the Equity Portfolio, the Balanced Portfolio, and the Enrollment-Based Portfolios, including Portfolio for Education Today. In addition, the following changes to underlying mutual Funds occurred:

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

Effective January 1, 2021, the T. Rowe Price Transition Fund was added as an underlying mutual Fund in the Equity Portfolio, the Balanced Portfolio, the Global Equity Market Index Portfolio, and the Enrollment-Based Portfolios, including Portfolio for Education Today. The Transition Fund may be used as a mechanism to facilitate asset movements between the various underlying mutual Funds.

On March 18, 2021, the U.S. Bond Enhanced Index Portfolio was renamed U.S. Bond Index Portfolio.

On April 9, 2021, investments in Total Equity Market Index Fund, an underlying mutual Fund in the Global Equity Market Index Portfolio, were exchanged from the Total Equity Market Index Fund to the Equity Index Fund—I Class, Mid-Cap Index Fund—Class, and Small-Cap Index Fund—I Class.

On May 18, 2021, investments in the Spectrum Income Fund, an underlying mutual Fund in the Bond and Income Portfolio and Enrollment-Based Portfolios, were exchanged from Investor Class to I Class.

On May 26, 2021, the Portfolio 2042 was seeded with a \$100,000 investment by Price Associates. The Portfolio was available for investment by the public on May 28, 2021.

As scheduled, at the close of business on June 25, 2021, Portfolio 2021 matured, all investments were sold, and all outstanding units were converted into the Portfolio for Education Today at the net asset value per unit on that date.

## 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. During 2020, a novel strain of coronavirus (COVID-19) resulted in disruptions to global business activity and caused significant volatility and declines in global financial markets.

These types of events, such as the global pandemic caused by COVID-19, may also cause widespread fear and uncertainty and result in, among other things: enhanced health screenings, quarantines, cancellations, and travel restrictions, including border closings; disruptions to business operations and supply chains and customer activity; 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 any impairment to their information technology and other operation systems, extensive employee illnesses or unavailability, government quarantine measures, and restrictions on travel or meetings and other factors related to public emergencies.

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.

# Supplementary Information

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2021

Statement of Net Position (in thousands, except net asset values per unit and shares)								
	Portfolio 2042 <sup>1</sup>		Portfolio 2039		Portfolio 2036		Portfolio 2033	
	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	588	\$110	70,517	\$13,175	248,871	\$46,497	385,630	\$72,047
T. Rowe Price Emerging Markets Bond Fund	—	—	—	—	—	—	—	—
T. Rowe Price Emerging Markets Discovery Stock Fund	1,510	24	95,875	1,546	327,854	5,288	513,301	8,280
T. Rowe Price Emerging Markets Stock Fund	360	21	64,690	3,655	227,804	12,871	358,217	20,239
T. Rowe Price Equity Index 500 Fund	619	70	153,954	17,475	542,735	61,606	854,767	97,025
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	2,404	54	283,874	6,396	998,636	22,499	1,565,793	35,277
T. Rowe Price International Value Equity Fund	3,935	62	452,688	7,157	1,608,949	25,437	2,555,810	40,407
T. Rowe Price Mid-Cap Growth Fund	220	27	28,331	3,524	99,448	12,368	157,925	19,641
T. Rowe Price Mid-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Mid-Cap Value Fund	798	28	98,138	3,473	344,614	12,196	545,078	19,290
T. Rowe Price New Income Fund	—	—	—	—	—	—	—	—
T. Rowe Price Overseas Stock Fund	4,392	58	514,203	6,808	1,809,268	23,955	2,866,855	37,957
T. Rowe Price QM U.S. Bond Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Real Assets Fund	1,403	20	164,161	2,372	577,906	8,351	923,686	13,347
T. Rowe Price Short-Term Bond Fund	—	—	—	—	—	—	—	—
T. Rowe Price Small-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Small-Cap Stock Fund	715	53	89,789	6,580	315,702	23,135	500,737	36,694
T. Rowe Price Spectrum Income Fund	—	—	—	—	—	—	5,759,594	75,566
T. Rowe Price U.S. Limited Duration TIPS Index Fund	—	—	—	—	—	—	605,139	6,318
T. Rowe Price U.S. Large-Cap Core Fund	2,565	90	37,260	1,307	123,198	4,323	197,518	6,931
T. Rowe Price U.S. Treasury Money Fund	—	—	—	—	—	—	11,804,690	11,805
T. Rowe Price Value Fund	2,682	131	286,751	13,956	1,005,949	48,959	1,570,677	76,445
<b>Total investments at fair value</b>		<b>748</b>		<b>87,424</b>		<b>307,485</b>		<b>577,269</b>
Other liabilities		—		(7)		(25)		(47)
<b>Net Position</b>		<b>\$748</b>		<b>\$87,417</b>		<b>\$307,460</b>		<b>\$577,222</b>
<i>Composition of Net Position:</i>								
Paid-in capital		\$746		\$69,292		\$218,081		\$368,439
Retained earnings		2		18,125		89,379		208,783
Number of Units Outstanding		74		5,731		14,974		20,823
<b>Net Asset Value Per Unit<sup>2</sup></b>		<b>\$10.13</b>		<b>\$15.25</b>		<b>\$20.53</b>		<b>\$27.72</b>
Investments at cost		\$746		\$71,028		\$232,730		\$421,608

<sup>1</sup> The Portfolio commenced operations on May 26, 2021, and was available for investment by the public on May 28, 2021.

<sup>2</sup> 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.

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2021

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

	Portfolio 2030		Portfolio 2027		Portfolio 2024		Portfolio for Education Today <sup>1</sup>	
	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	446,263	\$83,375	476,073	\$88,945	424,514	\$79,312	366,017	\$68,383
T. Rowe Price Emerging Markets Bond Fund	—	—	—	—	—	—	—	—
T. Rowe Price Emerging Markets Discovery Stock Fund	591,048	9,533	628,791	10,142	435,449	7,024	375,203	6,052
T. Rowe Price Emerging Markets Stock Fund	412,860	23,327	439,964	24,858	189,924	10,731	76,846	4,342
T. Rowe Price Equity Index 500 Fund	989,635	112,333	1,057,134	119,995	1,010,679	114,722	765,460	86,887
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	1,810,258	40,785	1,931,900	43,526	1,436,544	32,365	1,075,286	24,226
T. Rowe Price International Value Equity Fund	2,990,056	47,273	3,216,538	50,853	2,187,742	34,588	1,717,688	27,157
T. Rowe Price Mid-Cap Growth Fund	183,418	22,812	198,088	24,636	122,207	15,199	73,550	9,147
T. Rowe Price Mid-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Mid-Cap Value Fund	623,568	22,068	660,603	23,379	437,304	15,476	272,620	9,648
T. Rowe Price New Income Fund	—	—	—	—	—	—	—	—
T. Rowe Price Overseas Stock Fund	3,330,639	44,098	3,580,411	47,405	2,523,435	33,410	1,930,211	25,556
T. Rowe Price QM U.S. Bond Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Real Assets Fund	1,074,942	15,533	1,154,300	16,680	908,136	13,122	714,708	10,327
T. Rowe Price Short-Term Bond Fund	—	—	—	—	41,413,756	200,443	159,176,720	770,415
T. Rowe Price Small-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Small-Cap Stock Fund	581,127	42,585	624,515	45,764	379,565	27,814	231,585	16,971
T. Rowe Price Spectrum Income Fund	17,557,008	230,348	38,161,587	500,680	32,926,077	431,990	—	—
T. Rowe Price U.S. Limited Duration TIPS Index Fund	859,870	8,977	1,193,954	12,465	18,259,734	190,632	78,498,731	819,527
T. Rowe Price U.S. Large-Cap Core Fund	230,436	8,086	251,525	8,826	252,339	8,855	282,750	9,922
T. Rowe Price U.S. Treasury Money Fund	17,036,673	17,037	23,787,905	23,788	24,496,564	24,497	53,816,940	53,817
T. Rowe Price Value Fund	1,815,819	88,376	1,940,392	94,439	1,739,532	84,663	1,552,786	75,574
<b>Total investments at fair value</b>		<b>816,546</b>		<b>1,136,381</b>		<b>1,324,843</b>		<b>2,017,951</b>
Other liabilities		(67)		(93)		(108)		(79)
<b>Net Position</b>		<b>\$816,479</b>		<b>\$1,136,288</b>		<b>\$1,324,735</b>		<b>\$2,017,872</b>
<i>Composition of Net Position:</i>								
Paid-in capital		\$490,471		\$622,618		\$725,475		\$1,706,589
Retained earnings		326,008		513,670		599,260		311,283
Number of Units Outstanding		23,412		36,589		36,026		90,167
<b>Net Asset Value Per Unit<sup>2</sup></b>		<b>\$34.87</b>		<b>\$31.06</b>		<b>\$36.77</b>		<b>\$22.38</b>
Investments at cost		\$595,191		\$836,032		\$1,089,994		\$1,954,233

<sup>1</sup> On June 25, 2021, Portfolio 2021 matured, all investments were sold, and all outstanding units were exchanged into the Portfolio for Education Today.

<sup>2</sup> 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.

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2021

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

	Equity Portfolio		Global Equity Market Index Portfolio		Balanced Portfolio	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
<b>Investments at Fair Value</b>						
T. Rowe Price Blue Chip Growth Fund	664,553	\$124,159	—	\$—	224,064	\$41,862
T. Rowe Price Emerging Markets Bond Fund	—	—	—	—	1,557,023	17,626
T. Rowe Price Emerging Markets Discovery Stock Fund	902,000	14,549	—	—	298,775	4,819
T. Rowe Price Emerging Markets Stock Fund	611,458	34,547	—	—	208,938	11,805
T. Rowe Price Equity Index 500 Fund	1,470,604	166,928	2,006,908	227,804	500,169	56,774
T. Rowe Price High Yield Fund	—	—	—	—	3,942,801	26,456
T. Rowe Price International Bond Fund	—	—	—	—	2,124,241	20,053
T. Rowe Price International Equity Index Fund	—	—	7,253,305	119,897	—	—
T. Rowe Price International Stock Fund	2,684,301	60,477	—	—	913,443	20,580
T. Rowe Price International Value Equity Fund	4,299,961	67,982	—	—	1,493,408	23,611
T. Rowe Price Mid-Cap Growth Fund	267,834	33,311	—	—	94,263	11,724
T. Rowe Price Mid-Cap Index Fund	—	—	1,347,873	27,968	—	—
T. Rowe Price Mid-Cap Value Fund	928,261	32,851	—	—	314,188	11,119
T. Rowe Price New Income Fund	—	—	—	—	11,973,123	116,977
T. Rowe Price Overseas Stock Fund	4,874,603	64,540	—	—	1,672,911	22,149
T. Rowe Price QM U.S. Bond Index Fund	—	—	—	—	—	—
T. Rowe Price Real Assets Fund	1,556,245	22,488	—	—	540,955	7,817
T. Rowe Price Short-Term Bond Fund	—	—	—	—	—	—
T. Rowe Price Small-Cap Index Fund	—	—	1,628,755	27,168	—	—
T. Rowe Price Small-Cap Stock Fund	848,623	62,187	—	—	294,906	21,611
T. Rowe Price Spectrum Income Fund	—	—	—	—	—	—
T. Rowe Price U.S. Limited Duration TIPS Index Fund	—	—	—	—	502,247	5,243
T. Rowe Price U.S. Large-Cap Core Fund	314,860	11,049	—	—	111,603	3,916
T. Rowe Price U.S. Treasury Money Fund	—	—	—	—	10,488,290	10,488
T. Rowe Price Value Fund	2,690,153	130,930	—	—	914,751	44,521
<b>Total investments at fair value</b>		<b>825,998</b>		<b>402,837</b>		<b>479,151</b>
Other liabilities		(68)		(33)		(39)
<b>Net Position</b>		<b>\$825,930</b>		<b>\$402,804</b>		<b>\$479,112</b>
<i>Composition of Net Position:</i>						
Paid-in capital		\$134,741		\$158,106		\$163,088
Retained earnings		691,189		244,698		316,024
Number of Units Outstanding		15,583		10,866		10,854
<b>Net Asset Value Per Unit<sup>1</sup></b>		<b>\$53.00</b>		<b>\$37.07</b>		<b>\$44.14</b>
Investments at cost		\$417,775		\$362,039		\$326,609

<sup>1</sup> 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.



# MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2021

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

	Bond and Income Portfolio		Inflation Focused Bond Portfolio		U.S. Treasury Money Market Portfolio		Equity Index 500 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	—	\$—	—	\$—	—	\$—	—	\$—
T. Rowe Price Emerging Markets Bond Fund	—	—	—	—	—	—	—	—
T. Rowe Price Emerging Markets Discovery Stock Fund	—	—	—	—	—	—	—	—
T. Rowe Price Emerging Markets Stock Fund	—	—	—	—	—	—	—	—
T. Rowe Price Equity Index 500 Fund	—	—	—	—	—	—	2,273,681	258,086
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	—	—	—	—	—	—	—	—
T. Rowe Price International Value Equity Fund	—	—	—	—	—	—	—	—
T. Rowe Price Mid-Cap Growth Fund	—	—	—	—	—	—	—	—
T. Rowe Price Mid-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Mid-Cap Value Fund	—	—	—	—	—	—	—	—
T. Rowe Price New Income Fund	—	—	—	—	—	—	—	—
T. Rowe Price Overseas Stock Fund	—	—	—	—	—	—	—	—
T. Rowe Price QM U.S. Bond Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Real Assets Fund	—	—	—	—	—	—	—	—
T. Rowe Price Short-Term Bond Fund	—	—	—	—	—	—	—	—
T. Rowe Price Small-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Small-Cap Stock Fund	—	—	—	—	—	—	—	—
T. Rowe Price Spectrum Income Fund	7,740,801	101,559	—	—	—	—	—	—
T. Rowe Price U.S. Limited Duration TIPS Index Fund	—	—	3,098,998	32,354	—	—	—	—
T. Rowe Price U.S. Large-Cap Core Fund	—	—	—	—	—	—	—	—
T. Rowe Price U.S. Treasury Money Fund	—	—	—	—	217,822,354	217,824	—	—
T. Rowe Price Value Fund	—	—	—	—	—	—	—	—
<b>Total investments at fair value</b>		101,559		32,354		217,824		258,086
Other liabilities		(8)		(3)		—		(21)
<b>Net Position</b>		<b>\$101,551</b>		<b>\$32,351</b>		<b>\$217,824</b>		<b>\$258,065</b>
<i>Composition of Net Position:</i>								
Paid-in capital		\$45,693		\$21,714		\$217,824		\$192,292
Retained earnings		55,858		10,637		—		65,773
Number of Units Outstanding		3,155		2,161		217,820		15,043
<b>Net Asset Value Per Unit<sup>1</sup></b>		<b>\$32.19</b>		<b>\$14.97</b>		<b>\$1.00</b>		<b>\$17.16</b>
Investments at cost		\$90,380		\$31,712		\$217,824		\$197,514

<sup>1</sup> 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.

# MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2021

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

	Extended Equity Market Index Portfolio		U.S. Bond Index Portfolio		Total	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
<b>Investments at Fair Value</b>						
T. Rowe Price Blue Chip Growth Fund	—	\$—	—	\$—	3,307,090	\$617,865
T. Rowe Price Emerging Markets Bond Fund	—	—	—	—	1,557,023	17,626
T. Rowe Price Emerging Markets Discovery Stock Fund	—	—	—	—	4,169,806	67,257
T. Rowe Price Emerging Markets Stock Fund	—	—	—	—	2,591,061	146,396
T. Rowe Price Equity Index 500 Fund	—	—	—	—	11,626,345	1,319,705
T. Rowe Price High Yield Fund	—	—	—	—	3,942,801	26,456
T. Rowe Price International Bond Fund	—	—	—	—	2,124,241	20,053
T. Rowe Price International Equity Index Fund	—	—	—	—	7,253,305	119,897
T. Rowe Price International Stock Fund	—	—	—	—	12,702,439	286,185
T. Rowe Price International Value Equity Fund	—	—	—	—	20,526,775	324,527
T. Rowe Price Mid-Cap Growth Fund	—	—	—	—	1,225,284	152,389
T. Rowe Price Mid-Cap Index Fund	692,545	14,370	—	—	2,040,418	42,338
T. Rowe Price Mid-Cap Value Fund	—	—	—	—	4,225,172	149,528
T. Rowe Price New Income Fund	—	—	—	—	11,973,123	116,977
T. Rowe Price Overseas Stock Fund	—	—	—	—	23,106,928	305,936
T. Rowe Price QM U.S. Bond Index Fund	—	—	2,649,469	30,389	2,649,469	30,389
T. Rowe Price Real Assets Fund	—	—	—	—	7,616,442	110,057
T. Rowe Price Short-Term Bond Fund	—	—	—	—	200,590,476	970,858
T. Rowe Price Small-Cap Index Fund	850,599	14,188	—	—	2,479,354	41,356
T. Rowe Price Small-Cap Stock Fund	—	—	—	—	3,867,264	283,394
T. Rowe Price Spectrum Income Fund	—	—	—	—	102,145,067	1,340,143
T. Rowe Price U.S. Limited Duration TIPS Index Fund	—	—	—	—	103,018,673	1,075,516
T. Rowe Price U.S. Large-Cap Core Fund	—	—	—	—	1,804,054	63,305
T. Rowe Price U.S. Treasury Money Fund	—	—	—	—	359,253,416	359,256
T. Rowe Price Value Fund	—	—	—	—	13,519,492	657,994
<b>Total investments at fair value</b>		28,558		30,389		8,645,403
Other liabilities		(2)		(2)		(602)
<b>Net Position</b>		<b>\$28,556</b>		<b>\$30,387</b>		<b>\$8,644,801</b>
<i>Composition of Net Position:</i>						
Paid-in capital		\$22,231		\$28,682		\$5,186,082
Retained earnings		6,325		1,705		3,458,719
Number of Units Outstanding		1,644		2,591		507,513
<b>Net Asset Value Per Unit<sup>1</sup></b>		<b>\$17.37</b>		<b>\$11.73</b>		
Investments at cost		\$27,200		\$29,992		\$6,902,607

<sup>1</sup> 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.

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2021

Statement of Operations and Changes in Net Position (in thousands)						
	Portfolio 2042 <sup>1</sup>	Portfolio 2039	Portfolio 2036	Portfolio 2033	Portfolio 2030	Portfolio 2027
<b>Operations</b>						
Net investment income						
Income distributions from underlying mutual Funds	— <sup>2</sup>	\$528	\$2,322	\$5,610	\$10,023	\$17,009
State Fee expense	— <sup>2</sup>	27	117	236	346	496
Program Fee expense	— <sup>2</sup>	21	82	160	231	327
Expenses waived by Program Manager	—	—	—	—	—	—
Total expense	—	48	199	396	577	823
Net investment income	— <sup>2</sup>	480	2,123	5,214	9,446	16,186
Net realized and unrealized gain/loss						
Net realized gain (loss)						
Sales of underlying mutual Fund shares	— <sup>2</sup>	303	3,531	16,314	30,966	59,620
Capital gain distributions from underlying mutual Funds	—	498	2,268	4,494	6,342	8,717
Net realized gain (loss)	— <sup>2</sup>	801	5,799	20,808	37,308	68,337
Change in unrealized gain (loss)	\$2	15,844	68,157	116,093	137,901	143,821
Net realized and change in unrealized gain (loss)	2	16,645	73,956	136,901	175,209	212,158
Increase (decrease) in net position from investments	\$2	\$17,125	\$76,079	\$142,115	\$184,655	\$228,344
<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	238	35,772	71,285	80,394	87,792	92,442
Account Holder transfers from other Portfolios	552	13,104	10,419	14,707	20,154	31,845
Portfolio conversion	—	—	—	—	—	—
Units redeemed						
Account Holder distributions	—	(1,792)	(2,616)	(6,854)	(9,376)	(13,154)
Account Holder transfers to other Portfolios	(44)	(2,762)	(8,027)	(14,663)	(20,819)	(29,280)
Portfolio conversion	—	—	—	—	—	—
Increase (decrease) in net assets from unit transactions	746	44,322	71,061	73,584	77,751	81,853
<b>Net Position</b>						
Increase (decrease) during year	748	61,447	147,140	215,699	262,406	310,197
Beginning of year	—	25,970	160,320	361,523	554,073	826,091
<b>End of year</b>	<b>\$748</b>	<b>\$87,417</b>	<b>\$307,460</b>	<b>\$577,222</b>	<b>\$816,479</b>	<b>\$1,136,288</b>
<b>Unit Information</b>						
Units outstanding, beginning of year	—	2,403	11,017	17,838	20,943	33,725
Units issued						
Account Holder contributions and transfers from other Portfolios	78	3,661	4,553	3,865	3,440	4,365
Portfolio conversion	—	—	—	—	—	—
Units redeemed						
Account Holder distributions and transfers to other Portfolios	(4)	(333)	(596)	(880)	(971)	(1,501)
Portfolio conversion	—	—	—	—	—	—
Units outstanding, end of year	74	5,731	14,974	20,823	23,412	36,589

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

<sup>1</sup> The Portfolio commenced operations on May 26, 2021, and was available for investment by the public on May 28, 2021.

<sup>2</sup> Amounts round to less than \$1,000.

# MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2021

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

	Portfolio 2024	Portfolio 2021 <sup>1</sup>	Portfolio for Education Today <sup>1</sup>	Equity Portfolio	Global Equity Market Index Portfolio	Balanced Portfolio
<b>Operations</b>						
Net investment income						
Income distributions from underlying mutual Funds	\$19,409	\$10,606	\$8,221	\$7,325	\$5,348	\$6,966
State Fee expense	597	546	450	360	173	217
Program Fee expense	386	340	276	237	114	140
Expenses waived by Program Manager	—	—	—	—	(68)	—
Total expense	983	886	726	597	219	357
Net investment income	18,426	9,720	7,495	6,728	5,129	6,609
Net realized and unrealized gain/loss						
Net realized gain (loss)						
Sales of underlying mutual Fund shares	87,893	262,177	104,007	75,038	167,249	33,256
Capital gain distributions from underlying mutual Funds	8,173	5,102	4,101	7,333	922	3,639
Net realized gain (loss)	96,066	267,279	108,108	82,371	168,171	36,895
Change in unrealized gain (loss)	99,998	(153,030)	(23,003)	153,468	(60,058)	53,444
Net realized and change in unrealized gain (loss)	196,064	114,249	85,105	235,839	108,113	90,339
Increase (decrease) in net position from investments	\$214,490	\$123,969	\$92,600	\$242,567	\$113,242	\$96,948
<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	93,568	70,497	71,618	48,577	31,346	35,921
Account Holder transfers from other Portfolios	46,050	36,758	54,773	28,537	12,866	22,279
Portfolio conversion	—	—	1,136,966	—	—	—
Units redeemed						
Account Holder distributions	(23,935)	(91,555)	(210,171)	(38,588)	(12,790)	(29,454)
Account Holder transfers to other Portfolios	(45,870)	(67,094)	(58,380)	(65,581)	(27,696)	(30,349)
Portfolio conversion	—	(1,136,966)	—	—	—	—
Increase (decrease) in net assets from unit transactions	69,813	(1,188,360)	994,806	(27,055)	3,726	(1,603)
<b>Net Position</b>						
Increase (decrease) during year	284,303	(1,064,391)	1,087,406	215,512	116,968	95,345
Beginning of year	1,040,432	1,064,391	930,466	610,418	285,836	383,767
<b>End of year</b>	<b>\$1,324,735</b>	<b>—</b>	<b>\$2,017,872</b>	<b>\$825,930</b>	<b>\$402,804</b>	<b>\$479,112</b>
<b>Unit Information</b>						
Units outstanding, beginning of year	34,004	33,894	46,050	16,250	10,784	10,920
Units issued						
Account Holder contributions and transfers from other Portfolios	4,066	3,199	24,408	1,662	1,366	1,444
Portfolio conversion	—	—	32,339	—	—	—
Units redeemed						
Account Holder distributions and transfers to other Portfolios	(2,044)	(4,754)	(12,630)	(2,329)	(1,284)	(1,510)
Portfolio conversion	—	(32,339)	—	—	—	—
Units outstanding, end of year	36,026	—	90,167	15,583	10,866	10,854

<sup>1</sup> On June 25, 2021, Portfolio 2021 matured, all investments were sold, and all outstanding units were exchanged into the Portfolio for Education Today.

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2021

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

	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 Index Portfolio	Total
<b>Operations</b>							
Net investment income							
Income distributions from underlying mutual Funds	\$2,690	\$27	\$23	\$2,884	\$77	\$647	\$99,715
State Fee expense	50	15	115	87	8	16	3,856
Program Fee expense	31	10	69	64	6	10	2,504
Expenses waived by Program Manager	(25)	—	(183)	—	(1)	—	(277)
Total expense	56	25	1	151	13	26	6,083
Net investment income	2,634	2	22	2,733	64	621	93,632
Net realized and unrealized gain/loss							
Net realized gain (loss)							
Sales of underlying mutual Fund shares	3	1,323	—	(10)	4,471	(222)	845,919
Capital gain distributions from underlying mutual Funds	742	290	—	641	282	429	53,973
Net realized gain (loss)	745	1,613	—	631	4,753	207	899,892
Change in unrealized gain (loss)	6,527	408	—	53,572	1,018	(827)	613,335
Net realized and change in unrealized gain (loss)	7,272	2,021	—	54,203	5,771	(620)	1,513,227
Increase (decrease) in net position from investments	\$9,906	\$2,023	\$22	\$56,936	\$5,835	\$1	\$1,606,859
<b>Distributions to Unit Holders</b>							
Decrease in net position from distributions	—	—	(22)	—	—	—	(22)
<b>Unit Transactions – see Unit Information below</b>							
Units issued							
Account Holder contributions	8,105	2,662	31,414	45,148	4,910	4,602	816,291
Account Holder transfers from other Portfolios	9,362	6,175	58,973	72,762	13,586	11,552	464,454
Portfolio conversion	—	—	—	—	—	—	1,136,966
Units redeemed							
Account Holder distributions	(10,599)	(3,783)	(50,850)	(5,668)	(759)	(3,541)	(515,485)
Account Holder transfers to other Portfolios	(11,223)	(3,708)	(52,738)	(13,579)	(1,947)	(10,694)	(464,454)
Portfolio conversion	—	—	—	—	—	—	(1,136,966)
Increase (decrease) in net assets from unit transactions	(4,355)	1,346	(13,201)	98,663	15,790	1,919	300,060
<b>Net Position</b>							
Increase (decrease) during year	5,551	3,369	(13,201)	155,599	21,625	1,920	1,907,643
Beginning of year	96,000	28,982	231,025	102,466	6,931	28,467	6,737,158
<b>End of year</b>	<b>\$101,551</b>	<b>\$32,351</b>	<b>\$217,824</b>	<b>\$258,065</b>	<b>\$28,556</b>	<b>\$30,387</b>	<b>\$8,644,801</b>
<b>Unit Information</b>							
Units outstanding, beginning of year	3,296	2,070	231,025	8,395	639	2,434	
Units issued							
Account Holder contributions and transfers from other Portfolios	565	608	90,383	7,961	1,187	1,370	
Portfolio conversion	—	—	—	—	—	—	
Units redeemed							
Account Holder distributions and transfers to other Portfolios	(706)	(517)	(103,588)	(1,313)	(182)	(1,213)	
Portfolio conversion	—	—	—	—	—	—	
Units outstanding, end of year	3,155	2,161	217,820	15,043	1,644	2,591	

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the year ended June 30, 2021

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

	Portfolio 2042 <sup>1</sup>	Portfolio 2039	Portfolio 2036	Portfolio 2033	Portfolio 2030	Portfolio 2027
<b>Net Asset Value<sup>2</sup></b>						
Beginning of period	\$10.00	\$10.81	\$14.55	\$20.27	\$26.46	\$24.50
Investment activities <sup>3</sup>						
Net investment income <sup>4</sup>	0.01	0.12	0.16	0.27	0.43	0.46
Net realized and unrealized gain/loss	0.12	4.32	5.82	7.18	7.98	6.10
Total from investment activities	0.13	4.44	5.98	7.45	8.41	6.56
Distributions of net investment income	—	—	—	—	—	—
<b>Net Asset Value<sup>2</sup></b>						
<b>End of period</b>	<b>\$10.13</b>	<b>\$15.25</b>	<b>\$20.53</b>	<b>\$27.72</b>	<b>\$34.87</b>	<b>\$31.06</b>
<b>Ratios<sup>5</sup></b>						
<b>Total return</b>	<b>1.30%</b>	<b>41.07%</b>	<b>41.10%</b>	<b>36.75%</b>	<b>31.78%</b>	<b>26.78%</b>
Ratio of expenses to average net assets	0.09% <sup>6</sup>	0.09%	0.08%	0.08%	0.08%	0.08%
Ratio of net investment income (loss) to average net assets	0.54% <sup>6</sup>	0.88%	0.91%	1.10%	1.36%	1.63%
Portfolio turnover rate	13.3%	17.6%	16.0%	23.5%	22.6%	21.8%
<b>Supplemental Information</b>						
Weighted average net expenses of underlying Price Funds <sup>7</sup>	0.60% <sup>6</sup>	0.54%	0.54%	0.54%	0.55%	0.56%
Effective net expenses	0.69% <sup>6</sup>	0.63%	0.63%	0.62%	0.63%	0.64%
Net assets, end of year (in millions)	\$0.7	\$87.4	\$307.5	\$577.2	\$816.5	\$1,136.3

<sup>1</sup> The Portfolio commenced operations on May 26, 2021, and was available for investment by the public on May 28, 2021.

<sup>2</sup> 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.

<sup>3</sup> Per unit amounts were calculated based on average units outstanding during the fiscal year.

<sup>4</sup> 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.

<sup>5</sup> Ratios reflect the activity of each Portfolio and do not include the activity of the underlying mutual Funds in which the Portfolios invest. Total return is not annualized for periods less than one year.

<sup>6</sup> Annualized.

<sup>7</sup> 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.



## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the year ended June 30, 2021

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

	Portfolio 2024	Portfolio for Education Today	Equity Portfolio	Global Equity Market Index Portfolio	Balanced Portfolio	Bond and Income Portfolio
<b>Net Asset Value<sup>1</sup></b>						
Beginning of period	\$30.60	\$20.21	\$37.56	\$26.51	\$35.14	\$29.12
Investment activities <sup>2</sup>						
Net investment income <sup>3</sup>	0.53	0.18	0.43	0.48	0.61	0.82
Net realized and unrealized gain/loss	5.64	1.99	15.01	10.08	8.39	2.25
Total from investment activities	6.17	2.17	15.44	10.56	9.00	3.07
Distributions of net investment income	—	—	—	—	—	—
<b>Net Asset Value<sup>1</sup></b>						
End of period	<b>\$36.77</b>	<b>\$22.38</b>	<b>\$53.00</b>	<b>\$37.07</b>	<b>\$44.14</b>	<b>\$32.19</b>
<b>Ratios<sup>4</sup></b>						
<b>Total return</b>	<b>20.16%</b>	<b>10.74%</b>	<b>41.11%</b>	<b>39.83%</b>	<b>25.61%</b>	<b>10.54%</b>
Ratio of expenses to average net assets	0.08%	0.08%	0.08%	0.06%	0.08%	0.06%
Ratio of net investment income (loss) to average net assets	1.54%	0.83%	0.93%	1.48%	1.52%	2.64%
Portfolio turnover rate	42.4%	68.9%	20.7%	159.5%	22.2%	9.8%
<b>Supplemental Information</b>						
Weighted average net expenses of underlying Price Funds <sup>5</sup>	0.46%	0.31%	0.55%	0.31%	0.52%	0.59%
Effective net expenses	0.54%	0.39%	0.63%	0.37%	0.60%	0.65%
Net assets, end of year (in millions)	\$1,324.7	\$2,017.9	\$825.9	\$402.8	\$479.1	\$101.6

<sup>1</sup> 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.

<sup>2</sup> Per unit amounts were calculated based on average units outstanding during the fiscal year.

<sup>3</sup> 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.

<sup>4</sup> Ratios reflect the activity of each Portfolio and do not include the activity of the underlying mutual Funds in which the Portfolios invest. Total return is not annualized for periods less than one year.

<sup>5</sup> 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.

## MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the year ended June 30, 2021

Financial Highlights (For a unit outstanding throughout the period)					
	Inflation Focused Bond Portfolio	U.S. Treasury Money Market Portfolio	Equity Index 500 Portfolio	Extended Equity Market Index Portfolio	U.S. Bond Index Portfolio
<b>Net Asset Value<sup>1</sup></b>					
Beginning of period	\$14.00	\$1.00	\$12.21	\$10.85	\$11.69
Investment activities <sup>2</sup>					
Net investment income <sup>3</sup>	— <sup>3</sup>	— <sup>3,6</sup>	0.24	0.06	0.23
Net realized and unrealized gain/loss	0.97	— <sup>3</sup>	4.71	6.46	(0.19)
Total from investment activities	0.97	—	4.95	6.52	0.04
Distributions of net investment income	—	— <sup>3</sup>	—	—	—
<b>Net Asset Value<sup>1</sup></b>					
End of period	<b>\$14.97</b>	<b>\$1.00</b>	<b>\$17.16</b>	<b>\$17.37</b>	<b>\$11.73</b>
<b>Ratios<sup>4</sup></b>					
<b>Total return</b>	<b>6.93%</b>	<b>0.01%<sup>6</sup></b>	<b>40.54%</b>	<b>60.09%</b>	<b>0.34%</b>
Ratio of expenses to average net assets	0.08%	0.00% <sup>6</sup>	0.09%	0.08%	0.08%
Ratio of net investment income (loss) to average net assets	0.01%	0.01% <sup>6</sup>	1.56%	0.40%	1.92%
Portfolio turnover rate	112.5%	—	0.5%	118.3%	26.6%
<b>Supplemental Information</b>					
Weighted average net expenses of underlying Price Funds <sup>5</sup>	0.25%	0.12%	0.08%	0.25%	0.17%
Effective net expenses	0.33%	0.12% <sup>6</sup>	0.17%	0.33%	0.25%
Net assets, end of year (in millions)	\$32.4	\$217.8	\$258.1	\$28.6	\$30.4

<sup>1</sup> 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.

<sup>2</sup> Per unit amounts were calculated based on average units outstanding during the fiscal year.

<sup>3</sup> 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.

<sup>4</sup> Ratios reflect the activity of each Portfolio and do not include the activity of the underlying mutual Funds in which the Portfolios invest. Total return is not annualized for periods less than one year.

<sup>5</sup> 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.

<sup>6</sup> See Note 5. Includes the effect of voluntary management Fee waivers and operating expense reimbursements (0.08% of average net assets).



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