



October 2, 2024

**UPDATE CONCERNING REVISION OF  
THE MARYLAND 529 FY 2022 ANNUAL REPORT**

This Update is provided to give notice of a revision of the Maryland 529 Annual Report for the fiscal year ending June 30, 2022 (“2022 Annual Report” and, as revised, the “Revised 2022 Annual Report”).

The revision was necessitated because the original auditor for the 2022 Annual Report (the “Original Auditor”) notified the State Treasurer’s Office that it had, through its regular internal monitoring procedures, identified that covered members of its audit teams held investments with the Maryland 529 Program.

Upon receipt of this notice, the Treasurer engaged SB & Company, LLC (“SB & Company”) to audit and provide an independent auditor’s report with respect to Maryland 529’s financial statements for the fiscal year ending June 30, 2022.

SB & Company completed its audit and provided its *Report on the Independent Public Accountants on the Audit of the Financial Statements* (the “SB & Company Report”).

The 2022 Annual Report has been revised to substitute the SB & Company Report for the Original Auditor’s report. The SB & Company Report is published on pages 17-19 of the Revised 2022 Annual Report, a copy of which is attached to this Update.

The 2022 Annual Report has also been revised to replace references to the Original Auditor with references to SB & Company. These revisions occur on pages 32, 37 and 58 of the Revised 2022 Annual Report.

No other changes have been made to the 2022 Annual Report.

**Maryland529**

# Annual Report

2022



**Maryland Prepaid College Trust**

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**Maryland College Investment Plan**

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**Maryland ABLE**



**Larry Hogan**  
Governor



**Boyd K. Rutherford**  
Lt. Governor

## MARYLAND 529 BOARD



**Nancy K. Kopp\***  
Board Chair  
State Treasurer



**Dereck E. Davis\***  
State Treasurer



**Peter Franchot**  
State Comptroller



**Carol Beatty**  
Secretary, Maryland  
Department  
of Disabilities



**James D. Fielder,  
Jr., Ph.D.**  
Secretary of  
Higher Education



**Jay A. Perman, MD**  
Chancellor, University  
System of Maryland



**Mohammed  
Choudhury**  
State Superintendent  
of Schools



**Capathia P.  
Campbell\*\***  
Public Member



**Samuel N. Gallo\*\*\***  
Public Member



**Dave Erculiani\*\*\***  
Public Member



**Jessica McClain**  
Public Member



**Peter Tsirigotis**  
Board Chair  
Public Member



**Rev. Dr. Lisa M. Weah\*\***  
Public Member



**Joanna Pratt**  
Public Member

\*Treasurer Kopp left the Maryland 529 Board in December 2021. Treasurer Davis joined the Board in January 2022.  
\*\*Rev. Dr. Weah left the Maryland 529 Board in December 2021. Ms. Campbell joined the Board in December 2021.  
\*\*\*Mr. Gallo left the Board in June 2022. Mr. Erculiani joined the board in July 2022.

# Maryland529

October 2022

This past year has been filled with changes as well as challenges for Maryland 529.

As you review this year's annual report, you may notice a new format. As a result of recent accounting changes issued by the Governmental Accounting Standards Board (GASB), you will see the inclusion of Maryland ABLE financials and investment options with the Maryland Senator Edward J. Kasemeyer Prepaid College Trust (MPCT) and the Maryland Senator Edward J. Kasemeyer College Investment Plan (MCIP) as well as combined financial reports inclusive of all three plans.

During the fiscal year, program management changed for Maryland ABLE and the MPCT. On January 31, 2022, the program manager for Maryland ABLE, Sundry Administration, LLC, was purchased by Vestwell Holdings, Inc. (Bank of New York Mellon Corporation is an existing shareholder of Vestwell Holdings, Inc.). In spite of the acquisition, all existing Sundry and BNY employees continue to service the Maryland ABLE program. In November 2021, Maryland 529 announced Intuition College Savings Solutions, LLC as the new Program Manager of the MPCT. The transition of program management offered new enhancements for Account Holders including the elimination of the MPCT enrollment fee for new online enrollments, an enhanced online experience, and paperless statements.

But along with these changes, Maryland 529 has also faced some challenges. Earnings calculation issues in the Maryland Prepaid College Trust (MPCT) impacted certain Account Holders who needed to take a distribution and resulted in a temporary suspension in the addition of interest earnings on MPCT distributions. Additionally, market volatility impacted investment performance in all three plans. The fiscal year started strong as the economy continued to recover from the pandemic-induced downturn; however, stocks declined considerably in the last half of the fiscal year as a result of Russia's invasion of Ukraine, elevated inflation, and the Fed's interest rate increases.

Despite these challenges, the Maryland 529 plans remain in strong fiscal health, with over \$9.9 billion for 284,399 unique beneficiaries for all three programs and Maryland 529 remains committed to help Marylanders continue to save for education and disability-related expenses.

Thank you for making college and disability-related savings a priority for you and your family and participating with Maryland 529.

Sincerely,

**The Maryland 529 Board**

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# Features and Benefits

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# Features and Benefits

## COLLEGE SAVINGS PLANS

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) is overseen by the Maryland 529 Board and managed and distributed by a Program Manager, currently Intuition College Savings Solutions, LLC. The Trust allows participants to secure future college Tuition today, and is backed by the security of



<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.



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 Beneficiaries in twelfth grade 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.

The Save4College State Contribution Program which launched in 2017, 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 2021, the fifth year of the program, the State contributed \$10,970,500 to 19,831 qualified applications. 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.

# Features and Benefits

## DISABILITIES SAVINGS PLAN

The Maryland ABLE Act (H.B. 431) was signed into law by Governor Larry Hogan on April 12, 2016. In part due to the similar framework of the college savings and ABLE savings programs, the Maryland ABLE Act provided that the independent State agency charged with overseeing the State's college savings programs since 1997, Maryland 529, would also open and oversee the State's ABLE program. The Maryland ABLE Program began operation on November 28, 2017.

The Maryland ABLE Act provided the opportunity for State residents to open their Accounts with Maryland ABLE and receive State tax advantages for contributions to an Account. Specifically, an individual may deduct up to \$2,500 per Beneficiary from their income for contributions made to a Maryland ABLE Account. Contributions in excess of \$2,500 annually may be carried forward and deducted in the next 10 succeeding taxable years. Additional Federal and Maryland State tax benefits include tax-deferred growth and tax-free earnings provided the funds are used for Qualified Disability Expenses ("QDEs"). QDEs are broadly defined and specific to the individual Account Holder. Anything from transportation to employment training, assistive technology, health services, legal fees or housing may be considered a QDE.

Annual contributions to an ABLE Account, unlike those to college savings plans, are capped at the same amount as the federal gift tax exclusion, which has remained at \$16,000 throughout this fiscal year, but may change annually. Beginning in 2018, a Beneficiary who was working, but not contributing to or receiving contributions to a retirement plan, was able to contribute over and above the annual contribution cap in "ABLE to Work" contributions. ABLE to Work contributions are capped at the lesser of the Beneficiary's earnings for the calendar year, or the federal poverty level for a one-person household for the previous calendar year. ABLE to Work contributions in calendar year 2021 were therefore capped at \$12,760 and in calendar year 2022 are capped at \$12,880.

Contributions to an ABLE Account can also be made through a rollover from a 529 college savings plan. Account Holders can rollover funds into an ABLE Account for the same Beneficiary or for a different Beneficiary, provided that the receiving Beneficiary is a "Member of the Family" of the original Beneficiary as defined by Section 529 of the Internal Revenue Code ("the Code"). Rollovers from a 529 college savings plan to an ABLE Account are subject to the ABLE annual contribution limit.

The maximum account value for a Maryland ABLE Account, beyond which contributions will not be accepted is \$500,000.

## PROGRAM PARTNERSHIP

After careful deliberation, the Maryland 529 Board determined that implementing the Maryland ABLE program in collaboration with other state programs would provide the scale to attract quality investment managers and service providers while minimizing program fees. The Maryland ABLE program is a partner with the State of Oregon through an intergovernmental cooperative purchasing agreement.

## PROGRAM MANAGER

Vestwell State Savings, LLC\* (Vestwell or "Program Manager") provides administrative and record-keeping services to the Program under the direction of the Board. The Program Manager is under contract with the Board to provide services to the ABLE Program along with its subcontractors and affiliated companies including BNY Mellon and BNY Investment Management Services, LLC.



\*During fiscal year 2022, Sumday Administration, LLC, the former program manager, was acquired by Vestwell Holdings, Inc. Effective August 1, 2022, Sumday Administration LLC was renamed Vestwell State Savings, LLC d/b/a Sumday Administration, a wholly owned subsidiary of Vestwell Holdings, Inc.



# **Market Commentary**

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# Market Commentary

Market performance has a direct effect on the overall performance of investments in the Maryland Senator Edward J. Kasemeyer College Investment Plan, the Maryland Senator Edward J. Kasemeyer Prepaid College Trust and the Maryland ABLE plan. The following is designed to provide a summary of market performance for the period ended June 30, 2022.\*

## ELEVATED INFLATION, GEOPOLITICAL UNCERTAINTY SEND U.S. STOCKS TUMBLING

U.S. stocks turned lower in the 12 months ended June 30, 2022, with many major indexes falling into correction territory—a decline of 10% or more—during the period. At the start of the fiscal year, investors were generally optimistic as the economy continued to recover from the pandemic-induced downturn and corporate earnings growth remained strong. Sentiment was also buoyed by the passage of bipartisan federal infrastructure spending legislation in mid-November. However, the spread of the delta and omicron variants of the coronavirus and growing expectations that the Federal Reserve would soon begin to taper its monthly asset purchases periodically weighed on the market in late 2021. This volatility gave way to a broad sell-off, as stocks declined considerably in the first half of 2022. Investors shunned riskier assets in response to Russia's invasion of Ukraine, elevated inflation exacerbated by rising commodity prices, and the Fed's interest rate increases that started in mid-March. Market participants were also concerned about inflation's impact on consumer spending and corporate profits, particularly as some high-profile companies and major retailers disappointed with their financial results or projections.

Although they still declined, U.S. large-cap stocks generally held up better than mid- and small-cap counterparts during the year, according to various Russell indices, as an uncertain economic outlook left investors wary of the prospects for smaller companies. Value stocks fared better than growth stocks across all market capitalizations, in part, because prices for growth stocks had run up more considerably during the post-pandemic economic recovery and, therefore, were more vulnerable to a pronounced pullback. Sector performance was widely mixed across the S&P 500 Index. Energy led all sectors and produced extraordinary gains, driven by a recovery in demand during the back half of 2021 and, more prominently, due to surging oil and natural gas prices in 2022. Many nations sanctioned Russia and made efforts to reduce reliance on Russian energy exports because of its invasion of Ukraine, which worsened existing supply and demand imbalances. On the other hand, the communication services and consumer discretionary sectors posted the steepest losses as investors anticipated the negative effects of inflation and rising interest rates on future earnings, particularly in these sectors.

Outside the U.S., stocks in developed markets also posted large losses, lagging domestic markets. The MSCI EAFE Index—which measures the performance of stocks in Europe, Australasia, and the Far East—declined by 17.33%. European equities were battered by several headwinds, including elevated inflation, tightening monetary policy from major central banks, and the extreme uncertainty that accompanied Russia's invasion of Ukraine. Among developed markets, Japanese shares were a notable laggard, as the impacts of supply chain disruption and inflation weighed heavily on the nation's export-oriented economy. Within developing markets, stocks in Latin America bucked the broader trend of negative returns, driven by gains in oil and commodity-rich markets, including Colombia, Argentina, and Chile. A sharp downturn in Chinese shares hampered developing markets stocks in Asia. Chinese equities were volatile through much of the period, spurred by concerns over the country's property sector and an uncertain outlook for economic growth amid renewed pandemic-related restrictions. Shares in Hong Kong also declined precipitously amid heightened geopolitical tensions and economic uncertainty.

## U.S. BONDS TURN LOWER AMID RISING RECESSION RISKS AND TIGHTER MONETARY POLICY

In a highly unusual market environment, U.S. investment-grade bonds declined alongside riskier assets, as yields rose across the U.S. Treasury yield curve. (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 loss of 10.29%. Accelerating inflation and robust job creation in the U.S. led the Fed to quickly pivot from an accommodative monetary policy stance. In addition to winding down its asset purchases and announcing a gradual reduction of its balance sheet, the central bank raised the federal funds target rate three times during the period—bringing it to a range of 1.50% to 1.75% in June—and indicated that aggressive rate hikes were likely to follow. After the fiscal year ended, on July 28, 2022, the Fed enacted its second consecutive rate increase of 75 basis points (0.75%), bringing the new range to 2.25% to 2.50%.

Although Treasuries performed poorly on an absolute basis, they held up better than other investment-grade issues. Higher-quality corporate debt declined more substantially as rising rates and a worsening outlook for earnings weighed on the sector. Lower-rated high yield bonds were especially punished amid heightened risk aversion as market participants recalibrated their expectations for interest rate policy in the months and years ahead. Names levered to energy constituted a notable outlier within high yield debt, as surging oil and gas prices lent strength to the sector.

Overseas, bonds in developed markets generated acute losses and underperformed domestic debt, as interest rates in many developed countries increased amid elevated inflation. Losses to U.S. investors were exacerbated by a stronger U.S. dollar versus many other currencies. Elevated inflation readings in Europe were a consistent cause for concern and worsened significantly following Russia's invasion of Ukraine, which threatened to cause extreme imbalances in supply and demand, particularly for energy. These risks put pressure on the European Central Bank (ECB) to pivot away from its accommodative stance. Following the ECB's June policy meeting, a press release emphasized above-target inflation and suggested at least two 25-basis-point hikes at the next two meetings, with a larger move possible in September. After the reporting period ended, the central bank did, in fact, raise interest rates by 50 basis points. The increase was both

higher than expected and the first such increase in 11 years, as the ECB signaled a clear intention to combat runaway inflation. The Bank of Japan, conversely, has been a notable holdout from the broader hawkish turn, keeping rates near zero and maintaining a supportive bond-purchasing program throughout the period.

A steep downturn in emerging markets debt over the past year was driven by a confluence of exogenous and idiosyncratic factors, chief among these being Russia's war in Ukraine and heightened economic and geopolitical uncertainty in China. The aggressive pace of monetary tightening and a historically strong U.S. dollar have also been major headwinds. Local currency and dollar-denominated bonds turned sharply lower, particularly through the first half of 2022, as central banks in many countries raised interest rates to combat inflation and defend weakening currencies.

*\*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, the Maryland Senator Edward J. Kasemeyer Prepaid College Trust and Maryland ABLE. For more detailed discussion of these risks, see the Plans' Disclosure Statements.*



# College Costs Review\*

Published tuition and fees declined modestly on an inflation-adjusted basis in the 2021–2022 Academic Year, in a marked reversal of the trend in recent years. Many institutions tempered tuition increases amid waning enrollment during the pandemic and this restraint, coupled with elevated inflation, have driven the recent decline. However, in the decade between the 2011–2012 and 2021–2022 Academic Year periods, published in-state Tuition and fees at public four-year institutions increased by 9% in inflation-adjusted dollars, compared with 38% between 1991–1992 and 2001–2002 and 73% between 2001–2002 and 2011–2012.

While the impact of annual cost increases has moderated 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 2021–2022 (see also the accompanying table):

- The average total cost of a four-year public university for in-state students rose by about 1.8%, before adjusting for inflation, from the previous Academic Year to \$22,690.
- The average total cost of a four-year private college rose by about 2.2%, before adjusting for inflation, from the previous Academic Year to \$51,690

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, and student loans remain a significant source of funding. In the 2019–2020 Academic Year (the most recent available data), 55% of bachelor’s degree recipients from public and private nonprofit four-year colleges and universities graduated with some amount of debt, with borrowers having an average outstanding debt of \$28,400.

In the 2020–2021 academic year, grant aid made up 64% of the total funds used by undergraduate students and their families to supplement their own resources to cover education expenses, up significantly from 49% in 2010–2011. Over the same period, the proportion of total funds from federal loans declined from 38% to 26%. 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)
2021–2022 Academic Year	\$51,690	\$22,690
Change from the previous Academic Year	2.2%	1.8%
Percentage increase between 2011–2012 and 2021–2022 after adjusting for inflation.	14%	11%

\*Source: Trends in College Pricing and Student Aid 2021, published by the College Board.

# Independent Reports

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# Actuarial Soundness Report

The summary of the actuarial valuation issued by Gabriel Roeder Smith & Company dated October 26, 2022, appears on page 14. 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. The actuarial valuation as of June 30, 2022 is based on the best information available to Maryland 529 as of the date of this report. The Board expects that they may receive additional information that could impact the figures.

As of June 30, 2022, the Trust was 140% funded with an actuarial surplus of \$355.6 million. In comparison, as of June 30, 2021 the Trust was 161.4% funded with an actuarial surplus of \$525.4 million.

The primary factor behind the decrease in the Trust's actuarial surplus was unfavorable investment experience. The Weighted Average Tuition at Maryland's public 4-year colleges increased by 3.93% for the 2022–2023 Academic Year. The assumed rate of Tuition and fees were maintained at 3% increases for the next three 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:

	2018	2019	2020	2021	2022
<b>Actuarial Surplus/(Deficit) (mil)</b>	\$432.5	\$470.2	\$538.7	\$525.4	\$355.6
<b>Funded Ratio</b>	155%	163%	180.9%	161.4%	140%



October 26, 2022

Mr. Peter Tsirigotis  
Board Chair  
Maryland 529  
217 E. Redwood Street, Suite 1350  
Baltimore, Maryland 21202

**Re: Maryland Prepaid College Trust Actuarial Valuation as of June 30, 2022**

Dear Mr. Tsirigotis:

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, 2022. 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, 2022. This report should not be relied on for any other purpose.

The attached full actuarial report presents the principal results of the June 30, 2022 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, 2022, with the value of the assets associated with the Trust 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, 2022, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is \$889.7 million. Fund assets as of June 30, 2022, including the market value of program assets and the present value of installment contract receivables, is \$1,245.3 million. The present value of all future tuition obligations and installment contract receivables is based on the actuarial assumptions used in the actuarial soundness valuation as of June 30, 2022, including a discount rate assumption of 6.00%, assumed annual tuition increases of 3.00% for the first three years and 5.00% thereafter (based on last year's assumption of 3.00% for the first four years and 5.00% thereafter) and assumed annual fee increases of 6.00%.

The difference between the market value of assets of \$1,245.3 million and program obligations of \$889.7 million represents a program surplus of \$355.6<sup>1</sup> million as of June 30, 2022. The comparable program surplus as of the last actuarial valuation as of June 30, 2021, was \$525.4 million.

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

Mr. Tsirigotis  
Board Chair  
Maryland 529  
October 26, 2022  
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The funded ratio of the program as of June 30, 2022, is 140.0%. This compares with a funded ratio as of June 30, 2021, of 161.4%.

Beginning November 1, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited on contract payments made to the Trust prior to November 1, 2021 at the since inception rate of return as of June 30, 2021 (6.00 percent) for periods both before and after November 1, 2021. Contract payments made on or after November 1, 2021 will be credited interest 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, 2022.

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, 2022.

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, 2022. 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.

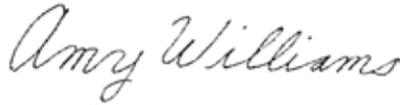
The signing actuaries are independent of MD529. Amy Williams and Lance J. Weiss are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



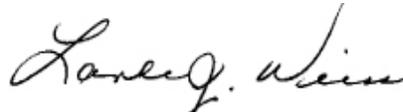
Mr. Tsirigotis  
Board Chair  
Maryland 529  
October 26, 2022  
Page 3

Respectfully submitted,

Gabriel, Roeder, Smith & Company



Amy Williams, A.S.A., M.A.A.A., F.C.A.  
Senior Consultant



Lance J. Weiss, EA., M.A.A.A., F.C.A.  
Senior Consultant and Team Leader





## REPORT OF THE INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Treasurer of the State of Maryland

### Opinions

We have audited the financial statements of the fiduciary activities and business-type activities of Maryland 529, a component unit of the State of Maryland, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Maryland 529's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position the fiduciary and business-type activities of Maryland 529, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Maryland 529, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Maryland 529's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

10200 Grand Central Avenue • Suite 250 • Owings Mills • Maryland 21117 • P 410.584.0060 • F 410.584.0061



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Maryland 529's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Maryland 529's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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 is the responsibility of management and, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maryland 529’s basic financial statements. The individual portfolio statements of net position as of June 30, 2022, 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 were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the features and benefits, market commentary, profile of new enrollments and account holders, actuarial soundness report, and actuarial valuation letter, does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2024, on our consideration of Maryland 529’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 result of that testing, and not to provide an opinion on the effectiveness of Maryland 529’s 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 Maryland 529’s internal control over financial reporting and compliance

Owings Mills, Maryland  
April 30, 2024

A handwritten signature in black ink that reads "SB + Company, LLC".

# **Profile of New Enrollments and Account Holders**

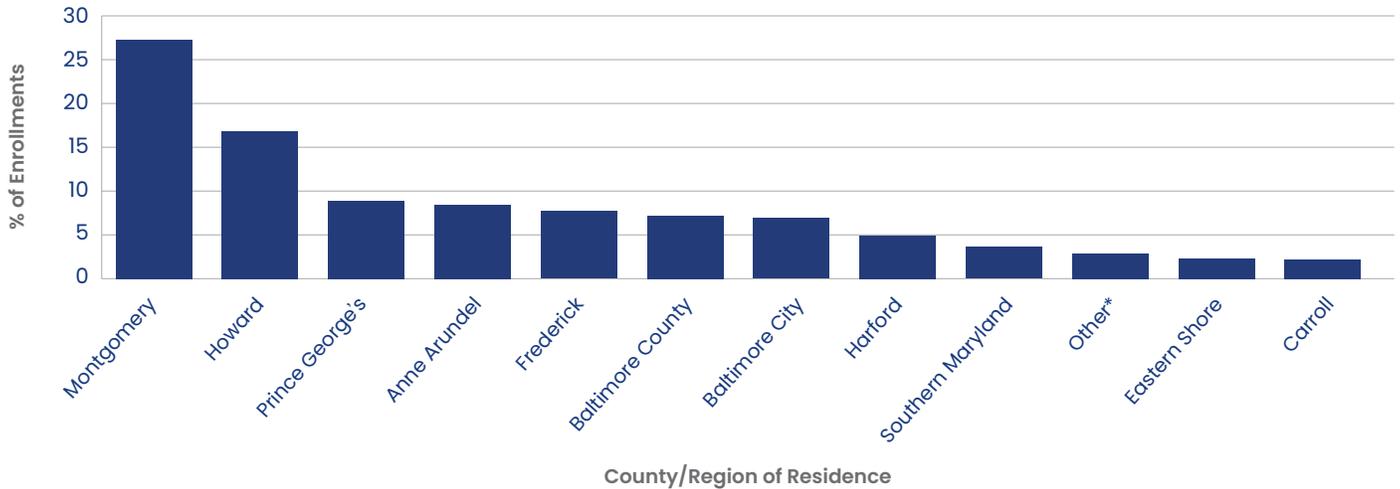
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# Profile of New Enrollments

## NEW ENROLLMENT BY COUNTY

Of the 1,152 new enrollments that were received from July 1, 2021 through June 30, 2022, Montgomery County residents continued to produce the largest number of Account Holder applicants accounting for 27% of all new enrollments. Howard County was the second largest source of new enrollments (17%), followed by Prince George's (9%), Anne Arundel (8%), Frederick (8%), and Baltimore (7%) counties, as illustrated in the following chart.

### NEW ENROLLMENTS BY COUNTY

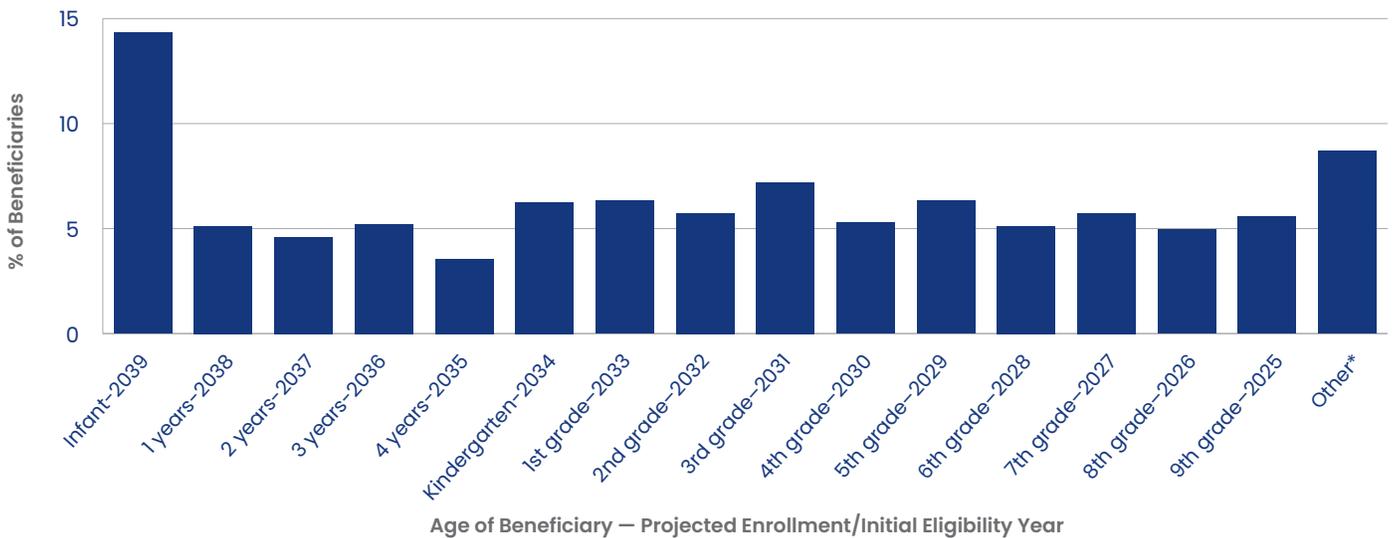


\*Other counties include Western Maryland and out-of-state enrollments.

## AGE OF NEW BENEFICIARIES AT TIME OF ENROLLMENT

The infant age group was the largest percentage of new enrollments of any age group received from July 1, 2021–June 30, 2022, with 14% 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

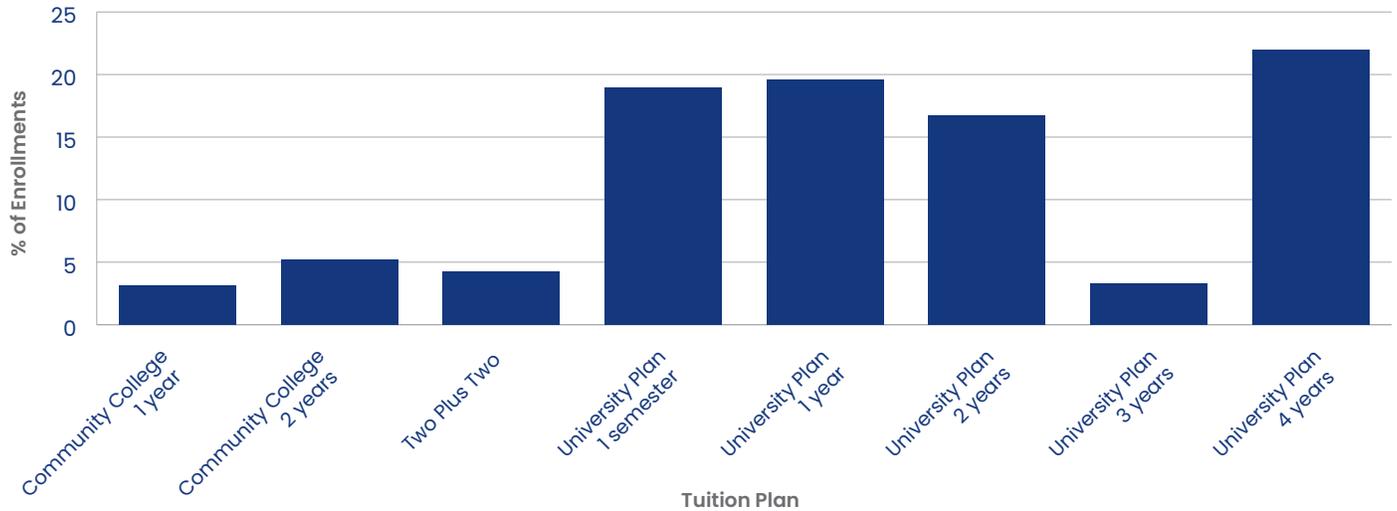


\*There were 100 Beneficiaries in 10th grade through 12th grade who enrolled between July 1, 2021–June 30, 2022.

## TUITION PLAN SELECTED

University plans continued to dominate enrollments accounting for 88% of new contracts. The four-year University Plan was the most popular Tuition Plan selected between July 1, 2021–June 30, 2022, with 22% of enrollments. The one-year University Plan was the second most popular Tuition Plan representing 20% of enrollments, followed by the one-semester University Plan, which was 19%. Together, these Tuition Plans comprised 61% of total Tuition plans purchased.

### TUITION PLAN SELECTION



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

As of June 30, 2022, 5,219 students had claimed their benefits for the Fall 2021 and Spring 2022 semesters. Approximately 57% of these students were attending Maryland public colleges. Another 43% of Beneficiaries are attending a wide variety of private and out-of-state colleges across the country. This is the sixth year in a row the number of students attending Maryland public colleges exceeded the number of students attending private or out-of-state colleges.



# MARYLAND COLLEGE INVESTMENT PLAN

## Profile of New Enrollments

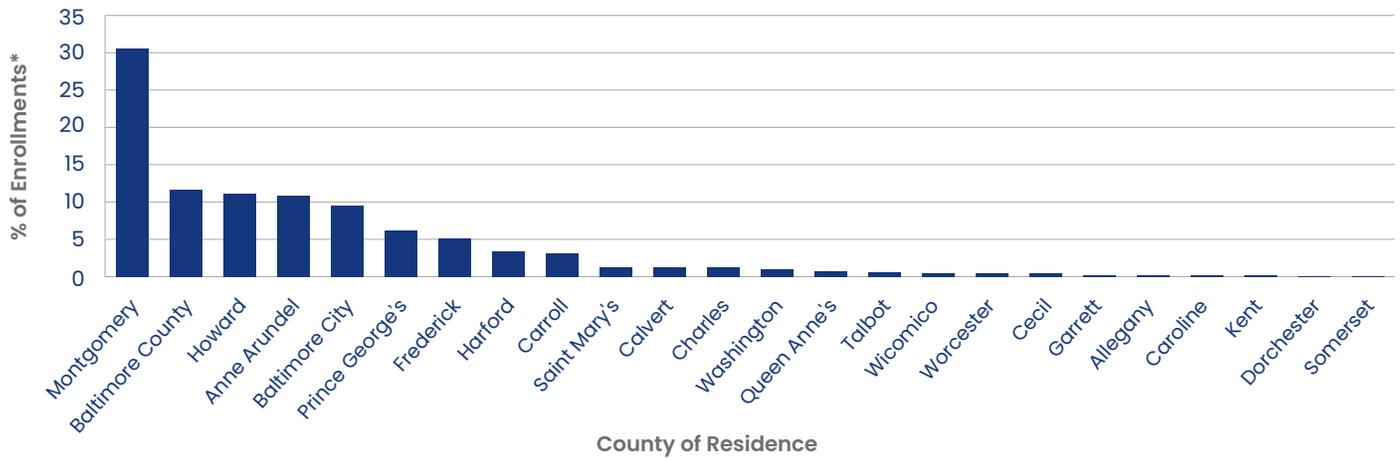
Over 37,500 Accounts were opened in the College Investment Plan during the fiscal year. While the Plan's Account base growth was similar to industry benchmarks<sup>1</sup>, MCIP growth slowed in the second half of the fiscal year, likely due to stricter qualification requirements for the State Contribution Program, volatile markets, higher inflation and a more cautious sentiment toward investing among consumers.

<sup>1</sup> Source: ISS Market Intelligence 529 Industry Analysis 2022; T. Rowe Price Associates, Inc.

### NEW ENROLLMENT BY COUNTY

Of the 36,250 new Accounts opened by Maryland residents in the College Investment Plan for the year ended June 30, 2022, Montgomery County had the highest number of any Maryland county or region at approximately 31% of the total. Approximately 34% of new Accounts were concentrated in either Baltimore County (12%), Howard County (11%), or Anne Arundel County (11%). The following chart shows a breakdown of the counties of residence for the new Account Holders.

#### ENROLLMENTS BY COUNTY



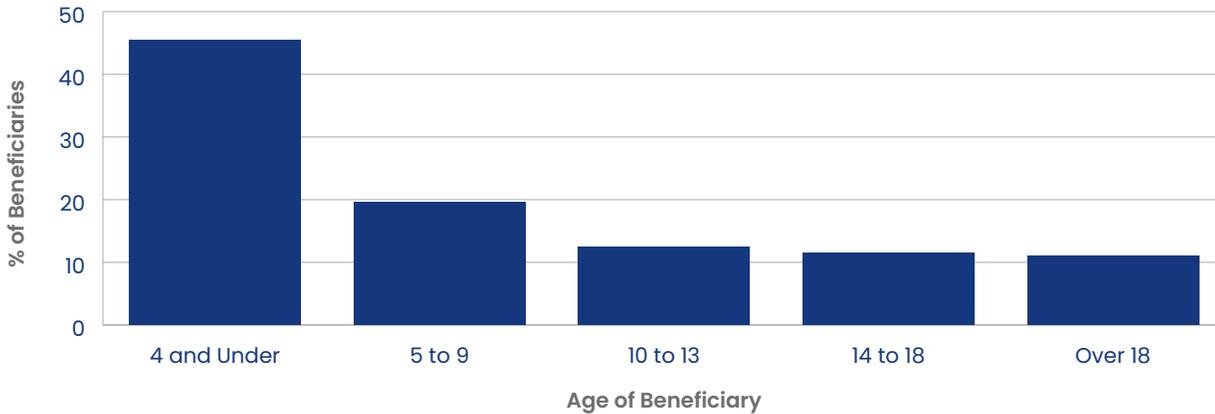
\*Scale: 1% equals 362.5 new Accounts.



## AGE OF NEW BENEFICIARIES AT TIME OF ENROLLMENT

Approximately 46% of all new Beneficiaries were four years old or younger, and approximately 65% of Beneficiaries were nine years old or younger. All age groups were within 1% of 2021, with the exception of 4 and under, which increased by approximately 2%. While the College Investment Plan permits Beneficiaries of any age, approximately 11% of new Beneficiaries were over 18 years of age, as shown in the chart below.

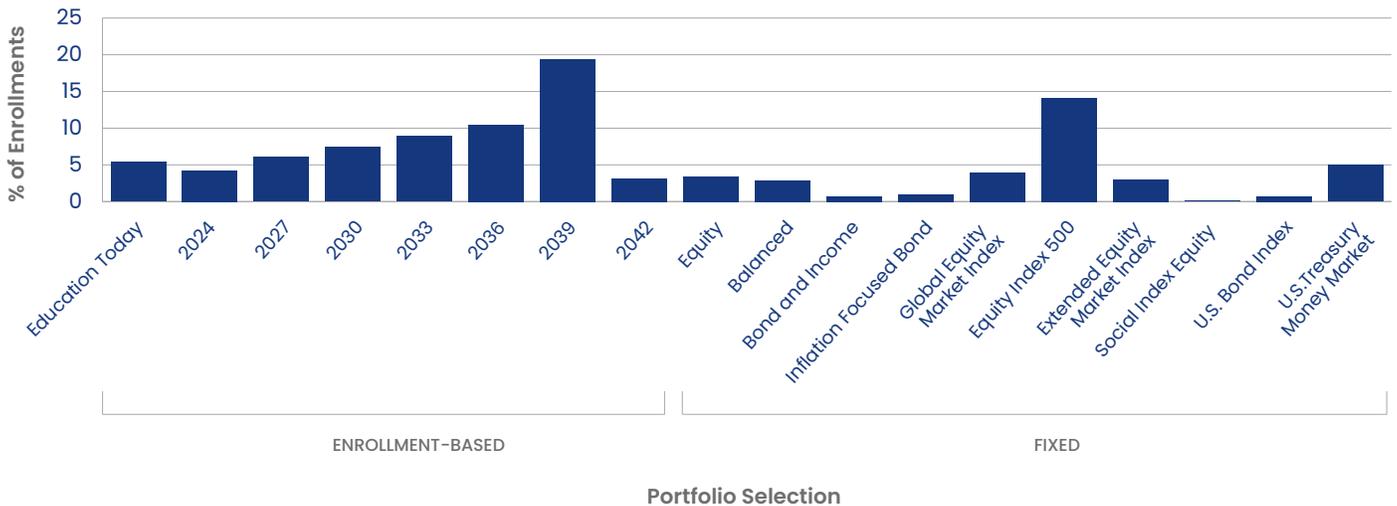
### AGE OF BENEFICIARIES



## 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 19% of new Accounts. The most popular fixed Portfolio, Equity Index 500 Portfolio, was selected for approximately 14% of new Accounts.

### PORTFOLIO SELECTION



## SYSTEMATIC INVESTING

Approximately 33% of Accounts in the College Investment Plan are funded by the Automatic Monthly Contribution feature. Automatic Monthly Contributions are made by automatically debiting a bank account or making a payroll deduction 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, 2021 through June 30, 2022, excluding rollovers to other 529 plans, distributions were taken for 43,572 unique Beneficiaries totaling approximately \$624 million.



# Profile of Account Holders

## ENROLLMENT BY DISABILITY TYPE

People with a developmental or intellectual disability continue to represent the largest number of Account Holders in the Maryland ABLE program. Seventy-nine percent (79%) of Maryland ABLE account holders selected the developmental or intellectual disability diagnosis codes compared to a nationwide average of 69% across all ABLE programs. These two disability codes continue to be the predominate types of disabilities for Account Holders nationwide.

While the overall percentage for these two combined categories remained the same as last year (79%), in FY 2022 there was a change in the individual categories. Again, this year there was an increase in the number of Account Holders selecting the intellectual disability diagnosis code (an increase of 4% from FY 2021). This increase in the percentage of people with intellectual disabilities may be attributed to the increased number of Account Holders enrolled through the Maryland ABLE Entity as ALR program. Currently, all entities with the Maryland ABLE program are licensed by the

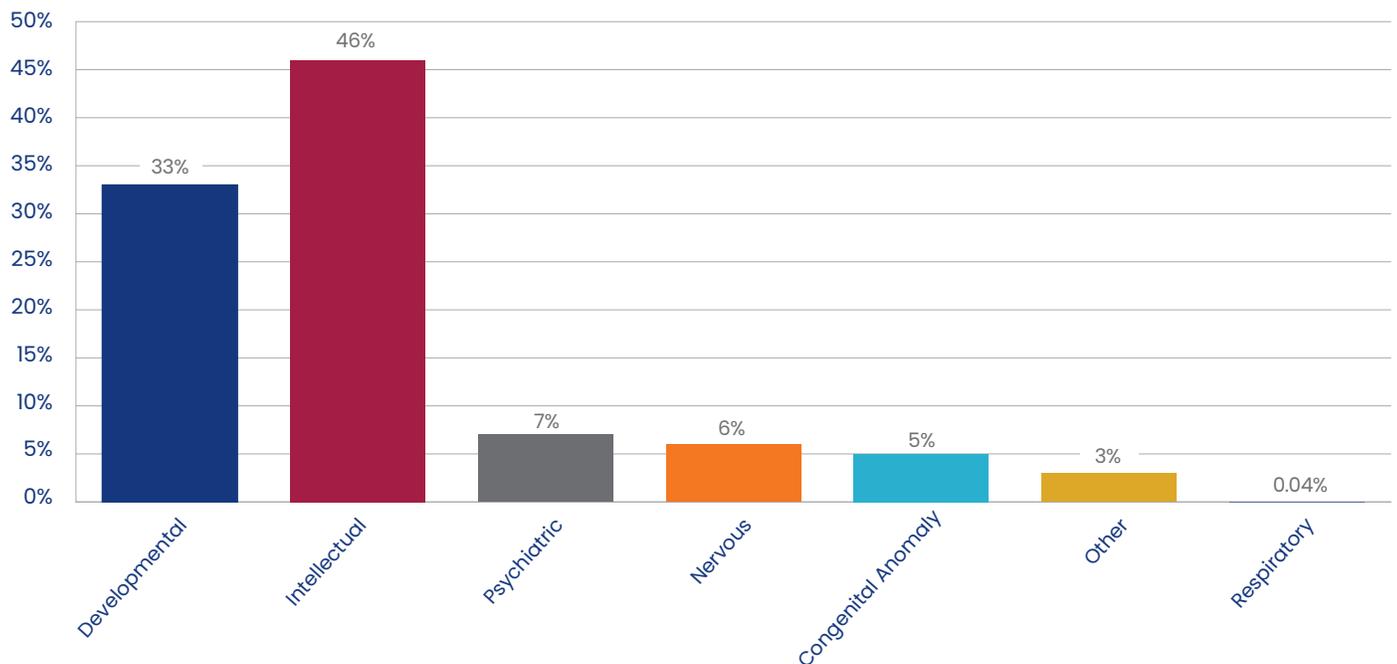
Developmental Disabilities Administration of Maryland and support a large number of people for whom their primary diagnosis is an intellectual disability.

All disability categories are represented in the Maryland ABLE Account Holder population, in similar proportion to the nationwide averages.

**MARYLAND ABLE ACCOUNT HOLDERS**

**79%** Have a developmental or intellectual disability diagnosis.

## DIAGNOSIS CODES—FY 2022



## ACCOUNT HOLDER BY AGE

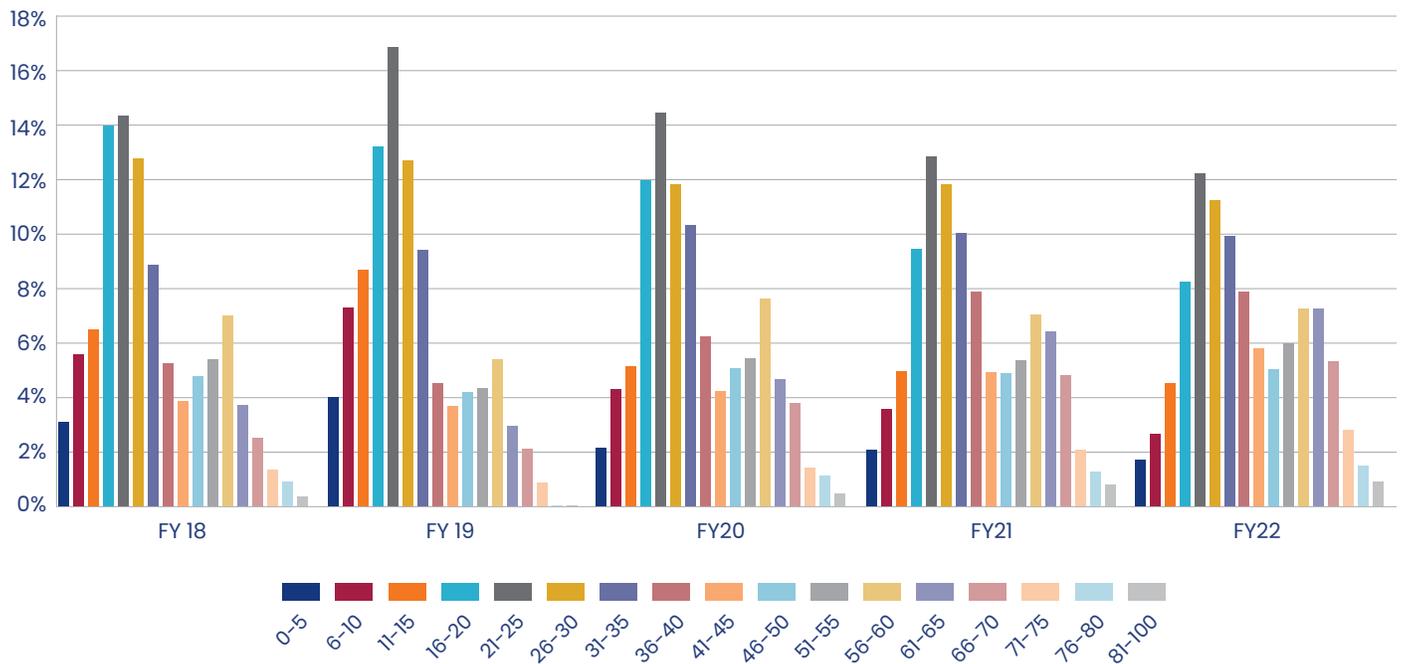
This year, the average age for a Maryland ABLE Beneficiary was 39 years old and the age range for all Account Holders spanned from 6 months to 93 years of age. In FY 2022 approximately one quarter of all Account Holders were between the ages of 21-30 years old. The distribution of the age of Maryland ABLE Account Holders continues to shift each year.

The number of individuals in the age ranges of 55-70 continued to increase this year. The Maryland ABLE Entity as Authorized Legal Representative (ALR), implemented in FY 21 appears to have had an impact on this variable. This program provides organizations that serve as the Representative Payee for a person's Social Security payment a streamlined process to easily enroll and manage Accounts on behalf of an Account Holder.

Many of these organizations provide residential support to older people with intellectual and developmental disabilities.



## PERCENT OF BENEFICIARIES BY AGE RANGE SINCE PROGRAM INCEPTION



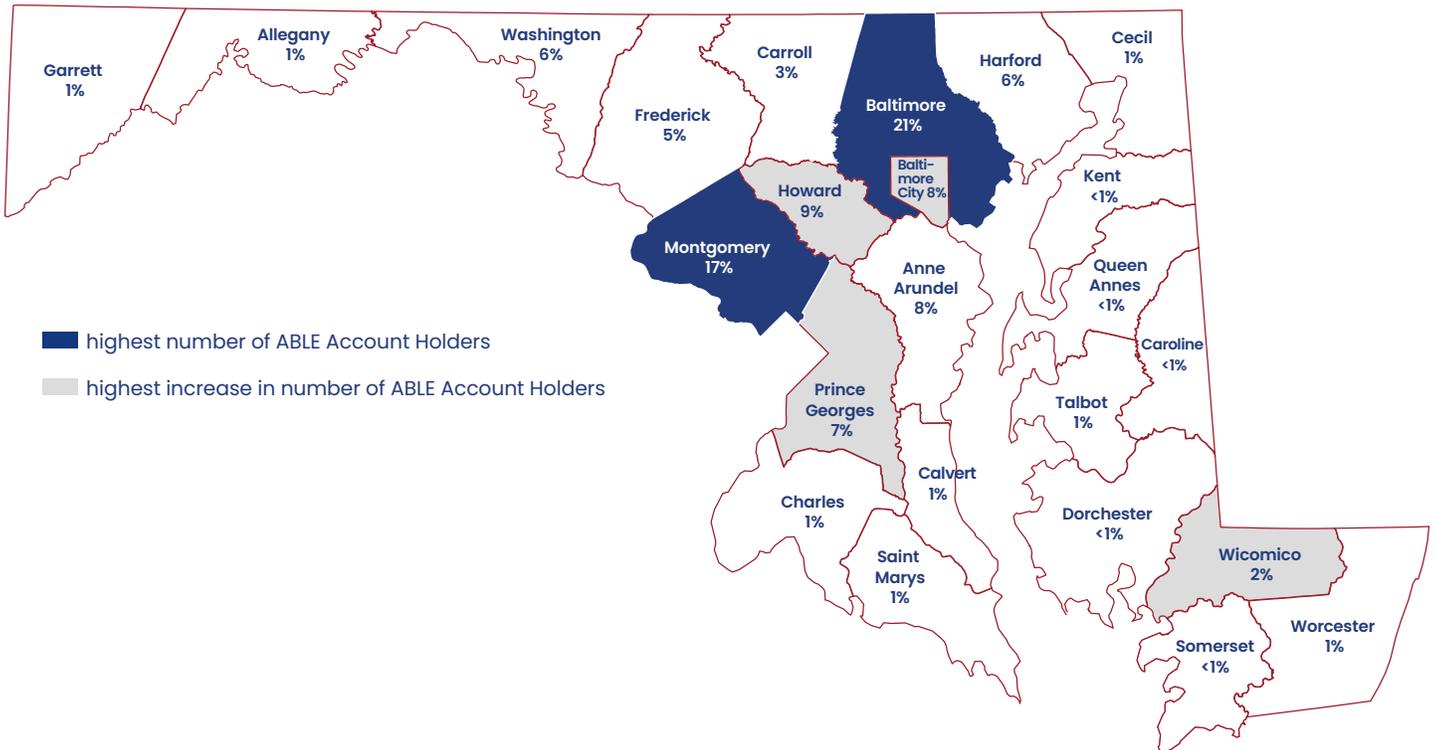
## ACCOUNT DEMOGRAPHICS BY COUNTY

Maryland ABLE Account Holders reside in every county across the state of Maryland. Forty seven percent (47%) of current Account Holders reside in Baltimore, Montgomery, or Howard counties.

This year, increases were noted in in the percentage of Account Holders residing in Baltimore City (+4%), Prince Georges County (+2%), and Howard and Wicomico Counties (+1% each). All other counties remained the same or had a 1% or less decrease in the percentage of Account Holders residing in their county.



PERCENTAGE OF ACCOUNT HOLDERS BY COUNTY



Average Account balances across the state continued to increase in FY22. This fiscal year, Montgomery County Account Holders held the highest average Account balance with \$14,282. Both Dorchester and St. Mary's County residents maintained average Account balances of approximately \$12,100 in FY22.

Seventy percent of Maryland counties had a higher average Account balance than the national average of \$8,786. This is a 7% increase in the number of counties exceeding the national average over last year's national average.

Maryland ABLE allows for people with qualifying disabilities from other states to enroll in the Maryland ABLE program. At the end of FY21, there were 113 Account Holders from 33 different states outside of Maryland and the District of Columbia with Maryland ABLE Accounts. Out of state Accounts represented 4% of the overall AUM in FY22 for the Program.

**AVERAGE MARYLAND ABLE ACCOUNT BALANCE**

**\$10,237**

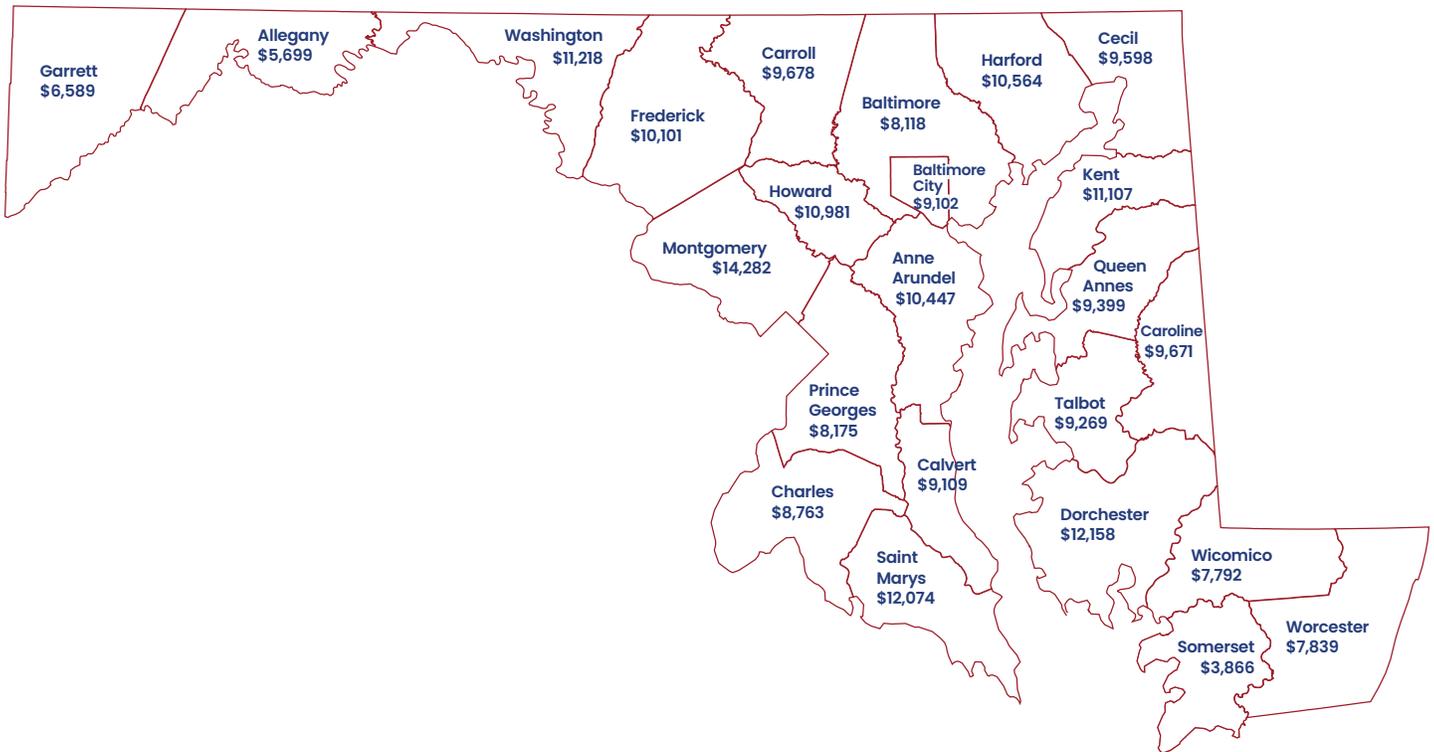
Percentage of Maryland Counties with average balances that exceed national average

**70%**

Greater than the national account average by more than

**\$1,451**

**AVERAGE ACCOUNT BALANCE OF ACCOUNT HOLDERS BY COUNTY**



## ENROLLMENT BY BENEFICIARY OR AUTHORIZED LEGAL REPRESENTATIVE (“ALR”)

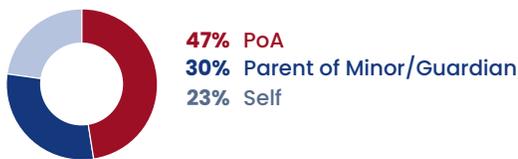
All ABLÉ Accounts are owned by the Beneficiary. The Beneficiary may, however, list an authorized legal representative (ALR) to manage the Account. ALRs can be the parent of a Beneficiary who is a minor, someone named as a guardian, someone granted power of attorney by the Beneficiary, or a conservator.

The increase in the percentage of Accounts managed by a Power of Attorney (PoA) acting for the Beneficiary (+4%) led to a continued decrease in the percentage of parent/legal guardians (-2%) and in Beneficiaries (-2%) managing Accounts. This increase in the number of Accounts being managed by a person acting as a PoA is partially attributable to the growth in the Entity as Authorized Legal Representative program during FY22 as all such Beneficiaries have powers of attorney on file with the entity.

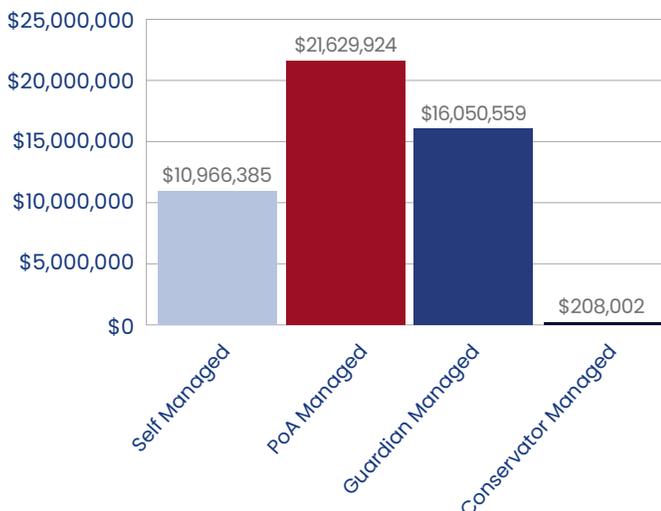
This year, 47% of assets under management were in Accounts managed by a Power of Attorney, acting on behalf of a Beneficiary, while 30% were managed by guardians, and only 23% was managed by the Account owner, the Beneficiary. This increase in the amount of AUM managed by PoA’s may be attributed to the significant portion of overall AUM that is managed through the Entity as ALR Program.

## ABLE PROGRAM INFORMATION

PERCENTAGE OF ACCOUNT HOLDERS BY TYPE



DOLLARS MANAGED BY TYPE



## Contributions

Contributions by Maryland ABLÉ Account Holders increased 16% in FY22. Total contributions to the Maryland ABLÉ program in FY22 totaled over \$23.1 million.

## ABLE to Work

There was a 54% increase year over year in the number of people who made ABLÉ to Work contributions, contributions allowed over and above the annual contribution limit for qualified working Account Holders. Six hundred and one Beneficiaries made ABLÉ to Work contributions totaling over \$900,700 during FY22, a 34% increase in money contributed over the previous fiscal year.

## Rollovers

One hundred twenty-six ABLÉ Beneficiaries transferred approximately \$1.22 million from 529 college savings plans throughout the country into their Maryland ABLÉ Accounts. This was consistent with the amount of money contributed to Maryland ABLÉ Accounts from 529 college savings plans with last year’s contributions.

ABLE Account Holders are permitted to open an account in any state that is open for national enrollment, such as Maryland.

This year, Maryland ABLÉ received rollovers for 25 new accounts from other state ABLÉ programs amounting to just over \$315,690 in contributions. These are significant increases from last fiscal year when there were only 2 rollovers totaling \$32,000.

## Distributions

Distributions increased by 17% this fiscal year for Maryland ABLÉ Account Holders. The average distribution per Account was \$903 in FY22, approximately \$67 more than the total national average distribution from an ABLÉ Account this year.

Seventy-nine percent (79%) of Maryland ABLÉ Account Holders took one or less distribution per month in FY22. During FY22, the frequency of distributions per year aligned with the national trends reported during the ABLÉ national data survey.

DISTRIBUTIONS BY ACCOUNT FOR MARYLAND ACCOUNT HOLDERS

Distribution Frequency	%
1-6	79%
7-12	17%
13-18	2%
18+	2%

# Financial Section

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# 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, 2022. 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 34. Inquiries may be directed to Maryland 529 at [Maryland529.com/contact-us](http://Maryland529.com/contact-us) or by mailing your request to Maryland 529 at 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Trust for the fiscal year ended June 30, 2022, have been audited by SB & Company, LLC.

To limit redundancy in the presentation of information and to allow users of this management’s discussion and analysis to analyze more easily the financial condition and results of operations of the Prepaid College Trust, the College Investment Plan, and Maryland ABLE, we have presented general commentary, financial highlights, results of operations, and other required information separately.

## FINANCIAL STATEMENTS

We have prepared the Prepaid College Trust's 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, 2022.

Fiduciary funds are used to report assets in a trustee or agency capacity for other and therefore cannot be used to support the government’s own programs. The Trust reports its investments, Account Holder contributions and Account Holder distributions in its fiduciary fund.

Enterprise funds are used to report activities for which a fee is charged for goods and services. The Trust reports the administrative activities to support operations in its enterprise fund.

## FINANCIAL HIGHLIGHTS

- The Prepaid College Trust began receiving payments in fiscal year 2022 from 1,201 new enrollments accepted during fiscal year 2021. This is because the initial payments for these Accounts were due on August 1, 2021, near the beginning of fiscal year 2022. Contract receipts were lower year over year as a result of lower amounts contributed per Account Holder 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 2022 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, 2022  
 Fiduciary fund: \$36,764  
 Enterprise fund: \$1,128

Fiscal Year Ended June 30, 2021\*  
 Fiduciary fund: \$37,746  
 Enterprise fund: \$1,304

\*Amounts presented by fund consistent with GASB 84 implementation in FY22.

## Enrollment and Administrative Fees (in thousands)

Fiscal Year Ended	June 30, 2022	June 30, 2021
Prepaid College Trust	\$7	\$51
College Investment Plan	4,228	3,745
<b>Total</b>	<b>\$ 4,235</b>	<b>\$3,796</b>

## Investments (in thousands)

	As of June 30, 2022		As of June 30, 2021	
	Amount	Percent	Amount	Percent
Intermediate Duration Fixed Income	\$229,056	20.5%	\$246,922	19.4%
Senior Secured Loans	55,243	5.0%	56,792	4.5%
High Yield Fixed Income	55,374	5.0%	62,877	4.9%
Emerging Market Debt	45,681	4.1%	59,087	4.6%
Private Credit	5,001	0.4%	0	0.0%
Domestic Large Cap Core	78,601	7.0%	126,157	9.9%
Domestic Mid Cap Core	77,780	7.0%	61,449	4.8%
Domestic Small Cap Value	17,482	1.6%	55,402	4.4%
Low Volatility US Equity	53,341	4.8%	69,309	5.4%
Developed Markets Equity – Large Cap Core	51,669	4.6%	72,760	5.7%
Developed Markets Equity – Large Cap Growth	37,521	3.4%	57,474	4.5%
Developed Markets Equity – Large Cap Value	47,262	4.2%	53,507	4.2%
Developed Markets Equity – Small Cap	41,010	3.7%	72,307	5.7%
Emerging Markets Equity	45,242	4.1%	65,295	5.1%
Private Real Estate	153,338	13.7%	163,877	12.9%
Global Private Infrastructure	58,979	5.3%	0	0.0%
Private Equity	62,779	5.6%	49,215	3.9%
<b>Total Investments</b>	<b>\$1,115,359</b>	<b>100.0%</b>	<b>\$1,272,429</b>	<b>100.0%</b>

## ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

### Fiduciary Fund

Fiduciary net position is defined as total assets less total liabilities. The Statement of Fiduciary 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 cash and investments expected to be used within the one year to pay for Tuition Benefits, Tuition contracts receivable, as well as cash and cash noncurrent. Current assets consist of investments expected equivalents. Noncurrent assets consists of 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, 2022, the fiduciary net position decreased by \$170 million due to an increase in liabilities resulting from an increase in the earnings attributable to an Account's Minimum Benefit distribution

value, and decrease in investments at fair value. 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 -8.5% return on investments, lower than the previous fiscal year return of 1.6%. The Board assumes a 6% projected rate of return for Trust assets for purposes of the actuarial soundness of the Trust and contract pricing.

### Enterprise Fund

Net position is defined as total assets, and deferred outflows less total liabilities, and deferred inflows. The Trust classifies assets and liabilities as current and noncurrent. Current assets consist of cash and investments expected equivalents. Noncurrent assets consist of investments that are not expected to be used within the one year. Current liabilities consist of payments received in advance of their due date, accounts payable and accrued expenses. Noncurrent liabilities consist of net pension liability.

For the fiscal year ended June 30, 2022, the net position decreased by \$24 thousand due to an increase in current liabilities associated with accounts payable at year-end and changes in the deferred inflows related to pensions due to changes in actuarial assumptions.

The following charts presents the condensed Statements of Net Position as of June 30, 2022 and 2021:

Fiduciary Fund (in thousands)		
	As of June 30, 2022	As of June 30, 2021
<b>ASSETS</b>		
Current	\$48,140	\$107,348
Noncurrent	1,201,546	1,279,853
Total	<b>1,249,686</b>	<b>1,387,201</b>
<b>LIABILITIES</b>		
Current	116,149	110,763
Noncurrent	778,080	751,082
Total	<b>894,229</b>	<b>861,845</b>
Fiduciary Net Position	<b>\$355,457</b>	<b>\$525,356</b>

Enterprise Fund (in thousands)		
	As of June 30, 2022	As of June 30, 2021
<b>ASSETS</b>		
Current	\$16,061	\$15,334
Noncurrent	28	5
DEFERRED OUTFLOWS RELATED TO PENSION	1,121	854
Total	<b>17,210</b>	<b>16,193</b>
<b>LIABILITIES</b>		
Current	1,491	702
Noncurrent	1,789	2,522
DEFERRED INFLOWS RELATED TO PENSION	1,154	169
Total	<b>4,434</b>	<b>\$3,393</b>
Net Position	<b>\$12,776</b>	<b>\$12,800</b>

## Statement of Revenues, Expenses and Changes in Net Position

### Fiduciary Fund

Changes in fiduciary net position are based on the activity presented in the Statement of Changes in Fiduciary Net Position. The additions consist of Tuition contract revenue and net investment income. Deductions are those expenses paid for Tuition benefits.

### Enterprise Fund

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 Maryland 529 and the expenses, gains and losses incurred by

Maryland 529. Operating revenues consist of 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. Non-operating revenues are revenues received from investments.

For the fiscal year ended June 30, 2022, the Trust's fiduciary activities had a change in fiduciary net position of (\$169.9) million. The change was mainly the result of decrease in fair value of investments. The Trust's enterprise activities had a change in net position of (\$24) thousand. The change was mainly the result of higher operating expenses compared to operating revenues.

The following chart presents the condensed Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2022 and 2021:

<b>Fiduciary Fund (in thousands)</b>		
	June 30, 2022	June 30, 2021
<b>ADDITIONS</b>		
Tuition Contracts	\$36,765	\$37,746
Net investment income	(133,009)	31,456
Total	<b>(96,244)</b>	<b>69,202</b>
<b>DEDUCTIONS</b>		
Tuition Benefits	73,656	70,274
Total	<b>73,656</b>	<b>70,274</b>
Change in Fiduciary Net Position	<b>(\$169,900)</b>	<b>(\$1,072)</b>

<b>Enterprise Fund (in thousands)</b>		
	June 30, 2022	June 30, 2021
<b>OPERATING REVENUES</b>		
Administrative Fees	\$5,356	\$5,049
Total	<b>5,356</b>	<b>5,049</b>
<b>OPERATING EXPENSES</b>		
Administrative Expenses	5,396	4,532
Total	<b>5,396</b>	<b>4,532</b>
<b>OPERATING GAIN/LOSS</b>	<b>(40)</b>	<b>517</b>
<b>NON-OPERATING REVENUES</b>		
Investment Income	16	6
Total	<b>16</b>	<b>6</b>
Change in Net Position	<b>(\$24)</b>	<b>\$523</b>

## 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 Maryland 529 by category is also presented.

The following chart presents the condensed Statements of Cash Flows for the enterprise activities for the fiscal years ended June 30, 2022 and 2021:

<b>Condensed Statements of Cash Flows (in millions)</b>		
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Cash Provided (Used) by:		
Operating Activities	\$0.6	\$0.5
Investing Activities	2.4	(2.4)
Financing Activities	(0.2)	0
<b>Net Change in Cash and Cash Equivalents</b>	<b>3</b>	<b>(1.9)</b>
Cash and Cash Equivalents, Beginning of Year	<b>10.7</b>	<b>12.6</b>
Cash and Cash Equivalents, End of Year	<b>13.7</b>	<b>10.7</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, 2022.

Specifically, the Board reviewed the Weighted Average Tuition for in-state students at four-year Maryland public universities, which increased 1.89% and 0.06%, respectively, for the 2021–2022 and 2020–2021 Academic Years.

The Board also reviewed the rate of return on the Prepaid College Trust investments, which was a loss of -8.5% and a gain of 21.3% for fiscal years 2022 and 2021, 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, 2022 and 2021.

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

# 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, 2022. This discussion is designed to provide a general overview of the College Investment Plan operations and the Board’s insight into its financial statements. This discussion was prepared by T. Rowe Price for Maryland 529 and should be read in conjunction with the Maryland Senator Edward J. Kasemeyer College Investment Plan’s financial statements and notes, which begin on page 57. Inquiries may be directed to the College Investment Plan at [Maryland529.com](http://Maryland529.com) or by mailing your request to 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Plan for the fiscal year ended June 30, 2022, have been audited by SB & Company, LLC.

## COLLEGE INVESTMENT PLAN FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

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

The financial statements contained in this Annual Report provide information about the activities of the College Investment Plan as a whole and present a view of the Plan’s finances as of and for the year ended June 30, 2022. Portfolio financial statements are presented as Supplementary Information beginning on page 92.

## FINANCIAL HIGHLIGHTS BY PORTFOLIO

PORTFOLIO NAME	PORTFOLIO INCEPTION DATE
Portfolio 2042	May 26, 2021
Portfolio 2039	May 31, 2018
Portfolio 2036	November 30, 2015
Portfolio 2033	December 31, 2012
Portfolio 2030	December 31, 2009
Portfolio 2027	June 30, 2006
Portfolio 2024	October 31, 2003
Portfolio for Education Today	November 26, 2001
Equity Index 500 Portfolio	March 29, 2018
Equity Portfolio	November 26, 2001
Extended Equity Market Index Portfolio	March 29, 2018

## 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.

PORTFOLIO NAME	PORTFOLIO INCEPTION DATE
Global Equity Market Index Portfolio	June 30, 2006
Social Index Equity Portfolio	March 22, 2022
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

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 39 to 56 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, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio for Education Today<sup>1</sup></b>	<b>-6.41%</b>	<b>-4.83%</b>	<b>3.26%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-6.24%</b>	<b>-4.15%</b>	<b>3.35%</b>

The Portfolio for Education Today underperformed its weighted benchmark for the 12 months ended June 30, 2022.

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 detracted from relative performance, driven by selection among U.S. large-cap growth stocks. The Portfolio's underlying Funds that invest in short-term bonds also lagged their respective benchmarks, which held back relative returns. However, the underlying Funds that invests in U.S. mid- and small-cap stocks outpaced their respective benchmarks, which modestly contributed.

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

Tactical decisions to overweight and underweight sub-asset classes contributed to relative performance. The positioning between stocks, bonds, short-term TIPS and cash lifted relative performance. In an environment where stocks and bonds both declined significantly, an overweight allocation to cash was beneficial.

6/30/21



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

6/30/22



**18.0%** Stocks  
**79.7%** Bonds  
**2.3%** Money Market

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	3.7%	3.5%
Blue Chip Growth Fund—I Class	3.4%	3.1%
Equity Index 500 Fund—I Class	4.3%	2.0%
International Value Equity Fund—I Class	1.3%	1.4%
Overseas Stock Fund—I Class	1.3%	1.4%
International Stock Fund—I Class	1.2%	1.3%
Small-Cap Stock Fund—I Class	0.8%	1.2%
Real Assets Fund—I Class	0.5%	0.8%
Mid-Cap Growth Fund—I Class	0.5%	0.7%
Mid-Cap Value Fund—I Class	0.5%	0.6%
U.S. Equity Research Fund—I Class	0.0%	0.6%
Emerging Markets Discovery Stock Fund—I Class	0.3%	0.6%
Emerging Markets Stock Fund—I Class	0.2%	0.4%
U.S. Large-Cap Core Fund—I Class	0.5%	0.4%
<b>BONDS</b>		
U.S. Limited Duration TIPS Index Fund—I Class	40.6%	40.8%
Short-Term Bond Fund—I Class	38.2%	38.9%
<b>MONEY MARKET</b>		
U.S. Treasury Money Fund—I Class	2.7%	2.3%

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, 2022, the weighted benchmark was composed of: S&P 500 Index—3.19%; Russell 1000 Growth Index—3.72%; Russell 1000 Value Index—3.72%; Russell Midcap Growth Index—0.67%; Russell Midcap Value Index—0.67%; Russell 2000 Index—1.33%; MSCI EAFE (Europe, Australasia, and Far East) Index net—4.85%; MSCI Emerging Markets Index net—0.86%; 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.

## PORTFOLIO 2024

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2024<sup>1</sup></b>	<b>-10.31%</b>	<b>-8.43%</b>	<b>6.72%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-10.19%</b>	<b>-7.87%</b>	<b>6.44%</b>

Portfolio 2024 underperformed its weighted benchmark for the 12 months ended June 30, 2022.

The Portfolio's focus is capital preservation and current income with some exposure to stocks. More than two-thirds of the Portfolio was invested in fixed income funds at the end of the reporting period. These include the Short-Term Bond Fund—I Class, a shorter-duration U.S. investment-grade bond fund; the U.S. Limited Duration TIPS Index Fund—I Class, 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; and the Spectrum Income Fund—I Class, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, and an income-oriented stock fund. The remainder of the Portfolio's assets are held in a diversified selection of U.S. and international stocks, including emerging markets.

Security selection within the underlying Funds detracted from relative performance, driven by selection among U.S. large-cap growth stocks. The Portfolio's underlying Funds that invest in short-term bonds also lagged their respective benchmarks, which held back relative returns. However, the underlying Funds that invest in U.S. mid- and small-cap stocks outpaced their respective benchmarks, as did the Spectrum Income Fund—I Class, and these impacts bolstered relative results.

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

Tactical decisions to overweight and underweight sub-asset classes modestly contributed to relative performance. The positioning between stocks, bonds, short-term TIPS and cash lifted relative performance. In an environment where stocks and bonds both declined significantly, an overweight allocation to cash was beneficial.

6/30/21



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

6/30/22



**29.6%** Stocks  
**68.5%** Bonds  
**1.9%** Money Market

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	6.4%	5.7%
Blue Chip Growth Fund—I Class	6.0%	5.0%
Equity Index 500 Fund—I Class	8.7%	3.4%
International Value Equity Fund—I Class	2.6%	2.4%
Overseas Stock Fund—I Class	2.5%	2.3%
International Stock Fund—I Class	2.4%	2.1%
Small-Cap Stock Fund—I Class	2.1%	1.9%
Real Assets Fund—I Class	1.0%	1.3%
Mid-Cap Value Fund—I Class	1.2%	1.1%
Mid-Cap Growth Fund—I Class	1.1%	1.1%
U.S. Equity Research Fund—I Class	0.0%	1.0%
Emerging Markets Discovery Stock Fund—I Class	0.5%	0.9%
Emerging Markets Stock Fund—I Class	0.8%	0.8%
U.S. Large-Cap Core Fund—I Class	0.7%	0.6%
<b>BONDS</b>		
Short-Term Bond Fund—I Class	15.1%	23.5%
U.S. Limited Duration TIPS Index Fund—I Class	14.4%	23.0%
Spectrum Income Fund—I Class	32.6%	22.0%
<b>MONEY MARKET</b>		
U.S. Treasury Money Fund—I Class	1.9%	1.9%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: S&P 500 Index—5.03%; Russell 1000 Growth Index—5.87%; Russell 1000 Value Index—5.87%; Russell Midcap Growth Index—1.05%; Russell Midcap Value Index—1.05%; Russell 2000 Index—2.10%; MSCI EAFE (Europe, Australasia, and Far East) Index net—7.63%; MSCI Emerging Markets Index net—1.35%; Bloomberg U.S. Aggregate Bond Index—23.00%; Bloomberg 1–3 Year Government/Credit Index—24.00%; Bloomberg U.S. 1–5 Year Treasury TIPS Index—21.50%; and Real Assets Broad Weighted Benchmark—1.58%.

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

## PORTFOLIO 2027

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2027<sup>1</sup></b>	<b>-15.04%</b>	<b>-12.91%</b>	<b>6.42%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-14.98%</b>	<b>-12.22%</b>	<b>6.08%</b>

Portfolio 2027 underperformed its weighted benchmark for the 12 months ended June 30, 2022.

The Portfolio seeks to balance the need for long-term capital appreciation with an emphasis on capital preservation and current income. A little more than half of the Portfolio was invested in fixed income funds at the end of the reporting period. Currently, this includes an allocation to the Spectrum Income Fund—I Class, which invests in a diversified group of underlying domestic bond funds, foreign bond funds, a money market fund, and an income-oriented stock fund. It also includes a modest allocation to the U.S. Limited Duration TIPS Index Fund—I Class, 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. As the expected enrollment year referenced in the Portfolio's name approaches, the bond component will start transitioning to the Short-Term Bond Fund—I Class, which is a shorter-duration U.S. investment-grade bond fund, and will increase exposure to the U.S. Limited Duration TIPS Index Fund—I Class. The remainder of the Portfolio's assets are held in a diversified selection of U.S. and international stocks, including emerging markets.

Security selection within the underlying Funds detracted from relative performance, driven by selection among U.S. large-cap growth stocks. On the other hand, the underlying Funds that invest in U.S. mid- and small-cap stocks outpaced their respective benchmarks, and these impacts bolstered relative results.

Tactical decisions to overweight and underweight sub-asset classes contributed to relative performance. The positioning between stocks, bonds, short-term TIPS and cash lifted relative performance. In an environment where stocks and bonds both declined significantly, an overweight allocation to cash was beneficial. Conversely, an overweight allocation to emerging markets stocks, which lagged stocks in developed markets outside the U.S., had a modest negative impact.

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

6/30/21



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

6/30/22



**46.4%** Stocks  
**51.2%** Bonds  
**2.4%** Money Market

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	8.3%	8.9%
Blue Chip Growth Fund—I Class	7.8%	7.8%
Equity Index 500 Fund—I Class	10.5%	4.8%
International Value Equity Fund—I Class	4.5%	3.8%
Overseas Stock Fund—I Class	4.2%	3.6%
International Stock Fund—I Class	3.8%	3.4%
Small-Cap Stock Fund—I Class	4.0%	3.1%
Real Assets Fund—I Class	1.5%	2.1%
Mid-Cap Value Fund—I Class	2.0%	1.8%
Mid-Cap Growth Fund—I Class	2.2%	1.8%
U.S. Equity Research Fund—I Class	0.0%	1.6%
Emerging Markets Discovery Stock Fund—I Class	0.9%	1.4%
Emerging Markets Stock Fund—I Class	2.2%	1.3%
U.S. Large-Cap Core Fund—I Class	0.8%	1.0%
<b>BONDS</b>		
Spectrum Income Fund—I Class	44.1%	48.8%
U.S. Limited Duration TIPS Index Fund—I Class	1.1%	2.4%
<b>MONEY MARKET</b>		
U.S. Treasury Money Fund—I Class	2.1%	2.4%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: S&P 500 Index—7.74%; Russell 1000 Growth Index—9.03%; Russell 1000 Value Index—9.03%; Russell Midcap Growth Index—1.61%; Russell Midcap Value Index—1.61%; Russell 2000 Index—3.23%; MSCI EAFE (Europe, Australasia, and Far East) Index net—11.75%; MSCI Emerging Markets Index net—2.07%; Bloomberg U.S. Aggregate Bond Index—50.00%; Bloomberg U.S. 1–5 Year Treasury TIPS Index—1.50%; and Real Assets Broad Weighted Benchmark—2.43%.

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

## PORTFOLIO 2030

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2030<sup>1</sup></b>	<b>-16.68%</b>	<b>-14.05%</b>	<b>9.18%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-16.58%</b>	<b>-13.08%</b>	<b>9.06%</b>

Portfolio 2030 underperformed its weighted benchmark for the 12 months ended June 30, 2022.

The Portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The Portfolio also has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund—I Class, 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—I Class, which is a shorter-duration U.S. investment-grade bond fund, and the U.S. Limited Duration TIPS Index Fund—I Class, 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, driven by selection among U.S. large-cap growth stocks. On the other hand, the underlying Funds that invest in U.S. mid- and small-cap stocks outpaced their respective benchmarks, and these impacts bolstered relative results.

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

Tactical decisions to overweight and underweight sub-asset classes modestly contributed to relative performance. The positioning between stocks, bonds, short-term TIPS and cash lifted relative performance. In an environment where stocks and bonds both declined significantly, an overweight allocation to cash was beneficial. Conversely, an overweight allocation to emerging markets stocks, which lagged stocks in developed markets outside the U.S., had a modest negative impact.

6/30/21



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

6/30/22



**62.5% Stocks**  
**35.1% Bonds**  
**2.4% Money Market**

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	10.8%	12.0%
Blue Chip Growth Fund—I Class	10.2%	10.1%
Equity Index 500 Fund—I Class	13.8%	6.6%
International Value Equity Fund—I Class	5.8%	5.0%
Overseas Stock Fund—I Class	5.4%	5.0%
International Stock Fund—I Class	5.0%	4.6%
Small-Cap Stock Fund—I Class	5.2%	4.2%
Real Assets Fund—I Class	1.9%	2.8%
Mid-Cap Value Fund—I Class	2.7%	2.5%
Mid-Cap Growth Fund—I Class	2.8%	2.4%
U.S. Equity Research Fund—I Class	0.0%	2.1%
Emerging Markets Discovery Stock Fund—I Class	1.2%	2.0%
Emerging Markets Stock Fund—I Class	2.8%	1.9%
U.S. Large-Cap Core Fund—I Class	1.0%	1.3%
<b>BONDS</b>		
Spectrum Income Fund—I Class	28.2%	34.5%
U.S. Limited Duration TIPS Index Fund—I Class	1.1%	0.6%
<b>MONEY MARKET</b>		
U.S. Treasury Money Fund—I Class	2.1%	2.4%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: S&P 500 Index—10.29%; Russell 1000 Growth Index—12.01%; Russell 1000 Value Index—12.01%; Russell Midcap Growth Index—2.15%; Russell Midcap Value Index—2.15%; Russell 2000 Index—4.29%; MSCI EAFE (Europe, Australasia, and Far East) Index net—15.63%; MSCI Emerging Markets Index net—2.76%; Bloomberg U.S. Aggregate Bond Index—35.50%; and Real Assets Broad Weighted Benchmark—3.23%.

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

## PORTFOLIO 2033

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2033<sup>1</sup></b>	<b>-18.18%</b>	<b>-15.12%</b>	<b>9.43%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-18.08%</b>	<b>-13.88%</b>	<b>9.36%</b>

Portfolio 2033 underperformed its weighted benchmark for the 12 months ended June 30, 2022.

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—I Class, 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—I Class, which is a shorter-duration U.S. investment-grade bond fund, and the U.S. Limited Duration TIPS Index Fund—I Class, 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, driven by selection among U.S. large-cap growth stocks. On the other hand, the underlying Funds that invest in U.S. mid- and small-cap stocks outpaced their respective benchmarks, and these impacts bolstered relative results.

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

Tactical decisions to overweight and underweight sub-asset classes modestly contributed to relative performance. The positioning between stocks, bonds, short-term TIPS and cash lifted relative performance. In an environment where stocks and bonds both declined significantly, an overweight allocation to cash was beneficial. Conversely, an overweight allocation to emerging markets stocks, which lagged stocks in developed markets outside the U.S., had a modest negative impact.

6/30/21



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

6/30/22



**77.8%** Stocks  
**19.3%** Bonds  
**2.9%** Money Market

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	13.2%	15.3%
Blue Chip Growth Fund—I Class	12.5%	12.0%
Equity Index 500 Fund—I Class	16.8%	8.1%
International Value Equity Fund—I Class	7.0%	6.3%
Overseas Stock Fund—I Class	6.6%	6.2%
International Stock Fund—I Class	6.1%	5.7%
Small-Cap Stock Fund—I Class	6.4%	5.3%
Real Assets Fund—I Class	2.3%	3.5%
Mid-Cap Value Fund—I Class	3.3%	3.1%
Mid-Cap Growth Fund—I Class	3.4%	3.0%
U.S. Equity Research Fund—I Class	0.0%	2.7%
Emerging Markets Discovery Stock Fund—I Class	1.4%	2.5%
Emerging Markets Stock Fund—I Class	3.5%	2.4%
U.S. Large-Cap Core Fund—I Class	1.2%	1.7%
<b>BONDS</b>		
Spectrum Income Fund—I Class	13.1%	18.7%
U.S. Limited Duration TIPS Index Fund—I Class	1.1%	0.6%
<b>MONEY MARKET</b>		
U.S. Treasury Money Fund—I Class	2.1%	2.9%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: S&P 500 Index—12.77%; Russell 1000 Growth Index—14.90%; Russell 1000 Value Index—14.90%; Russell Midcap Growth Index—2.66%; Russell Midcap Value Index—2.66%; Russell 2000 Index—5.32%; MSCI EAFE (Europe, Australasia, and Far East) Index net—19.38%; MSCI Emerging Markets Index net—3.42%; Bloomberg U.S. Aggregate Bond Index—20.00%; and Real Assets Broad Weighted Benchmark—4.00%.

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

## PORTFOLIO 2036

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2036<sup>1</sup></b>	<b>-19.61%</b>	<b>-16.12%</b>	<b>8.61%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-19.52%</b>	<b>-14.68%</b>	<b>8.81%</b>

Portfolio 2036 underperformed its weighted benchmark for the 12 months ended June 30, 2022.

The Portfolio's focus is long-term capital appreciation. Nearly all of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The Portfolio has a small allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund—I Class, 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—I Class, which is a shorter-duration U.S. investment-grade bond fund, and the U.S. Limited Duration TIPS Index Fund—I Class, 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, driven by selection among U.S. large-cap growth stocks. On the other hand, the underlying Funds that invest in U.S. mid- and small-cap stocks outpaced their respective benchmarks, and these impacts bolstered relative results.

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

Tactical decisions to overweight and underweight sub-asset classes modestly contributed to relative performance. The positioning between stocks, bonds, short-term TIPS and cash lifted relative performance. In an environment where stocks and bonds both declined significantly, an overweight allocation to cash was beneficial. Conversely, an overweight allocation to emerging markets stocks, which lagged stocks in developed markets outside the U.S., had a modest negative impact.

6/30/21



100% Stocks

6/30/22



93.0% Stocks

4.0% Bonds

3.0% Money Market

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	15.9%	18.3%
Blue Chip Growth Fund—I Class	15.1%	14.3%
Equity Index 500 Fund—I Class	20.1%	9.6%
International Value Equity Fund—I Class	8.3%	7.5%
Overseas Stock Fund—I Class	7.8%	7.5%
International Stock Fund—I Class	7.3%	6.8%
Small-Cap Stock Fund—I Class	7.5%	6.3%
Real Assets Fund—I Class	2.7%	4.2%
Mid-Cap Value Fund—I Class	4.0%	3.7%
Mid-Cap Growth Fund—I Class	4.0%	3.6%
U.S. Equity Research Fund—I Class	0.0%	3.3%
Emerging Markets Discovery Stock Fund—I Class	1.7%	3.0%
Emerging Markets Stock Fund—I Class	4.2%	2.9%
U.S. Large-Cap Core Fund—I Class	1.4%	2.0%
<b>BONDS</b>		
Spectrum Income Fund—I Class	0.0%	3.4%
U.S. Limited Duration TIPS Index Fund—I Class	0.0%	0.6%
<b>MONEY MARKET</b>		
U.S. Treasury Money Fund—I Class	0.0%	3.0%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: S&P 500 Index—15.16%; Russell 1000 Growth Index—17.69%; Russell 1000 Value Index—17.69%; Russell Midcap Growth Index—3.16%; Russell Midcap Value Index—3.16%; Russell 2000 Index—6.32%; MSCI EAFE (Europe, Australasia, and Far East) Index net—23.01%; MSCI Emerging Markets Index net—4.06%; Bloomberg U.S. Aggregate Bond Index—5.00%; and Real Assets Broad Weighted Benchmark—4.75%.

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

## PORTFOLIO 2039

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2039<sup>1</sup></b>	<b>-20.58%</b>	<b>-16.98%</b>	<b>5.95%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-19.99%</b>	<b>-15.05%</b>	<b>6.44%</b>

Portfolio 2039 underperformed its weighted benchmark for the 12 months ended June 30, 2022.

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—I Class, 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—I Class, which is a shorter-duration U.S. investment-grade bond fund, and the U.S. Limited Duration TIPS Index Fund—I Class, 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, driven by selection among U.S. large-cap growth stocks. On the other hand, the underlying Funds that invest in U.S. mid- and small-cap stocks outpaced their respective benchmarks, and these impacts bolstered relative results.

Tactical decisions to overweight and underweight sub-asset classes detracted from relative performance. An overweight allocation to emerging markets stocks, which lagged stocks in developed markets outside the U.S., had a negative impact. Conversely, performance was boosted by an overweight allocation to value stocks in the U.S., as these stocks fared better than growth-oriented names over the year.

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

6/30/21



100% Stocks

6/30/22



100% Stocks

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	15.9%	19.7%
Blue Chip Growth Fund—I Class	15.1%	15.7%
Equity Index 500 Fund—I Class	20.0%	10.2%
International Value Equity Fund—I Class	8.2%	8.1%
Overseas Stock Fund—I Class	7.8%	7.9%
International Stock Fund—I Class	7.3%	7.3%
Small-Cap Stock Fund—I Class	7.5%	6.9%
Real Assets Fund—I Class	2.7%	4.5%
Mid-Cap Value Fund—I Class	4.0%	4.0%
Mid-Cap Growth Fund—I Class	4.0%	3.8%
U.S. Equity Research Fund—I Class	0.0%	3.5%
Emerging Markets Discovery Stock Fund—I Class	1.8%	3.2%
Emerging Markets Stock Fund—I Class	4.2%	3.1%
U.S. Large-Cap Core Fund—I Class	1.5%	2.1%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: S&P 500 Index—15.96%; Russell 1000 Growth Index—18.62%; Russell 1000 Value Index—18.62%; 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.

## PORTFOLIO 2042

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Portfolio 2042<sup>1</sup></b>	<b>-20.40%</b>	<b>-16.78%</b>	<b>-14.43%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-19.99%</b>	<b>-15.03%</b>	<b>-12.46%</b>

Portfolio 2042 underperformed its weighted benchmark for 12 months ended June 30, 2022.

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—I Class, 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—I Class, which is a shorter-duration U.S. investment-grade bond fund, and the U.S. Limited Duration TIPS Index Fund—I Class, 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, driven by selection among U.S. large-cap growth stocks. On the other hand, the underlying Funds that invest in U.S. mid- and small-cap stocks outpaced their respective benchmarks, and these impacts bolstered relative results.

Tactical decisions to overweight and underweight sub-asset classes detracted from relative performance. An overweight allocation to emerging markets stocks, which lagged stocks in developed markets outside the U.S., had a negative impact. Conversely, performance was boosted by an overweight allocation to value stocks in the U.S., as these stocks fared better than growth-oriented names over the year.

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

6/30/21



100% Stocks

6/30/22



100% Stocks

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	17.4%	19.5%
Blue Chip Growth Fund—I Class	14.7%	15.9%
Equity Index 500 Fund—I Class	9.4%	10.2%
International Value Equity Fund—I Class	8.3%	8.2%
Overseas Stock Fund—I Class	7.8%	7.9%
International Stock Fund—I Class	7.2%	7.4%
Small-Cap Stock Fund—I Class	7.0%	6.8%
Real Assets Fund—I Class	2.7%	4.5%
Mid-Cap Value Fund—I Class	3.8%	3.9%
Mid-Cap Growth Fund—I Class	3.7%	3.8%
U.S. Equity Research Fund—I Class	0.0%	3.5%
Emerging Markets Discovery Stock Fund—I Class	3.3%	3.5%
Emerging Markets Stock Fund—I Class	2.7%	2.8%
U.S. Large-Cap Core Fund—I Class	12.0%	2.1%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: S&P 500 Index—15.96%; Russell 1000 Growth Index—18.62%; Russell 1000 Value Index—18.62%; 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.

## EQUITY PORTFOLIO

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Equity Portfolio<sup>1</sup></b>	<b>-20.59%</b>	<b>-17.02%</b>	<b>6.96%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-20.01%</b>	<b>-15.07%</b>	<b>6.96%</b>

The Equity Portfolio underperformed its weighted benchmark for the 12 months ended June 30, 2022.

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 T. Rowe Price Value Fund—I Class, which invests primarily in common stocks of larger companies in the U.S., particularly those that are viewed as undervalued.

Security selection within the underlying Funds detracted from relative performance, driven by selection among U.S. large-cap growth stocks. On the other hand, the underlying Funds that invest in U.S. mid- and small-cap stocks outpaced their respective benchmarks, and these impacts bolstered relative results.

Tactical decisions to overweight and underweight sub-asset classes detracted from relative performance. An overweight allocation to emerging markets stocks, which lagged stocks in developed markets outside the U.S., had a negative impact. Conversely, performance was boosted by an overweight allocation to value stocks in the U.S., as these stocks fared better than growth-oriented names over the year.

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

6/30/21



100% Stocks

6/30/22



100% Stocks

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	15.9%	19.7%
Blue Chip Growth Fund—I Class	15.0%	15.6%
Equity Index 500 Fund—I Class	20.2%	10.3%
International Value Equity Fund—I Class	8.2%	8.2%
Overseas Stock Fund—I Class	7.8%	7.8%
International Stock Fund—I Class	7.3%	7.3%
Small-Cap Stock Fund—I Class	7.5%	6.8%
Real Assets Fund—I Class	2.7%	4.5%
Mid-Cap Value Fund—I Class	4.0%	4.0%
Mid-Cap Growth Fund—I Class	4.0%	3.8%
U.S. Equity Research Fund—I Class	0.0%	3.5%
Emerging Markets Discovery Stock Fund—I Class	1.8%	3.2%
Emerging Markets Stock Fund—I Class	4.2%	3.1%
U.S. Large-Cap Core Fund—I Class	1.4%	2.2%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: S&P 500 Index—15.96%; Russell 1000 Growth Index—18.62%; Russell 1000 Value Index—18.62%; 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%. Benchmark performance commenced on November 30, 2001.

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

## EXTENDED EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Extended Equity Market Index Portfolio<sup>1</sup></b>	<b>-26.51%</b>	<b>-28.04%</b>	<b>5.39%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-26.50%</b>	<b>-27.90%</b>	<b>5.75%</b>

The Extended Equity Market Index Portfolio performed in line with its weighted benchmark for the 12 months ended June 30, 2022.

The Portfolio holds roughly equal allocations to the Mid-Cap Index Fund—I Class and the Small-Cap Index Fund—I Class. The Mid-Cap Index Fund—I Class 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—I Class 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 declined and lagged their large-cap peers over the reporting period, according to various Russell indices, as an uncertain economic outlook left investors wary of the prospects for smaller companies. Smaller companies have traditionally been viewed as more sensitive to the state of the overall economy and uncertain conditions, both domestically and globally, were a headwind for these assets amid elevated inflation and rising recession fears.

6/30/21



100% Stocks

6/30/22



100% Stocks

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Small-Cap Index Fund—I Class	49.7%	50.8%
Mid-Cap Index Fund—I Class	50.3%	49.2%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: Russell Select Midcap Index—50.00%; Russell 2000 Index—50.00%.

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

## GLOBAL EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Global Equity Market Index Portfolio<sup>1</sup></b>	<b>-20.64%</b>	<b>-15.24%</b>	<b>7.42%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-20.28%</b>	<b>-14.84%</b>	<b>7.83%</b>

The Global Equity Market Index Portfolio underperformed its weighted benchmark for the 12 months ended June 30, 2022.

The Portfolio's largest allocation, about 55%, is to the Equity Index 500 Fund—I Class, which attempts to match the return of large-cap U.S. stocks by seeking to replicate the performance of the S&P 500. About 30% of the Portfolio's assets were held in the International Equity Index Fund—Investor Class, which seeks to match the performance of the FTSE All World Developed ex North America Index, a broadly diversified index based on the market capitalization of over 1,400 mostly large- and mid-cap companies. The index's major markets include Japan, the UK, France, Germany, and other developed countries in Europe and the Asia-Pacific region. The remainder of the Portfolio is held in the Mid-Cap Index Fund—I Class and Small-Cap Index Fund—I Class.

Global equities declined across regions and market capitalizations during the period. U.S. stocks were hindered by mounting concerns over elevated inflation, rising interest rates, and the rising risk of a global recession. Markets outside the U.S. were battered by similar concerns, as well as a more acutely felt impact from the Russian invasion of Ukraine, which drove economic uncertainty and exacerbated existing supply chain imbalances.

6/30/21



100% Stocks

6/30/22



100% Stocks

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Equity Index 500 Fund—I Class	56.6%	55.8%
International Equity Index Fund—Investor Class	29.8%	30.9%
Small-Cap Index Fund—I Class	6.7%	6.9%
Mid-Cap Index Fund—I Class	6.9%	6.4%

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

<sup>2</sup> As of June 30, 2022, 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.

# EQUITY INDEX 500 PORTFOLIO

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Equity Index 500 Portfolio<sup>1</sup></b>	<b>-20.01%</b>	<b>-10.78%</b>	<b>10.53%</b>
S&P 500 Index	-19.96%	-10.62%	10.77%

The Equity Index 500 Portfolio slightly underperformed its benchmark, the S&P 500 Index, for the 12 months ended June 30, 2022.

The portfolio invests in the Equity Index 500 Fund—I Class, 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 turned lower during the fiscal year, with many major indexes falling into correction territory – a decline of 10% or more – during the period. Early in the fiscal year, investor sentiment buoyed by the passage of bipartisan federal infrastructure spending legislation in mid-November. However, the spread of the delta and omicron variants of the coronavirus and growing expectations that the Federal Reserve would soon begin to taper its monthly asset purchases periodically weighed on the market in late 2021. This volatility gave way to a broad sell-off, as stocks declined considerably in the first half of 2022. Investors shunned riskier assets in response to Russia's invasion of Ukraine, elevated inflation exacerbated by rising commodity prices, and the Fed's interest rate increases that started in mid-March. Market participants were also concerned about inflation's impact on consumer spending and corporate profits, particularly as some high-profile companies and major retailers disappointed with their financial results or projections.

6/30/21



100% Stocks

6/30/22



100% Stocks

## UNDERLYING FUND ALLOCATION

	6/30/21	6/30/22
<b>STOCKS</b>		
Equity Index 500 Fund—I Class	100.0%	100.0%

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

## SOCIAL INDEX EQUITY PORTFOLIO

Performance Comparison as of June 30, 2022

	Cumulative Since Portfolio Inception
<b>Social Index Equity Portfolio<sup>1</sup></b>	<b>-17.60%</b>
FTSE4Good U.S. Select Index	-17.54%

The Social Index Equity Portfolio performed in line with its benchmark, the FTSE4Good U.S. Select Index, for the since inception period ended June 30, 2022. The Portfolio inceptioned on March 23, 2022.

The Portfolio invests in the Vanguard FTSE Social Index Fund, which seeks to track the performance of its benchmark, the FTSE4Good U.S. Select Index. The Fund's benchmark is a market cap-weighted index consisting of large- and mid-cap stocks of companies that are screened for environmental, social, and corporate governance (ESG) criteria. This screening excludes stocks of companies that derive specified levels of revenue or involvement in certain activities or business segments, such as tobacco, firearms, and nonrenewable energy sources.

U.S. stocks fell sharply as the Federal Reserve aggressively raised interest rates to curb the highest inflation in four decades. Higher interest rates caused investors to place less value on a company's future earnings, punishing high-growth stocks in particular, including several mega-cap technology and internet-related companies. The Fed raised official short-term interest rates by a total of 125 basis points (1.25 percentage points) across two moves during the period. Fears of a 1970s-style "stagflation" period of low growth combined with high inflation may have started to give way over the quarter to worries that the Fed would push the economy into recession.

The FTSE4Good US Select Index, which is composed of large- and mid-capitalization stocks that have been screened for certain social, human rights, and environmental criteria by FTSE, returned -17.83% for the three month period ended June 30. The Russell 3000 Index, which measures the broad U.S. stock market, returned -16.70%.

Technology (-22.5%), consumer discretionary (-26.7%), and industrials (-17.8%) detracted most from performance.

Utilities (-4.3%) detracted the least.

For the 12-month period ended June 30, 2022, the FTSE4Good US Select Index returned -15.01%. Technology (17.6%), consumer discretionary (-27.3%), and industrials (-23.5%) were the biggest detractors. The only contributors were consumer staples (+10.4%), utilities (+12.4%), and health care (+0.6%).

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

6/30/22



100% Stocks

### UNDERLYING FUND ALLOCATION

6/30/22

#### STOCKS

Vanguard FTSE Social Index Fund—Admiral Class	100.0%
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## BALANCED PORTFOLIO

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Balanced Portfolio<sup>1</sup></b>	<b>-17.14%</b>	<b>-15.00%</b>	<b>6.14%</b>
<b>Weighted Benchmark<sup>2</sup></b>	<b>-16.86%</b>	<b>-13.78%</b>	<b>5.94%</b>

The Balanced Portfolio underperformed its weighted benchmark for the 12 months ended June 30, 2022.

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 detracted from relative performance, driven by selection among U.S. large-cap growth stocks. On the other hand, the underlying Funds that invest in U.S. mid- and small-cap stocks outpaced their respective benchmarks, and these impacts bolstered relative results.

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

Tactical decisions to overweight and underweight sub-asset classes contributed to relative performance. The positioning between stocks, bonds, short-term TIPS and cash lifted relative performance. In an environment where stocks and bonds both declined significantly, an overweight allocation to cash was beneficial. Conversely, an overweight allocation to emerging markets stocks, which lagged stocks in developed markets outside the U.S., had a modest negative impact.

### 6/30/21



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

### 6/30/22



**58.3%** Stocks  
**39.2%** Bonds  
**2.5%** Money Market

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

	6/30/21	6/30/22
<b>STOCKS</b>		
Value Fund—I Class	9.3%	11.4%
Blue Chip Growth Fund—I Class	8.7%	9.4%
Equity Index 500 Fund—I Class	11.9%	6.0%
International Value Equity Fund—I Class	4.9%	4.8%
Overseas Stock Fund—I Class	4.6%	4.5%
International Stock Fund—I Class	4.3%	4.2%
Small-Cap Stock Fund—I Class	4.5%	3.9%
Real Assets Fund—I Class	1.6%	2.7%
Mid-Cap Value Fund—I Class	2.3%	2.3%
Mid-Cap Growth Fund—I Class	2.5%	2.2%
U.S. Equity Research Fund—I Class	0.0%	2.0%
Emerging Markets Discovery Stock Fund—I Class	1.0%	1.9%
Emerging Markets Stock Fund—I Class	2.5%	1.8%
U.S. Large-Cap Core Fund—I Class	0.8%	1.2%
<b>BONDS</b>		
New Income Fund—I Class	24.4%	25.2%
High Yield Fund—I Class	5.5%	5.6%
International Bond Fund—I Class	4.2%	4.1%
Emerging Markets Bond Fund—I Class	3.7%	3.7%
U.S. Limited Duration TIPS Index Fund—I Class	1.1%	0.6%
<b>MONEY MARKET</b>		
U.S. Treasury Money Fund—I Class	2.2%	2.5%

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

<sup>2</sup> As of June 30, 2022, the weighted benchmark was composed of: S&P 500 Index—9.58%; Russell 1000 Growth Index—11.17%; Russell 1000 Value Index—11.17%; Russell Midcap Growth Index—2.00%; Russell Midcap Value Index—2.00%; Russell 2000 Index—3.99%; 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.

## BOND AND INCOME PORTFOLIO

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Bond and Income Portfolio<sup>1</sup></b>	<b>-10.73%</b>	<b>-10.28%</b>	<b>4.80%</b>
Bloomberg Barclays U.S. Aggregate Bond Index	-10.35%	-10.29%	3.67%

The Bond and Income Portfolio performed in line with its benchmark, the Bloomberg U.S. Aggregate Bond Index, for the 12 months ended June 30, 2022.

The portfolio invests in the Spectrum Income Fund—I Class, 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.

Security selection within the underlying Funds detracted from relative performance. The Portfolio's underlying Funds that invest in dollar-denominated emerging markets, high yield, and U.S. core bonds trailed their respective style-specific benchmarks and held back relative returns. However, favorable security selection within U.S. large-cap dividend-paying stocks and absolute return-oriented fixed income bolstered relative results.

Tactical decisions to overweight and underweight sub-asset classes modestly contributed to relative performance. An overweight allocation to cash lifted relative performance, as equity and fixed income markets fell in response to Russia's invasion of Ukraine, elevated inflation exacerbated by rising commodity prices, and Federal Reserve interest rate increases starting in mid-March. In a rising rate environment, an overweight allocation to floating rate loans also had a positive impact. Conversely, an overweight to emerging markets local currency bonds weighed as central banks in emerging countries raised interest rates to fight inflation and defend weakening currencies.

The inclusion of diversifying sectors that are not part of the benchmark was beneficial for the period. The Portfolio's holdings in U.S. large-cap dividend-paying stocks and absolute return-oriented fixed income added value as these securities strongly outpaced the benchmark. However, holdings in dollar-denominated emerging markets bonds detracted.

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

6/30/21



100% Bonds

6/30/22



100% Bonds

### UNDERLYING FUND ALLOCATION

	6/30/21	6/30/22
<b>BONDS</b>		
Spectrum Income Fund—I Class	100.0%	100.0%

## U.S. BOND INDEX PORTFOLIO

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>U.S. Bond Index Portfolio<sup>1</sup></b>	<b>-10.41%</b>	<b>-10.49%</b>	<b>1.15%</b>
Bloomberg Barclays U.S. Aggregate Bond Index	-10.35%	-10.29%	1.09%

The U.S. Bond Index Portfolio slightly underperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index, for the 12 months ended June 30, 2022.

The Portfolio invests in the QM U.S. Bond Index Fund—I Class, which seeks to match or incrementally exceed the performance of the U.S. investment-grade bond market. The Fund attempts to achieve this goal by investing in a range of bonds representative of key traits of the benchmark, the Bloomberg U.S. Aggregate Bond Index, while attempting to generate a modest amount of outperformance through active security selection.

Sector allocation was a leading detractor during the period, as overweight allocations to securities sectors and government-related debt hindered relative performance. On the other hand, returns were bolstered by an underweight allocation to corporate debt, which amid rising rates and a worsening outlook for earnings. Overall, the impact from security selection was positive, due primarily to advantageous positioning among agency mortgage-backed securities.

6/30/21



100% Bonds

6/30/22



100% Bonds

### UNDERLYING FUND ALLOCATION

	6/30/21	6/30/22
<b>BONDS</b>		
QM U.S. Bond Index Fund—I Class	100.0%	100.0%

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

## INFLATION FOCUSED BOND PORTFOLIO

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>Inflation Focused Bond Portfolio<sup>1</sup></b>	<b>-2.49%</b>	<b>-0.40%</b>	<b>2.16%</b>
Bloomberg Barclays U.S. 1-5 Year Treasury TIPS Index	-2.14%	0.38%	2.35%

The Inflation Focused Bond Portfolio performed in line with its benchmark, the Bloomberg U.S. 1-5 Year Treasury TIPS Index, for the 12 months ended June 30, 2022.

The Portfolio invests in the U.S. Limited Duration TIPS Index Fund—I Class, 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 Barclays 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. Treasury inflation protected securities (TIPS) faced headwinds during the 12-month reporting period due to a sharp increase in real Treasury yields, particularly over the latter half of the period. However, elevated inflation levels led to upward adjustments of the principal value of TIPS, helping the sector to significantly outperform nominal Treasuries as well as most major fixed income sectors. Shorter-maturity TIPS outperformed TIPS with longer maturities.

6/30/21



100% Bonds

6/30/22



100% Bonds

### UNDERLYING FUND ALLOCATION

	6/30/21	6/30/22
<b>BONDS</b>		
U.S. Limited Duration TIPS Index Fund—I Class	100.0%	100.0%

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

## U.S. TREASURY MONEY MARKET PORTFOLIO

Performance Comparison as of June 30, 2022

	6 Months	12 Months	Annualized Since Portfolio Inception
<b>U.S. Treasury Money Market Portfolio<sup>1</sup></b>	<b>0.10%</b>	<b>0.10%</b>	<b>0.32%</b>
FTSE 3-Month Treasury Bill Index	0.17%	0.19%	0.51%

The U.S. Treasury Money Market Portfolio recorded positive returns but slightly underperformed its benchmark, the FTSE 3-Month Treasury Bill Index, for the 12 months ended June 30, 2022.

The Portfolio invests in the U.S. Treasury Money Fund—I Class, 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.

Accelerating inflation and robust job creation in the U.S. led the Fed to quickly pivot from an accommodative monetary policy stance. In addition to winding down its asset purchases and announcing a gradual reduction of its balance sheet, the central bank raised the federal funds target rate three times during the period—bringing it to a range of 1.50% to 1.75% in June—and indicated that aggressive rate hikes were likely to follow. Tighter monetary policy drove Treasury bill (T-bill) yields higher through the first half of 2022. Looking ahead, higher yields on short-term Treasury securities will likely be a tailwind for investors in money market portfolios.

6/30/21



100% Money Market

6/30/22



100% Money Market

### UNDERLYING FUND ALLOCATION

	6/30/21	6/30/22
<b>MONEY MARKET</b>		
U.S. Treasury Money Fund—I Class	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.

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, 2022. 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 37,567 new Accounts, \$883 million in Account Holder contributions to Portfolios, and -\$1 billion in net investment income. Deductions from net position include \$624 million in distributions to Account Holders and \$30 million in rollovers to other 529 plans. This resulted in a decrease in net position of \$776 million for the Plan.

### Statement of Changes in Fiduciary Net Position

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

### College Investment Plan Fees

The College Investment Plan assesses Fees, including Fees of the underlying mutual Funds, 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, prior to April 15, 2022, equaled 0.05% based on the assets of the College Investment Plan. Effective April 15, 2022, the Program Fee for each Portfolio, except for the Social Index Equity Portfolio, equals 0.03% of each Portfolio's average daily net assets. The Program Fee for the Social Index Equity Portfolio equals 0.15% of its average daily net assets. 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, 2022. 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.

# Management’s Discussion and Analysis

Our discussion and analysis of the ABLE Program’s (the Program) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2022, with comparative fiscal year ended June 30, 2021 amounts. This discussion is designed to provide a general overview of the Program’s operations and Maryland 529’s management analysis of its financial statements. The discussion should be read in conjunction with the Program’s financial statements and notes. Inquiries may be directed to the Program by mailing your request to Maryland ABLE, 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Program for the fiscal year ended June 30, 2022, have been audited by SB & Company, LLC.

## ABLE PROGRAM FINANCIAL STATEMENTS

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

There are Financial Statements for two funds prepared to accurately represent the financial activities of the Program.

1. The contributions received from Account Holders are held and invested, according to the Account Holder’s investment selections, by the contracted Program Manager, Vestwell. The account values then change as gains or losses occur as a result of the investment experience of the Portfolio Option chosen, as well as due to distribution requests and contributions by the Account Holder. The activities are presented as the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.
2. The administrative and operational activities of the Program are funded through the Maryland State Budget appropriations as well as the State’s portion of the annual administrative account fee for each account and a certain percentage of the investment experience as described below. The activities related

to the administrative and operational activities are presented as the Statement of Net Position, Statement of Revenue, Expenses and Change in Net Position and Statement of Cash Flows.

## FIDUCIARY FUND

The Statement of Fiduciary Net Position presents the assets, liabilities, and net position of the Program’s Fiduciary Activities as of June 30, 2022. Net position is defined as total assets less total liabilities. The Program’s financial statements are prepared using the accrual basis of accounting.

Under this method of accounting, revenue and assets are recognized when the enrollment materials are received in good order, distributions are recognized when paid, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

As of June 30, 2022, the net position of the Program was \$48.9 million and was based on cumulative Account Holder contributions, less distributions. The following chart presents the condensed Statements of Fiduciary Net Position as of June 30, 2022 and 2021.

Statements of Fiduciary Net Position as of June 30, 2022 and 2021 (amounts in thousands)		
	FY 2022	FY 2021
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$28,027	\$18,300
<b>Total current assets</b>	<b>28,027</b>	<b>18,300</b>
<b>Noncurrent Assets:</b>		
Investments, at fair value	20,823	16,766
<b>Total Noncurrent Assets</b>	<b>20,823</b>	<b>16,766</b>
<b>Total assets</b>	<b>48,850</b>	<b>35,066</b>
<b>FIDUCIARY NET POSITION</b>	<b>\$48,850</b>	<b>\$35,066</b>

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2022

The Fiduciary Net Position is based on the activity presented in the Statement of Changes in Fiduciary Net Position. The purpose of this statement is to present both additions and deductions to the Program. Additions consist primarily of contributions from enrollments of new and existing Account Holders. Deductions are those expenses paid to an Account Holder for distributions and related administrative fees.

For the fiscal-year ended June 30, 2022, the program reported additions of \$23.2 million, deductions of \$6.3 million and net position of \$48.9 million.

The chart below presents the condensed Statements of Changes in Fiduciary Net Position for the years ended June 30.

### Statements of Changes in Fiduciary Net Position for the Years Ended June 30, 2022 and 2021 (amounts in thousands)

	FY 2022	FY 2021
<b>ADDITIONS</b>		
<b>Contributions</b>		
Account Holder Contributions	\$23,101	\$20,250
Account Fees	147	97
<b>Total Contributions</b>	<b>23,248</b>	<b>20,347</b>
<b>INVESTMENT INCOME</b>		
Investment Income (Loss)	(3,136)	2,376
Net Investment Income	(3,136)	2,376
<b>Total Additions</b>	<b>20,112</b>	<b>22,722</b>
<b>DEDUCTIONS</b>		
<b>Distributions</b>		
Distributions To Account Holders	6,122	4,475
Administrative Expense	59	36
Account Fees	147	97
<b>Total Deductions</b>	<b>6,328</b>	<b>4,608</b>
<b>Change in Net Position</b>	<b>13,784</b>	<b>18,115</b>
<b>Total Net Position, Beginning of Period</b>	<b>35,066</b>	<b>16,951</b>
<b>Total Net Position, End of Period</b>	<b>\$48,850</b>	<b>\$35,066</b>

## ENTERPRISE FUND

The ABLE Program is administered by Maryland 529, an independent State agency, which received \$642,600 in Fiscal Year 2017 for startup costs in the form of an appropriation from the State of Maryland. As the Program matures, the Maryland 529 Board will develop procedures to reimburse the State of Maryland for the start-up costs. As of June 30, 2019, all of the original startup funds had been spent. The Program received \$300,000 in FY21 through State appropriations. The Board, in accordance with the enabling legislation for Maryland 529, prepares and submits an annual budget to the Maryland General Assembly for informational purposes. Also, in accordance with its fiduciary obligations, throughout the year the Board reviews a comparison of actual and budgeted expenditures in connection with its administration of the Program.

### PROGRAM FEES

All fees received by the Program are used to offset expenses associated with administering the Program:

1. Account Fees—ABLE Accounts are charged an annual account maintenance fee of \$35 billed quarterly in arrears. The amount billed is prorated for the calendar quarter during which the ABLE Account is opened. The Program Manager, Vestwell, receives \$27, the Partner State, Oregon, receives \$3 and the Trustee receives \$5.
2. Investment Fees—Annual asset-based administrative fees of 0.30% charged by the Program and additional fees are charged by the Mutual Funds underlying each investment option. Each investment portfolio indirectly bears its pro-rata share of the fees and expenses of the underlying mutual funds in which it invests. These fees are not charged directly to a portfolio, but are included in the net asset value of the mutual funds held by the Program. 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. The Program Manager, Sumday, receives 0.10%; the Partner State, Oregon, receives 0.10%; and the Maryland ABLE Program receives 0.10% of the annualized administrative fee.

Revenue for the fiscal years 2022 and 2021, from ABLE Account fees and investments were as follows:

### ABLE INVESTMENT PLAN FEES

	FY22	FY21
Account Fees	\$20,938	\$13,810
Investment Fees	\$32,875	\$16,516

### STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, liabilities, and net position of the administrative operations of the Program as of June 30, 2022. Net position is defined as total assets less total liabilities. The Statement of Net Position, along with all of the Program's financial statements, is prepared using the accrual basis of accounting. Under this method of accounting, revenue and assets are recognized when the Program Fees and the State appropriations are received expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Program classifies assets and liabilities as current and noncurrent. Current assets for FY22 consisted of surplus from operating revenue. Noncurrent assets consisted of Capital Assets.

Current liabilities consist of accounts payable and accrued expenses to vendors. As of June 30, 2022, and June 30, 2021, the net position of the administrative operations of the Program were \$66,575 and \$30,188 respectively.

The following chart presents the condensed Statements of Net Position as of June 30, 2022 and 2021.

Statements of Net Position as of June 30, 2022 and 2021 (amounts in thousands)		
	FY 2022	FY 2021
<b>ASSETS</b>		
Current Assets	\$120	\$62
Total Current Assets	<b>120</b>	<b>62</b>
<b>LIABILITIES</b>		
Current Liabilities	54	32
Total Current Liabilities	54	32
<b>NET POSITION</b>		
Unrestricted	66	30
Total Net Position	<b>\$66</b>	<b>\$30</b>

## STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Net position is based on the activity presented in the Statement of Revenue, Expenses and Changes in Net Position. The purpose of this statement is to present both operating and non-operating revenue received and the expenses, gains and losses incurred by the Program. Operating revenue consist of administrative fees and investment plan fees.

Operating expenses are those expenses paid to employees and to acquire goods or services. For the fiscal years ended June 30, 2022 and 2021, the Program reported a change in net position of \$36,387 and \$13,916 respectively.

The chart below presents the condensed Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2022 and 2021.

### Statements of Revenue, Expenses and Change in Net Position for the Years Ended June 30, 2022 and 2021 (amounts in thousands)

	As of June 30, 2022	As of June 30, 2021
<b>OPERATING REVENUE</b>		
Operating Revenue	\$115	\$30
<b>Total operating revenue</b>	<b>115</b>	<b>30</b>
<b>OPERATING EXPENSES</b>		
Operating Expenses	\$379	\$316
<b>Total operating Expenses</b>	<b>379</b>	<b>316</b>
Operating Loss	(264)	(286)
<b>NON-OPERATING REVENUES</b>		
State Appropriation	\$300	\$300
Change in net position	36	14
Total net position, beginning of year	<b>\$30</b>	<b>\$16</b>
Total net position, end of year	<b>\$66</b>	<b>\$30</b>

## STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents cash flows by the following categories: operating and related financing activities. The following chart presents the condensed

Statements of Cash Flows for the fiscal years ended June 30, 2022 and 2021.

### Statements of Cash Flows for the Years Ended June 30, 2022 and 2021 (amounts in thousands)

	As of June 30, 2022	As of June 30, 2021
<b>CASH PROVIDED (USED) BY:</b>		
Operating Activities	(\$295)	(\$287)
Financing Activities	300	300
Net Change in Cash and Cash Equivalents	5	13
Cash and cash equivalents, beginning of year	4	39
Cash and cash equivalents, end of year	<b>\$9</b>	<b>\$52</b>

# Summary of Performance Comparison and Asset Distribution as of June 30, 2022

The Cash Option and the Investment Options were launched in December 2017. The fixed income option was launched on December 21, 2021. Each Investment Option is invested in low-cost index mutual funds that replicate the risk and return characteristics of the index they track.

The investment earnings for each portfolio are listed below.

## PORTFOLIO

	Program Market Value as of 6/30/22 (in thousands)	1-Year Return	3-Year Return Annualized	Inception to Date Return Annualized	Inception Date
Cash	\$28,027	0.0%	0.3%	0.7%	11/1/17
Conservative	\$3,323	-9.4%	1.2%	2.0%	11/1/17
Moderate	\$8,433	-13.5%	2.4%	3.0%	11/1/17
Aggressive	\$8,934	-15.6%	4.2%	4.4%	11/1/17
Fixed Income	\$132	N/A	N/A	N/M	12/1/21
Total Investments	\$48,849				

N/A is Not Applicable due to investment period shorter than that indicated  
N/M is Not Meaningful due to short time horizon

## CASH OPTION

The Cash Option Index is the ICE BofA 91 Days T-Bills TR Index.

### Performance through June 30, 2022, net of fees

	1-Year Return	3-Year Return Annualized	Since Inception Return Annualized (12/2017)
Cash Option	0.0%	0.3%	0.7%
Weighted Benchmark*	0.1%	0.4%	0.7%



## CONSERVATIVE PORTFOLIO OPTION

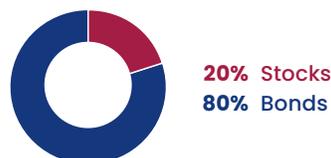
The ABLE Conservative Portfolio seeks to provide current income and some growth by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 20% stocks and 80% bonds. Overall, the Conservative Portfolio Option offers a small amount of risk and limited appreciation potential, designed for a shorter investment period.

Bonds represent 80% of the Conservative Portfolio Option and returned -10.3% (BBgBarc US Aggr Bond Index) for the year ended June 30, 2022. Capital Markets, in general, have suffered in 2022 for both fixed income and equities. Equity markets world-wide remained on a path of retreat after showing strong results in 2021. US and non-US equity each represent 10% of the Conservative Portfolio and returned -10.6% (S&P 500) and -17.8% (MSCI EAFE) respectively for the last twelve months.

### Asset Allocation

Underlying Funds	Allocation
Vanguard Total Stk Mkt Idx Adm	10%
Vanguard Total Intl Stock Idx Adm	10%
Vanguard ST Bond Index Adm	25%
Vanguard Total Bond Index Inst	45%
Vanguard Short-Term TIPS Fund Adm	10%

### Target Asset Allocation



### Performance through June 30, 2022, net of fees

	1-Year Return	3-Year Return Annualized	Since Inception Return Annualized (12/2017)
Conservative Investment Option	-9.4%	1.2%	2.0%
Weighted Benchmark*	-9.2%	1.2%	2.2%

\*The Conservative Weighted Benchmark is composed of 45% Bloomberg US Aggregate Float Adjusted, 25% Barclays Govt/Credit 1-5 Yr, 10% Barclays U.S. Treasury TIPS 0-5 Yr, 10% CRSP Total Stock Market, and 10% FTSE Global All-Cap ex-U.S.



## MODERATE PORTFOLIO OPTION

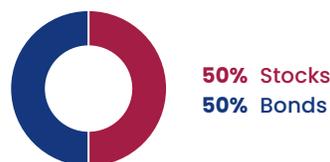
The ABLE Moderate Portfolio seeks to provide a combination of growth and current income by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 50% stocks and 50% bonds. Overall, the Moderate Portfolio Option offers a medium level of risk for a pursuit of investment return, designed for a medium or uncertain time horizon.

Bonds represent 50% of the Moderate Portfolio Option and returned -10.3% (BBgBarc US Aggr Bond Index) for the year ended June 30, 2022. Capital Markets, in general, have suffered in 2022 for both fixed income and equities. Equity markets world-wide remained on a path of retreat after showing strong results in 2021. US and non-US equity each represent 24% of the Moderate Portfolio and returned -10.6% (S&P 500) and -17.8% (MSCI EAFE) respectively for the last twelve months.

### Asset Allocation

Underlying Funds	Allocation
Vanguard Total Stk Mkt Idx Adm	23%
Vanguard Total Intl Stock Idx Adm	24%
Vanguard Total Bond Index Inst	51%
DFA Global Real Estate	2%

### Target Asset Allocation



### Performance through June 30, 2022, net of fees

	1-Year Return	-Year Return Annualized	Since Inception Return Annualized (12/2017)
Moderate Investment Option	-13.5%	2.4%	3.0%
Weighted Benchmark*	-13.3%	2.6%	3.2%

\*The Moderate Weighted Benchmark is composed of 50% Bloomberg US Aggregate Float Adjusted, 24% CRSP Total Stock Market, 24% FTSE Global All-Cap ex-U.S., and 2% S&P Global REIT.



## AGGRESSIVE PORTFOLIO OPTION

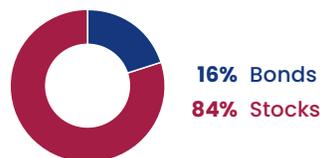
The ABLE Aggressive Portfolio seeks to provide the potential to grow by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 84% public stocks and 16% bonds. Overall, the Aggressive Portfolio Option offers a higher level of risk and potential for return (or loss), designed for a longer investment period (10 years or more).

Bonds represent 16% of the Aggressive Portfolio Option and returned -10.3% (BBgBarc US Aggr Bond Index) for the year ended June 30, 2021. Capital Markets, in general, have suffered in 2022 for both fixed income and equities. Equity markets world-wide remained on a path of retreat after showing strong results in 2021. US and non-US equity each represent 40% of the Aggressive Portfolio and returned -10.6% (S&P 500) and -17.8% (MSCI EAFE) respectively for the last twelve months..

### Asset Allocation

Underlying Funds	Allocation
Vanguard Total Stk Mkt Idx Adm	39%
Vanguard Total Intl Stock Idx Adm	40%
Vanguard Total Bond Index Inst	17%
DFA Global Real Estate	4%

### Target Allocation



### Performance through June 30, 2021, net of fees

	1-Year Return	3-Year Return Annualized	Since Inception Return Annualized (12/2017)
Aggressive Investment Option	-15.6%	4.2%	4.4%
Weighted Benchmark*	-15.4%	4.7%	4.5%

\*The Aggressive Weighted Benchmark is composed of 16% Bloomberg US Aggregate Float Adjusted, 40% CRSP Total Stock Market, 40% FTSE Global All-Cap ex-U.S., and 4% S&P Global REIT.



## FIXED INCOME PORTFOLIO OPTION

The Fixed Income Option was launched in December 2021. Bonds represent 100% of the Fixed Income Portfolio Option and returned -10.4% (BBgBarc USAggr Bond Index) for the six months ended June 30, 2022.

### Asset Allocation

Underlying Funds	Allocation
Vanguard ST Bond Index Adm	31%
Vanguard Total Bond Index Inst	56%
Vanguard Short-Term TIPS Fund Adm	13%

### Target Allocation



### Performance through June 30, 2021, net of fees

	1-Year Return	3-Year Return Annualized	Since Inception Return Annualized (1/2022)
Income Option	N/A	N/A	N/M
Weighted Benchmark*	N/A	N/A	N/M

N/A is Not Applicable due to investment period shorter than that indicated

N/M is Not Meaningful due to short time horizon

\*The Aggressive Weighted Benchmark is composed of 56% Bloomberg US Aggregate Float Adjusted, 31% Bloomberg Govt/Credit 1-5 yr, 13% Bloomberg U.S. Treasury TIPS 0-5 Yr.



Maryland 529 Statement of Fiduciary Net Position as of June 30, 2022 (in thousands)

	Maryland College Investment Plan	Maryland Prepaid College Trust	Maryland ABLÉ	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$—	\$7,816	\$28,027	\$35,843
Tuition contracts receivable	—	26,489	—	26,489
Interest receivable	—	727	—	727
Accounts receivable	—	14,235	—	14,235
Due (to)/From Enterprise Fund	—	(1,127)	—	(1,127)
<b>Total current assets</b>	<b>—</b>	<b>48,140</b>	<b>28,027</b>	<b>76,167</b>
Noncurrent assets:				
Investments, at fair value	7,868,594	1,115,359	20,823	9,004,776
Tuition contracts receivable, net of current portion	—	86,187	—	86,187
<b>Total noncurrent assets</b>	<b>7,868,594</b>	<b>1,201,546</b>	<b>20,823</b>	<b>9,090,963</b>
<b>Total assets</b>	<b>7,868,594</b>	<b>1,249,686</b>	<b>48,850</b>	<b>9,167,130</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accrued tuition benefits	—	111,598	—	111,598
Advance tuition contract payments	—	4,388	—	4,388
Other liabilities	525	—	—	525
Accounts payable and accrued expenses	—	163	—	163
<b>Total current liabilities</b>	<b>525</b>	<b>116,149</b>	<b>—</b>	<b>116,674</b>
Noncurrent liabilities:				
Accrued tuition benefits, net of current portion	—	778,080	—	778,080
<b>Total noncurrent liabilities</b>	<b>—</b>	<b>778,080</b>	<b>—</b>	<b>778,080</b>
<b>Total liabilities</b>	<b>525</b>	<b>894,229</b>	<b>—</b>	<b>894,754</b>
<b>Fiduciary net position held for benefits</b>	<b>\$7,868,069</b>	<b>\$355,457</b>	<b>\$48,850</b>	<b>\$8,272,376</b>

Maryland 529 Statement of Changes In Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2022 (in thousands)

	Maryland College Investment Plan	Maryland Prepaid College Trust	Maryland ABLÉ	Total
<b>ADDITIONS</b>				
Contributions:				
Account Holder Contributions	\$1,338,783	36,765	23,101	1,398,649
Account Fees	—	—	147	147
<b>Total Contributions</b>	<b>1,338,783</b>	<b>36,765</b>	<b>23,248</b>	<b>1,398,796</b>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	(1,142,376)	(154,821)	—	(1,297,197)
Investment Income (Loss)	136,774	21,813	(3,136)	155,451
<b>Net investment income</b>	<b>(1,005,602)</b>	<b>(133,008)</b>	<b>(3,136)</b>	<b>(1,141,746)</b>
<b>Total Additions</b>	<b>333,181</b>	<b>(96,243)</b>	<b>20,112</b>	<b>(2,283,492)</b>
<b>DEDUCTIONS</b>				
Distributions:				
Account Holder Distributions	1,109,695	73,656	6,122	1,189,473
Dividend Distributions	218	—	—	218
Administrative Expenses	—	—	59	59
Account Fees	—	—	147	147
<b>Total Deductions</b>	<b>1,109,913</b>	<b>73,656</b>	<b>6,328</b>	<b>1,189,897</b>
Increase (decrease) in fiduciary net position	(776,732)	(169,899)	13,784	(932,847)
Fiduciary Net Position, Beginning of year	8,644,801	525,356	35,066	9,205,223
<b>Fiduciary Net Position, End of year</b>	<b>\$7,868,069</b>	<b>\$355,457</b>	<b>\$48,850</b>	<b>\$8,272,376</b>

Maryland 529 Enterprise Fund Statement of Net Position As of June 30, 2022  
(in thousands)

	Maryland Prepaid College Trust	Maryland ABLÉ	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$13,786	\$9	\$13,795
Accounts receivable	473	45	518
Due (To)/From Primary Government	675	66	741
Due (to)/From Fund	1,127	—	1,127
Total current assets	<b>16,061</b>	<b>120</b>	<b>16,181</b>
Noncurrent assets			
Capital assets, net	28	—	28
Total noncurrent assets	<b>28</b>	<b>—</b>	<b>28</b>
Total assets	<b>16,089</b>	<b>120</b>	<b>16,209</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,121	—	1,121
Total deferred outflows	<b>1,121</b>	<b>—</b>	<b>1,121</b>
Total assets and deferred outflows	<b>17,210</b>	<b>120</b>	<b>17,330</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	1,397	30	1,427
Compensated absences	94	24	117
Total current liabilities	<b>1,491</b>	<b>54</b>	<b>1,545</b>
Noncurrent liabilities			
Net Pension Liability	1,789	—	1,789
Total noncurrent liabilities	<b>1,789</b>	<b>—</b>	<b>1,789</b>
Total liabilities	<b>3,280</b>	<b>54</b>	<b>3,334</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,154	—	1,154
Total deferred inflows	<b>1,154</b>	<b>—</b>	<b>1,154</b>
Total liabilities and deferred inflows	<b>4,434</b>	<b>54</b>	<b>4,488</b>
<b>NET POSITION</b>			
Net investment in capital assets	28	—	28
Unrestricted	12,748	66	12,814
Total net position	<b>\$12,776</b>	<b>\$66</b>	<b>\$12,842</b>

**Maryland 529 Enterprise Fund Statement of Revenues, Expenses and Change in Net Position  
For the Fiscal Year Ended June 30, 2022 (in thousands)**

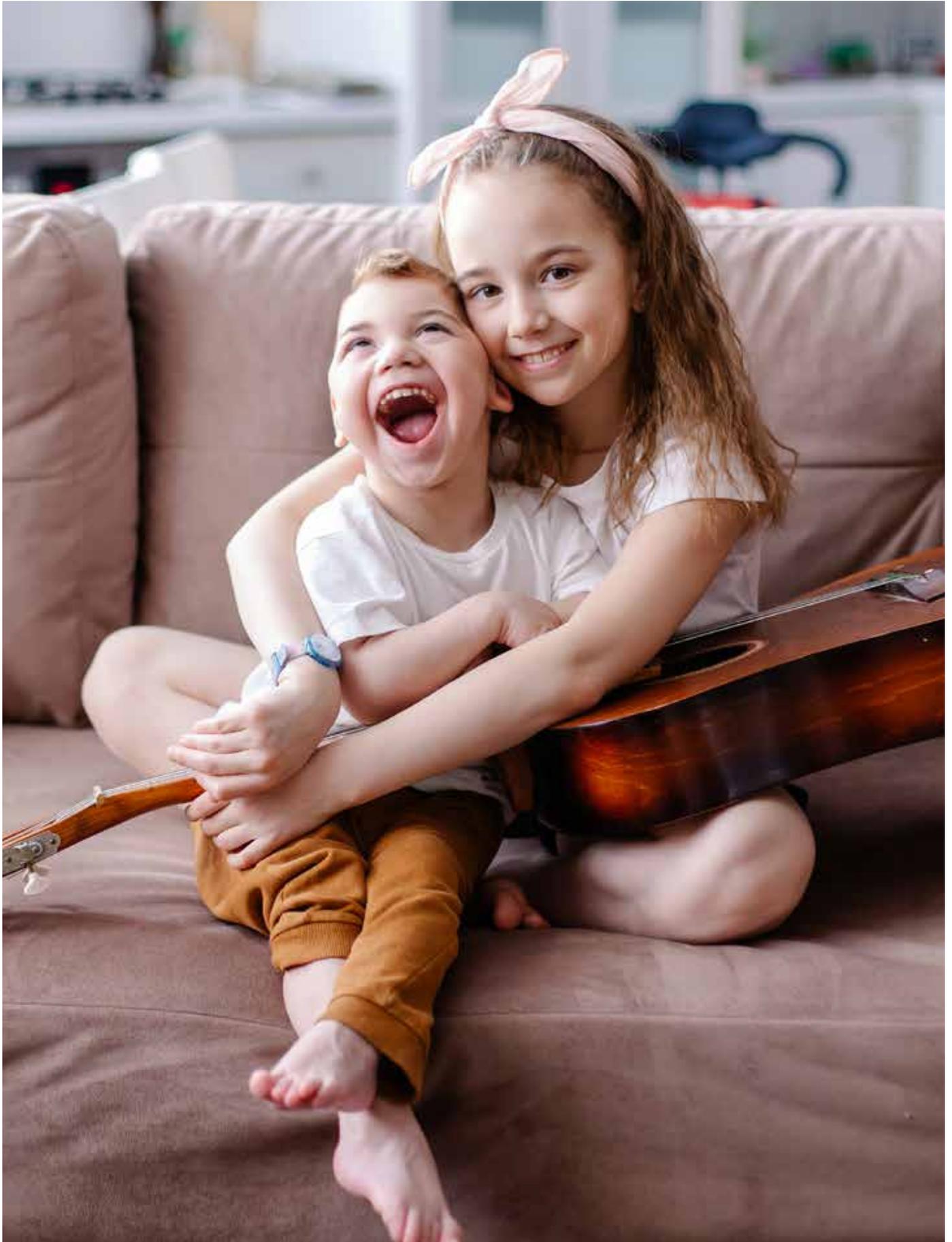
	Maryland Prepaid College Trust	Maryland ABLE	Total
<b>OPERATING REVENUES</b>			
Management fee	\$894	\$54	\$948
Maryland College Investment Plan fees	4,228	—	4,228
Enrollment and other fees	234	—	234
FDIC Interest Revenue	—	26	26
MPCT Marketing Grant	—	35	35
Total operating revenues	<b>5,356</b>	<b>115</b>	<b>5,471</b>
<b>OPERATING EXPENSES</b>			
Salaries, wages and benefits	1,345	231	1,576
Pension Expense	198	36	234
Technical and special fees	12	2	14
Communication	96	1	97
Travel	14	5	19
Marketing	353	2	355
Contractual services	3,210	88	3,298
Supplies	4	—	4
Fixed charges	168	13	181
Depreciation	(4)	1	(3)
Total operating expenses	<b>5,396</b>	<b>379</b>	<b>5,775</b>
Operating income (loss)	<b>(40)</b>	<b>(264)</b>	<b>(304)</b>
<b>NON—OPERATING REVENUES</b>			
Investment income	16	—	16
State Appropriation (Special Fund from MHEC)	—	300	300,000
Total non-operating revenues, net	<b>16</b>	<b>300</b>	<b>316</b>
Change in net position	(24)	36	12
Total net position, beginning of year	<b>12,800</b>	<b>30</b>	<b>12,830</b>
Total net position, end of year	<b>\$12,776</b>	<b>\$66</b>	<b>\$12,842</b>

See accompanying Notes to Financial Statements

Maryland 529 Enterprise Fund Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2022 (in thousands)

	Maryland Prepaid College Trust	Maryland ABE	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from:			
Management Fees	\$1,128	\$18	\$1,146
Maryland College Investment Plan fees	4,242	—	4,242
Other Fees	—	61	61
Payments to:			
Employees	(1,617)	(264)	(1,881)
Marketing	(353)	(2)	(355)
Contract vendors	(2,446)	(69)	(2,515)
Communication	(96)	(1)	(97)
Other operating expenses	(222)	(38)	(260)
Net cash from operating activities	<b>636</b>	<b>(295)</b>	<b>341</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	16	—	16
Operating Funds in Trust Account	(1,127)	—	(1,127)
Transfer from Trust to Operating Account	3,545	—	3,545
Net cash from investing activities	<b>2,434</b>	<b>—</b>	<b>2,434</b>
<b>CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(19)	—	(19)
Net cash from Capital and Financing activities	<b>(19)</b>	<b>—</b>	<b>(19)</b>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Receipt from Primary Government	—	300	300
<b>Net cash from Non Capital Financing activities</b>	<b>—</b>	<b>300</b>	<b>300</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>3,051</b>	<b>5</b>	<b>3,056</b>
Cash and cash equivalents, beginning of year	<b>10,735</b>	<b>4</b>	<b>10,739</b>
Cash and cash equivalents, end of year	<b>13,786</b>	<b>9</b>	<b>13,795</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating loss	(39)	(264)	(303)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:</b>			
Depreciation	(4)	1	(3)
<b>EFFECT FROM CHANGE IN NON-CASH OPERATING ASSETS AND LIABILITIES:</b>			
Accounts payable	800	(1)	799
Compensated absences	(47)	4	(43)
Accounts receivable	(58)	(35)	(93)
Pension Liability	(16)	—	(16)
Net cash from operating activities	<b>\$636</b>	<b>(\$295)</b>	<b>\$341</b>

See accompanying notes to financial statements



# Notes to Financial Statements

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Year Ended June 30, 2022

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

### 1. Organization and Purpose

#### MARYLAND PREPAID COLLEGE TRUST

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, 2022, was issued by Gabriel Roeder Smith & Company on October 26, 2022. 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, 2022, 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.

#### MARYLAND COLLEGE INVESTMENT PLAN

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 ten 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). 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.

### MARYLAND ABLE

The ABLE Program was designed to provide people with qualified disabilities a new way to save and invest for their future without jeopardizing access to federal and state meanstested benefits. The Program permits the Beneficiary of an ABLE Account to contribute and invest funds, enjoy tax-free growth on the earnings of the account, and make tax-free withdrawals to pay for Qualified Disability Expenses. Amounts in an ABLE Account up to \$100,000 are disregarded for purposes of determining the Beneficiary's eligibility to receive benefits under the federal Supplemental Security Income program ("SSI"), and all amounts in an ABLE Account are to be disregarded in determining the Beneficiary's eligibility to receive benefits under any other federal or state means-tested program. During fiscal year 2022, individuals could contribute up to \$16,000 per Beneficiary in annual contributions to an ABLE Account with an opportunity for the Beneficiary to contribute up to approximately \$12,880 more in ABLE to Work contributions. Additional features of the Maryland ABLE Program include the opportunity to contribute up to a maximum Account value of \$500,000 over the life of the Account, and access to an annual income deduction of up to \$2,500 each year, per contributor, per ABLE Account on an individual's Maryland State taxes. Maryland ABLE is overseen by the Maryland 529 Board. The Board has general and fiduciary responsibility for Maryland ABLE as a whole. There are certain costs incurred by Maryland 529 that are not allocated to the Program. Thus, the results of the administrative activities of the Program do not represent the operations as a standalone entity. Federal law, Maryland State law, applicable federal and State regulations, the Program Disclosure Booklet and the Participation Agreement govern the terms of Maryland ABLE accounts. Any amendments to applicable federal or State law or regulations, the Program Disclosure Booklet, or the Participation Agreement, change the features of Maryland ABLE account when such amendments become effective.

## 2. Summary of Significant Accounting Policies

### MARYLAND 529

#### Recent Accounting Pronouncements

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 Maryland 529's financial statements once implemented. Maryland 529 will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

### MARYLAND PREPAID COLLEGE TRUST

#### 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, 2022, 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, 2022, 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.

## MARYLAND COLLEGE INVESTMENT PLAN

### 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, 2022, the date of this report, and November 2, 2022, 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 and redemptions, as disclosed in the Statement of Changes in Net Position, include new contributions made to the Plan as well as exchanges and transfers between Portfolios. For the year ended June 30, 2022, new contributions to the Plan were approximately \$883 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.

### MARYLAND ABLE

We have prepared the Maryland ABLE Program's financial statements in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). Financial statements provide information about the operation of the Program as a whole and present a view of the Program's finances as of June 30, 2022 and for the year then ended. The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure as of the date of the financial statements. Actual results could differ from those estimates. Therefore, the accompanying financial statements have been prepared on the accrual basis of accounting whereby revenue is recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

The accompanying basic financial statements of the Program consists of two funds.

## Fiduciary Fund

The Program's investments are reported in the fiduciary fund. Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Financial statements used to present fiduciary fund financial information include:

- Statement of fiduciary net position
- Statement of changes in fiduciary net position
  - i. The contributions received from Account Holders are held and invested, according to the Account Holder's investment selections, by the contracted Program Manager, Vestwell. The account values then change as gains or losses occur as a result of the investment experience of the Portfolio Option chosen as well as due to distribution requests and contributions by the Account Holder. The Fiduciary activities are presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

## Enterprise Fund

The administrative activities operated by the Program 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.

- i. The administrative and operational activities are funded through the Maryland State Budget appropriations of \$300,000 in fiscal year 2022, as well as the State's portion of the annual administrative account fee for each account.
- ii. The activities related to the administrative and operational activities are presented in the Statement of Net Position, the Statement of Revenue, Expenses and Change in Net Position and Statement of Cash Flows.
- iii. The net position is classified as unrestricted.
- iv. The Program distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the Program's principal ongoing operations. Revenue and expenses not meeting this definition are reported as non-operating revenue and expenses. The principal operating revenue is the Investment Plan fees.
- v. The ABLE Program received \$642,600 in Fiscal Year 2017 for startup costs in the form of an appropriation from the State of Maryland. As the Program matures, the Maryland 529 Board will develop procedures to reimburse the State of Maryland for the start-up costs. As of June 30, 2019, all of the original startup funds had been spent. The Program has not recorded this as a liability in its financial statement as the revenue received from the Program Fees does not cover the operations of the Program and may take several years for the Program to be in a position to reimburse.

### 3. Cash and Cash Equivalents

#### MARYLAND PREPAID COLLEGE TRUST

##### 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, 2022, the carrying amount of the Trust's demand and time deposits was \$15,373,524. 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. As of June 30, 2022, the amount invested in this account was \$13,321,779. These funds are separate from Trust funds and are not used to pay benefits.

### 4. Investments

#### MARYLAND 529

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 Plan can access at the reporting date  |
| <b>LEVEL 2</b> | inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads) |
| <b>LEVEL 3</b> | unobservable inputs (including the portfolio's own assumptions in determining fair value)  |

#### MARYLAND PREPAID COLLEGE TRUST

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, which are valued on a monthly or quarterly basis. Private equity, private credit, global infrastructure, and private real estate investments totaled \$280,096,434 or 25.1% of net investments as of June 30, 2022.

As of June 30, 2022 the Trust had the following investment maturities:

<b>Maturity on Fixed Income Investments (in thousands)</b>					
	<b>Fair Value</b>	<b>&lt; 1 Year</b>	<b>1–5 Years</b>	<b>6–10 Years</b>	<b>10–15+ Years</b>
Intermediate Duration Fixed Income	\$115,139	\$5,066	\$52,503	\$34,196	\$23,373
<b>Total</b>	<b>\$115,139</b>	<b>\$5,066</b>	<b>\$52,503</b>	<b>\$34,196</b>	<b>\$23,373</b>

The Trust has the following fair value measurements as of June 30, 2022:

<b>Investments by Fair Value Level (in thousands)</b>					
<b>Security Type</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Investments Reported at NAV</b>
Intermediate Duration Fixed Income	\$229,056	\$114,355	\$114,701	\$ –	\$ –
Senior Secured Loans	55,243	–	–	–	55,243
High Yield Fixed Income	55,374	–	–	–	55,374
Emerging Market Debt	45,681	45,681	–	–	–
Private Credit	5,001	–	–	–	5,001
Domestic Large Cap Core	78,601	78,601	–	–	–
Domestic Mid Cap Core	77,780	77,780	–	–	–
Domestic Small Cap Value	17,482	17,482	–	–	–
Low Volatility US Equity	53,341	–	–	–	53,341
Developed Markets Equity – Large Cap Core	51,669	51,669	–	–	–
Developed Markets Equity – Large Cap Growth	37,521	–	–	–	37,521
Developed Markets Equity – Large Cap Value	47,262	47,262	–	–	–
Developed Markets Equity – Small Cap	41,010	41,010	–	–	–
Emerging Markets Equity	45,242	–	–	–	45,242
Private Real Estate	153,338	–	–	–	153,338
Global Private Infrastructure	58,979	–	–	–	58,979
Private Equity	62,779	–	–	–	62,779
<b>Total Investments by Fair Value Level</b>	<b>\$1,115,359</b>	<b>\$473,840</b>	<b>\$114,701</b>	<b>\$–</b>	<b>\$526,818</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, 2022.

<b>Investments at NAV (in thousands)</b>					
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemptions Pending</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Private Credit	\$5,001	\$34,999	\$0	30 months	6 months
Private Real Estate	153,338	0	6,181	Quarterly	Varies
Global Infrastructure	58,979	0	0	Varies	90 days
Private Equity	62,779	48,364	0	Not Eligible	N/A
Private Funds	246,721	0	0	Not Eligible	N/A
<b>Total</b>	<b>\$526,818</b>	<b>\$83,363</b>	<b>\$6,181</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 of June 30, 2022.

As of June 30, 2022, the holdings in the Trust's bond portfolios were rated as follows:

<b>Equivalent Ratings by Organization</b>				
<b>Fair Value (in thousands)</b>	<b>Average Rating</b>	<b>Moody's</b>	<b>Standard &amp; Poors</b>	<b>Fitch</b>
\$75,750	AAA/US Gov't	Aaa	AAA	AAA
4,203	AA	Aa1/Aa2/Aa3	AA+/AA/AA-	AA+/AA/AA-
15,406	A	A1/A2/A3	A+/A/A-	A+/A/A-
19,309	BBB	Baa1/Baa2/Baa3	BBB+/BBB/BBB-	BBB+/BBB/BBB-
472	BB	Ba1/Ba2/Ba3	BB+/BB/BB-	BB+/BB/BB-

### 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.

The Trust's investments assets are 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 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.

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, 2022.

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, 2022 (in years):

	<b>Weighted Average Maturity</b>	<b>Weighted Average Effective Duration</b>
<b>Domestic Bond Funds</b>		
T. Rowe Price High Yield Fund	6.27	4.52
T. Rowe Price New Income Fund	6.30	6.43
T. Rowe Price Short-Term Bond Fund	2.16	1.90
T. Rowe Price QM U.S. Bond Index Fund	9.03	6.52
T. Rowe Price U.S. Limited Duration TIPS Index Fund	2.13	2.37
<b>International Bond Funds</b>		
T. Rowe Price Emerging Markets Bond Fund	13.45	6.93
T. Rowe Price International Bond Fund	8.74	8.90
<b>Blended Asset Fund</b>		
T. Rowe Price Spectrum Income Fund	8.31	6.09

As of June 30, 2022, 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	\$546,854	\$3,384	\$550,238
T. Rowe Price Equity Index 500 Fund	655,254	223,723	878,977
T. Rowe Price Mid-Cap Growth Fund	113,896	15,492	129,388
T. Rowe Price Mid-Cap Index Fund	49,788	(14,014)	35,774
T. Rowe Price Mid-Cap Value Fund	112,717	20,973	133,690
T. Rowe Price Small-Cap Index Fund	48,779	(11,100)	37,679
T. Rowe Price Small-Cap Stock Fund	192,734	36,687	229,421
T. Rowe Price U.S. Equity Research Fund	125,132	(7,051)	118,081
T. Rowe Price U.S. Large-Cap Core Fund	82,702	(8,665)	74,037
T. Rowe Price Value Fund	610,534	53,768	664,302
Vanguard FTSE Social Index Fund	909	(117)	792
<b>Total Domestic Stock Funds</b>	<b>2,539,299</b>	<b>313,080</b>	<b>2,852,379</b>
<b>International Stock Funds</b>			
T. Rowe Price Emerging Markets Discovery Stock Fund	131,572	(23,598)	107,974
T. Rowe Price Emerging Markets Stock Fund	91,495	8,620	100,115
T. Rowe Price International Equity Index Fund	107,956	399	108,355
T. Rowe Price International Stock Fund	241,430	6,764	248,194
T. Rowe Price International Value Equity Fund	261,720	14,272	275,992
T. Rowe Price Overseas Stock Fund	241,737	26,438	268,175
<b>Total International Stock Funds</b>	<b>1,075,910</b>	<b>32,895</b>	<b>1,108,805</b>
<b>Domestic Bond Funds</b>			
T. Rowe Price High Yield Fund	26,482	(3,962)	22,520
T. Rowe Price New Income Fund	112,373	(10,912)	101,461
T. Rowe Price Short-Term Bond Fund	958,655	(37,101)	921,554
T. Rowe Price QM U.S. Bond Index Fund	26,401	(2,675)	23,726
T. Rowe Price U.S. Limited Duration TIPS Index Fund	1,057,380	(30,173)	1,027,207
<b>Total Domestic Bond Funds</b>	<b>2,181,291</b>	<b>(84,823)</b>	<b>2,096,468</b>
<b>Global Stock Fund</b>			
T. Rowe Price Real Assets Fund	146,293	6,811	153,104
<b>International Bond Funds</b>			
T. Rowe Price Emerging Markets Bond Fund	20,304	(5,399)	14,905
T. Rowe Price International Bond Fund	20,076	(3,370)	16,706
<b>Total International Bond Funds</b>	<b>40,380</b>	<b>(8,769)</b>	<b>31,611</b>
<b>Blended Asset Fund</b>			
T. Rowe Price Spectrum Income Fund	1,399,218	(129,146)	1,270,072
<b>Money Market Fund</b>			
T. Rowe Price U.S. Treasury Money Fund	356,155	—	356,155
<b>Total Investments in Mutual Funds</b>	<b>\$7,738,546</b>	<b>\$130,048</b>	<b>\$7,868,594</b>

\* All assets as of June 30, 2022 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.

The Maryland ABLE Investment Policy, adopted by the Board, specifies the number of investment options and the general character and composition of each investment option. Based on these guidelines, detailed asset allocations have been developed and Underlying Mutual Funds have been selected for each Portfolio. The Program 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 Program investment options are comprised of only mutual funds, which are valued at the mutual fund's current share price based on the closing net asset value (NAV) per share on the date of valuation.

Because the investment options of the program are mutual funds that are actively traded at publicly available current share price, all investments are classified as Level 1 as of June 30, 2022. Changes in unrealized gain/loss resulting from changes in the fair values of investments are recognized daily in each account holder's net asset value per unit and, for the fiscal year, are reflected in aggregate in the Program's accompanying Statement of Changes in Fiduciary Net Position. An account holder's investments in mutual funds expose them 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. 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.

## Custodial Risks

The Cash Option offers FDIC insurance protection for amounts contributed to the Cash Option, up to FDIC permitted limits. The Cash Option allocates 100% of its assets to a demand deposit account established by the Trust at the Bank (the "Bank Account"). Representatives of the Federal Deposit Insurance Corporation have indicated that contributions to and earnings on an FDIC-insured bank account held by a trust such as the Trust will be insured by the FDIC on a pass-through basis to each Beneficiary under existing or amended FDIC regulations, subject to applicable insurance limits and compliance with applicable recordkeeping requirements.

Accordingly, contributions to and earnings on the Cash Option are insured by the FDIC on a pass-through basis to each Beneficiary in the same manner as other deposits held by the Beneficiary at the Bank in the same ownership right and capacity. (For this purpose, accounts established by a custodian for a minor under UTMA or UGMA are aggregated for insurance purposes with all other accounts with the Bank held by the minor.) FDIC insurance generally protects up to \$250,000 of your deposits at the same bank in the same ownership right and capacity, so the portion of your ABLE Account invested in the Cash Option, taken together with other deposits you hold in a single ownership basis at the Bank, will be insured up to \$250,000. For more information on FDIC insurance, visit [www.fdic.gov](http://www.fdic.gov).

The Vanguard Total Bond Index Fund, the Vanguard Short-Term Bond Index Fund, and the Vanguard Short-Term TIPS Fund have interest-rate risk as measured by duration of 6.7 years, 2.7 years, and 2.5 years, respectively. The funds also have credit risks, but none of the Funds have formal credit ratings. For a complete description of these, and other, risks for each of the Mutual Funds, please review the prospectus that can be found by visiting the applicable Fund's website. For Vanguard Funds, go to [investor.vanguard.com](http://investor.vanguard.com). For the Dimensional Fund, go to [www.dimensional.com](http://www.dimensional.com).

## 5. Capital Assets

### MARYLAND PREPAID COLLEGE TRUST

Capital assets activity for the year ended June 30, 2022, was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
<b>CAPITAL ASSETS BEING DEPRECIATED:</b>				
Computers	\$308	\$19	\$—	\$327
Furniture	31	0	0	31
Equipment	9	0	0	9
Software	57	0	0	57
Perpetual Software License	561	0	0	561
Total Capital Assets at Historical Cost	<b>966</b>	<b>19</b>	<b>0</b>	<b>985</b>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Computers	306	—	3	303
Furniture	29	—	1	28
Equipment	8	0	—	8
Software	57	—	—	57
Perpetual Software License	561	—	—	561
Total Accumulated Depreciation	961	0	4	957
Capital Assets, Net	<b>\$5</b>	<b>\$19</b>	<b>\$(4)</b>	<b>\$28</b>

## 6. Accounts Payable and Accrued Expenses

### MARYLAND PREPAID COLLEGE TRUST

As of June 30, 2022, accounts payable and accrued expenses consisted of the following (amounts in thousands)

Due to Vendors	\$1,328
Salaries and Employee Benefits	65
Total	<b>\$1,393</b>

## 7. Pension And Post-Retirement Benefits

### MARYLAND PREPAID COLLEGE TRUST

### 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, 2022 and 2021, of \$262,932 and \$240,178, respectively.

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

As of June 30, 2022, Maryland 529 reported a liability of \$1,788,901 for its proportionate share of the System's net pension liability. The System's net pension liability was measured as of June 30, 2021, 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, 2022, are as follows (amounts in thousands)

July 1, 2021	Increase	Decrease	June 30, 2022	Amount Due within One Year
\$2,522	\$—	\$733	\$1,789	\$—

A Summary of Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2022, is as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$344,848	\$35,900
Net difference between projected and actual earnings on pension plan investments	163,029	990,086
Net difference between actual and expected experience	—	128,344
Net change in proportionate share	350,570	—
Contributions made subsequent to the measurement date	262,932	—
<b>Total</b>	<b>\$1,121,379</b>	<b>\$1,154,330</b>

The \$262,932 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, 2023.

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,	Change in Assumptions	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Change in Proportionate Share	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Actual and Expected Experience	Change in Assumptions
2023	\$79,088	\$58,294	\$148,125	(\$251,488)	(\$49,457)	(\$13,385)
2024	77,025	58,294	116,728	(246,199)	(32,283)	(13,385)
2025	74,946	46,441	52,046	(246,199)	(20,906)	(9,128)
2026	74,946	–	22,162	(246,199)	(17,081)	–
2027	38,844	–	11,509	–	(8,617)	–
2028	–	–	–	–	–	–
<b>Total</b>	<b>\$344,848</b>	<b>\$163,029</b>	<b>\$350,570</b>	<b>(\$990,086)</b>	<b>(\$128,344)</b>	<b>(\$35,899)</b>

As of June 30, 2022, Maryland 529’s proportion for Net Pension Liability was .013%. For the year ended June 30, 2022, Maryland 529 recognized pension expense for the System of \$197,827. 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 6.80% is \$1,788,901. 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 (5.80%) is \$3,046,749.12 or 1-percentage-point higher (7.80%) is \$745,524.18.

### 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, 2022 and 2021, Maryland 529's contributions for the retirees health insurance premiums was \$101,383 and \$97,020 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 Maryland Senator Edward J. Kasemeyer Prepaid College Trust Plan, Maryland Senator Edward J. Kasemeyer College Investment Plan and the Maryland ABLE Plan are 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.

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

### MARYLAND PREPAID COLLEGE TRUST

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, 2022, the Tuition component of the 2022–2023 WAT is projected to increase 3.0% per annum for three 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 2022–2023 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, 2022, are as follows (amounts in thousands):

July 1, 2021	Net Changes	June 30, 2022	Amount Due within One Year
\$856,019	\$33,659	\$889,678	\$111,598

## 10. Related Parties

### MARYLAND COLLEGE INVESTMENT PLAN

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 adviser for certain 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 for which Price Associates and its subsidiaries acts as investment adviser. The Vanguard Group, Inc., serves as investment adviser for the FTSE Social Index Fund.

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 where T. Rowe Price or its subsidiaries serve as investment adviser. 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, 2022, the underlying mutual Funds incurred \$19,408,000 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, and monitor the implementation and employee training of operational procedures. The Trust coordinates several contracts between the Board and its service providers for services to both the Trust and the Plan.

Each Portfolio pays a State Fee to the Trustee to help cover certain administrative and marketing costs of administering the Maryland 529 programs. 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.

Each Portfolio pays an annual Program Fee to the Program Manager to help cover certain administrative and marketing expenses associated with administering the Plan. Effective April 15, 2022, the Program Fee for each Portfolio, except for the Social Index Equity Portfolio, is equal to 0.03% of each Portfolio's average daily net assets; prior to April 1, 2022, each Portfolio, except for Social Index Equity Portfolio, paid a Program Fee equal to 0.05% of each Portfolio's average net assets. The Social Index Equity Portfolio pays a Program

Fee equal to 0.15% of its average net assets. The Program Fee accrues daily and is paid monthly. At June 30, 2022, Program Fees of \$197,000 were payable by the Portfolios. For Portfolio 2042, Portfolio 2039, Portfolio 2036, and Equity Portfolio, the Program Manager has contractually agreed to waive any Program Fees in order to limit the Total Annual Asset-Based Fees to 0.69% for each Portfolio. Additionally, for Portfolio 2033, the Program Manager has contractually agreed to waive any Program Fees in order to limit the Total Annual Asset-Based Fees to 0.68% for each Portfolio. 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, 2022.

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, \$93,000 of Program Fees and \$54,000 of State Fees were waived for the year ended June 30, 2022.

## 11. Portfolio Changes

### MARYLAND COLLEGE INVESTMENT PLAN

In January 2022, the domestic large-cap equity allocations for Portfolio 2042 began to transition to match the domestic large-cap equity allocations of Portfolio 2039.

In April 2022, U.S. Equity Research Fund was added as an underlying mutual Fund in Equity Portfolio, Balanced Portfolio, and the enrollment-based Portfolios, including Portfolio for Education Today.

In addition, effective April 1, 2022, the enrollment-based Portfolios, including Portfolio for Education Today, have begun transitioning to a more diversified investment approach by including allocations to Blue Chip Growth Fund, Value Fund, Small-Cap Stock Fund, Mid-Cap Growth Fund, Mid-Cap Value Fund, Emerging Markets Stock Fund, Emerging Markets Discovery Stock Fund, U.S. Large-Cap Core Fund, and U.S. Equity Research Fund across the duration of the investment glide path as each Portfolio approaches the named enrollment date. The allocation to equity (stocks) over the duration of the glide path has not changed.

On March 22, 2022, the Social Index Equity Portfolio was seeded with \$100,000 investment by Price Associates. The Portfolio was available for investment by the public on March 24, 2022.

## 12. 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 pre-existing political, social, and economic risks. Since 2020, a novel strain of coronavirus (COVID-19) has resulted in disruptions to global business activity and caused significant volatility and declines in global financial markets. In February 2022, Russian forces entered Ukraine and commenced an armed conflict leading to economic sanctions being imposed on Russia and certain of its citizens, creating impacts on Russian-related stocks and debt and greater volatility in global markets. These are recent examples of global events which may have an impact on a portfolio's performance, which could be negatively impacted if the value of an underlying mutual Fund were harmed by these and such other events. The Program Manager is actively monitoring the risks and financial impacts arising from these events.

# **Required Supplementary Information**

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# Required Supplementary Information

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

	2022	2021	2020	2019	2018	2017	2016	2015
The Trust's proportionate share of the ERS net pension liability	0.013%	0.012%	0.012%	0.010%	0.008%	0.010%	0.010%	0.010%
The Trust's proportionate share of the ERS net liability	\$1,789	\$2,522	\$2,307	\$2,099	\$1,817	\$1,602	\$1,401	\$883
The Trust's covered-employee payroll	\$1,032	\$1,268	\$1,207	\$1,098	\$1,024	\$1,026	\$830	\$798
The Trust's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.33%	198.89%	191.06%	191.07%	177.44%	156.14%	168.89%	110.65%
Plan fiduciary net position as a percentage of total pension liability	76.20%	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)

	2022	2021	2020	2019	2018	2017	2016	2015
The Trust's contractually required contribution	\$198	\$240	\$258	\$231	\$223	\$204	\$143	\$142
The Trust's contribution in relation to the contractually required contribution	(\$198)	(\$240)	(\$258)	(\$231)	(\$223)	(\$204)	(\$143)	(\$142)
Contribution deficiency (excess)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
The Trust's covered-employee payroll	\$1,032	\$1,268	\$1,207	1,098	\$1,024	\$1,026	\$830	\$798
The Trust's contribution as a percentage of covered-employee payroll	19.19%	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)

	2022	2021	2020	2019	2018
The Trust's contractually required contribution	\$102	\$110	\$109	\$99	\$79
The Trust's contribution in relation to the contractually required contribution	(\$102)	(\$110)	(\$109)	(\$99)	(\$79)
Contribution deficiency (excess)	\$—	\$—	\$—	\$—	\$—
The Trust's covered-employee payroll	\$1,032	\$1,268	\$1,207	\$1,098	\$1,024
The Trust's contribution as a percentage of covered-employee payroll	9.88%	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.

# Supplementary Information

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# Supplementary Information

For the fiscal year ended June 30, 2022

Statement of Net Position (in thousands, except net asset values per unit and shares)								
	Portfolio 2042		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	18,678	\$2,188	155,981	\$18,273	391,406	\$45,853	575,734	\$67,447
T. Rowe Price Emerging Markets Bond Fund	—	—	—	—	—	—	—	—
T. Rowe Price Emerging Markets Discovery Stock Fund	38,100	481	295,273	3,729	755,077	9,537	1,112,641	14,053
T. Rowe Price Emerging Markets Stock Fund	10,719	392	98,153	3,584	254,143	9,279	362,067	13,219
T. Rowe Price Equity Index 500 Fund	14,161	1,409	120,015	11,944	309,186	30,770	458,243	45,604
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	61,856	1,013	521,821	8,542	1,342,442	21,976	1,951,738	31,950
T. Rowe Price International Value Equity Fund	83,241	1,121	705,420	9,502	1,787,946	24,084	2,617,403	35,256
T. Rowe Price Mid-Cap Growth Fund	6,014	527	50,234	4,403	131,343	11,511	192,753	16,893
T. Rowe Price Mid-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Mid-Cap Value Fund	17,888	541	153,635	4,649	392,744	11,884	578,054	17,492
T. Rowe Price New Income Fund	—	—	—	—	—	—	—	—
T. Rowe Price Overseas Stock Fund	101,266	1,085	856,400	9,172	2,235,505	23,942	3,266,395	34,983
T. Rowe Price QM U.S. Bond Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Real Assets Fund	47,771	618	403,220	5,214	1,044,415	13,504	1,514,658	19,584
T. Rowe Price Short-Term Bond Fund	—	—	—	—	—	—	—	—
T. Rowe Price Small-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Small-Cap Stock Fund	17,849	935	152,772	8,005	386,243	20,239	568,122	29,770
T. Rowe Price Spectrum Income Fund	—	—	—	—	979,046	11,063	9,287,334	104,947
T. Rowe Price U.S. Equity Research Fund	13,432	484	113,520	4,089	290,391	10,460	423,060	15,239
T. Rowe Price U.S. Limited Duration TIPS Index Fund	—	—	—	—	206,740	2,067	361,644	3,616
T. Rowe Price U.S. Large-Cap Core Fund	9,902	291	84,258	2,476	222,243	6,532	320,743	9,427
T. Rowe Price U.S. Treasury Money Fund	—	—	—	—	9,675,608	9,676	16,457,683	16,458
T. Rowe Price Value Fund	65,982	2,686	564,600	22,985	1,444,070	58,788	2,113,488	86,040
Vanguard FTSE Social Index Fund	—	—	—	—	—	—	—	—
<b>Total investments at fair value</b>		13,771		116,567		321,165		561,978
Other liabilities		(1)		(8)		(21)		(38)
<b>Net Position</b>		<b>\$13,770</b>		<b>\$116,559</b>		<b>\$321,144</b>		<b>\$561,940</b>
<i>Composition of Net Position:</i>								
Paid-in capital		\$15,935		\$122,266		\$293,122		\$452,602
Retained earnings		(2,165)		(5,707)		28,022		109,338
Number of Units Outstanding		1,633		9,208		18,654		23,886
<b>Net Asset Value Per Unit<sup>1</sup></b>		<b>\$8.43</b>		<b>\$12.66</b>		<b>\$17.22</b>		<b>\$23.53</b>
Investments at cost		\$16,073		\$130,029		\$335,531		\$559,511

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

## MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2022

### 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	
	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	669,381	\$78,418	708,471	\$82,997	542,571	\$63,562	419,570	\$49,153
T. Rowe Price Emerging Markets Bond Fund	—	—	—	—	—	—	—	—
T. Rowe Price Emerging Markets Discovery Stock Fund	1,221,004	15,421	1,211,838	15,306	886,388	11,195	725,485	9,163
T. Rowe Price Emerging Markets Stock Fund	399,224	14,576	391,227	14,284	265,491	9,693	198,187	7,236
T. Rowe Price Equity Index 500 Fund	513,484	51,102	516,922	51,444	433,843	43,176	315,778	31,426
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	2,171,570	35,549	2,202,997	36,063	1,638,815	26,828	1,243,984	20,364
T. Rowe Price International Value Equity Fund	2,902,602	39,098	2,973,049	40,047	2,235,101	30,107	1,697,054	22,859
T. Rowe Price Mid-Cap Growth Fund	212,388	18,614	215,270	18,866	157,076	13,766	121,890	10,682
T. Rowe Price Mid-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Mid-Cap Value Fund	631,972	19,124	641,623	19,415	464,189	14,046	347,309	10,510
T. Rowe Price New Income Fund	—	—	—	—	—	—	—	—
T. Rowe Price Overseas Stock Fund	3,620,006	38,770	3,610,193	38,665	2,656,784	28,454	2,074,410	22,217
T. Rowe Price QM U.S. Bond Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Real Assets Fund	1,656,716	21,421	1,726,347	22,322	1,281,554	16,571	1,013,238	13,101
T. Rowe Price Short-Term Bond Fund	—	—	—	—	65,133,699	297,661	136,519,199	623,893
T. Rowe Price Small-Cap Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Small-Cap Stock Fund	619,862	32,481	623,520	32,672	465,457	24,390	370,447	19,411
T. Rowe Price Spectrum Income Fund	23,748,960	268,363	46,041,342	520,267	24,707,085	279,190	—	—
T. Rowe Price U.S. Equity Research Fund	463,505	16,695	472,956	17,036	350,024	12,608	273,206	9,841
T. Rowe Price U.S. Limited Duration TIPS Index Fund	500,425	5,004	2,550,473	25,505	29,176,567	291,766	65,573,879	655,739
T. Rowe Price U.S. Large-Cap Core Fund	349,108	10,260	358,478	10,536	268,129	7,880	235,401	6,918
T. Rowe Price U.S. Treasury Money Fund	19,089,211	19,089	25,768,586	25,769	23,622,931	23,623	36,813,213	36,813
T. Rowe Price Value Fund	2,291,621	93,292	2,335,055	95,060	1,762,792	71,763	1,379,459	56,158
Vanguard FTSE Social Index Fund	—	—	—	—	—	—	—	—
<b>Total investments at fair value</b>		<b>777,277</b>		<b>1,066,254</b>		<b>1,266,279</b>		<b>1,605,484</b>
Other liabilities		(52)		(71)		(84)		(107)
<b>Net Position</b>		<b>\$777,225</b>		<b>\$1,066,183</b>		<b>\$1,266,195</b>		<b>\$1,605,377</b>
<i>Composition of Net Position:</i>								
Paid-in capital		\$577,609		\$709,823		\$783,639		\$1,374,147
Retained earnings		199,616		356,360		482,556		231,230
Number of Units Outstanding		25,935		39,420		37,605		75,384
<b>Net Asset Value Per Unit<sup>1</sup></b>		<b>\$29.97</b>		<b>\$27.05</b>		<b>\$33.67</b>		<b>\$21.30</b>
Investments at cost		\$757,140		\$1,027,364		\$1,247,322		\$1,679,362

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

# MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2022

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

	Equity Portfolio		Global Equity Market Index Portfolio		Social Index Equity Portfolio <sup>1</sup>		Balanced 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	890,005	\$104,264	—	\$—	—	\$—	325,080	\$38,083
T. Rowe Price Emerging Markets Bond Fund	—	—	—	—	—	—	1,795,729	14,905
T. Rowe Price Emerging Markets Discovery Stock Fund	1,694,948	21,407	—	—	—	—	608,244	7,682
T. Rowe Price Emerging Markets Stock Fund	567,622	20,724	—	—	—	—	195,237	7,128
T. Rowe Price Equity Index 500 Fund	694,924	69,159	1,969,458	196,001	—	—	243,142	24,197
T. Rowe Price High Yield Fund	—	—	—	—	—	—	4,072,271	22,520
T. Rowe Price International Bond Fund	—	—	—	—	—	—	2,242,452	16,706
T. Rowe Price International Equity Index Fund	—	—	8,202,515	108,355	—	—	—	—
T. Rowe Price International Stock Fund	2,997,754	49,073	—	—	—	—	1,028,490	16,836
T. Rowe Price International Value Equity Fund	4,056,774	54,645	—	—	—	—	1,430,827	19,273
T. Rowe Price Mid-Cap Growth Fund	287,561	25,202	—	—	—	—	101,825	8,924
T. Rowe Price Mid-Cap Index Fund	—	—	1,635,255	22,599	—	—	—	—
T. Rowe Price Mid-Cap Value Fund	884,300	26,759	—	—	—	—	306,343	9,270
T. Rowe Price New Income Fund	—	—	—	—	—	—	11,978,830	101,461
T. Rowe Price Overseas Stock Fund	4,911,126	52,598	—	—	—	—	1,707,657	18,289
T. Rowe Price QM U.S. Bond Index Fund	—	—	—	—	—	—	—	—
T. Rowe Price Real Assets Fund	2,320,227	30,001	—	—	—	—	832,826	10,768
T. Rowe Price Short-Term Bond Fund	—	—	—	—	—	—	—	—
T. Rowe Price Small-Cap Index Fund	—	—	1,964,101	24,060	—	—	—	—
T. Rowe Price Small-Cap Stock Fund	874,694	45,834	—	—	—	—	299,308	15,684
T. Rowe Price Spectrum Income Fund	—	—	—	—	—	—	—	—
T. Rowe Price U.S. Equity Research Fund	651,477	23,466	—	—	—	—	226,619	8,163
T. Rowe Price U.S. Limited Duration TIPS Index Fund	—	—	—	—	—	—	260,070	2,601
T. Rowe Price U.S. Large-Cap Core Fund	502,685	14,774	—	—	—	—	168,204	4,943
T. Rowe Price U.S. Treasury Money Fund	—	—	—	—	—	—	10,008,639	10,009
T. Rowe Price Value Fund	3,235,743	131,727	—	—	—	—	1,125,099	45,803
Vanguard FTSE Social Index Fund	—	—	—	—	22,552	792	—	—
<b>Total investments at fair value</b>		669,633		351,015		792		403,245
Other liabilities		(46)		(24)		—		(27)
<b>Net Position</b>		<b>\$669,587</b>		<b>\$350,991</b>		<b>\$792</b>		<b>\$403,218</b>
<i>Composition of Net Position:</i>								
Paid-in capital		\$115,545		\$169,432		\$907		\$158,661
Retained earnings		554,042		181,559		(115)		244,557
Number of Units Outstanding		15,225		11,172		96		10,747
<b>Net Asset Value Per Unit<sup>2</sup></b>		<b>\$43.98</b>		<b>\$31.42</b>		<b>\$8.24</b>		<b>\$37.52</b>
Investments at cost		\$517,060		\$382,702		\$909		\$366,491

<sup>1</sup> The portfolio commenced operations on March 22, 2022 and was available for investment by the public on March 24, 2022.

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

## MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2022

### 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	—	—	—	—	—	—	3,243,012	322,745
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	7,632,051	86,242	—	—	—	—	—	—
T. Rowe Price U.S. Equity Research Fund	—	—	—	—	—	—	—	—
T. Rowe Price U.S. Limited Duration TIPS Index Fund	—	—	4,090,895	40,909	—	—	—	—
T. Rowe Price U.S. Large-Cap Core Fund	—	—	—	—	—	—	—	—
T. Rowe Price U.S. Treasury Money Fund	—	—	—	—	214,717,614	214,718	—	—
T. Rowe Price Value Fund	—	—	—	—	—	—	—	—
Vanguard FTSE Social Index Fund	—	—	—	—	—	—	—	—
<b>Total investments at fair value</b>		86,242		40,909		214,718		322,745
Other liabilities		(5)		(3)		(12)		(22)
<b>Net Position</b>		<b>\$86,237</b>		<b>\$40,906</b>		<b>\$214,706</b>		<b>\$322,723</b>
<i>Composition of Net Position:</i>								
Paid-in capital		\$40,250		\$30,559		\$214,706		\$300,772
Retained earnings		45,987		10,347		—		21,951
Number of Units Outstanding		2,986		2,743		214,702		21,077
<b>Net Asset Value Per Unit<sup>1</sup></b>		<b>\$28.88</b>		<b>\$14.91</b>		<b>\$1.00</b>		<b>\$15.31</b>
Investments at cost		\$88,805		\$41,816		\$214,718		\$311,615

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

## MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2022

### 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	—	\$—	—	\$—	4,696,877	\$550,238
T. Rowe Price Emerging Markets Bond Fund	—	—	—	—	1,795,729	14,905
T. Rowe Price Emerging Markets Discovery Stock Fund	—	—	—	—	8,548,998	107,974
T. Rowe Price Emerging Markets Stock Fund	—	—	—	—	2,742,070	100,115
T. Rowe Price Equity Index 500 Fund	—	—	—	—	8,832,168	878,977
T. Rowe Price High Yield Fund	—	—	—	—	4,072,271	22,520
T. Rowe Price International Bond Fund	—	—	—	—	2,242,452	16,706
T. Rowe Price International Equity Index Fund	—	—	—	—	8,202,515	108,355
T. Rowe Price International Stock Fund	—	—	—	—	15,161,467	248,194
T. Rowe Price International Value Equity Fund	—	—	—	—	20,489,417	275,992
T. Rowe Price Mid-Cap Growth Fund	—	—	—	—	1,476,354	129,388
T. Rowe Price Mid-Cap Index Fund	953,290	13,175	—	—	2,588,545	35,774
T. Rowe Price Mid-Cap Value Fund	—	—	—	—	4,418,057	133,690
T. Rowe Price New Income Fund	—	—	—	—	11,978,830	101,461
T. Rowe Price Overseas Stock Fund	—	—	—	—	25,039,742	268,175
T. Rowe Price QM U.S. Bond Index Fund	—	—	2,358,412	23,726	2,358,412	23,726
T. Rowe Price Real Assets Fund	—	—	—	—	11,840,972	153,104
T. Rowe Price Short-Term Bond Fund	—	—	—	—	201,652,898	921,554
T. Rowe Price Small-Cap Index Fund	1,111,776	13,619	—	—	3,075,877	37,679
T. Rowe Price Small-Cap Stock Fund	—	—	—	—	4,378,274	229,421
T. Rowe Price Spectrum Income Fund	—	—	—	—	112,395,818	1,270,072
T. Rowe Price U.S. Equity Research Fund	—	—	—	—	3,278,190	118,081
T. Rowe Price U.S. Limited Duration TIPS Index Fund	—	—	—	—	102,720,693	1,027,207
T. Rowe Price U.S. Large-Cap Core Fund	—	—	—	—	2,519,151	74,037
T. Rowe Price U.S. Treasury Money Fund	—	—	—	—	356,153,485	356,155
T. Rowe Price Value Fund	—	—	—	—	16,317,909	664,302
Vanguard FTSE Social Index Fund	—	—	—	—	22,552	792
<b>Total investments at fair value</b>		26,794		23,726		7,868,594
Other liabilities		(2)		(2)		(525)
<b>Net Position</b>		<b>\$26,792</b>		<b>\$23,724</b>		<b>\$7,868,069</b>
<i>Composition of Net Position:</i>						
Paid-in capital		\$30,258		\$24,937		\$5,415,170
Retained earnings		(3,466)		(1,213)		2,452,899
Number of Units Outstanding		2,143		2,260		514,876
<b>Net Asset Value Per Unit<sup>1</sup></b>		<b>\$12.50</b>		<b>\$10.50</b>		
Investments at cost		\$35,697		\$26,401		\$7,738,546

<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.

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

## MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2022

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

	Portfolio 2042	Portfolio 2039	Portfolio 2036	Portfolio 2033	Portfolio 2030	Portfolio 2027
<b>Operations</b>						
Net investment income						
Income distributions from underlying mutual Funds	\$61	\$1,089	\$3,421	\$7,774	\$13,323	\$21,702
State Fee expense	3	56	170	304	423	581
Program Fee expense	3	51	156	279	389	534
Expenses waived by Program Manager	—	—	—	—	—	—
Total expense	6	107	326	583	812	1,115
Net investment income	55	982	3,095	7,191	12,511	20,587
Net realized and unrealized gain/loss						
Net realized gain (loss)						
Sales of underlying mutual Fund shares	(252)	(728)	7,553	19,668	30,336	46,899
Capital gain distributions from underlying mutual Funds	334	5,772	17,116	26,890	31,979	36,663
Net realized gain (loss)	82	5,044	24,669	46,558	62,315	83,562
Change in unrealized gain (loss)	(2,304)	(29,858)	(89,121)	(153,194)	(201,218)	(261,459)
Net realized and change in unrealized gain (loss)	(2,222)	(24,814)	(64,452)	(106,636)	(138,903)	(177,897)
Increase (decrease) in net position from investments	(2,167)	(23,832)	(61,357)	(99,445)	(126,392)	(157,310)
<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	5,805	56,256	79,212	90,760	96,127	102,616
Account Holder transfers from other portfolios	10,605	8,653	9,331	12,572	22,420	36,573
Units redeemed						
Account Holder distributions	(296)	(2,465)	(3,963)	(7,437)	(11,201)	(17,215)
Account Holder transfers to other portfolios	(925)	(9,470)	(9,539)	(11,732)	(20,208)	(34,769)
Increase (decrease) in net assets from unit transactions	15,189	52,974	75,041	84,163	87,138	87,205
<b>Net Position</b>						
Increase (decrease) during year	13,022	29,142	13,684	(15,282)	(39,254)	(70,105)
Beginning of year	748	87,417	307,460	577,222	816,479	1,136,288
<b>End of year</b>	<b>\$13,770</b>	<b>\$116,559</b>	<b>\$321,144</b>	<b>\$561,940</b>	<b>\$777,225</b>	<b>\$1,066,183</b>
<b>Unit Information</b>						
Units outstanding, beginning of year	74	5,731	14,974	20,823	23,412	36,589
Units issued						
Account Holder contributions and transfers from other portfolios	1,680	4,292	4,347	3,771	3,436	4,528
Units redeemed						
Account Holder distributions and transfers to other portfolios	(121)	(815)	(667)	(708)	(913)	(1,697)
Units outstanding, end of year	1,633	9,208	18,654	23,886	25,935	39,420

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

## MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2022

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

	Portfolio 2024	Portfolio for Education Today	Equity Portfolio	Global Equity Market Index Portfolio	Social Index Equity Portfolio <sup>1</sup>	Balanced Portfolio
<b>Operations</b>						
Net investment income						
Income distributions from underlying mutual Funds	\$26,759	\$39,140	\$7,916	\$6,738	\$2	\$7,136
State Fee expense	673	897	399	202	- <sup>2</sup>	232
Program Fee expense	618	828	369	187	- <sup>2</sup>	215
Expenses waived by Program Manager	—	—	—	—	—	—
Total expense	1,291	1,725	768	389	- <sup>2</sup>	447
Net investment income	25,468	37,415	7,148	6,349	2	6,689
Net realized and unrealized gain/loss						
Net realized gain (loss)						
Sales of underlying mutual Fund shares	45,611	328	68,660	(75)	- <sup>2</sup>	22,086
Capital gain distributions from underlying mutual Funds	28,109	19,800	42,695	3,072	—	15,546
Net realized gain (loss)	73,720	20,128	111,355	2,997	- <sup>2</sup>	37,632
Change in unrealized gain (loss)	(215,892)	(137,596)	(255,650)	(72,485)	(117)	(115,788)
Net realized and change in unrealized gain (loss)	(142,172)	(117,468)	(144,295)	(69,488)	(117)	(78,156)
Increase (decrease) in net position from investments	(116,704)	(80,053)	(137,147)	(63,139)	(115)	(71,467)
<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	95,947	119,525	48,930	33,194	121	36,601
Account Holder transfers from other portfolios	56,653	66,271	30,984	15,952	786	26,628
Units redeemed						
Account Holder distributions	(37,230)	(389,289)	(43,787)	(16,106)	—	(37,235)
Account Holder transfers to other portfolios	(57,206)	(128,949)	(55,323)	(21,714)	—	(30,421)
Increase (decrease) in net assets from unit transactions	58,164	(332,442)	(19,196)	11,326	907	(4,427)
<b>Net Position</b>						
Increase (decrease) during year	(58,540)	(412,495)	(156,343)	(51,813)	792	(75,894)
Beginning of year	1,324,735	2,017,872	825,930	402,804	—	479,112
<b>End of year</b>	<b>\$1,266,195</b>	<b>\$1,605,377</b>	<b>\$669,587</b>	<b>\$350,991</b>	<b>\$792</b>	<b>\$403,218</b>
<b>Unit Information</b>						
Units outstanding, beginning of year	36,026	90,167	15,583	10,866	—	10,854
Units issued						
Account Holder contributions and transfers from other portfolios	4,162	8,295	1,520	1,319	96	1,450
Units redeemed						
Account Holder distributions and transfers to other portfolios	(2,583)	(23,078)	(1,878)	(1,013)	—	(1,557)
Units outstanding, end of year	37,605	75,384	15,225	11,172	96	10,747

<sup>1</sup> The portfolio commenced operations on March 22, 2022 and was available for investment by the public on March 24, 2022.

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

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

## MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2022

### 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	\$2,795	\$1,242	\$266	\$4,703	\$226	\$584	\$144,877
State Fee expense	48	18	102	159	15	14	4,296
Program Fee expense	44	16	93	145	14	13	3,954
Expenses waived by Program Manager	—	—	(147)	—	—	—	(147)
Total expense	92	34	48	304	29	27	8,103
Net investment income	2,703	1,208	218	4,399	197	557	136,774
Net realized and unrealized gain/loss							
Net realized gain (loss)							
Sales of underlying mutual Fund shares	(46)	(80)	—	(143)	(365)	(403)	239,049
Capital gain distributions from underlying mutual Funds	1,214	131	—	1,364	638	—	231,323
Net realized gain (loss)	1,168	51	—	1,221	273	(403)	470,372
Change in unrealized gain (loss)	(13,742)	(1,549)	—	(49,442)	(10,261)	(3,072)	(1,612,748)
Net realized and change in unrealized gain (loss)	(12,574)	(1,498)	—	(48,221)	(9,988)	(3,475)	(1,142,376)
Increase (decrease) in net position from investments	(9,871)	(290)	218	(43,822)	(9,791)	(2,918)	(1,005,602)
<b>Distributions to Unit Holders</b>							
Decrease in net position from distributions	—	—	(218)	—	—	—	(218)
<b>Unit Transactions – see Unit Information below</b>							
Units issued							
Account Holder contributions	7,096	3,438	28,001	70,170	6,811	2,621	883,231
Account Holder transfers from other portfolios	9,478	14,702	53,522	68,319	7,456	4,647	455,552
Units redeemed							
Account Holder distributions	(11,668)	(4,344)	(55,306)	(11,158)	(1,573)	(3,870)	(654,143)
Account Holder transfers to other portfolios	(10,349)	(4,951)	(29,335)	(18,851)	(4,667)	(7,143)	(455,552)
Increase (decrease) in net assets from unit transactions	(5,443)	8,845	(3,118)	108,480	8,027	(3,745)	229,088
<b>Net Position</b>							
Increase (decrease) during year	(15,314)	8,555	(3,118)	64,658	(1,764)	(6,663)	(776,732)
Beginning of year	101,551	32,351	217,824	258,065	28,556	30,387	8,644,801
<b>End of year</b>	<b>\$86,237</b>	<b>\$40,906</b>	<b>\$214,706</b>	<b>\$322,723</b>	<b>\$26,792</b>	<b>\$23,724</b>	<b>\$7,868,069</b>
<b>Unit Information</b>							
Units outstanding, beginning of year	3,155	2,161	217,820	15,043	1,644	2,591	
Units issued							
Account Holder contributions and transfers from other portfolios	524	1,194	81,523	7,732	886	629	
Units redeemed							
Account Holder distributions and transfers to other portfolios	(693)	(612)	(84,641)	(1,698)	(387)	(960)	
Units outstanding, end of year	2,986	2,743	214,702	21,077	2,143	2,260	

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

## MARYLAND COLLEGE INVESTMENT PLAN

For the year ended June 30, 2022

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

	Portfolio 2042	Portfolio 2039	Portfolio 2036	Portfolio 2033	Portfolio 2030	Portfolio 2027
<b>Net Asset Value<sup>1</sup></b>						
Beginning of period	\$10.13	\$15.25	\$20.53	\$27.72	\$34.87	\$31.06
Investment activities <sup>2</sup>						
Net investment income <sup>3</sup>	0.08	0.13	0.18	0.32	0.51	0.54
Net realized and unrealized gain/loss	(1.78)	(2.72)	(3.49)	(4.51)	(5.41)	(4.55)
Total from investment activities	(1.70)	(2.59)	(3.31)	(4.19)	(4.90)	(4.01)
Distributions of net investment income	—	—	—	—	—	—
<b>Net Asset Value<sup>1</sup></b>						
<b>End of period</b>	<b>\$8.43</b>	<b>\$12.66</b>	<b>\$17.22</b>	<b>\$23.53</b>	<b>\$29.97</b>	<b>\$27.05</b>
<b>Ratios<sup>4</sup></b>						
<b>Total return</b>	<b>(16.78)%</b>	<b>(16.98)%</b>	<b>(16.12)%</b>	<b>(15.12)%</b>	<b>(14.05)%</b>	<b>(12.91)%</b>
Ratio of expenses to average net assets	0.09%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of net investment income (loss) to average net assets	0.78%	0.88%	0.91%	1.18%	1.48%	1.77%
Portfolio turnover rate	29.8%	18.5%	23.5%	21.1%	19.7%	17.9%
<b>Supplemental Information</b>						
Weighted average net expenses of underlying Price Funds <sup>5</sup>	0.60%	0.56%	0.55%	0.53%	0.52%	0.50%
Effective net expenses	0.69%	0.66%	0.65%	0.63%	0.62%	0.60%
Net assets, end of period (in millions)	\$13.80	\$116.60	\$321.10	\$561.90	\$777.20	\$1,066.20

<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.

<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.

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

## MARYLAND COLLEGE INVESTMENT PLAN

For the year ended June 30, 2022

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

	Portfolio 2024	Portfolio for Education Today	Equity Portfolio	Global Equity Market Index Portfolio	Social Index Equity Portfolio <sup>1</sup>	Balanced Portfolio
<b>Net Asset Value<sup>2</sup></b>						
Beginning of period	\$36.77	\$22.38	\$53.00	\$37.07	\$10.00	\$44.14
Investment activities <sup>3</sup>						
Net investment income <sup>4</sup>	0.69	0.47	0.47	0.58	0.03	0.62
Net realized and unrealized gain/loss	(3.79)	(1.55)	(9.49)	(6.23)	(1.79)	(7.24)
Total from investment activities	(3.10)	(1.08)	(9.02)	(5.65)	(1.76)	(6.62)
Distributions of net investment income	—	—	—	—	—	—
<b>Net Asset Value<sup>2</sup></b>						
<b>End of period</b>	<b>\$33.67</b>	<b>\$21.30</b>	<b>\$43.98</b>	<b>\$31.42</b>	<b>\$8.24</b>	<b>\$37.52</b>
<b>Ratios<sup>5</sup></b>						
<b>Total return</b>	<b>(8.43)%</b>	<b>(4.83)%</b>	<b>(17.02)%</b>	<b>(15.24)%</b>	<b>(17.60)%</b>	<b>(15.00)%</b>
Ratio of expenses to average net assets	0.10%	0.10%	0.10%	0.10%	0.20% <sup>6</sup>	0.10%
Ratio of net investment income (loss) to average net assets	1.89%	2.09%	0.90%	1.57%	1.25% <sup>6</sup>	1.44%
Portfolio turnover rate	25.8%	13.0%	19.2%	6.7%	—	21.1%
<b>Supplemental Information</b>						
Weighted average net expenses of underlying Price Funds <sup>7</sup>	0.39%	0.27%	0.56%	0.14%	0.14% <sup>6</sup>	0.50%
Effective net expenses	0.49%	0.37%	0.66%	0.24%	0.34% <sup>6</sup>	0.60%
Net assets, end of period (in millions)	\$1,266.20	\$1,605.40	\$669.60	\$351.00	\$0.80	\$403.20

<sup>1</sup> The portfolio commenced operations on March 22, 2022 and was available for investment by the public on March 24, 2022.

<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.

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

## MARYLAND COLLEGE INVESTMENT PLAN

For the year ended June 30, 2022

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

	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
<b>Net Asset Value<sup>1</sup></b>						
Beginning of period	\$32.19	\$14.97	\$1.00	\$17.16	\$17.37	\$11.73
<b>Investment activities<sup>2</sup></b>						
Net investment income <sup>3</sup>	0.89	0.51	-4.5	0.24	0.10	0.23
Net realized and unrealized gain/loss	(4.20)	(0.57)	-4	(2.09)	(4.97)	(1.46)
Total from investment activities	(3.31)	(0.06)	-	(1.85)	(4.87)	(1.23)
Distributions of net investment income	-	-	-4	-	-	-
<b>Net Asset Value<sup>1</sup></b>						
<b>End of period</b>	<b>\$28.88</b>	<b>\$14.91</b>	<b>\$1.00</b>	<b>\$15.31</b>	<b>\$12.50</b>	<b>\$10.50</b>
<b>Ratios<sup>6</sup></b>						
<b>Total return</b>	<b>(10.28)%</b>	<b>(0.40)%</b>	<b>0.10%</b>	<b>(10.78)%</b>	<b>(28.04)%</b>	<b>(10.49)%</b>
Ratio of expenses to average net assets	0.10%	0.10%	0.03%	0.10%	0.10%	0.10%
Ratio of net investment income (loss) to average net assets	2.81%	3.34%	0.11%	1.38%	0.65%	2.00%
Portfolio turnover rate	9.6%	9.5%	14.4%	0.5%	8.8%	14.2%
<b>Supplemental Information</b>						
Weighted average net expenses of underlying Price Funds <sup>7</sup>	0.47%	0.11%	0.12%	0.05%	0.14%	0.12%
Effective net expenses	0.57%	0.21%	0.15%	0.15%	0.24%	0.22%
Net assets, end of period (in millions)	\$86.20	\$40.90	\$214.70	\$322.70	\$26.80	\$23.70

<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> Amounts round to less than \$0.01 per share.

<sup>5</sup> See Note 10. Related Parties found on page 88. Includes the effect of voluntary management fee waivers and operating expense reimbursements (0.07% of average net assets).

<sup>6</sup> Ratios reflect the activity of each Portfolio and do not include the activity of the Underlying Mutual Funds in which the Portfolios invest.

<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.

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



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