



MARYLAND COLLEGE INVESTMENT PLAN

STATEMENT OF INVESTMENT POLICY

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PROLOGUE

This document represents the Statement of Investment Policy of the Maryland College Investment Plan (“MCIP” or “Program”) developed in accordance with Maryland Annotated Code, Education Article § 18-1906(a). This Policy is binding upon all persons with authority over the Program’s assets, including: investment advisers, Investment Consultants, Investment Managers, members of the Board and Maryland 529 Staff.

As set forth in § 18-19A-02(b) of the Enabling Legislation, the purpose of the Program is to:

The purpose of the Plan is to allow contributions to an *investment account* established for the purposes of meeting the qualified higher education expenses of *the qualified designated beneficiary* of the account. *(Italicized terms have the meanings set forth in § 18-1901 of the Enabling Legislation.)*

Definitions

Account. Account means an account established by an Account Holder under the Program.

Account Holder. Account Holder means an individual or legally recognized entity such as a corporation (for-profit or nonprofit), partnership, association, trust, foundation, guardianship, or estate that establishes an Account for the benefit of the Beneficiary.

Advisers Act. Advisers Act means the Investment Advisers Act of 1940, as amended.

Beneficiary. Beneficiary means the individual designated by the Account Holder to receive the benefit of an Account.

The Board. The Board means the Maryland 529 Board, as Trustee and Fiduciary of the Program.

The Code. The Code refers to the Maryland Annotated Code. Unless otherwise noted, references to Code sections are those found in Education Article § 18-1901 et. seq.

Committee on Investments. Committee on Investments means the Committee Chair and other members of the Board appointed by the Chairperson, in accordance with the Bylaws, requested to serve on the Committee on Investments. The Committee acts in accordance with its Charter.

Eligible Education Institution. Eligible Educational Institution has the same meaning provided in §529(e)(5) of the Internal Revenue Code.

Enabling Legislation. Enabling Legislation refers to Maryland laws that established and govern the Program (Maryland Annotated Code, Education §18-19A-01 et seq.).

Fiduciary. Fiduciary means the Board, a member of the Board, any employee of Maryland 529 or any service provider of the Program who renders investment advice or exercises any discretionary authority or control over the management or administration of the Program or the management or disposition of the assets of the Program.

A Fiduciary is required to discharge his or her duties with respect to the Program (a) solely in the interest of the Account Holders and the Beneficiaries; (b) for the exclusive purposes of providing benefits to the Account Holders and the Beneficiaries and providing reasonable expenses of administering the Program; (c) with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims; (d) by diversifying the selection of investments of the Program so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; (e) in accordance with the laws governing the Program; and (f) in accordance with the documents and instruments governing the Program.

In exercising authority, control, or discretion with respect to the Program, a Fiduciary may not (a) use the assets of the Program for the Fiduciary's own interest or Account; (b) act in a transaction involving the Program on behalf of a person, or represent a person, if the interests of the person are adverse to the interests of the Program or the interests of Account Holders; (c) receive any consideration for the Fiduciary's own account from a person dealing with the Program in connection with a transaction involving the assets of the Program; or (d) become an endorser or surety or, in any manner, an obligor, for money lent to or borrowed from the Program.

Investment Adviser. Investment Adviser means a professional investment advisor engaged to advise the Board with respect to the investments of the MCIP.

Investment Consultant. Investment Consultant means the professional investment Adviser retained by the Board in accordance with Code § 18-1906(i).

Investment Manager. Investment Manager means the qualified investment firms or vehicles selected by the Board to manage the assets of the Program.

Investment Options or Investment Portfolios. Investment Options or Investment Portfolios means the investment choices available to Account Holders.

Maryland 529 Staff. Maryland 529 Staff means the Executive Director and the Director of Investments and Cash Management.

Policy. This Statement of Investment Policy, as amended from time to time.

Program Manager. Program Manager means a third party administrator engaged to advise the Board to manage the day-to-day plan administration and operation of the MCIP.

Qualified Higher Education Expenses. Qualified Higher Education Expenses has the same meaning provided in §529 of the Internal Revenue Code.

State. The State of Maryland.

Trustee. Each individual that is a member of the Board is a Trustee of the trust established to hold, manage and administer all money, assets and other proceeds received by the Board from the sale of investment accounts authorized by the Enabling Legislation, pursuant to the Declaration of Trust of the MCIP dated June 13, 2001. Each Trustee is a Fiduciary.

Underlying Investment. Underlying Investment means one or more mutual funds and/or other investment vehicles included in an Investment Option.

Statutes Incorporated by Reference

The Enabling Legislation and any regulations promulgated thereunder are incorporated by reference into this Policy.

Explanatory Notes

For purposes of this policy, the use of the term "annually" refers to a calendar year and not to the fiscal year ending June 30. In addition, the numbering of paragraphs in this policy does not necessarily indicate an order of priority.

I. PURPOSE OF POLICY

This Policy defines the Program's investment objectives and establishes policies and procedures designed to ensure that these objectives are met in a prudent manner. This Policy is intended to:

1. Provide a mechanism to establish and review the Program's long-range investment objectives;
2. Promote understanding among various functional roles; and
3. Address the Board's obligations as Fiduciary of the Program and the fiduciary obligations of the Committee on Investments, the Program Manager, the Investment Adviser, Investment Consultant, Investment Manager(s), and Maryland 529 Staff.

Long-Range Policy

This Policy represents the long-term views made by the Board after a deliberate and focused review of Account Holders' potential long-term investment goals. The Program's Investment Options provide a resource for meeting the future Qualified Higher Education Expenses of Beneficiaries.

The Board recognizes that investment markets have repeatedly demonstrated broad performance cycles having two fundamental characteristics, which bear heavily on the Program's expectations for future returns:

1. The cycles cannot be accurately predicted as to either their commencement, duration, or their magnitude; and
2. There is little or no relationship between market cycles and the convenient fiscal or calendar periods commonly used for measurement and evaluation.

The Board will review investment performance and investing activities on a regular, periodic basis. The Board, in forming judgments and acting on those judgments, will aim to match the long-term needs of Account Holders with the proven, long-term performance patterns of the various investment markets.

Various Functional Roles

This Policy is intended to serve as a reference tool, an operating code, and a communications link between the Board and its members, Investment Manager(s), investment advisors, and other professional advisors.

Fiduciary Obligations

This Policy records the Board's logical and diligent process of study, examination, evaluation, and conclusions about the most suitable combination of investment risk level and historical rate of return that will satisfy the Program's obligations.

The Board recognizes its duty to remain aware of conditions and developments in the Program's investment activity, but the Board does not believe it is desirable or productive for the Board to react to short-term situations in a manner that contradicts the long-term approach underlying this Policy.

All fiduciaries to the Program shall conduct their responsibilities with the care, skill, prudence, and diligence under the circumstances then prevailing which a prudent person familiar with these matters and acting in a like capacity would use in the conduct of an activity of like character and purpose. Fiduciaries, their employees, agents, and designees shall discharge their duties with respect to the MCIP solely in the interest of the participants and Beneficiaries.

II. ROLES AND RESPONSIBILITIES

The Board's Authority and Responsibilities

The Board will conduct its responsibilities as Trustee and Fiduciary of the Program. In accordance with the Enabling Legislation, the Board may retain the services of consultants, administrators, and other personnel, as necessary, to administer the Program. It is acknowledged that the Board is not, and cannot be, involved in the day-to-day activities of the Program. The day-to-day activities and operations of the Program are conducted by the service providers engaged by the Program, MD 529 Staff and other employees of MD 529. The role of the Board is one of review and oversight.

Under this Policy, the Board will generally be responsible for the following:

- (1) Overseeing the Program's compliance with applicable laws, regulations, and rulings, including the Enabling Legislation and any regulations adopted by the Board pursuant thereto.
- (2) Approving a sound and consistent Policy and revising the Policy to reflect changing conditions within the markets or the MCIP, or to make it more effective.
- (3) Searching for, interviewing, selecting and maintaining qualified investment advisers in accordance with applicable State procurement laws and regulations.
- (4) In accordance with applicable State procurement statutes and regulations and the contract with the investment adviser, taking action under circumstances to terminate such investment adviser.
- (5) Monitoring and evaluating Investment Manager(s) performance and compliance with this Policy.
- (6) Enforce the Investment Manager reporting requirements to produce a report at least quarterly covering the following subjects:
 - i. Investment performance summary (at least historical one quarter, one year, three year and five year) including comparisons to independent benchmarks and risk analysis;
 - ii. Current (and historical, as applicable) asset allocation in the Program;
 - iii. Progress toward the stated performance objectives in the Policy; and
 - iv. Other pertinent matters.
- (7) Evaluate Investment Manager reported results.
- (8) If applicable, providing guidelines to its Investment Manager(s) regarding the voting of proxies or investment securities owned on behalf of the Program.

Committee on Investments

Specific responsibilities of the Committee on Investments related to the oversight of the MCIP include:

- (1) As needed or requested by either the Board or the Committee on Investments, interviewing, reviewing MD529 staff or Investment Consultant investment manager recommendations in order to maintain qualified Investment Managers/mutual funds.
- (2) Recommending a comprehensive investment policy that addresses items such as financial and investment objectives, asset allocation, benchmarks, liquidity and general maintenance guidelines (e.g., diversification and quality guidelines).
- (3) Setting guidelines and monitoring and evaluating results to ensure that policy is being adhered to and that policy objectives are being met.
- (4) Communicating clearly the major duties and responsibilities of those qualified agents accountable for achieving investment results and to whom specific responsibilities have been delegated (i.e., the Executive Director, the Director of Investments and Cash Management, the Investment Adviser and the MCIP's investment managers).
- (5) Providing recommendations to the full Board on the appointment, retention and termination of appropriate investment advisers or Third Party Administrator.
- (6) Assigning such work and studies as may be necessary to keep committee members adequately informed as to the portfolio's status.
- (7) Communicating with the Board about investment activity and portfolio status and performance and generating and approving written minutes of all Committee on Investments meetings, including all resolutions approved by the committee for action.

Third Party Administrator / Program Manager

Certain responsibilities for day-to-day plan administration and operation have been delegated to T. Rowe Price, a third party administrator, (in such capacity, the "Program Manager") which shall perform the following primary functions, among others, as will be detailed in a formal services agreement.

- (1) Maintaining individual Account Holder records,
- (2) Processing Account Holder contributions and distributions,
- (3) Processing and issuing 1099Q tax forms for Qualified Higher Education Expenses,
- (4) Administering existing Investment Options and any new Investment Options,
- (5) Maintaining custodial and Investment Option provider records,
- (6) Providing a toll-free call center for Account Holders,
- (7) Providing updated and accurate information for the Maryland529.org website,

- (8) Valuing all Account Holder accounts,
- (9) Distributing Account Holder statements and summaries of quarterly financial data,
- (10) Providing enrollment, marketing and customer service assistance services,
- (11) Providing assistance and information to the Board, as needed.

Investment Adviser

Certain responsibilities for day-to-day investment management of the Program's assets have been delegated to a professional investment adviser (in such capacity, the "Investment Adviser"), which shall perform the following primary functions, among others, as will be detailed in a formal investment advisory agreement.

- (1) Assist the Board in fulfilling its responsibilities regarding the MCIP.
- (2) Review and recommend changes to the menu of Investment Options available to Account Holders.
- (3) Review and recommend changes to the Underlying Investments that are used to implement the Investment Options.
- (4) Search for, interview, select and maintain qualified Investment Managers.
- (5) Review of each Investment Manager's adherence to its objectives, performance and fund expenses as detailed in Section IV of this Policy, including performance of active Investment Manager(s) and mutual funds and passively managed investments (e.g. index fund), including a report on the performance of each Investment Manager. This report, which will be produced on at least a quarterly basis, shall include its investment return and its placement in its peer universe over short, intermediate, and long term investment periods.
- (6) Any additional duties as may be provided in the written agreement between the Board and the Investment Adviser.

Investment Consultant

The Board has determined that it is necessary and reasonable to retain, a professional investment adviser (the "Investment Consultant"), to advise the Board with regard to the investments of the MCIP. The Investment Consultant's duties shall generally include the following:

- (1) Assisting in the development, implementation and evaluation of the investment policy that reflects the Program's investment objectives including risk tolerance, performance, funded status, and expenses/investment management fees.
- (2) Assist in the review of asset allocation strategies proposed by the Investment Adviser.

- (3) Assisting in the development, implementation and evaluation of an investment manager structure that provides appropriate diversification with respect to the number and types of investment managers retained and guidelines for those investment managers to follow.
- (4) Making recommendations regarding the identification of appropriate market benchmarks and peer groups against which each investment option should be evaluated and reviewed at least annually.
- (5) Assisting in the search process for service providers, including on-site due diligence as required.
- (6) Producing quarterly reports to assist in evaluating the investment plan, risk, and performance. Such reports will evaluate the performance and risk characteristics of each Investment Manager relative to established objectives. The Investment Consultant will also evaluate the investment style of each Investment Manager to determine if the Investment Manager is fulfilling the role for which they were hired. In conjunction with these reports, the Investment Consultant will provide recommendations for action when appropriate or when requested.
- (7) Monitoring the investment management firms and products employed by the Program on an ongoing basis and inform the Board and the Maryland 529 Staff, as appropriate, of any developments that might impact performance and/or the liquidity profile of the Program's investments.
- (8) Educating Maryland 529 Staff and the Board, as appropriate, on investment issues that could impact the Program.

In coordination with the Director of Investments and Cash Management, actively monitor allocations and recommend rebalancing the portfolio as needed to remain in compliance with the approved asset allocation policy.

Investment Manager(s)

The Board will retain external Investment Managers either directly, or indirectly through the Investment Adviser, to manage the Program's Investment Options. The Investment Managers, as fiduciaries of the MCIP, assume certain responsibilities. Specifically, the Investment Managers have discretionary authority to invest a specific allocation of the MCIP subject to the parameters set forth in the investment guidelines governing the specific mandate in the case of separate accounts, or the mutual/commingled fund governing documents.

While the specific duties and responsibilities of the Plan's Investment Managers are contained in each contractual agreement between the designated Investment Manager and the Program, Investment Managers, in general, have the following responsibilities:

- (1) Comply with the applicable provisions and standards of the Enabling Legislation and

other applicable laws.

- (2) Understand and accept the designated role within the Program's investment menu.
- (3) Construct a portfolio of securities that reflects the execution of a specific investment strategy.
- (4) Adhere to its Investment Management Agreement including the investment guidelines governing the management of the assets.
- (5) Periodically report to the MCIP Staff or the Board, and the Investment Adviser, regarding the assets under management.
- (6) Provide timely notification to Maryland 529 staff and the Investment Consultant regarding any changes in investment philosophy, management, ownership or key personnel, changes in benchmarks, accounting treatment, regulatory notices and resolution outcomes.
- (7) Meet with the Board, and/or the Investment Adviser, as requested, generally at least annually.

The Board acknowledges that, if it elects to invest in a commingled investment product (e.g. a group trust, mutual fund, limited partnership, etc.), the policies and governing documents established for that product will control and may not comply fully with policies established for the MCIP. The Board will monitor the performance of commingled funds to the extent appropriate for the particular product in accordance with the principles set forth in this document.

Maryland 529 Staff

Under direction of the Executive Director, the Director of Investments and Cash Management is responsible for the Program's investments and the day-to-day responsibility of ensuring that the Program's investment policies are followed. Specific responsibilities include:

- (1) Regularly reviewing the Investment Policy Statement with the Committee on Investments and the Board.
- (2) Reviewing asset allocation strategies with the Committee on Investments and the Board.
- (3) Reviewing Investment Adviser actions with respect to appointing, retaining and terminating Investment Managers, deploying assets, and implementing tactical investment strategies.
- (4) Communicating with and monitoring the Investment Adviser on a regular basis.
- (5) Accounting for and verifying portfolio positions and activity.
- (6) Meeting with and monitoring the Program's Investment Adviser, Investment Consultant and other third-party service providers on a regular basis, including the services provided.

- (7) In coordination with the Investment Adviser and Investment Consultant, actively monitor allocations and recommend rebalancing the portfolio as needed to remain in compliance with the approved asset allocation policy.
- (8) Review the reporting information, distributed to the Committee on Investments, that is generated by the Investment Consultant and/or the Investment Adviser. Report should include items such as: performance, risk, liquidity, fees, rebalancing transactions and manager guideline compliance.

III. ASSET ALLOCATION AND LONG-TERM PERFORMANCE

Objectives

The Program provides a broad range of Investment Options designed to accommodate the different time horizons and risk tolerances common among Account Holders investing for Qualified Higher Education Expenses. Each Investment Option will be composed of one or more Underlying Investments. While the Board will pursue a level of return on the Investment Options that is competitive with applicable independent benchmarks, Account Holders bear the risk of investment results derived from the selected Investment Option specifically and the Program generally.

Investment Philosophy and Strategy

The Board will exercise due care to adequately diversify Investment Options as it implements strategies to achieve the objectives of the Program. Due diligence will be conducted and documented by Maryland 529 staff and/or the Investment Consultant with respect to the specific investment strategies. Several philosophical beliefs underpin how the Investment Options of the Program should be structured. They are:

- (1) Over the long-term, equities are expected to outperform fixed income investments. Furthermore, the long-term nature of Account Holders' investment objectives makes them well suited to bear at least a portion of the added variability of return from equities in return for the greater long-term expected return. Accordingly, the Program's Enrollment-Based asset allocation will favor higher allocations to equities for younger Beneficiaries with a goal of achieving higher investment returns, and a smaller allocation for Beneficiaries closer to their expected matriculation.
- (2) Many segments of the capital markets are sufficiently inefficient and the rewards of sufficient magnitude to warrant pursuing active management (i.e. actively-managed mutual funds) with the goal of outperforming passive management over time.
- (3) The Program's Investment Options may benefit from low cost passively-managed investment (i.e. index funds) with a goal of achieving returns equal to the index less expenses.
- (4) The Program's Investment Options may benefit from including a blend of actively-managed mutual funds and index funds.

- (5) The Program's Investment Options will be diversified and will be broadly representative of the asset classes or mix of asset classes as defined by their market benchmarks.

Investment Goals

The primary goal of the Investment Options is to ensure that Account Holders are provided with diversified investment opportunities that meet or exceed benchmarks over a market cycle to help them achieve their college savings goals.

In overseeing the strategic asset allocation for the Program, an emphasis is placed on the long-term characteristics of individual asset classes, and the benefits of diversification among multiple asset classes. Consideration is also given to the proper long-term level of risk for Account Holders, particularly with respect to the long-term nature of the investments and the impact of asset allocation on investments.

In accordance with these requirements, the Board intends to provide Account Holders with a selection of Investment Options that represent a broad risk/return spectrum in order to achieve their own investment goals based on the following:

- (1) Each Investment Option should be cost-competitive and broadly diversified within its investment mandate;
- (2) Each Investment Option should seek to achieve competitive investment returns; and
- (3) Each Investment Option's investment strategy should be easily communicated to Account Holders.

Asset Classes

The appropriate Investment Option(s) for each Account Holder is a function of multiple factors, including the age of the Beneficiary, investment time horizon, and tolerance for investment risk.

The Underlying Investments are to be invested in the following broad asset classes:

- (1) Short-Term Reserves, including Cash;
- (2) Fixed Income Securities;
- (3) U.S. Equity Securities;
- (4) International Equity Securities; and
- (5) Inflation Sensitive Securities / Real Assets.

Investment Options

The Board has determined that the following Investment Options, Enrollment-Based and Fixed, afford Account Holders the best opportunity to diversify their investment, taking into consideration time horizon and risk tolerance. Details with regard to each Investment Option are included in the Program's enrollment kit.

Enrollment-Based Portfolios

The Enrollment-Based Portfolios are designed to take into account the Account Holder's investment horizon based on the Beneficiary's age. Account Holders may choose from among Investment Portfolios targeted to an expected college enrollment year of a Beneficiary. Portfolios designed for younger children place greater emphasis on equity investments for growth. When an investment portfolio is within 15 years of moving into the Portfolio for Education Today, the investment portfolio's Account assets will typically be shifted progressively to more conservative allocations through increased exposure to fixed-income investments. Assets are moved to the Portfolio for Education Today in the year corresponding to the title of the Investment Portfolio. Account Holders may also elect a more aggressive or conservative approach by designating an Investment Portfolio that differs from the one corresponding to the Beneficiary's expected year of college enrollment.

Fixed Portfolios

The program offers Investment Portfolios and individual investment options that allow Account Holders to invest in a fixed, or static, asset allocation. The Fixed Portfolios are broadly diversified, and include exposure to the broad equity and fixed income markets, and in certain funds to diversified real assets. The Fixed Portfolios offer a diverse range of risk and return profiles for Account Holders to utilize for constructing portfolios suitable for their individual time horizons and risk tolerances.

Long-Term Target Allocations

Investment Options that utilize multiple underlying funds ("Underlying Investment(s)") to achieve a target asset allocation are expected to be invested at or near those target allocations over time.

Market Timing and Short-Term Allocation Shifts

Variations in a target asset allocation may occur for two reasons. First, the Board may permit its Investment Manager(s) to over-or underweight a particular target asset allocation based on market conditions. Second, the Board recognizes that there may be short-term variances in the actual asset allocations of an Investment Option to allow for changing conditions such as market fluctuation and cash flow.

The Board desires to allow its Investment Manager(s) and mutual funds the opportunity to operate without undue interference, and to adjust allocations within the variance ranges set forth in the appendices. However, it is not the general intention of this Policy to allow short-term judgments to introduce significant unneeded risk.

Performance Measurement

The Board will review the quarterly performance reports provided by the Investment Adviser. In cases where the Board hires new Investment Manager(s), the Board and the Investment Consultant and Maryland 529 Staff will agree upon the inception date and benchmarks for measurement of performance in advance of funding the account.

The performance objectives are to be used as a basis for reviewing and monitoring a particular Investment Manager or mutual fund, not as the sole measurement for termination if such objectives are not achieved.

Appendix A lists the market index benchmarks for the Program by asset class. The actively-managed Underlying Investments are expected to produce total returns that exceed their benchmark and that rank above the median in performance of the universe listed over a three- and five-year period. In addition, volatility of returns should be commensurate with the peer universe of funds. The passively-managed Underlying Investments are expected to produce total returns over the three-and five-year period that match their benchmark (minus identified fund expenses).

Each Underlying Investment will comply with its prospectus in instances when the Underlying Investment is a mutual fund. Style-specific indices, as well as style-specific manager/fund universes, may also be used to assist in evaluating the performance of the Underlying Investment.

IV. EVALUATION AND REVIEW

Review of Investment Manager(s)/ Mutual Funds

The Investment Manager(s) and mutual funds will discharge their responsibilities with respect to that portion of the Program's assets under their management in accordance with the fiduciary responsibility provisions of the applicable mutual fund account agreement or investment management agreement.

The Investment Adviser, Investment Consultant and Maryland 529 Staff will monitor Investment Managers/mutual funds and periodically review performance with the Board. The Investment Consultant will provide ongoing performance reporting that will emphasize, but not be limited to, the following:

- (1) Each Investment Manager's and mutual fund's adherence to this Policy, Investment Manager's guidelines and each prospectus/offering document, as applicable.
- (2) Comparison of Investment Manager/mutual fund results to the benchmarks identified in Appendix A.
- (3) Comparison of Investment Manager/mutual fund results to a relevant peer using similar policies (i.e. in terms of diversification, volatility, style, trading volume, etc.).
- (4) The opportunities available in the different asset classes.
- (5) Material changes to the Investment Manager's/mutual fund's organizational stability, including changes in ownership or personnel; changes in its investment philosophy, additions and losses of customer accounts, assets under management, etc.
- (6) Offenses of either regulatory or ethical standards, or acts of moral turpitude that are committed by the investment firm's owners or one or more members of their staff.

The Board will review and monitor investment performance quarterly. The Board will consider a number of qualitative and quantitative factors when selecting and monitoring any Investment Option or Underlying Investment. However, no single factor will determine whether an Investment Option or Underlying Investment should be added, retained, or eliminated; and certain factors may carry more weight in the Board's final analysis.

With regard to performance evaluation, the Investment Consultant and the Maryland 529 Staff will continually monitor the Underlying Investments' benchmarks to ensure that they are the most appropriate for comparison purposes.

Open/Closed Architecture

Closed Architecture plans have all, or nearly all, of the investment options managed by one firm and its related entities. Open Architecture plans may select from the full suite of offerings available in the marketplace and typically employ investment options from multiple investment firms.

The Board acknowledges that under a Closed Architecture system, the ability to replace investments may be limited if there are no readily available alternatives without affecting asset allocation. Additionally, Program Manager and/or Investment Adviser contracts may exist for an extended period of time beyond the 3- and 5-year periods mentioned earlier.

Frequency of Measurement

The Board will monitor and review investment performance at least quarterly.

Consistency in Investment Approach

The Board will have little or no tolerance for an inconsistent investment approach. Therefore, the Board will carefully monitor its Investment Manager(s) and mutual funds on several key indicators of possible inconsistency:

- (1) Changes in portfolio managers or firm ownership;
- (2) Evidence that actual portfolio characteristics do not follow the Investment Manager's or mutual fund's published investing style; and
- (3) Performance patterns not logically explainable in terms of the published style, or performance out-of-step with the Investment Manager's or mutual fund's style peer group.

None of these indicators is taken to be conclusive evidence of inconsistency. Such a finding will be based upon the facts and circumstances surrounding the particular Underlying Investment.

Market Indices – Active Management

The Board recognizes that Investment Manager(s) and mutual funds must use the broad capital markets as their basic tools for investing and that a substantial portion of investment returns will not be attributable to management skills, but rather to the markets themselves. However, the Board expects active (non-index) Underlying Investments to add value to the broad markets' returns, net of fees. Accordingly, the Board will consider performance of actively-managed Underlying Investments to be adequate if such Underlying Investments exceed the benchmark's absolute return and place above median in their peer universe over rolling three-and five-year periods as advised by the Investment Adviser.

Watch List

A Watch List serves two basic purposes. First, it is a step the Board can take to begin transitioning from one Underlying Investment to an alternative Underlying Investment. Second, it allows the Underlying Investment on the Watch List to take any corrective action (or justify its changing condition) before the Board elects to terminate its existing relationship with the Underlying Investment. In each case, the Board may ask for an explanation from the Investment Manager of the poor performance history of the Underlying Investment.

Active Management

An Underlying Investment may be placed on the Watch List if based on the most recent three-year performance history, it has not met or exceeded the benchmark return and has not performed better than or equal to the median (50th percentile) manager in the appropriate peer universe as advised by the Investment Adviser.

Passive Management

An Underlying Investment may be placed on the Watch List if the following events occur:

- (1) if the Underlying Investment's rolling three-year annualized return has lagged its benchmark by greater than its expense ratio.

Both Management Styles

An Underlying Investment may be placed on the Watch List if a significant change occurs in any one or more key qualitative characteristics of the Underlying Investment including but not limited to the following:

- (1) Adherence of the Underlying Investments to the guidelines established in this Policy;
- (2) Material changes in an Underlying Investments investment style and changes in key personnel (including manage turnover);
- (3) Material changes in an Underlying Investment's financial condition (including any significant changes in total assets under management); and
- (4) Any other matters the Board deems relevant.

Removal from Watch List

An Underlying Investment may be removed from the Watch List when it has either exceeded or matched (for index funds, gross of identified mutual fund expenses) its benchmark in the most recent three-year period, as applicable.

Investment Manager/Mutual Fund Termination

Investment Manager(s) and mutual funds may be terminated at the discretion of the Board. Reasons for termination may include:

- (1) They have committed a significant or intentional breach of their mandate or directive.
- (2) They have experienced the loss of key personnel.
- (3) They have breached a fiduciary duty.
- (4) Their performance has not met the expectations of the Board.
- (5) Performance has not been acceptable. Generally, decisions based on performance will be made over a full market cycle (three to five years), although the period may be shorter when severe underperformance or other evidence exists that suggests inconsistencies between the Investment Manager's or mutual fund's stated style and the characteristics of Underlying Investments.

Frequency of Meetings

The Investment Adviser and the Investment Consultant will meet with the Board at least quarterly to report on the performance of the financial markets, the Investment Options, and, if requested by the Board, the Underlying Investments. Meetings also will include the Board's review of selected investment performance and characteristics.

V. OPERATIONAL GUIDELINES

General

Assets are to be managed in conformity with the stated investment guidelines. The Investment Manager(s) shall notify the Board in writing of any material deviations from the investment guidelines set forth in the applicable prospectus and/or appropriate investment fund plan documents within one business day of the discovery of such deviation.

Exemptions

Although investments held through mutual funds, commingled funds, group trusts, and common and collective trust funds are expected to comply with “the spirit” of this Policy, the Board acknowledges that they are bound by the prospectus and/or appropriate investment fund plan documents as the legal governing document for such funds.

Number and Type of Investment Manager(s) and Mutual Funds to be used

Subject to contractual obligations with any existing Investment Manager, the Board may utilize multiple Investment Managers and mutual funds when practical and consistence with its obligations as Fiduciary to the Program.

Investment Manager/Mutual Fund Selection

The Board will hire experienced registered professional Investment Manager(s) and mutual funds to manage the assets of the Program.

No Investment Manager or mutual fund will be hired who has not, by its record and experience, demonstrated its fiduciary responsibility, its investment expertise, its investment experience, and its capacity to undertake the mandate for which it is being considered.

To act in as an Investment Manager, firms must:

- (1) Acknowledge in writing a fiduciary relationship with respect to the Program;
- (2) Be currently registered and maintain registration as an investment advisor under the Advisers Act, a bank (as defined in the Advisers Act), or an insurance company qualified to perform investment management services under the law of more than one state

unless otherwise approved on an exception basis; and

- (3) Be granted by the Program the power to manage, acquire or dispose of assets of the Program pursuant to this Policy and the prospectus and/or appropriate investment fund plan documents governing the investment.

The Board will conduct thorough due diligence before the selection of all Investment Managers and mutual funds.

VI. POLICY MODIFICATION AND REVISION

Frequency of Policy Review

The Board may use each of its periodic investment performance evaluations as occasions to also consider whether any elements of the existing Statement of Investment Policy are inconsistent with its objectives. However, a formal review of the Policy will occur at least annually. Key environmental or operational occurrences, which could result in a Policy modification, include:

- (1) Significant changes in Account Holder investment objectives;
- (2) Impractical time horizons;
- (3) Change in the Program's priorities;
- (4) Convincing arguments for change presented by Investment Manager(s), mutual funds or Investment Advisors;
- (5) Federal and/or state legislation and regulations; and
- (6) Areas found to be important, but not covered by the Policy.

Policy Modification

While the Board will review this Policy at least annually, the Board recognizes that major changes to the Policy can potentially produce damaging inconsistency. Changes, particularly the type that can be characterized as reversals of direction, or "responses" to current market conditions from time to time, are viewed as particularly undesirable. However, the Board acknowledges that this Policy should be responsive to changing conditions, particularly those affecting Account Holder investment objectives and the requirements of the Internal Revenue Code and the Enabling Legislation.

VII. POLICY ADOPTION

The Board has adopted this amended Policy as of October 27, 2022.

Program Manager's Acknowledgement:

We have received, reviewed and understand the Program's Investment Policy.

By: _____

Name:

Title:

Company:

Date

Appendix A

Underlying Investment Benchmarks

The following table presents the current Investment Benchmarks for each Underlying Investment by Asset Class.

Asset Class	Underlying Investment	Benchmark
Domestic Stocks	TRP Equity Index 500 Fund TRP Mid-Cap Index Fund TRP Small-Cap Stock Fund TRP Blue Chip Growth Fund TRP Value Fund TRP Mid-Cap Growth Fund TRP Mid-Cap Value Fund TRP Large-Cap Core Fund TRP Small-Cap Stock Index Fund TRP US Equity Research Fund	S&P 500 Index Russell Select Mid Cap Index Russell 2000 Index Russell 1000 Growth Index Russell 1000 Value Index Russell Mid-Cap Growth Index Russell Mid-Cap Value Index S&P 500 Index Russell 2000 Index S&P 500 Index
International Stocks	TRP International Equity Index Fund TRP Overseas Stock Fund TRP International Value Equity Fund TRP International Stock Fund TRP Emerging Markets Stock Fund TRP Emerging Markets Disc'y Stock Fund	FTSE All World Developed ex N. America Index MSCI EAFE Index MSCI EAFE Value Index Net MSCI ACWI ex USA Growth Index MSCI Emerging Markets Index MSCI Emerging Markets Index
Real Assets	TRP Real Assets Fund	MSCI All-Country World Index ex USD Net Real Asset Combined Index Portfolio
Fixed Income	TRP Spectrum Income Fund TRP New Income Fund TRP QM US Bond Index Fund TRP High Yield Fund TRP Emerging Markets Bond Fund TRP International Bond Fund	Barclays U.S. Aggregate Bond Index Barclays U.S. Aggregate Bond Index Barclays U.S. Aggregate Bond Index Credit Suisse High Yield Index JPM Emerging Markets Bond Index Global Blended Benchmark
Short-Term Fixed Income	TRP Short-Term Bond Fund TRP US Limited Duration TIPS Index Fund	Barclays U.S. 1-3 Year Govt./Credit Bond Index Bloomberg US 1-5 Year Treasury TIPS Index
Money Market	TRP US Treasury Money Market Fund	Lipper US Treasury Money Market Funds Index
ESG	Vanguard FTSE Social Index	FTSE4Good US Select Index