2018 Annual Report

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

Maryland Senator Edward J. Kasemeyer College Investment Plan

Maryland 529

formerly College Savings Plans of Maryland

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Lt. Governor

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Maryland529

formerly College Savings Plans of Maryland

December 2018

Dear Friends,

This has been an exciting year of change for Maryland 529. On May 8, 2018, Maryland Senate Bill 933 was signed into law renaming the Maryland Prepaid College Trust as the Maryland Senator Edward J. Kasemeyer Prepaid College Trust and the Maryland College Investment Plan as the Maryland Senator Edward J. Kasemeyer College Investment Plan. Retiring at the end of his current term, Senator Kasemeyer has served in the Maryland General Assembly nearly continuously since 1983, and was one of the primary sponsors of the legislation that originated the Maryland college savings programs.

Plan changes were also brought on as a result of federal tax reform passed at the end of 2017. Tax reform expanded the definition of "Qualified Higher Education Expenses" under Section 529 of the Internal Revenue Code to include tuition expenses used for elementary or secondary education, limited to $10,000 per year per Beneficiary. The expanded definition applies to the Investment Plan, but not the Prepaid Trust which specifically contracts with account holders to pay higher education tuition. An additional change was made to Rollover Distributions. Rollovers are now permitted from Qualified Tuition Programs to eligible Achieving a Better Life Experience (ABLE) accounts, which allow people with disabilities to save for qualified expenses.

Families across Maryland continued to entrust their college savings with the Maryland Senator Edward J. Kasemeyer Prepaid College Trust (MPCT) and the Maryland Senator Edward J. Kasemeyer College Investment Plan (MCIP). At the close of the fiscal year, accounts were held on behalf of approximately 232,091 beneficiaries across the two plans and assets totaled over $6.9 billion.

The Maryland Senator Edward J. Kasemeyer Prepaid College Trust remains sound and was fully funded at fiscal year-end. The driving forces were solid investment results and lower than anticipated tuition increases. The Prepaid College Trust investments had returns of 7.1% and at the end of the fiscal year was valued at over $1 billion and had an actuarial surplus. One advantage of having an actuarial surplus is that it can help to reduce the impact of future events that could detract from the Trust's soundness such as lower than expected investment earnings, higher than expected tuition increases, or both. With accounts held on behalf of 32,911 beneficiaries as of September 13, 2018, it is reassuring to know that the Prepaid Trust is in such strong fiscal health.

Investments in the Maryland Senator Edward J. Kasemeyer College Investment Plan reached approximately $5.8 billion as of June 30, 2018. In addition, the College Investment Plan had a net gain of 15,563 beneficiaries and reached a total of 199,180 beneficiaries at fiscal year-end. New account volumes increased 65% when compared to the same time period in 2017 which is largely attributable to the Save4College State Contribution Program. In the first two quarters of 2018, there were 13,407 new MCIP accounts opened as a result of the program, where new MCIP account holders with a Maryland taxable income less than $175,000 were eligible to receive a $250 or $500 contribution from the State of Maryland. With more than $614.5 million in contributions from account holders and mixed investment markets during the fiscal year, the average account balance was $21,053 as of June 30, 2018.

Thank you for making college savings a priority for your family and participating with Maryland 529. Every dollar you save results in achieving your student's education goals with a lower amount of student debt.

Sincerely,

The Maryland 529 Board

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Maryland 529 – Features and Benefits

Maryland 529 offers affordable and flexible options to help families save for higher education expenses and help lessen or even eliminate the need to borrow in the future to finance a college education. By choosing one or both plans, families are likely to find an option that suits their individual investing style, comfort level and budget.[1] Both plans can be used at nearly any public or private college nationwide.

The Maryland Senator Edward J. Kasemeyer Prepaid College Trust (sometimes referred to as Maryland Prepaid College Trust, Prepaid College Trust or Trust) allows participants to lock in future college tuition at today's prices and is backed by the security of a Maryland Legislative Guarantee. In the event that the Trust ever experiences a financial shortfall, Maryland law requires the Governor to include funds in the State budget to allow the Trust to pay full benefits. As with the entire State budget, the Maryland General Assembly has final approval.

Families can purchase as little as a 1-semester University Plan or a 1-year Community College Plan and can then purchase additional semesters or years at nearly any time at prices in effect at the time of purchase. Account holders can purchase as many as seven years of University tuition benefits, although no more than five years can be purchased on a single account. The Trust is open to 12th graders or younger, including newborns, although beneficiaries must be enrolled in the Trust for at least three years before they can begin to use their tuition benefits.

The Maryland Senator Edward J. Kasemeyer College Investment Plan (sometimes referred to as Maryland College Investment Plan, College Investment Plan or Plan) is overseen by the Maryland 529 Board and managed and distributed by a program manager, currently T. Rowe Price. It allows participants to choose from a variety of mutual fund-based portfolios. These options include Enrollment-Based Portfolios with investment allocations which 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 which 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.

This Plan can also be used towards 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 an early head start on saving for education expenses.

Another way families were able to save for college this year was through the Save4College State Contribution Program. Designed to help low- and middle-income families in Maryland save money for higher education, individuals who opened a College Investment Plan after December 31, 2016, and submitted an application between January 1 and June 1, 2018 were eligible to receive a $250 or $500 contribution from the State. In 2017, the inception year of the State Contribution Program, the State contributed approximately $475,000 for just over 1,900 unique accounts. In 2018, the State has allocated $3 million to be contributed to accounts attributed to the State Contribution Program by December 31. For more information, please visit **Maryland529.com/Save4College**.

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

- Tax-deferred growth at the Federal and Maryland State level;
- Tax-free earnings at the Federal and Maryland State level provided the funds are used for eligible higher education 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 be carried forward and deducted in future years. The income deduction is available to both Account Holders and contributors. However, Account Holders that receive a State Contribution to their MCIP account are not eligible for the income deduction for contributions made to the account which receives the State Contribution, or for any other MCIP account, in the tax year they receive the State Contribution.

[1] Please read our entire Enrollment Kit before deciding to enroll. If you or your beneficiary live outside of Maryland, check with your state to learn if it offers tax or other state benefits, such as financial aid, scholarship funds, and protection from creditors, that are only available for investments in the home state's plan. The Enrollment Kit contains investment objectives, risks, fees and expenses, and other information you should read and consider carefully before investing.

Market Commentary

Market performance has a direct effect on the overall performance of investments in the Maryland Senator Edward J. Kasemeyer College Investment Plan and Maryland Senator Edward J. Kasemeyer Prepaid College Trust. *The following is designed to provide a summary of market performance for the period ended June 30, 2018.**

U.S. STOCKS RALLY FOR FISCAL YEAR AS VOLATILITY RETURNS IN EARLY 2018

Solid improvements in the economy and corporate profits lifted U.S. stocks over the 12 months ended June 30, 2018. A landmark tax overhaul bill passed in December 2017, financial deregulation, and optimism about future earnings growth drove the S&P 500 Index steadily higher into January, when the index repeatedly closed at record levels. But after an unusually tranquil period lasting many months, volatility surged in February and the S&P 500 Index briefly experienced a correction as it tumbled more than 10% from its highs. Rising U.S. inflation and trade tensions emerged as major headwinds for global financial markets: In February, investors worried that the strengthening U.S. economy would lead the Federal Reserve to raise short-term interest rates at a faster-than-expected pace. More recently, U.S. trade policy raised concerns that protectionism and a tit-for-tat tariff cycle with China could inflict significant harm on the global economy. Despite these obstacles, the major U.S. benchmarks recovered from their early 2018 losses, and the technology-heavy Nasdaq Composite and small-cap indexes reached new highs by the spring.

U.S. stocks across all market capitalizations produced double-digit returns for the fiscal year. Small-cap stocks outpaced large-cap stocks as their domestic focus shielded them more from global trade headwinds, whereas large-cap stocks lagged as trade-related uncertainty dimmed the outlook for many companies with operations across multiple countries. Growth stocks widely outperformed value stocks across all market capitalizations, driven by the outsized gains in a handful of fast-growing, Internet-focused technology companies. Ten of 11 sectors in the S&P 500 Index rose, led by information technology. Energy stocks also outperformed the broad market as strong global growth and supply disruptions in a few countries drove oil prices to multiyear highs by period-end. The consumer staples sector was the sole decliner over the period.

Outside the U.S., stocks in developed markets gained, though they lagged the U.S.'s strong returns. The MSCI EAFE Index—which measures performance of stocks in the developed markets of Europe, Australasia, and the Far East—increased by 7.37%. The eurozone economy continued to recover, though growth eased in this year's first quarter from the previous quarter as strikes in Germany and France and political turmoil in a few countries took their toll on economic activity. Emerging markets stocks outpaced stocks in developed markets. Emerging Asian stocks performed the best, largely driven by strength in China, whose economy continued to exceed forecasts for most of the reporting period. Latin American stocks barely rose amid weakness in Brazil, which is grappling with a shaky recovery and an unstable government after emerging from its worst-ever recession a year ago.

U.S. INVESTMENT-GRADE BONDS DECLINE AS FED TIGHTENS POLICY, BUT HIGH YIELD ADVANCES

U.S. investment-grade bonds slightly declined as Treasury yields increased across all maturities. (Bond prices and yields typically move in opposite directions.) Generally strong U.S. economic data raised inflation concerns and curbed Treasury demand for most of the period. However, bouts of "risk off" sentiment sparked by geopolitical uncertainty occasionally spurred demand for safe-haven assets and helped restrain yield increases on longer-term Treasuries. The Federal Reserve raised its benchmark fed funds rate three times over the past 12 months, bringing it to a range from 1.75% to 2.00% in June. The Fed also projected a total of four increases for 2018, up from a March forecast of three increases.

The Treasury yield curve flattened over the reporting period as shorter-term yields increased more than longer-term yields. The yield on the 10-year U.S. Treasury note—a benchmark for long-term borrowing costs—reached a seven-year closing high of 3.11% in mid-May after a series of strong economic readings raised growth and inflation worries. However, interest rates fell back in subsequent weeks as Fed officials stressed their intention to move slowly in tightening monetary policy.

Within the investment-grade universe, long-term Treasury and corporate bonds declined, though asset-backed and mortgage-backed bonds posted slightly positive returns. On the other hand, high yield bonds—which tend to be less sensitive to rising interest rates than higher-quality bonds—outperformed other fixed income sectors with a solid positive return.

Outside the U.S., bonds in developed markets rose in U.S. dollar terms, helped by a stronger euro, pound, and yen versus the dollar. Shortly before period-end, the European Central Bank announced that it would wind down its long-running quantitative easing program by year-end but would refrain from raising its key rate from negative territory "at least through the summer of 2019." The yield on the 10-year German government bond decreased over the past year. However, yields on 2- and 10-year Italian bonds surged to multiyear highs in May amid fears that two antiestablishment political parties would gain ground in the country's next election and potentially result in Italy's exit from the common currency. Dollar-denominated emerging markets bonds retreated in U.S. dollar terms as local currency declines and rising political risk in several countries contributed to poor performance in 2018, wiping out previous months' gains.

**This discussion is provided by T. Rowe Price and is not a comprehensive discussion of all stock and bond market performance. It is also not a comprehensive discussion of risks associated with the Maryland Senator Edward J. Kasemeyer College Investment Plan and Maryland Senator Edward J. Kasemeyer Prepaid College Trust. For more detailed discussion of these risks, see the current Enrollment Kit.*

College Costs Review*

Increases in tuition and fees were relatively modest in the 2017–2018 academic year, consistent with the trend in recent years. In the decade between the 2007–2008 and 2017–2018 academic year periods, published in-state tuition and fees at public four-year institutions rose at an average rate of 3.2% per year beyond inflation compared with average annual increases of 4.4% and 4.0% over the two previous decades.

While annual cost increases have slowed in recent years, college costs continue to outpace inflation and represent a significant financial commitment for most families. Below are the latest data from the College Board on average higher education costs for 2017–2018 (see also the accompanying table):

- The average total cost of a four-year public university for in-state students rose by 1.3% from the previous academic year to $20,770.
- The average total cost of a four-year private college rose by 1.7% from the previous academic year to $46,950.

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

Education borrowing has declined in recent years, but paying for college remains a large financial burden for most families. Undergraduate students received an average of $14,400 in financial aid per full-time equivalent student in the 2016–2017 academic year (the most recent available data), according to the College Board. The figure includes $8,440 in grants, $4,620 in federal loans, and $1,340 in education tax credits, deductions, and Federal Work-Study.

Annual education borrowing declined for the sixth straight year in 2016–2017. On an inflation-adjusted basis, undergraduate students and their parents borrowed 2% more in 2016–2017 over a decade earlier but 18% less than in 2011–2012. Besides reflecting the strengthening U.S. economy, the data suggest that long-term financial preparation has paid off for some families and that 529 plans are an important option in such preparation.

PUBLISHED TUITION, FEES, AND ROOM AND BOARD CHARGES – NATIONAL AVERAGE

	Four-Year Private College	Four-Year Public College (In State)
2017-2018 Academic Year	$46,950	$20,770
Change from the previous academic year	1.7%	1.3%
Annual percentage increase over the past decade *above* the rate of inflation	2.2%	2.7%

**Source: Trends in College Pricing 2017 and Trends in Student Aid 2017 published by the College Board.*

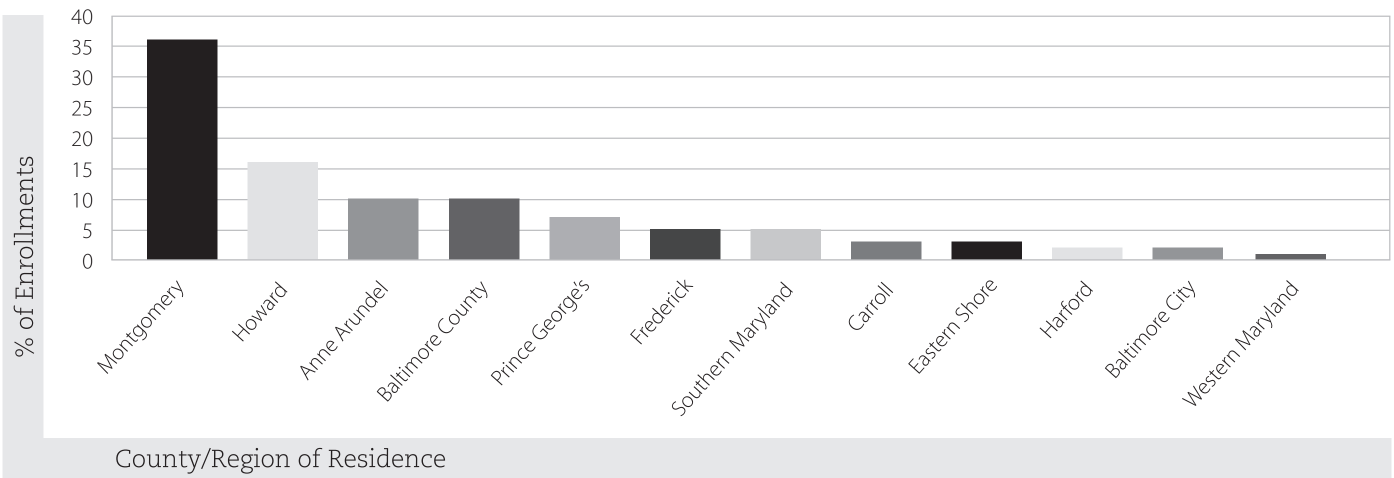
Maryland Senator Edward J. Kasemeyer Prepaid College Trust

PROFILE OF NEW PREPAID COLLEGE TRUST ENROLLMENTS

New Enrollment by County

Of the approximately 1,303 new enrollments that were received in the past fiscal year, Montgomery County residents produced the largest number of account holders, accounting for 36% of all new enrollments. Howard County was the second largest source of new enrollments (16%), followed by Anne Arundel (10%), and Baltimore (10%) counties, as illustrated in the following chart:

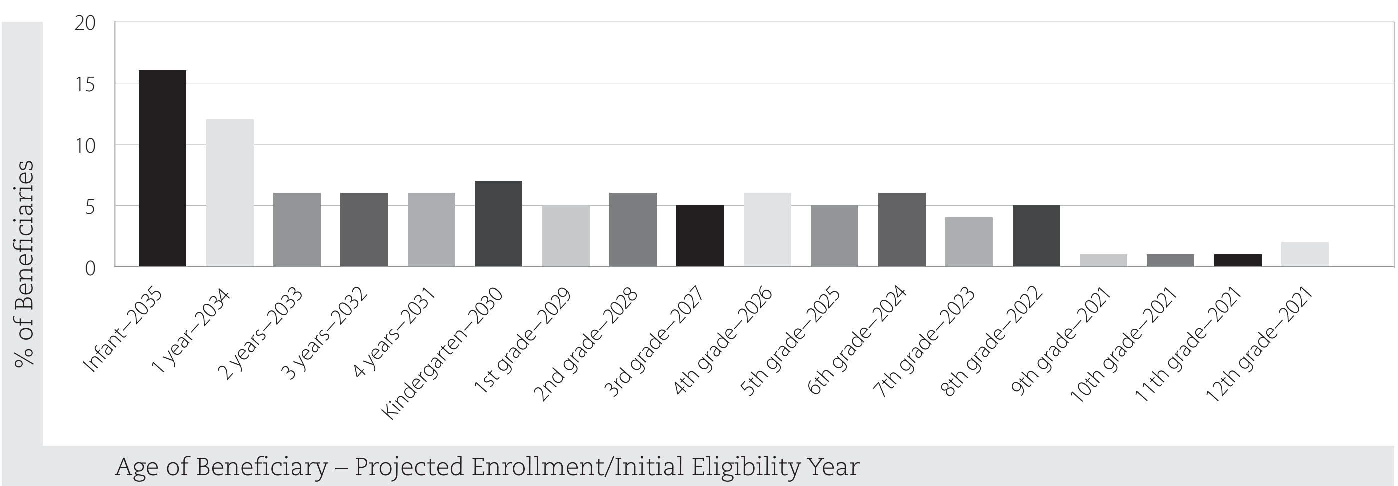
ENROLLMENTS BY COUNTY



Age of New Beneficiaries at Time of Enrollment

The infant age group provided the largest percentage of new enrollments of any age group in 2017-2018, with 16% of new enrollments. This age group can be enrolled anytime during the year and is not limited to an enrollment period.

AGE OF BENEFICIARIES

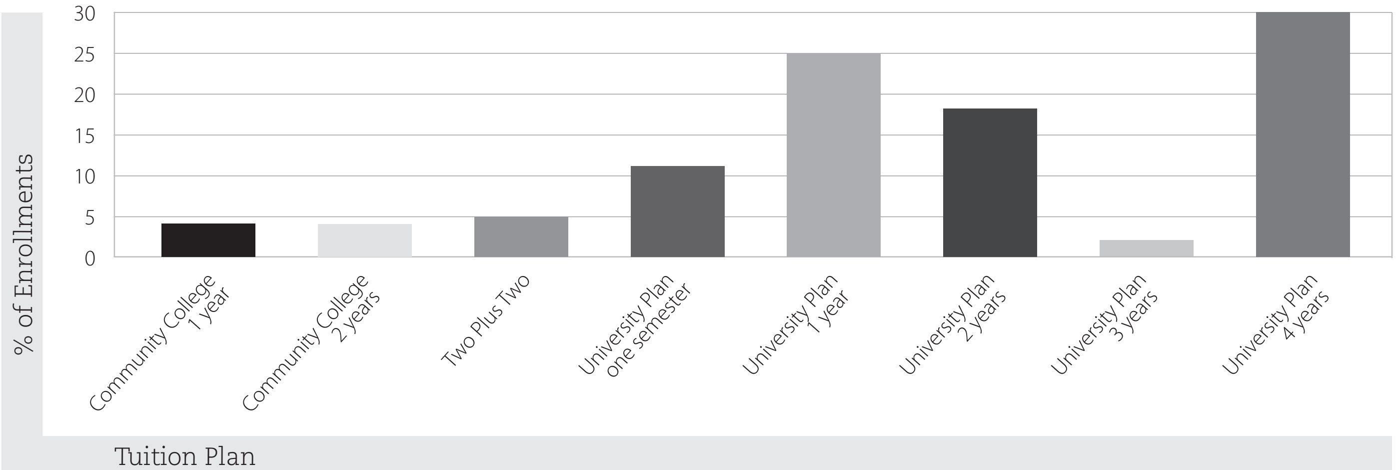


Maryland Senator Edward J. Kasemeyer Prepaid College Trust

Tuition Plan Selected

The four-year University Plan was our most popular enrollment option in 2017-2018, with 30% of new enrollments. The next most popular options were the one-year University Plan (25%) and the two-year University Plan (18%). Together, these three tuition plans comprised 73% of total tuition plans purchased.

TUITION PLAN SELECTION



STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

As of, September 6, 2018, 3,783 students claimed their benefits for the Fall 2018 semester. Approximately 57.6% of these students are attending Maryland public colleges, while 42.4% are attending a wide variety of private and out-of-state colleges across the country. This is the second year in a row where the number of students attending Maryland public colleges exceeded the number of students attending private or out-of-state colleges.

ACTUARIAL SOUNDNESS REPORT

The summary of the actuarial valuation issued by Gabriel Roeder Smith & Company dated October 29, 2018, appears on page 7. The purpose of the actuarial valuation is to assess the future value of the Trust's assets and its liabilities, and is discounted to reflect their present value.

As of June 30, 2018, the Trust was 155% funded with an actuarial surplus of $432.5 million, as compared with the previous fiscal year, where the Trust was 149% funded with an actuarial surplus of $382.4 million.

There are two primary reasons for the increase in the amount of the actuarial surplus. First, the Trust's investments produced an overall return of 7.1% during fiscal year 2018, as compared with the stated goal of 6.3%. This had a significant positive effect on the actuarial valuation. Second, the weighted average tuition at Maryland's public 4-year colleges increased by 1.94% for the 2017-2018 academic year. This actual increase is less than our projected tuition increase of 6%. Since the actual increase was lower than our projection, this also had a positive effect on actuarial valuation.

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

	2014	2015	2016	2017	2018
Actuarial Surplus/(Deficit) (mil)	$321.5	$294.7	$270.0	$382.4	$432.5
Funded Ratio	143%	136%	133%	149%	155%

GRS Retirement Consulting

P: 312.456.9800 | F: 312.683.3271 | www.grsconsulting.com

October 29, 2018

Treasurer Nancy K. Kopp
Board Chair
Maryland 529
217 E. Redwood Street, Suite 1350
Baltimore, Maryland 21202

Re: Maryland Prepaid College Trust Actuarial Valuation as of June 30, 2018

Dear Treasurer Kopp:

At the request of the Maryland 529 ("MD529"), Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the Maryland Prepaid College Trust ("MPCT") as of June 30, 2018. 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, 2018. This report should not be relied on for any other purpose.

The attached full actuarial report presents the principal results of the June 30, 2018 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, 2018, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

As of June 30, 2018, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is $781.5 million. Fund assets as of June 30, 2018, including the market value of program assets and the present value of installment contract receivables, is $1,214.1 million. The present value of all future tuition obligations and installment contract receivables are based on the actuarial assumptions used in the actuarial soundness valuation as of June 30, 2018, including a discount rate assumption of 6.30%, assumed annual tuition increases of 6.00% and assumed annual fee increases of 8.00%.

The difference between the market value of assets of 1,214.1 million and program obligations of $781.5 million represents a program surplus of $432.5 million as of June 30, 2018. The comparable program surplus as of the last actuarial valuation as of June 30, 2017, was $382.4 million.

The funded ratio of the program as of June 30, 2018, is 155.3%. This compares with a funded ratio as of June 30, 2017, of 148.9%.

120 North LaSalle Street | Suite 1350 | Chicago, Illinois 60602-3495

Treasurer Nancy K. Kopp
Board Chair
Maryland 529
October 29, 2018
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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, 2018.

The actuarial valuation results set forth in the full actuarial report are based upon data and information, furnished by MD529, concerning program benefits, financial transactions and beneficiaries of the MPCT. We reviewed this information for internal year-to-year consistency, but did not audit the data. Further, the data and information provided is through June 30, 2018, and does not reflect subsequent market volatility. The major actuarial assumptions used in the actuarial valuation were provided by and are the responsibility of MD529.

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

This is one of multiple documents comprising the actuarial report for the MPCT actuarial valuation. Additional information regarding actuarial assumptions and methods, and important additional disclosures are provided in the full actuarial valuation report as of June 30, 2018.

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

Respectfully submitted,

Gabriel, Roeder, Smith & Company

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

Amy Williams, ASA, MAAA, FCA
Consultant

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Maryland 529

Report on the Financial Statements

We have audited the accompanying statement of net position of the Maryland Senator Edward J. Kasemeyer Prepaid College Trust (the Trust), a component unit of the State of Maryland, as of June 30, 2018, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410.584.0060 • F 410.584.0061

SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The other data and information in the Annual Report, which includes the profile of new prepaid college trust enrollments, actuarial soundness report, and actuarial valuation letter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Hunt Valley, Maryland
October 29, 2018

SB & Company, LLC

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Prepaid College Trust's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2018. This discussion is designed to provide a general overview of the Trust's operations and Maryland 529's management analysis of its financial statements. The discussion should be read in conjunction with the Trust's financial statements and notes, which begin on page 17. Inquiries may be directed to the Trust at **Maryland529.com** or by mailing your request to 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202.

The financial statements of the Trust for the fiscal year ended June 30, 2018, have been audited by SB & Company, LLC which is also the independent public accountants for the State of Maryland.

Prepaid College Trust Financial Statements

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

Financial Highlights

- The Prepaid College Trust began receiving payments in fiscal year 2018 from 1,303 new enrollments received during fiscal year 2017. This is because the initial payments for these accounts were due on August 1, 2017, near the beginning of fiscal year 2018. Contract receipts were lower than the past fiscal year which can be attributed to overall contract sales being lower than contract sales in fiscal year 2016, the income of which began to be realized early in fiscal year 2017. Participants may be electing to enroll in the College Investment Plan which experienced increased contributions over the past year.
- Enrollment and other fees, as well as administrative expenses of Maryland 529, are accounted for in the financial statements of the Prepaid College Trust. Each account holder enters into a contract with the Prepaid College Trust for the prepayment of tuition. Each contract is for one or two years of community college and/or a semester or year(s) of university tuition benefits, which become available based on the enrollment year(s) purchased and after the contract has matured for at least three years. The Trust uses fees from three sources to pay the administrative expenses of Maryland 529:

  (1) A portion of all contract payments made to the Prepaid College Trust – this fee has been 2.50% since the 2001 enrollment period;

  (2) Enrollment and other fees paid to the Prepaid College Trust; and

  (3) Payments from the Program Manager of the College Investment Plan. Earnings calculations for Fiscal Year 2018 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, 2018
$47,662

Fiscal Year Ended June 30, 2017
$49,990

Revenues from enrollment fees remained flat despite a slight decrease in enrollments. Fees received from the College Investment Plan decreased slightly from fiscal year 2017 as a result of the lowering of the State Fee applicable to College Investment Plan assets from 0.07% to 0.05% effective at the start of fiscal year 2018. This fee reduction had a slightly negative impact on Maryland 529 assets, but reduced fees assessed to College Investment Plan account holders.

ENROLLMENT AND ADMINISTRATIVE FEES (in thousands)

Fiscal Year Ended	June 30, 2018	June 30, 2017
Prepaid College Trust	$ 68	$ 68
College Investment Plan	2,778	3,284
Total	$2,846	$3,352

INVESTMENTS (in thousands)

	As of June 30, 2018		As of June 30, 2017	
	AMOUNT	**PERCENT**	**AMOUNT**	**PERCENT**
Intermediate Duration Fixed Income	$ 218,227	20.3%	$ 149,228	14.6%
Senior Secured Loans	55,362	5.2%	49,261	4.8%
High Yield Fixed Income	51,224	4.8%	50,338	4.9%
Emerging Market Debt	52,657	4.9%	68,066	6.7%
S&P 500 Core	55,088	5.1%	65,041	6.4%
Domestic Large Cap Value	43,683	4.1%	52,846	5.2%
Domestic Mid Cap Core	47,532	4.4%	52,866	5.2%
Domestic Small Cap Core	55,885	5.2%	45,363	4.4%
Low Volatility US Equity	54,676	5.1%	50,554	5.0%
International Equity	46,389	4.3%	52,846	5.2%
Developed Markets Equity - Large Cap	98,846	9.2%	112,353	11.0%
Developed Markets Equity - Small Cap Core	56,447	5.3%	56,670	5.6%
Emerging Markets Equity	47,107	4.4%	57,348	5.6%
Private Real Estate	162,026	15.1%	134,158	13.2%
Private Equity	27,795	2.6%	22,791	2.2%
Total Investments	$1,072,945	100.0%	$1,019,729	100.0%

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the Trust as of June 30, 2018. Net position is defined as total assets less total liabilities. The Statement of Net Position, along with all of the Trust's financial statements, is prepared using the accrual basis of accounting. Under this method of accounting, revenues and assets are recognized when the enrollment materials are received in good order, benefit distributions and refunds are recognized when paid, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Trust classifies assets and liabilities as current and noncurrent. Current assets consist primarily of investments, tuition contracts receivable, as well as cash and cash equivalents. Of these amounts, investments comprise approximately 95.5% of current assets. Tuition contracts receivable represent virtually all of the noncurrent assets. Current liabilities consist of the current portion of the Trust's accrued tuition benefits. Also included in this category are payments received in advance of their due date, accounts payable and accrued expenses. Noncurrent liabilities consist of accrued tuition benefits.

For the fiscal year ended June 30, 2018, the net position of the Trust increased by $49.9 million. The largest contributing factor to the increased overall position was the investment performance of the portfolio. The Trust's assets generated a 7.1% return on investments which was higher than the 6.3% projected rate of return.

The following chart presents the condensed Statements of Net Position as of June 30, 2018 and 2017:

(in millions)	As of June 30, 2018	As of June 30, 2017
ASSETS		
Current	$1,123.2	$1,072.2
Noncurrent	106.0	107.9
Deferred outflows related to pension	.6	.5
Total	1,229.8	1,180.6
LIABILITIES		
Current	85.7	81.0
Noncurrent	711.4	717.1
Deferred inflows related to pension	.2	-
Total	797.3	798.1
Net Position	$ 432.5	$ 382.5

Statement of Revenues, Expenses and Changes in Net Position

Changes in net position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present both operating and non-operating revenues received by the Trust and the expenses, gains and losses incurred by the Trust.

Operating revenues consist of tuition contract revenue and administrative fees, both of which are primarily generated by new enrollments in the Trust. Operating expenses are those expenses paid to acquire goods or services and to pay tuition benefits. Non-operating revenues are primarily revenues received from investments.

For the fiscal year ended June 30, 2018, the Trust reported an operating loss of $23.0 million. The loss was mainly the result of tuition benefit expense exceeding tuition contract revenue by $23.0 million in 2018. The Trust also saw a decrease in the number of new contracts.

Non-operating revenue, which includes investment gains of $55.4 million and $17.5 million of other investment income increased $72.9 million for the fiscal year ended June 30, 2018. Combined, operating loss and non-operating revenue resulted in an increase in net position of $49.9 million.

The chart below presents the condensed Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2018 and 2017:

	FISCAL YEAR END	
(in millions)	June 30, 2018	June 30, 2017
OPERATING REVENUES		
Tuition Contracts	$42.8	$ 32.1
Administrative Fees	4.1	4.6
Other Operating Revenue	.5	-
Total	47.4	36.7
OPERATING EXPENSES		
Tuition Benefits	65.9	36.5
Administrative Expenses	4.5	3.1
Total	70.4	39.6
OPERATING LOSS	(23.0)	(2.9)
NON-OPERATING REVENUES		
Change in Fair Value of Investments Gain	55.4	95.8
Investment Income	17.5	17.1
Total	72.9	112.9
Change in Net Position	$49.9	$110.0

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

Statement of Cash Flows

The Statement of Cash Flows presents cash flows by the following categories: operating, investing, and capital and related financing activities. The net cash provided by or used by the Trust by category is also presented.

The following chart presents the condensed Statement of Cash Flows for the fiscal years ended June 30, 2018 and 2017:

	FISCAL YEAR END	
(in millions)	June 30, 2018	June 30, 2017
CASH PROVIDED (USED) BY:		
Operating Activities	$(21.3)	$(13.8)
Investing Activities	20.0	(38.7)
Net Change in Cash and Cash Equivalents	(1.1)	(52.5)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3.4	55.9
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2.3	$ 3.4

Budgetary Control and Financial Oversight

The Prepaid College Trust is administered by Maryland 529, an independent State agency that does not receive an appropriation from the State of Maryland for the purposes of the college savings plans. The Board, however, in accordance with the enabling legislation for the Prepaid College Trust, prepares and submits an annual budget to the Maryland General Assembly for informational purposes. Also, in accordance with its fiduciary obligations, each quarter the Board reviews a comparison of actual and budgeted expenditures in connection with its administration of the Trust.

Economic Factors

Long-term variances in projections, particularly for tuition and investment returns, can affect the Trust's financial position. The Board and its actuarial consultant and investment advisor review the assumptions used for tuition increases and projected rate of return on investments at least annually.

This review includes an analysis of prior year trends in tuition prices and investment performance. Specifically, the Board reviewed the weighted average tuition for Maryland resident students at four-year Maryland public universities, which increased 2.11% and 1.94%, respectively, for the 2017-2018 and 2018-2019 academic years.

The Board also reviewed the rate of return on the Prepaid College Trust investments, which was a gain of 7.1% and a gain of 12.3% for fiscal year 2018 and 2017, respectively.

As part of the Board's review of these factors, it consults with its investment adviser and actuary and thoroughly reviews various potential scenarios when developing future projections that it believes to be reasonable. This year's projections were used in developing the Actuarial Soundness Report as of June 30, 2018.

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 advisor 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, 2018 and June 30, 2017.

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

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

STATEMENT OF NET POSITION AS OF JUNE 30, 2018

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
Assets			
CURRENT ASSETS:			
Cash and Cash Equivalents	$ -	$ 2,302	$ 2,302
Investments, at Fair Value	1,072,945	-	1,072,945
Tuition Contracts Receivable	45,703	-	45,703
Interest Receivable	761	-	761
Accounts Receivable	-	237	237
Due (To)/From Primary Government	-	1,330	1,330
Due (To)/From Fund	(8,027)	8,027	-
Total Current Assets	1,111,382	11,896	1,123,278
NONCURRENT ASSETS:			
Capital Assets, Net	-	18	18
Tuition Contracts Receivable, Net of Current Portion	105,931	-	105,931
Total Noncurrent Assets	105,931	18	105,949
Total Assets	1,217,313	11,915	1,229,227
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	-	595	595
Total Deferred Outflows	-	595	595
Total Assets and Deferred Outflows	1,217,313	12,510	1,229,822
Liabilities			
CURRENT LIABILITIES:			
Accrued Tuition Benefits	71,978	-	71,978
Advance Tuition Contract Payments	13,360	-	13,360
Accounts Payable and Accrued Expenses	-	341	341
Compensated Absences	-	34	34
Total Current Liabilities	85,338	375	85,714
NONCURRENT LIABILITIES:			
Accrued Tuition Benefits, Net of Current Portion	709,564	-	709,564
Net Pension Liability	-	1,817	1,817
Total Noncurrent Liabilities	709,564	1,817	711,381
Total Liabilities	794,902	2,192	797,094
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	-	215	215
Total Deferred Inflows	-	215	215
Total Liabilities and Deferred Inflows	794,902	2,407	797,310
Net Position			
Net Investment in Capital Assets	-	18	18
Unrestricted	422,411	10,084	432,495
Restricted			
Administration	-	-	-
Total Net Position	$ 422,411	$ 10,102	$ 432,513

See accompanying Notes to Financial Statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
OPERATING REVENUES			
Tuition Contracts	$ 42,833	$ -	$ 42,833
Management Fee	-	1,273	1,273
Maryland College Investment Plan Fees	-	2,778	2,778
Enrollment and Other Fees	-	68	68
Other Operating Revenue	-	475	475
Total Operating Revenues	42,833	4,594	47,427
OPERATING EXPENSES			
Tuition Benefits	65,926	-	65,926
Salaries, Wages and Benefits	-	1,416	1,416
Pension Expense	-	478	478
Technical and Special Fees	-	12	12
Communication	-	108	108
Travel	-	15	15
Marketing	-	209	209
Contractual Services	-	1,540	1,540
Supplies	-	38	38
Fixed Charges	-	153	153
Depreciation	-	14	14
Other Operating Expenses	-	475	475
Total Operating Expenses	65,926	4,458	70,384
Operating Income (Loss)	(23,093)	136	(22,957)
NON-OPERATING REVENUES			
Net Increase in the Fair Value of Investments	55,389	-	55,389
Investment Income	17,541	-	17,541
Total Non-Operating Revenues, Net	72,929	-	72,929
Change in Net Position	49,836	136	49,972
Total Net Position, Beginning of Year	372,575	9,966	382,541
Total Net Position, End of Year	$ 422,411	$ 10,102	$ 432,513

See accompanying Notes to Financial Statements.

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(amounts in thousands)

	Amount
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from:	
Account Holders	$ 47,662
Maryland College Investment Plan Fees	2,834
Save4College Matching	475
Payments to:	
Employees	(1,657)
Marketing	(266)
Contract Vendors	(1,378)
Communication	(128)
Universities and Account Holders	(66,692)
Other Operating Expenses	(1,700)
Net Cash from Operating Activities	(20,850)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	(5)
Custodial Fees	(419)
Proceeds from Investments	73,348
Purchases of Investments	(53,216)
Net Cash from Investing Activities	19,708
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Capital Assets	(23)
Net Cash from Capital and Financing Activities	(23)
Net Decrease in Cash and Cash Equivalents	(1,165)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,467
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,302
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:	
Operating Loss	$ (22,957)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:	
Depreciation	$ 14
EFFECT FROM CHANGE IN NON-CASH OPERATING ASSETS AND LIABILITIES:	
Accounts Payable	$ (1,162)
Compensated Absences	(15)
Accounts Receivable	271
Tuition Contracts Receivable	3,737
Advance Contract Payments	(248)
Accrued Tuition Benefits Payable	(766)
Pension Liability	276
Net Cash from Operating Activities	$ (20,850)
NON-CASH TRANSACTIONS:	
Unrealized Gain on Investments	$ 23,223

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

1. ORGANIZATION AND PURPOSE

The purpose of the Maryland Senator Edward J. Kasemeyer Prepaid College Trust (formerly Maryland Prepaid College Trust) or (Trust), is to provide a means for payment of the cost of tuition and mandatory fees in advance of enrollment at eligible institutions of higher education. It provides for the payment of tuition and mandatory fees based in part on current costs of Maryland public colleges and universities. An account holder enters into a contract for the future payment of tuition and mandatory fees for a beneficiary. When the beneficiary enrolls in college, the Trust will pay he 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) directs the Trust. The Board consists of 11 members; six of which are ex-officio members. The ex-officio members are the Comptroller of the State of Maryland, the Treasurer of the State of Maryland, the Secretary of Higher Education, the State Superintendent of Schools, the Chancellor of the University System of Maryland, and the Secretary of Disabilities. The five remaining members are public members appointed by the Governor.

By law, the Trust's funds are not considered moneys of the State and may not be deposited into the General Fund of the State of Maryland. Funds remaining in the Trust at the end of any fiscal year remain in the Trust rather than reverting to the State General Fund. In addition, all administrative costs for Maryland 529 (including the Maryland College Investment Plan), are accounted for in the financial statements of the Trust.

Legislation passed in 2000 established an additional financial guarantee that requires the Governor to include in his/her budget the amount of any shortfall of Trust assets needed to pay current contract liabilities. As with all aspects of the Governor's budget, the Maryland General Assembly has final approval of any amount included therein. Based on information contained within the Actuarial Soundness Report dated October 29, 2018 and issued by Gabriel Roeder Smith & Company, as of June 30, 2018, 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, 2018, the Trust assets exceeded its discounted estimated liability for future tuition and mandatory fee payments.

Legislation passed in 1998 and 1999 established tax incentives for Maryland residents participating in the Trust. Contributions made by an account holder to the Trust may be deducted from Maryland State adjusted gross income in an amount up to $2,500 for each contract annually. Contributions made in excess of $2,500 per account in a single year may be carried forward and deducted from an account holder's State adjusted gross income in consecutive future years until the full amount contributed to the account has been deducted. Beginning January 1, 2002, earnings on contributions are tax free for Federal and State purposes when used toward eligible qualified higher education expenses. The Trust is a component unit of the State of Maryland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

The activities operated by the Trust are accounted for as an enterprise fund. An enterprise fund focuses on the flow of economic resources, which, together with the maintenance of equity, is an important financial indicator. The 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 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Trust records revenue for tuition contracts in the year the Trust enters into contracts with the account holder. Tuition contracts receivable is recorded at the present value of future expected contract payments. The Trust uses a 6.30% discount rate, which is based on the anticipated rate of return on investments over the life of the prepaid contract. The Trust recognizes revenue for enrollment fees when an enrollment fee is received and the contract is accepted by the Board. Payments received in advance of due dates from account holders are recorded as a deferred liability.

Tuition Contracts Receivable

Tuition contracts receivable as of June 30, 2018, represents management's estimate of the present value of future contract payments. This is calculated by using a 6.30% discount rate.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Capital assets are depreciated on a straight-line basis over the following useful lives:

Computers	3 years
Furniture	10 years
Equipment	5 years
Software	3 years
Perpetual Software License	7 years

The capitalization threshold for all capital assets is $500.

Tuition Contracts Payable

Tuition contracts payable as of June 30, 2018, as reported on the Statement of Net Position represents management's estimate of the present value of future tuition benefit payments. This is calculated by using a 6.30% discount rate.

Compensated Absences

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

Risk Management

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

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

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

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

There have been no significant reductions in insurance coverage from the prior year. There have never been any insurance claims against the Trust; therefore, the amount of settlements has not exceeded insurance coverage in the past three fiscal years.

Use of Estimates

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

Recent Accounting Pronouncement

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. Management will be analyzing the effect of this pronouncement and plans to adopt it as of its effective date.

3. CASH AND CASH EQUIVALENTS

Custodial Risk

Cash and cash equivalents consist of amounts maintained in bank accounts controlled by the Trust and overnight investments with original maturities of 90 days or less. Cash deposits of the Trust are made in accordance with the State statutes, which requires approved depositories to pledge collateral as provided in the State statutes for these deposits.

As of June 30, 2018, the carrying amount of the Trust's demand and time deposits was $2,302,182. This includes funds invested in short term investments at the Custodian offset by outstanding checks issued to account holders and institutions.

4. INVESTMENTS

The Maryland Prepaid College Trust Statement of Investment Policy (Investment Policy), adopted by the Board as required by the Enabling Legislation, allows the Trust to purchase investments including domestic, international and private equities; domestic, foreign and high yield bonds; global real estate equities; private real estate; commodities and other governmental agency instruments, as well as money market deposits based on the Investment Policy's specified portfolio allocation.

The Board approves the portfolio allocation, which considers the investment safety and liquidity characteristics while aiming for the specified yield target of the Trust. It is management's practice to have no investments with longer maturities than what is expected to fund tuition obligations based on actuarial projections.

Investments are stated at fair value. Unrealized appreciation and depreciation on investments due to changes in fair value is recognized in the Trust's operations each year. Investments are valued on a daily basis except for private equity and private real estate, which are valued on a quarterly basis. Private investments are $189,821,508 or 17.7% of net investments as of June 30, 2018.

As of June 30, 2018, the Trust had the following investment maturities:

DURATION ON FIXED INCOME INVESTMENTS (amounts in thousands)

Security Type	Fair Value	< 1 Year	1-5 Years	6-10 Years	10-15+ Years
Total Bond Market	$109,126	$109,126	$ -	$ -	$ -
Core Fixed Income	109,101	6,362	36,127	46,391	20,220
High Yield Fixed Income	51,224	51,224	-	-	-
Emerging Market Debt	52,657	52,657	-	-	-
Senior Secured Loans	55,362	1,305	20,951	33,106	-
TOTAL	$377,470	$220,674	$57,078	$79,497	$20,220

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

4. INVESTMENTS (CONTINUED)

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other observable inputs based on inactive markets; Level 3 inputs are significant unobservable inputs and valuations based on assumptions used by fund managers.

The Trust has the following fair value measurements as of June 30, 2018:

INVESTMENTS BY FAIR VALUE LEVEL (in thousands)

Security Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Large Cap Core	$ 55,088	$ 55,088	$ -	$ -
Large Cap Value	43,683	43,683	-	-
Mid Cap Core	47,532	47,532	-	-
Small Cap Core	55,885	55,885	-	-
Low Volatility	54,676	54,676	-	-
International Developed Markets	98,846	98,846	-	-
International Equity	46,389	46,389	-	-
International Small Cap	56,447	56,447	-	-
International Emerging Equity	47,107	47,107	-	-
Total Bond Market	109,126	109,126	-	-
Core Fixed Income	109,101	109,101	-	-
High Yield Fixed Income	51,224	-	51,224	-
Emerging Market Debt	52,657	-	52,657	-
Senior Secured Loans	55,362	-	-	55,362
Private Equity	27,795	-	-	27,795
Private Real Estate	162,026	-	-	162,026
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	$1,072,945	$723,880	$103,881	$245,184

4. INVESTMENTS (CONTINUED)

Credit Risk

The investment management agreement with specific bond managers details the minimum quality standards for the Trust's bond portfolios. The Trust continually monitors the portfolios to ensure the minimum quality standards are met. If a particular portfolio falls below these standards, the Trust monitors the assets and makes prudent changes where required. The Trust's mutual fund investments are not subject to classification by credit risk because the Trust owns units rather than specific securities. Unless there is information to the contrary, obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk. In reviewing the ratings of the Trust's bond portfolios, the Trust assesses quality based on the highest ratings from two of three ratings agencies utilized by the Trust.

As of June 30, 2018, the holdings in the Trust's bond portfolios were rated as follows:

		RATINGS BY ORGANIZATION		
Fair Value (amounts in thousands)	Average Rating	Moody's	Standard & Poors	Fitch
$ 66,839	AAA	Aaa	AAA	AAA
1,504	AA+	Aa2	AA+	AAA
196	AA	Aa3	AA	AAA
606	AA-	A1	AA-	A+
3,798	A+	A2	A+	A+
8,859	A	A3	A-	A-
10,372	A-	Baa1	BBB+	A-
-	BBB+	Baa1	BBB+	BBB+
4,879	BBB	Baa2	BBB	BBB
2,081	BBB-	Baa3	BBB-	BBB-

Concentration of Credit Risk

The Trust's policy for reducing the risk of loss is detailed in the Investment Policy and in the investment guidelines for separately managed accounts. These guidelines limit a single investment to 5% of each bond portfolio's market value, except U.S. Treasury notes and bonds. It also limits a single investment to 10% of the equity portfolio's market value. Additionally, the manager specific guidelines define the maximum allocation allowed in a single sector.

Custodial Risk

The Trust's securities are issued in the Trust's name and are primarily maintained in accounts held by U.S. Bank, the Trust's custodian since June 30, 2015.

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5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
CAPITAL ASSETS BEING DEPRECIATED:				
Computers	$ 265	$ 23	$ -	$ 288
Furniture	31	-	-	31
Equipment	5	-	-	5
Software	57	-	-	57
Perpetual Software License	561	-	-	561
Total Capital Assets at Historical Cost	919	23	-	942
LESS ACCUMULATED DEPRECIATION FOR:				
Computers	264	12	-	276
Furniture	23	2	-	25
Equipment	5	-	-	5
Software	57	-	-	57
Perpetual Software License	561	-	-	561
Total Accumulated Depreciation	910	14	-	924
Capital Assets, Net	$ 9	$ 9	$ -	$ 18

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2018, accounts payable and accrued expenses consisted of the following (amounts in thousands)

Due to Vendors	$ 291
Salaries and Employee Benefits	50
TOTAL	$ 341

7. PENSION AND POST-RETIREMENT BENEFITS

Pensions

Certain employees of Maryland 529 are members of the Maryland State Retirement and Pension System. Employees are members of the Employees Retirement System of the State of Maryland (ERS). ERS is part of the State of Maryland Retirement and Pension System which is considered a multiple employer cost sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of ERS and additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources:

- In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.
- In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

7. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

Funding Policy

Maryland 529's required contribution is based upon a percentage of covered payroll based on the State's allocation of its annual cost. The entry age normal cost method is the actuarial cost method used. Both the Authority and covered employees are required by State statute to contribute to the System. The employees contribute from 2% to 7% of compensation, as defined, depending on the participant's plan. Maryland 529 made its required contribution during fiscal years ended June 30, 2018 and 2017, of $223,437, and $204,748, respectively.

Pension and Other Post-Retirement Benefits

Employees of Maryland 529 who were members of the State Employees Retirement or Pension systems on June 30, 1993, continue to participate in the Employees' Retirement and Pension Systems. These systems are part of the Maryland State Retirement and Pension System (the System), and are cost-sharing multiple employer public employee retirement systems. The System, which is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland, consists of several plans, which are managed by the Board of Trustees for the System. The System provides retirement, death and disability benefits in accordance with State statutes and is open to existing and new employees. Vesting begins after completion of five or ten years of service based on the system in which an employee is enrolled. Members of the Retirement System may retire with full benefits after attaining the age of 60, or completing 30 years of Service Credit, regardless of age. Members of the Pension system may retire with full benefits after attaining the age and years of eligibility service designated by the system in which they are enrolled. The State Employees Retirement and Pension System prepares a separately audited Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Baltimore, Maryland 21202. Employees of Maryland 529 are all members of the State's Contributory Pension System and are required to contribute to the System 7% of their regular salaries and wages. Employer contribution rates are determined by the State annually. Maryland 529's share of the cost of participation was $201,306 for the year ended June 30, 2018.

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

As of June 30, 2018, the Trust reported a liability of $1,816,920 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Trust's proportion of the ERS net pension liability was based on a projection of the Trust's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined.

Changes in the net pension liability for the year ended June 30, 2018, are as follows (amounts in thousands):

July 1, 2017	Increase	Decrease	June 30, 2018	Amount Due within One Year
$1,602	$215	$ -	$1,817	$ -

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 78,993	$ -
Net difference between projected and actual earnings on pension plan investments	154,251	-
Net difference between actual and expected experience	-	215,419
Net change in proportionate share	138,222	-
Contributions made subsequent to the measurement date	223,437	-
TOTAL	$ 594,903	$ 215,419

The $223,437 reported in our Required Supplementary Information above as deferred outflows of resources related to ERS is resulting from the Trust's contributions subsequent to the measurement date that will be recognized as a reduction of the ERS net pension liability in the year ending June 30, 2019.

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

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

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

	DEFERRED OUTFLOWS			DEFERRED INFLOWS	
Years Ending June 30,	Change in Assumptions	Net Difference Between Projected & Actual Earnings on Pension Plan Investments	Change in Proportionate Share	Net Difference Between Projected & Actual Earnings on Pension Plan Investments	Actual & Expected Experience
2019	$35,946	$57,263	$28,839	$(42,370)	$(27,790)
2020	32,751	57,263	28,839	(18,148)	(27,790)
2021	6,928	39,725	28,839	(18,148)	(26,469)
2022	1,892	-	28,568	(18,148)	(20,978)
2023	1,476	-	23,137	-	(15,578)
TOTAL	$78,993	$154,251	$138,222	$(96,812)	$(118,606)

As of June 30, 2018, Maryland 529's proportion for ERS was .008 percent. For the year ended June 30, 2018, Maryland 529 recognized pension expense for ERS of $477,894.

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at **sra.state.md.us/Agency/Downloads/CAFR/**.

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

The Trust's proportionate share of the ERS net pension liability calculated using the discount rate of 7.50 percent is $1,816,920. Additionally, the Trust's proportionate share of the ERS net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) is $2,730,705 or 1-percentage-point higher (8.50 percent) is $1,259,848.

Other Post Retirement Benefits

In accordance with GASB Statement 45, the following reflects information on other State benefits. Eligible employees of the Trust, as employees of the State, are also entitled to certain healthcare benefits upon retirement. Maryland 529 participates in the State Employee and Retiree Health and Welfare Benefits Program (Plan) as a cost-sharing employer. The healthcare plan is a defined benefit plan established by State Personnel and Pensions Article, Sections 2-501 through 2-516 of the Annotated Code of Maryland. A trust has been established to assist the Plan to accumulate funds to pay benefits. Based on current practice, the State subsidizes approximately 50% to 85% of healthcare costs. The authority for establishing and amending the funding policy is established by the Maryland Department of Budget and Management.

The Trust's employees participate in the State of Maryland's Post Employment Health Benefit Plan. The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance. Costs for postretirement benefits are for State retirees and are primarily funded by the State. The State does not distinguish employees by employer/State agency. For the years ended June 30, 2018 and 2017, the State did not allocate postemployment health care costs to participating employers and as a result did not require a contribution from the Administration. 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 the Administration.

These other post-employment benefits are administered by the State Office of Personnel through a trust established by the State to accumulate funds to pay benefits as a cost-sharing multiple-employer plan. Under the plan, retired employees are able to purchase health insurance benefits with the State paying a portion of the costs. As of June 30, 2018, there were no retirees from the Trust. The Post employment Health Benefits Trust Fund of the State of Maryland prepares separate audited financial statements and the plan is included in the State's CAFR, both of which can be obtained from the Comptroller of the State of Maryland. To obtain a copy of the report on the OPEB Plan visit: **finances.marylandtaxes.com/Where_the_Money_Comes_From/General_Revenue_Reports/default.shtml**

8. TAX EXEMPT STATUS

The Trust is exempt from Federal taxation in accordance with Section 529 of the Internal Revenue Code. Additionally, the Trust is exempt from State and local taxation in accordance with the Enabling Legislation.

9. ACCRUED TUITION BENEFITS

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

Tuition and Mandatory Fee Increases: The Weighted Average Tuition (WAT) is calculated as follows: the in-state or in-county tuition and mandatory fees at each Maryland public college times the number of full- time equivalent in-state or in-county students enrolled at that college, added together. This total is then divided by the number of full-time equivalent in-state or in-county students enrolled at all Maryland public colleges. For the fiscal year ended June 30, 2018, the tuition component of the WAT for Maryland public universities and community colleges is projected to increase 6.0% per annum, and the mandatory fee component of the WAT is projected to increase 8.0% per annum. Additionally, based on actual benefit usage, the Board used a 3.0% bias load to the community college contract WAT to recognize the bias toward enrollment at more expensive schools.

Investment Return: The actuarial valuation of the Trust fund was determined using an assumed 6.3% rate of return on investments. It is further assumed that the Trust fund is exempt from Federal income tax.

Enrollment of Trust Beneficiaries: It is assumed that beneficiaries will attend college full-time, commencing with their expected matriculation date. Contract beneficiaries are assumed to attend the various colleges and universities in the same proportion as the headcount information that was used to determine the 2017-2018 WAT with an 11% bias load added to university plan contracts.

Bias Load: The term bias load is a reference to the expectation that more beneficiaries of the Trust will attend a Maryland public 4-year university with tuition and mandatory fees that are higher than the WAT. The 11% bias load used relates to the estimated percentage increase in expenditures by the Trust over the WAT as a result of the attendance by beneficiaries at these colleges.

Changes in accrued tuition benefits payable for the year ended June 30, 2018, are as follows (amounts in thousands):

July 1, 2017	Increase	Decrease	June 30, 2018	Amount Due within One Year
$782,308	$41,010	$41,776	$781,542	$71,978

Maryland Senator Edward J. Kasemeyer Prepaid College Trust

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability (amounts in thousands)	2018	2017	2016	2015
The Trust's proportionate share of the ERS net pension liability	0.008%	0.01%	0.01%	0.01%
The Trust's proportionate share of the ERS net liability	$ 1,817	$ 1,602	$ 1,401	$ 883
The Trust's covered-employee payroll	$ 1,024	$ 1,026	$ 830	$ 798
The Trust's proportionate share of the net pension liability as a percentage of its covered-employee payroll	177.44%	156.14%	168.89%	110.65%
Plan fiduciary net position as a percentage of total pension liability	69.38%	65.79%	68.78%	71.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

Schedule of Contributions (amounts in thousands)	2018	2017	2016	2015
The Trust's contractually required contribution	223	$ 204	$ 143	$ 142
The Trust's contribution in relation to the contractually required contribution	(223)	$ (204)	$ (143)	$(142)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
The Trust's covered-employee payroll	$ 1,024	$1,026	$ 830	$ 798
The Trust's contribution as a percentage of covered-employee payroll	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.

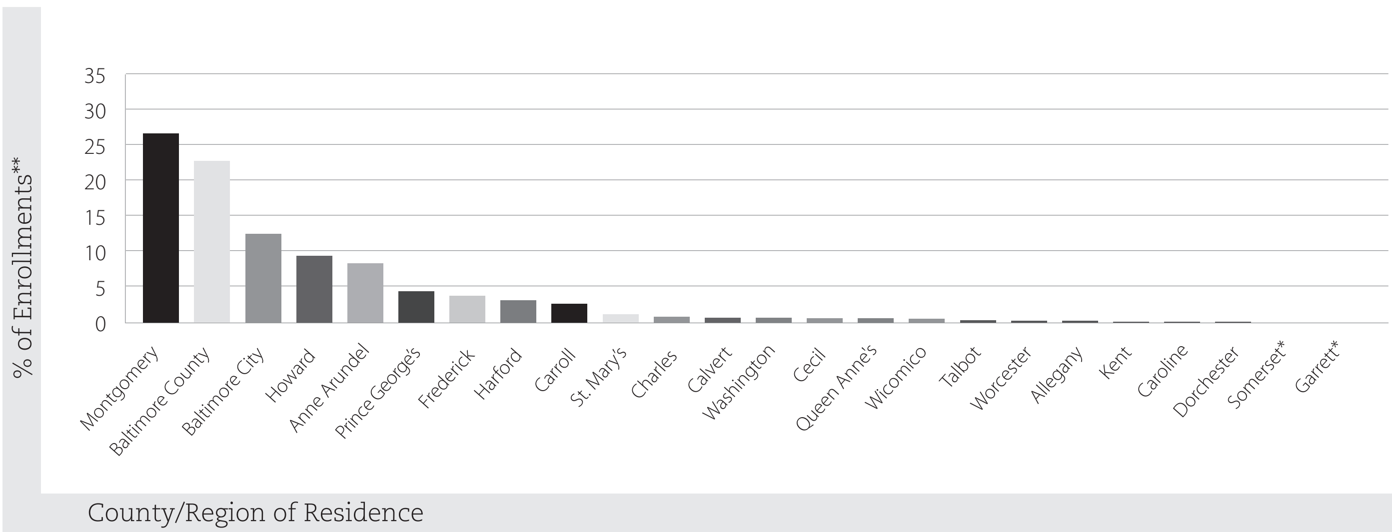
Maryland Senator Edward J. Kasemeyer College Investment Plan

PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

New Enrollment by County/Region

Of the 48,162 new accounts by Maryland residents in the College Investment Plan for the year ended June 30, 2018, Montgomery County had the highest number of any Maryland county or region at 29% of the total. Approximately 42% of new accounts were concentrated in Baltimore County (21%), Baltimore City (11%), and Howard County (10%). Overall, new account volumes increased 65% when compared to the same time period in 2017. This overall rise, as well as the surge in Baltimore County and Baltimore City when compared to the prior year, is largely attributable to the State Contribution Program. The following chart shows a breakdown of the counties and regions of residence for the College Investment Plan account holders.

ENROLLMENTS BY COUNTY/REGION



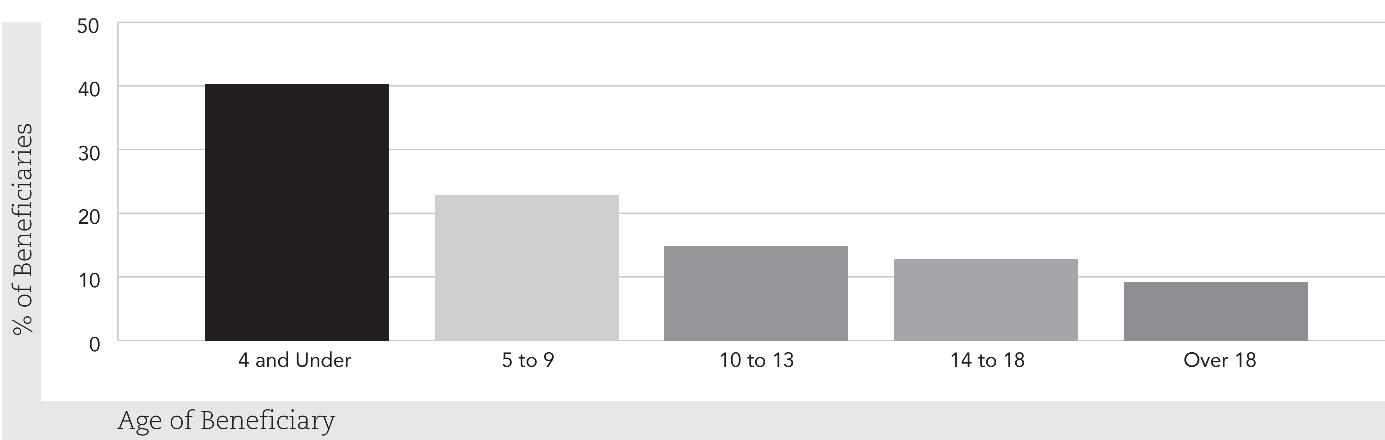
**While no bar appears for Somerset or Garrett County in the chart, these counties experienced enrollments of 0.10% and 0.05% during the reporting period, respectively.*

***Scale: 1% equals 481 new accounts.*

Age of New Beneficiaries at Time of Enrollment

Approximately 36% of all new beneficiaries were four years old or younger, and approximately 57% of beneficiaries were nine years old or younger. The College Investment Plan permits beneficiaries of any age, with 12% of new beneficiaries over 18 years of age, as shown in the chart below.

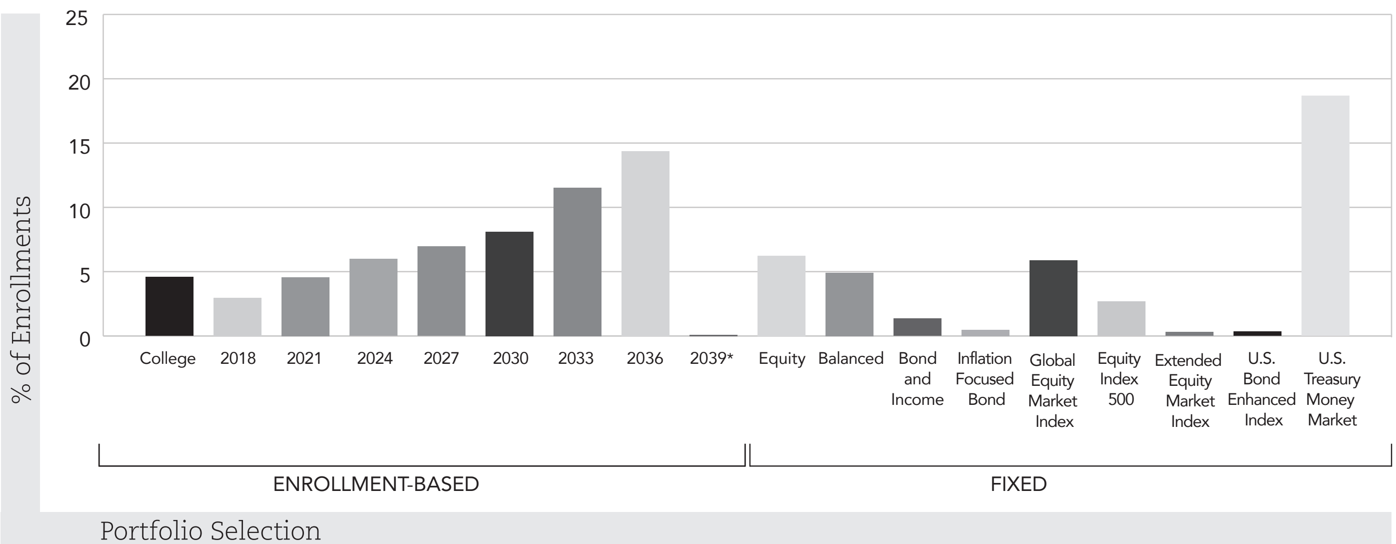
AGE OF BENEFICIARIES



Investment Portfolio Selections

Trends in investment selection by new account holders during the fiscal year show that the Enrollment-Based Portfolios, with investment mixes that generally adjust automatically to be more conservative over time, continue to be a popular choice. Portfolio 2036 was selected for approximately 13% of new accounts. Among the Fixed Portfolios, the U.S. Treasury Money Market Portfolio was selected for approximately 16% of new accounts, an increase over the prior year driven by a greater number of applicants for the State Contribution Program who enrolled in the plan and selected the portfolio. The Equity Portfolio and the Global Equity Market Index Portfolio were also popular choices, having together been selected for approximately 13% of new accounts.

PORTFOLIO SELECTION



**Portfolio 2039 was selected for 0.09% of new accounts. The portfolio incepted on May 31, 2018.*

Systematic Investing

Approximately 32% of accounts in the College Investment Plan are funded by the automatic monthly contribution feature. Automatic monthly contributions are made by automatically debiting a bank account or making a payroll deduction.

Students Using Accounts toward Expenses

Many beneficiaries who were enrolled in the College Investment Plan in the initial years after the Plan's launch in December 2001 have now reached college age. From July 1, 2017, through June 30, 2018, excluding rollovers to other 529 plans, distributions were taken for 27,330 unique beneficiaries totaling approximately $366.9 million.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Maryland 529

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Maryland Senator Edward J. Kasemeyer College Investment Plan (the Plan), as of June 30, 2018, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410.584.0060 • F 410.584.0061

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of June 30, 2018, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The other data and information in the Annual Report, which includes the profile of new college investment plan enrollments, systematic investing, students using accounts toward college expenses, the individual portfolio statement of net position as of June 30, 2018, and the individual portfolio statement of changes in net position and financial highlights for the year then ended, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Hunt Valley, Maryland
October 29, 2018

SB & Company, LLC

Maryland Senator Edward J. Kasemeyer College Investment Plan

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our 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, 2018. This discussion is designed to provide a general overview of the College Investment Plan operations and the Board's insight into its financial statements. This discussion was prepared by T. Rowe Price for Maryland 529 and should be read in conjunction with the Maryland Senator Edward J. Kasemeyer College Investment Plan's financial statements and notes, which begin on page 56. Inquiries may be directed to the College Investment Plan at **Maryland529.com** or by mailing your request to 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Plan for the fiscal year ended June 30, 2018, have been audited by SB & Company, LLC, which is also the independent public accountant for the State of Maryland.

College Investment Plan Financial Statements and Other Financial Information

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

The financial statements contained in this Annual Report provide information about the activities of the College Investment Plan as a whole and present a long-term view of the Plan's finances. Portfolio financial statements are presented as Supplementary Information beginning on page 63.

FINANCIAL HIGHLIGHTS BY PORTFOLIO

General Commentary

To assist in reviewing the performance of the portfolios, we have established a weighted benchmark for each portfolio. The weighted benchmark, which varies by portfolio, is an unmanaged composite of multiple indexes representing the underlying asset classes in which the portfolio invests. The underlying index for each weighted benchmark is selected as an appropriate representation of one of the overall asset classes and investment style associated with the underlying T. Rowe Price mutual funds in which the portfolio invests. The index is then weighted within the benchmark based on the neutral allocation to the asset class and investment style within the portfolio.

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

Neutral allocations of Enrollment-Based Portfolios (except the Portfolio for College) shift each quarter to more conservative allocations through increased exposure to bond funds and decreased exposure to stock funds.

The following table sets forth the relevant dates for all portfolios. Portfolios are not always open to new investors as of their inception date.

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

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

*Further information about the performance of the underlying T. Rowe Price mutual funds, including a thorough review of market conditions and the impact of the portfolio manager's investment strategies on performance, can be found in their annual and semiannual shareholder reports. Copies of the funds' shareholder reports can be obtained through **troweprice.com** or by calling **1.800.638.5660**. For consistency, numbers have been rounded to the nearest 100th of a percent.*

DEFINITIONS OF THE BENCHMARKS CITED IN THE REPORT:

- Bloomberg Barclays 1–3 Year Government/Credit Index—tracks the total return of Treasury bonds, agency securities, U.S. corporate bonds, and some foreign debentures and secured notes, with maturities of one to three years
- Bloomberg Barclays 1–5 Year U.S. Treasury TIPS Index—tracks the performance of inflation protected public obligations of the U.S. Treasury with maturities of one to five years
- Bloomberg Barclays U.S. Aggregate Bond Index—tracks the performance of investment-grade corporate and government bonds
- Citigroup 3-Month Treasury Bill Index—tracks the performance of short-term U.S. government debt instruments
- Credit Suisse High Yield Index—tracks the performance of U.S. dollar-denominated noninvestment-grade corporate bonds
- FTSE All World Developed ex North America Index—tracks the performance of large-cap non-U.S. companies
- IBF Custom Blended Benchmark—tracks an international basket government, corporate, agency, and mortgage-related bonds
- J.P. Morgan Emerging Markets Bond Index Global—tracks U.S. dollar-denominated government bonds in emerging markets countries
- MSCI EAFE (Europe, Australasia, and Far East) Index—tracks the performance of large- and mid-cap international developed market stocks
- MSCI Emerging Markets Index—tracks stocks from emerging markets countries that can be traded by foreigners
- Real Assets Broad Weighted Benchmark—tracks a blend of global natural resources, real estate, metals and mining, and precious metals stocks
- Russell 1000 Growth Index—tracks the performance of large-cap U.S. stocks with higher price-to-book ratios and higher forecast growth values
- Russell 1000 Value Index—tracks the performance of large-cap U.S. stocks with lower price-to-book ratios and lower forecast growth values
- Russell Midcap Growth Index—tracks the performance of mid-cap U.S. stocks with higher price-to-book ratios and higher forecast growth values
- Russell Midcap Value Index—tracks the performance of mid-cap U.S. stocks with lower price-to-book ratios and lower forecast growth values
- Russell 2000 Index—tracks the performance of 2,000 small-cap U.S. companies
- S&P 500 Index—tracks the performance of 500 primarily large-cap U.S. stocks
- S&P Completion Index—tracks the performance of primarily small- and mid-cap stocks and generally includes those U.S. stocks that are not included in the S&P 500 Index.
- S&P Total Market Index—tracks the performance of the entire U.S. stock market through a broad spectrum of small-, mid-, and large-cap U.S. stocks

PORTFOLIO FOR COLLEGE

Performance Comparison as of June 30, 2018

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio for College (1)	**0.60%**	**2.85%**	**3.15%**
Weighted Benchmark (2)	0.73%	3.25%	3.25%

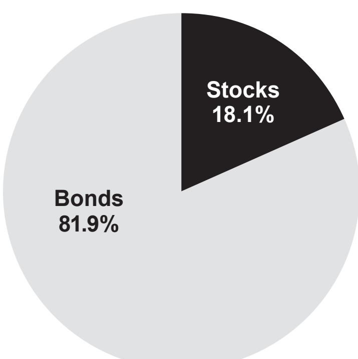
The Portfolio for College generated a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2018.

The portfolio invests in a diversified blend of fixed income securities, which accounted for roughly 83% of assets at period end. The remaining allocation is in stocks, mostly invested in the Equity Index 500 Fund, which tracks the performance of the S&P 500 Index. The portfolio seeks to generate growth while minimizing the risk of principal loss through a combination of diversification and conservative fixed income investments.

Tactical decisions detracted from relative performance. An underweight to stocks relative to bonds and cash hurt relative returns as stocks outperformed other asset classes over the past year. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets over the period, also detracted.

Security selection within the underlying funds detracted from relative performance. The Limited Duration Inflation Focused Bond Fund—which holds short- and intermediate-term investment-grade inflation-linked securities—underperformed its style-specific benchmark and weighed on relative returns. Overall, the portfolio's underlying stock funds trailed their style-specific benchmarks, which also hurt relative results.

6/30/17



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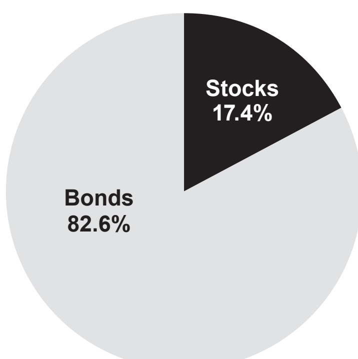


UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Short-Term Bond Fund	41.2%	41.5%
Limited Duration Inflation Focused Bond Fund	40.0%	40.1%
Equity Index 500 Fund	15.5%	14.8%
U.S. Treasury Money Fund	0.7%	1.0%
International Value Equity Fund	0.7%	0.8%
Overseas Stock Fund	0.7%	0.7%
International Stock Fund	0.7%	0.7%
Real Assets Fund	0.5%	0.4%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—17.11%; MSCI EAFE (Europe, Australasia, and Far East) Index—1.89%; Bloomberg Barclays 1–3 Year Government/Credit Index—40.00%; Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—40.00%; and Real Assets Broad Weighted Benchmark—1.00%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

PORTFOLIO 2018

Performance Comparison as of May 31, 2018

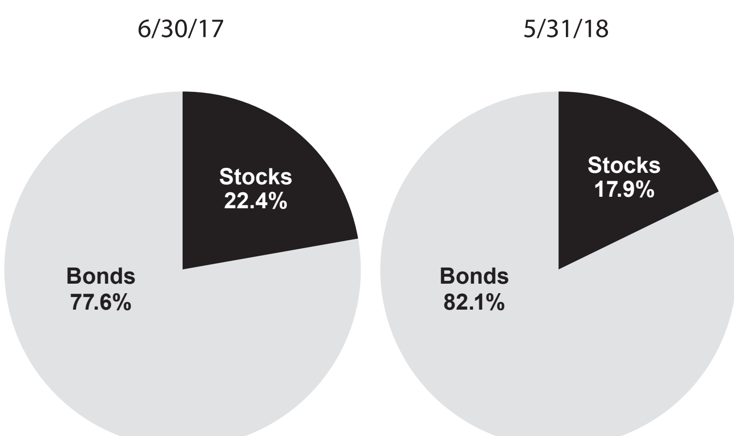
	5 Months	11 Months	Annualized Since Portfolio Inception
Portfolio 2018 (1)	**0.50%**	**3.26%**	**5.34%**
Weighted Benchmark(2)	0.53%	3.46%	5.23%

Portfolio 2018 generated a single-digit return but underperformed its weighted benchmark for the 11 months ended May 31, 2018. Throughout the period, the portfolio's asset allocation became more conservative to more closely match the Portfolio for College. The portfolio automatically converted to the Portfolio for College on June 11, 2018, when it reached its predetermined conversion date. Therefore, the following information for Portfolio 2018 is applicable for the 11 months ended May 31, 2018.

More than three-quarters of Portfolio 2018 was invested in fixed income funds at the start of the period. These included the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund; the Limited Duration Inflation Focused Bond Fund, which primarily holds short- and medium-term investment-grade inflation-linked securities; and the Spectrum Income Fund, a multi-sector bond fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks.

Tactical decisions detracted from relative performance. An underweight to stocks relative to bonds and cash hurt relative returns as stocks outperformed other asset classes over the past 11 months.

Security selection within the underlying funds contributed to relative performance. The Spectrum Income Fund outperformed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which helped relative returns. Overall, the portfolio's underlying stock funds trailed their style-specific benchmarks, which also hurt relative results.



UNDERLYING FUND ALLOCATION

	6/30/17	5/31/18
Short-Term Bond Fund	35.0%	41.4%
Limited Duration Inflation Focused Bond Fund	33.7%	39.8%
Equity Index 500 Fund	19.0%	15.0%
U.S. Treasury Money Fund	0.7%	0.9%
Overseas Stock Fund	1.0%	0.8%
International Value Equity Fund	0.9%	0.8%
International Stock Fund	0.9%	0.8%
Real Assets Fund	0.6%	0.5%
Spectrum Income Fund	8.2%	0.0%

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

(2) As of May 31, 2018, the weighted benchmark was composed of: S&P 500 Index—17.11%; MSCI EAFE (Europe, Australasia, and Far East) Index—1.89%; Bloomberg Barclays 1–3 Year Government/Credit Index—40.00%; Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—40.00%; and Real Assets Broad Weighted Benchmark—1.00%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

PORTFOLIO 2021

Performance Comparison as of June 30, 2018

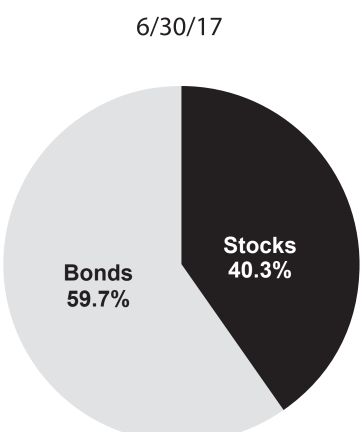
	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2021[1]	**0.21%**	**5.53%**	**5.89%**
Weighted Benchmark[2]	0.23%	5.26%	5.71%

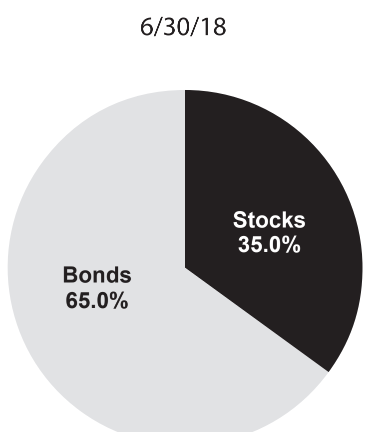
Portfolio 2021 generated a single-digit return and outperformed its weighted benchmark for the 12 months ended June 30, 2018.

The portfolio systematically increases its allocation to fixed income investments as part of its long-term strategy of becoming more conservative over time. At the end of the reporting period, roughly 35% of the portfolio was invested in the Spectrum Income Fund, a multi-sector bond fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Roughly five years prior to the portfolio's target maturity date, the fixed income component began to transition to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, as well as the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities. These funds accounted for roughly 16% and 13% of the portfolio's assets at period-end, respectively.

Security selection within the underlying funds contributed to relative performance. The Spectrum Income Fund outperformed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which helped relative returns. Within U.S. stocks, the Blue Chip Growth Fund outpaced its style-specific benchmark and contributed to relative performance. Security selection in the portfolio's underlying international stock funds produced mixed results.

Tactical decisions detracted from relative performance. An underweight to stocks relative to bonds and cash hurt relative returns as stocks outperformed other asset classes over the past year. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets, also detracted. Conversely, an overweight to small-cap stocks relative to large-cap stocks added value.





UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Spectrum Income Fund	41.4%	34.8%
Equity Index 500 Fund	19.2%	20.0%
Short-Term Bond Fund	9.6%	16.4%
Limited Duration Inflation Focused Bond Fund	8.3%	12.9%
Overseas Stock Fund	2.9%	2.3%
International Value Equity Fund	2.8%	2.2%
Blue Chip Growth Fund	4.0%	2.0%
International Stock Fund	2.6%	2.0%
Value Fund	3.1%	1.9%
Small-Cap Stock Fund	2.0%	1.7%
Mid-Cap Value Fund	1.0%	0.9%
U.S. Treasury Money Fund	0.4%	0.9%
Mid-Cap Growth Fund	1.1%	0.9%
Real Assets Fund	1.0%	0.8%
Emerging Markets Stock Fund	0.6%	0.3%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—22.00%; Russell 1000 Growth Index—2.09%; Russell 1000 Value Index—2.09%; Russell Midcap Growth Index—0.69%; Russell Midcap Value Index—0.69%; Russell 2000 Index—1.27%; MSCI EAFE (Europe, Australasia, and Far East) Index—5.94%; MSCI Emerging Markets Index—0.38%; Bloomberg Barclays U.S. Aggregate Bond Index—34.00%; Bloomberg Barclays 1–3 Year Government/Credit Index —16.00%; Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—13.00%; and Real Assets Broad Weighted Benchmark—1.85%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

PORTFOLIO 2024

Performance Comparison as of June 30, 2018

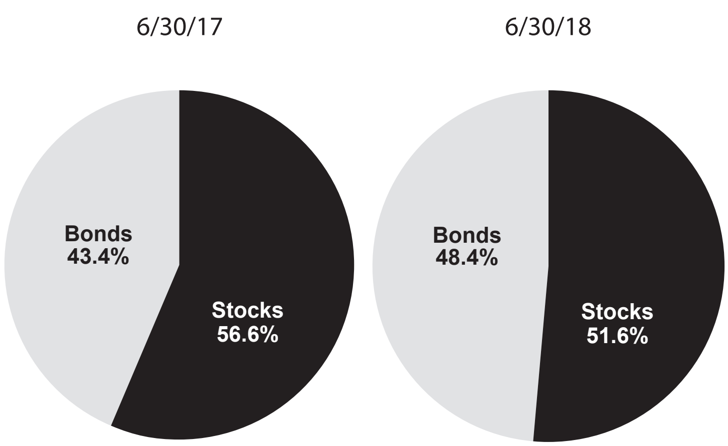
	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2024 [1]	**0.04%**	**7.03%**	**7.23%**
Weighted Benchmark [2]	0.02%	6.83%	6.96%

Portfolio 2024 generated a single-digit return and outperformed its weighted benchmark for the 12 months ended June 30, 2018.

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 has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, as well as the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

Security selection within the underlying funds contributed to relative performance. The Spectrum Income Fund outperformed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which helped relative returns. Within U.S. stocks, the Blue Chip Growth Fund outpaced its style-specific benchmark and contributed to relative performance. Security selection in the portfolio's underlying international stock funds produced mixed results.

Tactical decisions detracted from relative performance. An underweight to stocks relative to bonds and cash hurt relative returns as stocks outperformed other asset classes over the past year. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets, also detracted. Conversely, an overweight to small-cap stocks relative to large-cap stocks added value.



UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Spectrum Income Fund	43.2%	47.4%
Equity Index 500 Fund	16.2%	15.2%
Blue Chip Growth Fund	6.9%	5.2%
Value Fund	5.8%	5.0%
Overseas Stock Fund	5.3%	4.8%
International Value Equity Fund	5.3%	4.7%
Small-Cap Stock Fund	4.3%	4.5%
International Stock Fund	4.8%	4.2%
Mid-Cap Growth Fund	2.2%	2.3%
Mid-Cap Value Fund	2.2%	2.3%
Emerging Markets Stock Fund	2.2%	2.2%
Real Assets Fund	1.4%	1.2%
U.S. Treasury Money Fund	0.2%	1.0%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—16.53%; Russell 1000 Growth Index—5.50%; Russell 1000 Value Index—5.50%; Russell Midcap Growth Index—2.14%; Russell Midcap Value Index—2.14%; Russell 2000 Index—3.93%; MSCI EAFE (Europe, Australasia, and Far East) Index—13.02%; MSCI Emerging Markets Index—2.30%; Bloomberg Barclays U.S. Aggregate Bond Index—46.25%; and Real Assets Broad Weighted Benchmark—2.69%.

PORTFOLIO 2027

Performance Comparison as of June 30, 2018

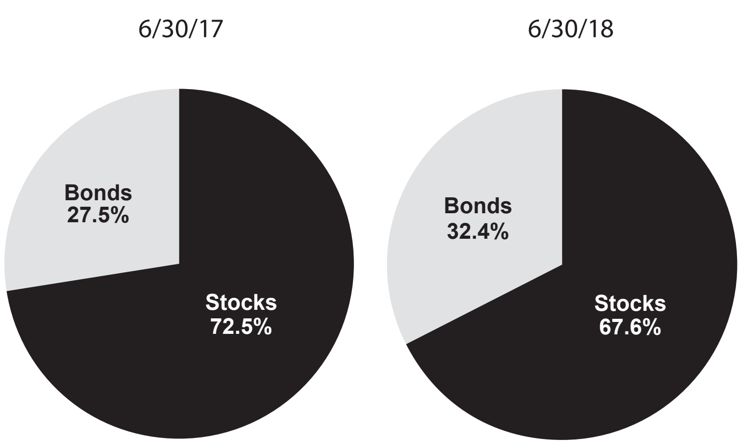
	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2027 (1)	**0.54%**	**8.81%**	**6.98%**
Weighted Benchmark (2)	0.48%	8.92%	6.70%

Portfolio 2027 generated a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2018.

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 has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, as well as the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

Tactical decisions detracted from relative performance. An underweight to stocks relative to bonds and cash hurt relative returns as stocks outperformed other asset classes over the past year. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets, also detracted. Conversely, an overweight to small-cap stocks relative to large-cap stocks added value.

Security selection within the underlying funds contributed to relative performance. The Spectrum Income Fund outperformed the Bloomberg Barclays U.S. Aggregate Bond Index, its style-specific benchmark, which helped relative returns. Within U.S. stocks, the Blue Chip Growth Fund outpaced its style-specific benchmark and contributed to relative results. On the other hand, the International Value Equity Fund and the International Stock Fund trailed their respective style-specific benchmarks and weighed on relative performance.



UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Spectrum Income Fund	27.2%	31.4%
Equity Index 500 Fund	20.9%	20.0%
Blue Chip Growth Fund	8.8%	6.8%
Value Fund	7.4%	6.6%
Overseas Stock Fund	6.9%	6.3%
International Value Equity Fund	6.5%	6.2%
Small-Cap Stock Fund	5.6%	5.9%
International Stock Fund	6.2%	5.5%
Mid-Cap Growth Fund	2.9%	3.0%
Mid-Cap Value Fund	2.8%	2.9%
Emerging Markets Stock Fund	2.8%	2.8%
Real Assets Fund	1.7%	1.6%
U.S. Treasury Money Fund	0.3%	1.0%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—21.45%; Russell 1000 Growth Index—7.14%; Russell 1000 Value Index—7.14%; Russell Midcap Growth Index—2.78%; Russell Midcap Value Index—2.78%; Russell 2000 Index—5.10%; MSCI EAFE (Europe, Australasia, and Far East) Index—16.89%; MSCI Emerging Markets Index—2.98%; Bloomberg Barclays U.S. Aggregate Bond Index—30.25%; and Real Assets Broad Weighted Benchmark—3.49%.

PORTFOLIO 2030

Performance Comparison as of June 30, 2018

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2030 (1)	**1.04%**	**10.56%**	**11.01%**
Weighted Benchmark (2)	0.90%	10.92%	11.00%

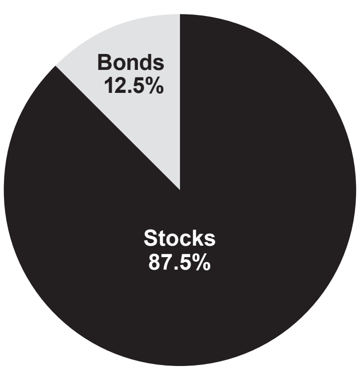
Portfolio 2030 generated a double-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2018.

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 has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Later in the portfolio's life cycle, it will incorporate investments offering lower volatility. Five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, as well as the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

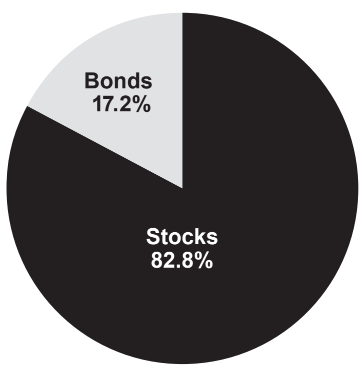
Tactical decisions detracted from relative performance. An underweight to stocks relative to bonds and cash hurt relative returns as stocks outperformed other asset classes over the past year. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets, also detracted. Conversely, an overweight to small-cap stocks relative to large-cap stocks added value.

Security selection within the underlying funds contributed to relative performance. Security selection within U.S. stocks helped as the Blue Chip Growth Fund and the Mid-Cap Value Fund exceeded their respective style-specific benchmarks. On the other hand, security selection within international stocks detracted from relative returns as the International Value Equity Fund and the International Stock Fund trailed their style-specific benchmarks.

6/30/17



6/30/18



UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Equity Index 500 Fund	25.2%	24.6%
Spectrum Income Fund	12.2%	16.3%
Blue Chip Growth Fund	10.5%	8.3%
Value Fund	8.9%	8.1%
Overseas Stock Fund	8.3%	7.8%
International Value Equity Fund	7.9%	7.5%
Small-Cap Stock Fund	6.8%	7.2%
International Stock Fund	7.5%	6.7%
Mid-Cap Growth Fund	3.5%	3.7%
Mid-Cap Value Fund	3.4%	3.5%
Emerging Markets Stock Fund	3.4%	3.5%
Real Assets Fund	2.1%	1.9%
U.S. Treasury Money Fund	0.3%	0.9%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—26.14%; Russell 1000 Growth Index—8.70%; Russell 1000 Value Index—8.70%; Russell Midcap Growth Index—3.39%; Russell Midcap Value Index—3.39%; Russell 2000 Index—6.22%; MSCI EAFE (Europe, Australasia, and Far East) Index—20.58%; MSCI Emerging Markets Index—3.63%; Bloomberg Barclays U.S. Aggregate Bond Index—15.00%; and Real Assets Broad Weighted Benchmark—4.25%.

PORTFOLIO 2033

Performance Comparison as of June 30, 2018

	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2033 (1)	**1.58%**	**12.21%**	**12.01%**
Weighted Benchmark(2)	1.33%	12.62%	12.07%

Portfolio 2033 generated a double-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2018.

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. Later in the portfolio's life cycle, it will incorporate investments offering lower volatility. Initially, this will include the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, as well as the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

Tactical decisions detracted from relative performance. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets, detracted from relative returns. Conversely, an overweight to small-cap stocks relative to large-cap stocks added value.

Security selection within the underlying funds weighed on relative performance. Security selection within international stocks detracted as the International Value Equity Fund and the International Stock Fund trailed their respective style-specific benchmarks. On the other hand, within U.S. stocks, the Blue Chip Growth Fund and the Mid-Cap Value Fund exceeded their style-specific benchmarks and helped relative returns.

6/30/17

6/30/18

UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Equity Index 500 Fund	29.1%	29.8%
Blue Chip Growth Fund	12.0%	10.0%
Value Fund	10.1%	9.7%
Overseas Stock Fund	9.5%	9.3%
International Value Equity Fund	9.0%	9.2%
Small-Cap Stock Fund	7.7%	8.7%
International Stock Fund	8.4%	8.0%
Mid-Cap Growth Fund	4.0%	4.5%
Mid-Cap Value Fund	3.9%	4.3%
Emerging Markets Stock Fund	3.8%	4.2%
Real Assets Fund	2.5%	2.3%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—30.70%; Russell 1000 Growth Index—10.24%; Russell 1000 Value Index—10.24%; Russell Midcap Growth Index—3.99%; Russell Midcap Value Index—3.99%; Russell 2000 Index—7.32%; MSCI EAFE (Europe, Australasia, and Far East) Index—24.24%; MSCI Emerging Markets Index—4.28%; and Real Assets Broad Weighted Benchmark—5.00%.

PORTFOLIO 2036

Performance Comparison as of June 30, 2018

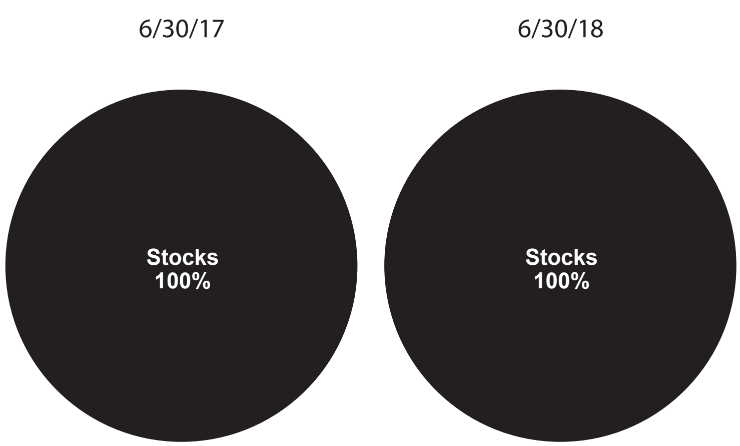
	6 Months	12 Months	Annualized Since Portfolio Inception
Portfolio 2036(1)	**1.51%**	**12.11%**	**12.07%**
Weighted Benchmark(2)	1.33%	12.62%	12.34 %

Portfolio 2036 generated a double-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2018.

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. Later in the portfolio's life cycle, it will incorporate investments offering lower volatility. Initially, this will include the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, as well as the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

Tactical decisions detracted from relative performance. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets, detracted from relative returns. Conversely, an overweight to small-cap stocks relative to large-cap stocks added value.

Security selection within the underlying funds weighed on relative performance. Security selection within international-stocks detracted as the International Value Equity Fund and the International Stock Fund trailed their respective style-specific benchmarks. On the other hand, within U.S. stocks, the Blue Chip Growth Fund and the Mid-Cap Value Fund exceeded their style-specific benchmarks and helped relative returns.



UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Equity Index 500 Fund	29.1%	29.7%
Blue Chip Growth Fund	12.1%	10.0%
Value Fund	10.1%	9.7%
Overseas Stock Fund	9.4%	9.4%
International Value Equity Fund	9.0%	9.4%
Small-Cap Stock Fund	7.7%	8.6%
International Stock Fund	8.4%	8.1%
Mid-Cap Growth Fund	4.0%	4.5%
Mid-Cap Value Fund	4.0%	4.2%
Emerging Markets Stock Fund	3.8%	4.1%
Real Assets Fund	2.4%	2.3%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—30.70%; Russell 1000 Growth Index—10.24%; Russell 1000 Value Index—10.24%; Russell Midcap Growth Index—3.99%; Russell Midcap Value Index—3.99%; Russell 2000 Index—7.32%; MSCI EAFE (Europe, Australasia, and Far East) Index—24.24%; MSCI Emerging Markets Index—4.28%; and Real Assets Broad Weighted Benchmark—5.00%.

PORTFOLIO 2039

Performance Comparison as of June 30, 2018

	Cumulative Since Portfolio Inception
Portfolio 2039(1)	**-0.20%**
Weighted Benchmark(2)	-0.03%

Portfolio 2039 generated a slight negative return and underperformed its weighted benchmark for the one month ended June 30, 2018. (The portfolio began operations on May 31, 2018.)

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. Later in the portfolio's life cycle, it will incorporate investments offering lower volatility. Initially, this will include the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Five years prior to the expected enrollment year referenced in the portfolio's name, the bond component will start transitioning to the Short-Term Bond Fund, a shorter-duration U.S. investment-grade bond fund, as well as the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities.

Tactical decisions detracted from relative performance. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets, detracted from relative returns.

Security selection within the underlying funds weighed on relative performance. Security selection within U.S. large-cap stocks detracted as the Blue Chip Growth Fund and the Value Fund lagged their respective style-specific benchmarks. Security selection within international stocks also detracted from relative returns as the International Value Equity Fund and the International Stock Fund trailed their style-specific benchmarks.

6/30/18

UNDERLYING FUND ALLOCATION

	6/30/18
Equity Index 500 Fund	29.4%
Value Fund	9.9%
Overseas Stock Fund	9.6%
Blue Chip Growth Fund	9.6%
International Value Equity Fund	9.5%
International Stock Fund	8.3%
Small-Cap Stock Fund	8.2%
Mid-Cap Growth Fund	4.5%
Emerging Markets Stock Fund	4.4%
Mid-Cap Value Fund	4.3%
Real Assets Fund	2.3%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—30.70%; Russell 1000 Growth Index—10.24%; Russell 1000 Value Index—10.24%; Russell Midcap Growth Index—3.99%; Russell Midcap Value Index—3.99%; Russell 2000 Index—7.32%; MSCI EAFE (Europe, Australasia, and Far East) Index—24.24%; MSCI Emerging Markets Index—4.28%; and Real Assets Broad Weighted Benchmark—5.00%.

EQUITY PORTFOLIO

Performance Comparison as of June 30, 2018

	6 Months	12 Months	Annualized Since Portfolio Inception
Equity Portfolio(1)	**1.52%**	**12.20%**	**7.16%**
Weighted Benchmark(2)	1.33%	12.62%	7.15%

The Equity Portfolio generated a double-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2018.

The portfolio's focus is long-term capital appreciation. It invests in a diversified selection of U.S. and international stocks, including emerging markets. Its largest allocation is to the Equity Index 500 Fund, which tracks the performance of the S&P 500 Index.

Tactical decisions detracted from relative performance. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets, weighed on relative returns. Conversely, an overweight to small-cap stocks relative to large-cap stocks added value.

Security selection within the underlying funds detracted from relative returns. Security selection within international stocks detracted as the International Value Equity Fund and International Stock Fund trailed their respective style-specific benchmarks. On the other hand, within U.S. stocks, the Blue Chip Growth Fund and Mid-Cap Value Fund exceeded their style-specific benchmarks and helped relative performance.

6/30/17

6/30/18

UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Equity Index 500 Fund	29.1%	29.8%
Blue Chip Growth Fund	12.1%	10.0%
Value Fund	10.1%	9.7%
Overseas Stock Fund	9.5%	9.4%
International Value Equity Fund	9.0%	9.3%
Small-Cap Stock Fund	7.6%	8.6%
International Stock Fund	8.4%	8.0%
Mid-Cap Growth Fund	4.0%	4.5%
Mid-Cap Value Fund	4.0%	4.2%
Emerging Markets Stock Fund	3.8%	4.2%
Real Assets Fund	2.4%	2.3%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—30.70%; Russell 1000 Growth Index—10.24%; Russell 1000 Value Index—10.24%; Russell Midcap Growth Index—3.99%; Russell Midcap Value Index—3.99%; Russell 2000 Index—7.32%; MSCI EAFE (Europe, Australasia, and Far East) Index—24.24%; MSCI Emerging Markets Index—4.28%; and Real Assets Broad Weighted Benchmark—5.00%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

BALANCED PORTFOLIO

Performance Comparison as of June 30, 2018

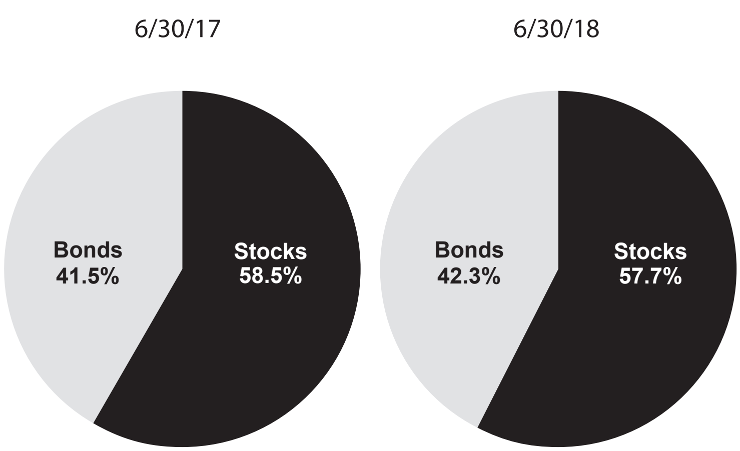
	6 Months	12 Months	Annualized Since Portfolio Inception
Balanced Portfolio[1]	**0.00%**	**6.79%**	**6.60%**
Weighted Benchmark[2]	0.14%	7.50%	6.35%

The Balanced Portfolio generated a single-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2018.

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

Tactical decisions detracted from relative performance. An underweight to stocks relative to bonds hurt relative returns as stocks outperformed other asset classes over the past year. An overweight to international stocks relative to U.S. stocks, which broadly outperformed other developed markets over the period, also detracted. Conversely, an overweight to small-cap stocks relative to large-cap stocks added value.

Security selection within the underlying funds detracted from relative performance. Security selection within international stocks detracted as the International Value Equity Fund and the International Stock Fund trailed their respective style-specific benchmarks. On the other hand, within U.S. stocks, the Blue Chip Growth Fund and the Mid-Cap Value Fund exceeded their style-specific benchmarks and helped relative returns.



UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
New Income Fund	29.3%	30.6%
Equity Index 500 Fund	16.8%	17.1%
Blue Chip Growth Fund	7.2%	5.8%
Value Fund	5.9%	5.6%
Overseas Stock Fund	5.5%	5.4%
International Value Equity Fund	5.3%	5.2%
Small-Cap Stock Fund	4.5%	5.0%
International Stock Fund	5.0%	4.7%
Emerging Markets Bond Fund	4.0%	3.8%
High Yield Fund	4.0%	3.6%
International Bond Fund	3.7%	3.3%
Mid-Cap Growth Fund	2.3%	2.6%
Mid-Cap Value Fund	2.3%	2.5%
Emerging Markets Stock Fund	2.3%	2.4%
Real Assets Fund	1.4%	1.4%
U.S. Treasury Money Fund	0.5%	1.0%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P 500 Index—18.42%; Russell 1000 Growth Index—6.14%; Russell 1000 Value Index—6.14%; Russell Midcap Growth Index—2.39%; Russell Midcap Value Index—2.39%; Russell 2000 Index—4.40%; MSCI EAFE (Europe, Australasia, and Far East) Index—14.55%; MSCI Emerging Markets Index—2.57%; Bloomberg Barclays U.S. Aggregate Bond Index—28.00%; Real Assets Broad Weighted Benchmark—3.00%; Credit Suisse High Yield Index—4.00%; IBF Custom Blended Benchmark—4.00%; and J.P. Morgan Emerging Markets Bond Index Global—4.00%. Benchmark performance commenced on November 30, 2001, for the Investment Portfolios with an inception date of November 26, 2001.

BOND AND INCOME PORTFOLIO

Performance Comparison as of June 30, 2018

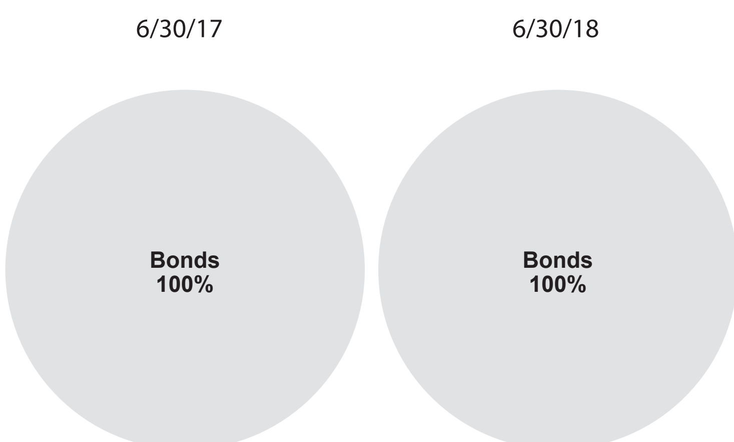
	6 Months	12 Months	Annualized Since Portfolio Inception
Bond and Income Portfolio(1)	**-1.79%**	**1.01%**	**5.54%**
Weighted Benchmark(2)	-1.62%	-0.40%	4.21%

The Bond and Income Portfolio generated a single-digit return and outperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, for the 12 months ended June 30, 2018.

The portfolio invests in the Spectrum Income Fund, which holds an array of fixed income mutual funds and an income-oriented stock fund. This allocation blends core investment-grade bonds that are included in the benchmark with out-of-benchmark securities from diversifying sectors, including high yield bonds, non-U.S. dollar-denominated bonds, emerging markets bonds, bank loans, and dividend-paying stocks.

The inclusion of diversifying sectors that are not part of the benchmark contributed to relative performance. Specifically, the portfolio's holdings in dividend-paying stocks, high yield bonds, and international bonds helped relative returns as these securities outpaced the benchmark amid strong demand for potentially higher-yielding assets.

Tactical decisions detracted from relative performance. An underweight to the Equity Income Fund, which produced strong absolute returns, detracted from relative results. An overweight allocation to local currency-denominated emerging markets bonds also hurt relative returns.



UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Spectrum Income Fund	100.0%	100.0%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: 100.00% Bloomberg Barclays U.S. Aggregate Bond Index.

INFLATION FOCUSED BOND PORTFOLIO

Performance Comparison as of June 30, 2018

	6 Months	12 Months	Annualized Since Portfolio Inception
Inflation Focused Bond Portfolio[1]	**0.46%**	**1.08%**	**1.88%**
Weighted Benchmark[2]	0.59%	1.19%	2.06%

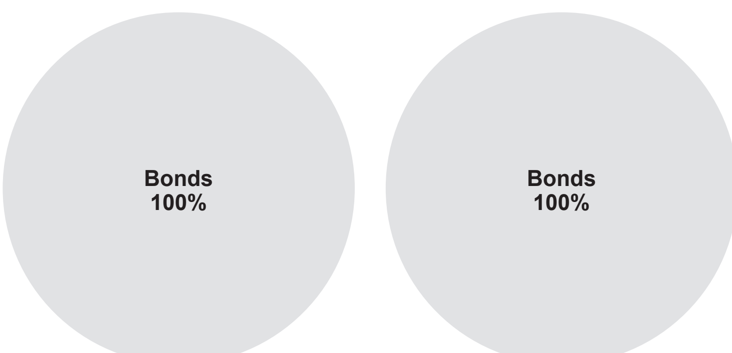
The Inflation Focused Bond Portfolio generated a single-digit return but underperformed its benchmark, the Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index, for the 12 months ended June 30, 2018.

The portfolio invests in the Limited Duration Inflation Focused Bond Fund, which seeks to give investors a level of income consistent with the current inflation rate. The fund primarily invests in short- and intermediate-term investment-grade inflation-linked securities, which should provide some protection against the impact of inflation. A large majority of its holdings are in U.S. Treasury inflation protected securities (TIPS). The fund can invest in bonds of any maturity or duration but normally maintains its duration within plus or minus two years of the duration of the benchmark. Compared with strategies benchmarked to the full TIPS index, the fund's shorter duration should provide some protection in a rising rate environment. The fund periodically invests in inflation-indexed bonds outside the U.S. for diversification and added yield potential over comparable TIPS.

Strategic management of inflation risk and interest rate exposures contributed to relative performance. Both duration and curve positioning also added value. The fund's average duration was shorter than the benchmark, which was beneficial in a rising yield environment.

On the other hand, out-of-benchmark positions detracted from relative performance. Specifically, the allocations to investment-grade corporate bonds, agency mortgage-backed securities, and asset-backed bonds lagged the all-TIPS benchmark over the period.

6/30/17 6/30/18



UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Limited Duration Inflation Focused Bond Fund	100.0%	100.0%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: 100.00% Bloomberg Barclays U.S. 1-5 Year Treasury TIPS Index.

U.S. TREASURY MONEY MARKET PORTFOLIO

Performance Comparison as of June 30, 2018

	6 Months	12 Months	Annualized Since Portfolio Inception
U.S. Treasury Money Market Portfolio(1)	**0.57%**	**0.91%**	**0.12%**
Weighted Benchmark(2)	0.79%	1.33%	0.27%

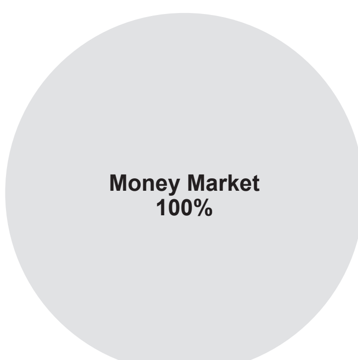
The U.S. Treasury Money Market Portfolio generated a positive return but underperformed its benchmark, the Citigroup 3-Month Treasury Bill Index, for the 12 months ended June 30, 2018.

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

Over the past year, the Federal Reserve raised its benchmark fed funds rate by 25 basis points (0.25 percentage points) in December 2017, March 2018, and June 2018. At the end of the reporting period on June 30, 2018, the federal funds target rate range stood at 1.75% to 2.00%. These successive rate hikes lifted money market yields above the near-zero percent levels where they have long been anchored.

6/30/17

6/30/18



UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
U.S. Treasury Money Fund	100.0%	100.0%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: 100.00% Citigroup 3-Month Treasury Bill Index.

GLOBAL EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2018

	6 Months	12 Months	Annualized Since Portfolio Inception
Global Equity Market Index Portfolio[(1)]	**0.99%**	**11.51%**	**7.72%**
Weighted Benchmark[(2)]	1.45%	12.62%	8.14%

The Global Equity Market Index Portfolio generated a double-digit return but underperformed its weighted benchmark for the 12 months ended June 30, 2018.

The portfolio holds roughly two-thirds of its assets in the Total Equity Market Index Fund and the remainder in the International Equity Index Fund. Both are passively managed index funds, and each fund's sector allocations mirror those of its respective benchmark.

The Total Equity Market Index Fund seeks to match the performance of the entire U.S. stock market as represented by the S&P Total Market Index. Stocks in the S&P 500 represent a substantial majority of the fund's value. The International Equity Index Fund seeks to match the performance of the FTSE All World Developed ex North America Index, a broadly diversified index based on the market capitalization of over 1,400 large-and mid-cap companies. The index's major markets include Japan, the United Kingdom, France, Germany, and other developed countries in Europe and the Asia-Pacific region.

Global stock markets rose over the fiscal year as most countries benefited from a period of synchronized growth worldwide that began in late 2016. The major U.S. stock indexes produced double-digit returns, lifted by solid improvements in the economy and corporate profits. The S&P 500 Index rose to record levels in January, lifted by a tax overhaul bill passed in December 2017, corporate deregulation, and optimism about future earnings growth. Though the S&P 500 Index ended the period off its January peak, the Nasdaq Composite and small-cap indexes rose to new highs by the spring. Stocks in developed markets outside the U.S. advanced but lagged the U.S.'s strong performance. European stocks gained as the eurozone economy continued to strengthen after the sovereign debt crisis. Stocks in Japan and other developed Asian markets rose as synchronized global growth drove export-driven economies.

Tactical decisions detracted from relative performance. An overweight to international stocks relative to U.S. stocks, which broadly outperformed non-U.S. developed markets, weighed on relative returns.

6/30/17

6/30/18

UNDERLYING FUND ALLOCATION

	6/30/17	6/30/18
Total Equity Market Index Fund	68.2%	68.5%
International Equity Index Fund	31.8%	31.5%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: S&P Total Market Index—70.00% and FTSE All World Developed ex North America Index—30.00%.

EQUITY INDEX 500 PORTFOLIO

Performance Comparison as of June 30, 2018

	Cumulative Since Portfolio Inception
Equity Index 500 Portfolio[1]	**3.40%**
Weighted Benchmark[2]	3.43%

The Equity Index 500 Portfolio generated a single-digit return and performed in line with its benchmark, the S&P 500 Index, for the three months ended June 30, 2018. (The portfolio began operations on March 29, 2018.)

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

The S&P 500 Index rose in the second quarter of 2018, recovering from bouts of volatility earlier in the year amid worries about rising U.S. interest rates and a deepening trade rift with China. Signs of faster economic growth, an improving jobs market, and optimism about future corporate earnings growth supported U.S. stocks over the period.

6/30/18

UNDERLYING FUND ALLOCATION

	6/30/18
Equity Index 500 Fund	100.0%

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

(2) As of June 30, 2018, the weighted benchmark was composed of: 100.00% S&P 500 Index.

EXTENDED EQUITY MARKET INDEX PORTFOLIO

Performance Comparison as of June 30, 2018

	Cumulative Since Portfolio Inception
Extended Equity Market Index Portfolio[(1)]	**6.10%**
Weighted Benchmark[(2)]	5.94%

The Extended Equity Market Index Portfolio generated a single-digit return and outperformed its benchmark, the S&P Completion Index, for the three months ended June 30, 2018. (The portfolio began operations on March 29, 2018.)

The portfolio invests in the Extended Equity Market Index Fund, which attempts to match the return of small- and mid-cap U.S. stocks by seeking to match the performance of the S&P Completion Index. The S&P Index measures the performance of companies in the S&P Total Market Index that are not included in the S&P 500. The fund uses a sampling strategy, meaning it invests nearly all its assets in a group of stocks representative of the sector allocations, financial characteristics, and other attributes of the S&P Index. It does not attempt to fully replicate the index by owning each of the stocks in the index.

Small- and mid-cap U.S. stocks advanced in the second quarter of 2018 and outperformed their larger peers. The technology-heavy Nasdaq Composite and domestic small-cap indexes reached new highs by the spring. Signs of faster economic growth, an improving jobs market, and optimism about future corporate earnings growth supported U.S. stocks over the period. However, small and mid-size companies appeared to benefit from their domestic focus, which shielded them from global trade and currency headwinds.

6/30/18

UNDERLYING FUND ALLOCATION

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

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

(2) As of June 30, 2018, the weighted benchmark was composed of: 100.00% S&P Completion Index.

U.S. BOND ENHANCED INDEX PORTFOLIO

Performance Comparison as of June 30, 2018

	Cumulative Since Portfolio Inception
U.S. Bond Enhanced Index Portfolio[(1)]	**-0.10%**
Weighted Benchmark[(2)]	-0.16%

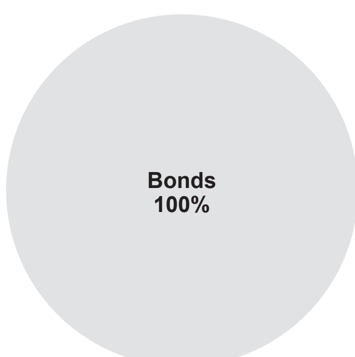
The U.S. Bond Enhanced Index Portfolio generated a slight negative return and performed in line with its weighted benchmark for the three months ended June 30, 2018. (The portfolio began operations on March 29, 2018.)

The portfolio invests in the U.S. Bond Enhanced Index Fund, which seeks to match or slightly exceed the performance of the U.S. investment-grade bond market after expenses. The fund attempts to achieve this goal by investing in a range of bonds represented in the Bloomberg Barclays U.S. Aggregate Bond Index. While the fund's holdings are structured to have similar overall characteristics to the benchmark index, the portfolio manager may adjust certain holdings relative to their weighting in the index and use other investment strategies in an attempt to generate slight outperformance over the index.

Security selection contributed to relative performance.

The portfolio's conservative positioning within the investment-grade corporate sector added value as longer-term and lower-rated corporate debt produced the weakest results during the quarter. On the other hand, the portfolio's nominal underweight to U.S. Treasuries and overweight to investment-grade corporate bonds hurt relative returns as credit spreads widened due to trade war concerns and unfavorable supply/demand dynamics.

6/30/18

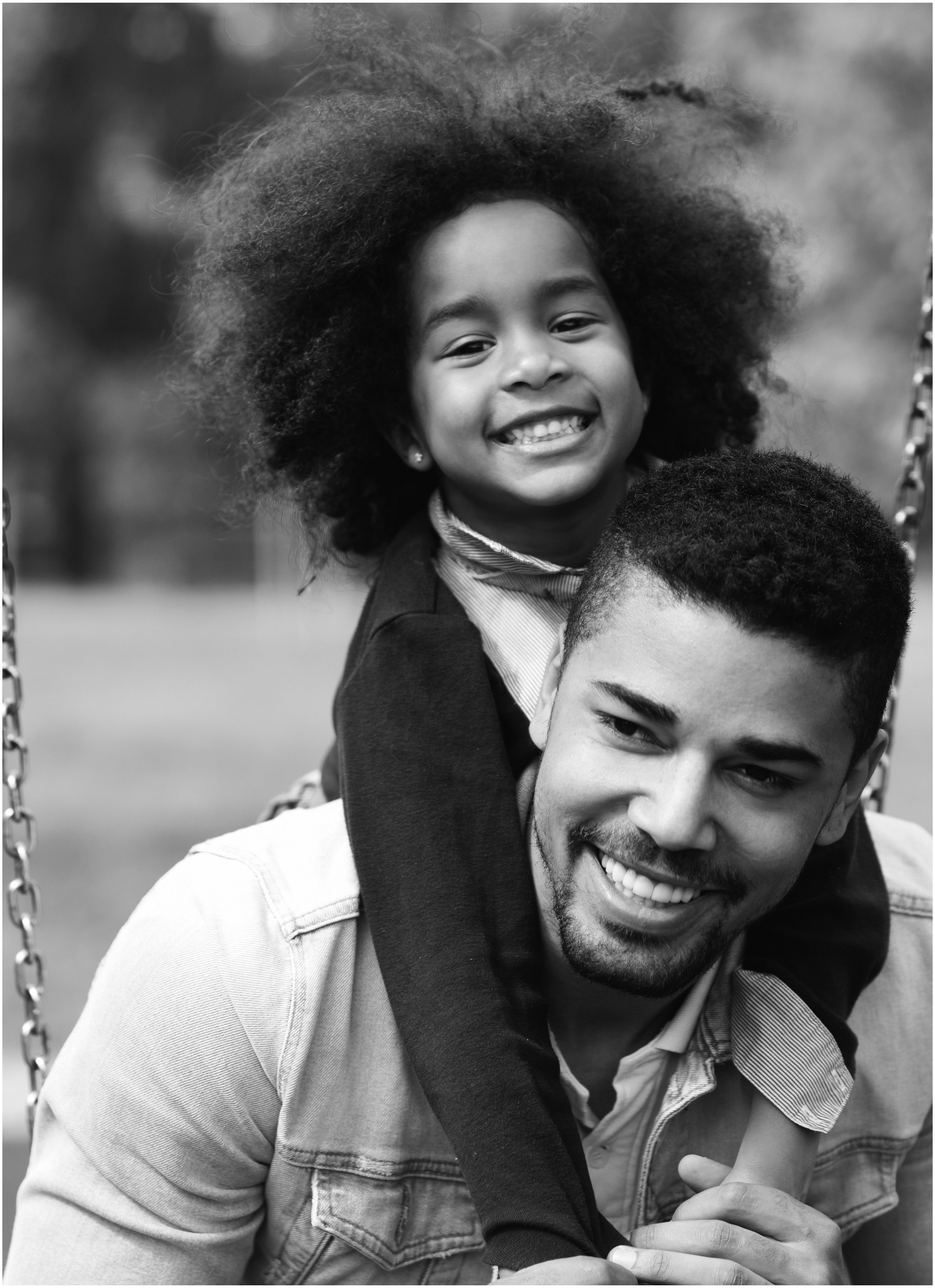


UNDERLYING FUND ALLOCATION

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

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

(2) As of June 30, 2018, the weighted benchmark was composed of: 100.00% Bloomberg Barclays U.S. Aggregate Bond Index.



Maryland Senator Edward J. Kasemeyer College Investment Plan

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

STATEMENT OF FIDUCIARY NET POSITION

The Statement of Fiduciary Net Position presents the assets, liabilities, and net position of the College Investment Plan as of June 30, 2018. This statement, along with the College Investment Plan's Statement of Changes in Fiduciary Net Position, is prepared using the accrual basis of accounting. Under this method of accounting, revenues and assets are recognized when enrollment materials and contributions are received in good order, distributions from an account are recognized when paid, and expenses and liabilities are recognized when services are provided, regardless of when cash is exchanged. We classify assets as current and noncurrent. Current assets consist primarily of investments, which comprise in excess of 99% of current assets. Net position consists primarily of contributions to accounts and investment earnings or losses, net of distributions from accounts. Additions to net position resulted from 50,835 new accounts, $614 million in account holder contributions to portfolios, $321 million in exchanges and transfers, and $358 million in net investment income. Deductions from net position include $712 million in distributions to account holders, $321 million in exchanges and transfers from portfolios for the fiscal year, and $24 million in rollovers to other 529 plans. This resulted in an increase in net position of $580 million for the Plan.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

COLLEGE INVESTMENT PLAN FEES

The College Investment Plan assesses fees, including fees of the underlying mutual funds and a State Fee. Each investment portfolio indirectly bears its pro-rata share of the fees and expenses of the underlying mutual funds in which it invests. These fees are not charged directly to a portfolio, but are included in the net asset value of the mutual funds held by the College Investment Plan. The pro-rata share of the fees and expenses is calculated based on the amount that each portfolio invests in a mutual fund and the expense ratio (the ratio of expenses to average net assets) of that mutual fund. In addition, each portfolio is charged a State Fee for administration and marketing costs of the College Investment Plan. The Trustee receives the State Fee, which equals 0.05% based on the assets of the College Investment Plan. Payment of the State Fee by each portfolio will be reflected in the portfolio's net asset value.

PORTFOLIO FINANCIAL STATEMENTS

The Statement of Net Position, the Statement of Changes in Net Position, and the Financial Highlights for each portfolio are included in this Annual Report as supplementary statements. These statements contain certain information for each of the portfolios within the College Investment Plan as of June 30, 2018. The Statement of Net Position details the investments and net position of each portfolio. This statement also contains information regarding the investments in the underlying mutual funds for each of the portfolios. Net position consists of account contributions and investment earnings and losses, net of distributions from accounts. The Statement of Changes in Net Position report the net investment income and the realized and unrealized gains and losses for each portfolio. This statement also includes information regarding account contributions and distributions from accounts for each portfolio.

An account holder's interest in a portfolio is represented as a number of units. The Financial Highlights statement includes net asset value information, total return, and various ratios for each individual portfolio.

BUDGETARY CONTROL AND FINANCIAL OVERSIGHT

The College Investment Plan is administered by Maryland 529. The Board, in accordance with the Enabling Legislation for the College Investment Plan, prepares and submits an annual budget to the Maryland Governor and the General Assembly for informational purposes only. In accordance with its fiduciary obligations, each quarter, the Board reviews a comparison of actual and budgeted expenses in connection with its administration of Maryland 529.

Maryland Senator Edward J. Kasemeyer College Investment Plan

STATEMENT OF FIDUCIARY NET POSITION AS OF JUNE 30, 2018

(amounts in thousands)

ASSETS	
Current Assets:	
Investments, at Fair Value	$ 5,767,050
LIABILITIES	
Current Liabilities:	
Other Liabilities	263
NET POSITION	
Total	$ 5,766,787

See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(amounts in thousands)

ADDITIONS	
Contributions:	
Account Holder Contributions	$ 614,456
Exchanges and Transfers	320,500
Portfolio Conversion	742,155
Total Contributions	1,677,111
Investment Income:	
Net Increase in Fair Value of Investments	267,721
Investment Income	90,068
Net Investment Income	357,789
Total Additions	2,034,900
DEDUCTIONS	
Distributions:	
Account Holder Distributions	391,612
Exchanges and Transfers	320,500
Dividend Distributions	841
Portfolio Conversion	742,155
Total Deductions	1,455,108
Change in Net Position	579,792
Net Position, Beginning of Year	5,186,995
Net Position, End of Year	$ 5,766,787

See accompanying Notes to Financial Statements.

Maryland Senator Edward J. Kasemeyer College Investment Plan

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2018

1. ORGANIZATION AND PURPOSE

The Maryland Senator Edward J. Kasemeyer College Investment Plan (formerly, the Maryland College Investment Plan) (Plan) was established under the Maryland College Investment Trust (Trust) to allow investors to save for qualified higher education expenses on a tax-advantaged basis in accordance with the provisions of Section 529 of the Internal Revenue Code. The Plan is a private purpose trust fund, used to account for resources legally held in trust for individual investors. The Maryland 529 Board (Board) serves as Trustee for the Trust (Trustee), and T. Rowe Price Associates, Inc. (Price Associates or the Program Manager), serves as the program manager. The Plan is marketed directly to investors without sales charges and offers eight enrollment-based and nine fixed portfolios (individually, a Portfolio and collectively, the Portfolios). Each Portfolio invests in predetermined underlying equity, fixed income, fund-of-funds, and/or money market mutual funds (Underlying Mutual Funds) managed by Price Associates, and/or its affiliated investment advisors. Each Underlying Mutual Fund is registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

The Maryland General Assembly passed House Bill 11, which created the Plan, during the 2000 legislative session. The Plan is a separate program, authorized by the Maryland Code Annotated Education Article, Section 18, Subtitle 19A (Enabling Legislation). The Board directs the Trust and consists of 11 members, six of whom are ex-officio members. The ex-officio members are the State Comptroller, the State Treasurer, the State Secretary of Higher Education, the State Superintendent of Schools, the Secretary of Disabilities, and the Chancellor of the University System of Maryland. The five remaining members are public members appointed by the Governor.

The Enabling Legislation allows that contributions made to the Plan may be deducted from Maryland state income in an amount up to $2,500 per contributor for each beneficiary annually. Effective January 1, 2002, earnings on contributions became tax-free for federal and state purposes when used toward eligible qualified higher education expenses. The federal exemption was made permanent by the Pension Protection Act of 2006. Effective January 1, 2018, the definition of qualified higher education expenses was expanded to include tuition expenses (up to $10,000 per year, per beneficiary) in connection with attendance at an elementary or secondary public, private or religious school.

All administrative costs for Maryland 529, including the Plan, are accounted for in the financial statements of the Maryland Senator Edward J. Kasemeyer Prepaid College Trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying Plan financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which require the use of estimates. The Program Manager believes that estimates and valuations of the Underlying Mutual Funds are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale of the Underlying Mutual Funds. The financial statements of the Plan use an economic resources measurement focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows. The Program Manager believes no events have occurred between June 30, 2018, the date of this report, and October 29, 2018, 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 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, 2018, new contributions to the Plan were approximately $614 million. For all Portfolios other than the U.S. Treasury Money Market Portfolio, net investment income and net realized gains accumulate in the net asset value of the Portfolio and are not separately distributed to Account Holders. The U.S. Treasury Money Market Portfolio declares a daily dividend of net investment income, which is automatically reinvested in the Account Holder's account monthly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Income and Transactions

Income and capital gain distributions from the Underlying Mutual Funds are recorded on the ex-dividend date, which is the date that an investor is required to be a shareholder of record in order to receive the dividend. Investment transactions in shares of the Underlying Mutual Funds are accounted for on a trade date basis. Realized gains and losses are reported on the identified cost basis.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. The Program Manager will be analyzing the effect of this pronouncement and plans to adopt it as applicable as of its effective date.

3. INVESTMENTS

The Maryland Senator Edward J. Kasemeyer College Investment Plan's Investment Policy, adopted by the Board, specifies the number of Portfolios and the general character and composition of each Portfolio. Based on these guidelines, detailed asset allocations have been developed and Underlying Mutual Funds have been selected for each Portfolio. The Plan is not restricted in its investments by legal or contractual provisions.

Investments are stated at fair value, which GAAP defines as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan invests solely in mutual funds, which are valued at the mutual fund's closing net asset value (NAV) per share on the date of valuation.

Various valuation techniques and inputs are used to determine the fair value of investments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

LEVEL 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the Plan can access at the reporting date

LEVEL 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

LEVEL 3 – unobservable inputs

Because the Plan invests in mutual funds that are actively traded at publicly available NAVs, all investments are classified as Level 1 as of June 30, 2018.

Changes in unrealized gain/loss resulting from changes in the fair values of investments are recognized daily in each Portfolio's net asset value per unit and, for the fiscal year, are reflected in the Plan's accompanying Statement of Changes in Net Position.

The Plan's investments in mutual funds expose it to certain risks, including market risk in the form of equity price risk—that is, the potential future loss of value that would result from a decline in the fair values of the Underlying Mutual Funds. Each Underlying Mutual Fund and its underlying net assets are also subject to market risk that may arise from, among other things, changes in equity prices, credit ratings, foreign currency exchange rates, and interest rates. The Plan's investments in mutual fund shares are not subject to classification by credit risk.

Each Underlying Mutual Fund that invests in bonds is subject to certain risks, including interest rate risk, which is the risk associated with a decline in bond prices that usually accompanies a rise in interest rates. The weighted average maturity and weighted average effective duration of the Underlying Mutual Funds that invest predominantly in bonds were as follows as of June 30, 2018 (in years):

	Weighted Average Maturity	Weighted Average Effective Duration
DOMESTIC BOND FUNDS		
T. Rowe Price High Yield Fund	6.45	3.70
T. Rowe Price Limited Duration Inflation Focused Bond Fund	3.39	1.71
T. Rowe Price New Income Fund	8.30	5.88
T. Rowe Price Short-Term Bond Fund	2.23	1.81
T. Rowe Price U.S. Bond Enhanced Index Fund	8.48	6.04
INTERNATIONAL BOND FUNDS		
T. Rowe Price Emerging Markets Bond Fund	11.68	6.26
T. Rowe Price International Bond Fund	9.92	7.83
BLENDED ASSET FUNDS		
T. Rowe Price Spectrum Income Fund	8.20	5.31

Maryland Senator Edward J. Kasemeyer College Investment Plan

3. INVESTMENTS (CONTINUED)

As of June 30, 2018, the Plan held the following aggregate investments in mutual funds (amounts in thousands):

	Aggregate Cost	Unrealized Gain/(Loss)	Aggregate Fair Value
DOMESTIC STOCK FUNDS			
T. Rowe Price Blue Chip Growth Fund	$ 93,745	$ 155,609	$ 249,354
T. Rowe Price Equity Index 500 Fund	608,462	446,790	1,055,252
T. Rowe Price Extended Equity Market Index Fund	577	14	591
T. Rowe Price Mid-Cap Growth Fund	75,448	35,363	110,811
T. Rowe Price Mid-Cap Value Fund	83,157	23,277	106,434
T. Rowe Price Small-Cap Stock Fund	153,737	60,696	214,433
T. Rowe Price Total Equity Market Index Fund	103,748	82,241	185,989
T. Rowe Price Value Fund	171,255	69,520	240,775
Total domestic stock funds	1,290,129	873,510	2,163,639
GLOBAL STOCK FUND			
T. Rowe Price Real Assets Fund	59,126	7,019	66,145
INTERNATIONAL STOCK FUNDS			
T. Rowe Price Emerging Markets Stock Fund	70,045	29,087	99,132
T. Rowe Price International Equity Index Fund	78,215	7,329	85,544
T. Rowe Price International Value Equity Fund	221,625	18,276	239,901
T. Rowe Price International Stock Fund	165,521	46,669	212,190
T. Rowe Price Overseas Stock Fund	198,563	47,189	245,752
Total international stock funds	733,969	148,550	882,519
DOMESTIC BOND FUNDS			
T. Rowe Price High Yield Fund	13,413	(407)	13,006
T. Rowe Price Limited Duration Inflation Focused Bond Fund	630,373	(443)	629,930
T. Rowe Price New Income Fund	113,887	(3,147)	110,740
T. Rowe Price Short-Term Bond Fund	656,461	(4,349)	652,112
T. Rowe Price U.S. Bond Enhanced Index Fund	760	-	760
Total domestic bond funds	1,414,894	(8,346)	1,406,548
INTERNATIONAL BOND FUNDS			
T. Rowe Price Emerging Markets Bond Fund	14,914	(1,230)	13,684
T. Rowe Price International Bond Fund	12,199	(94)	12,105
Total international bond funds	27,113	(1,324)	25,789
BLENDED ASSET FUND			
T. Rowe Price Spectrum Income Fund	1,088,846	(12,832)	1,076,014
MONEY MARKET FUND			
T. Rowe Price U.S. Treasury Money Fund	146,396	-	146,396
Total investments in mutual funds	$ 4,760,473	$ 1,006,577	$ 5,767,050

4. TAX-EXEMPT STATUS

The Plan is exempt from federal taxation in accordance with Section 529 of the Internal Revenue Code and is exempt from Maryland state and local taxation in accordance with the Enabling Legislation. Accordingly, the Plan makes no provision for income taxes.

5. RELATED PARTIES

Price Associates is a wholly owned subsidiary of T. Rowe Price Group, Inc. Price Associates and its wholly owned subsidiaries provide investment management, recordkeeping and account servicing, administrative, distribution and marketing, custodial, and certain other services to the Plan. Price Associates and its wholly owned subsidiaries also serve as investment manager for each of the Underlying Mutual Funds, and certain officers and directors of Price Associates and its subsidiaries are also officers and directors of the Underlying Mutual Funds.

Each Portfolio indirectly bears its pro-rata share of the fees and expenses of the Underlying Mutual Funds in which it invests (indirect expenses). The Portfolios pay no investment management fees; however, Price Associates receives asset-based management fees from the Underlying Mutual Funds in which the Portfolios invest. The costs associated with record-keeping and related account servicing for the Portfolios are borne by each Underlying Mutual Fund in proportion to the average daily value of its shares owned by the Portfolios. During the year ended June 30, 2018, the Underlying Mutual Funds incurred $10,998,000 related to services provided to Plan accounts. The impact of Portfolio-related costs borne by the Underlying Mutual Funds is reflected in the valuations of the Underlying Mutual Funds, which, in turn, affect the net asset values of the Portfolios.

The staff of Maryland 529 supports Price Associates' management of the Plan in accordance with applicable laws and regulations, Board policy, and the Board's contract with Price Associates. Members of the Board review and approve all Plan disclosure documents, as well as all marketing initiatives in accordance with the approved marketing plan, and monitor the implementation and employee training of operational procedures. The Trust coordinates several contracts between the Board and its service providers for services to both the Trust and the Plan.

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

Supplementary Information

MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

As of June 30, 2018

Statement of Net Position (in thousands,except net asset values per unit and shares)	PORTFOLIO 2039[1]		PORTFOLIO 2036		PORTFOLIO 2033		PORTFOLIO 2030	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
INVESTMENTS AT FAIR VALUE								
T. Rowe Price Blue Chip Growth Fund	-	$ 35	51	$ 5,474	205	$ 22,115	297	$ 31,933
T. Rowe Price Emerging Markets Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Emerging Markets Stock Fund	-	16	54	2,279	217	9,173	313	13, 217
T. Rowe Price Equity Index 500 Fund	1	107	224	16,311	899	65,539	1,298	94,652
T. Rowe Price Extended Equity Market Index	-	-	-	-	-	-	-	-
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	30	242	4,423	968	17,682	1,414	25,840
T. Rowe Price International Value Equity Fund	2	35	359	5,143	1,414	20,251	2,018	28,897
T. Rowe Price Limited Duration Inflation Focused Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Mid-Cap Growth Fund	-	16	27	2,459	108	9,825	157	14,326
T. Rowe Price Mid-Cap Value Fund	1	15	74	2,321	299	9,379	428	13,444
T. Rowe Price New Income Fund	-	-	-	-	-	-	-	-
T. Rowe Price Overseas Stock Fund	3	35	465	5,161	1,852	20,562	2,688	29,833
T. Rowe Price Real Assets Fund	1	8	107	1,249	429	4,999	627	7,312
T. Rowe Price Short-Term Bond Fund	-	-	-	-	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	1	30	91	4,722	369	19,129	531	27,530
T. Rowe Price Spectrum Income Fund	-	-	-	-	-	-	5,089	62,701
T. Rowe Price Total Equity Market Index Fund	-	-	-	-	-	-	-	-
T. Rowe Price U.S. Bond Enhanced Index Fund	-	-	-	-	-	-	-	-
T. Rowe Price U.S. Treasury Money Fund	-	-	-	-	-	-	3,521	3,521
T. Rowe Price Value Fund	1	36	146	5,334	584	21,309	853	31,137
Total investments at fair value		363		54,876		219,963		384,343
Other liabilities		-		(2)		(9)		(16)
NET POSITION		**$363**		**$ 54,874**		**$219,954**		**$384,327**
Composition of Net Position:								
Paid-in capital		$ 368		$ 50,477		$ 178,561		$ 283,854
Retained earnings		(5)		4,397		41,393		100,473
Number of Units Outstanding		36		4,088		11,796		15,829
NET ASSET VALUE PER UNIT [2]		**$9.98**		**$ 13.42**		**$ 18.65**		**$ 24.28**
Investments at cost		$ 368		$ 51,668		$ 189,584		$ 314,369

(1) The portfolio commenced operations on May 31, 2018, and was available for investment by the public on June 4, 2018.

(2) 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.

(3) The portfolio commenced operations on March 29, 2018, and was available for investment by the public on April 2, 2018.

	PORTFOLIO 2027		PORTFOLIO 2024		PORTFOLIO 2021		PORTFOLIO FOR COLLEGE		EQUITY PORTFOLIO	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Value	Shares	Value
	405	$ 43,620	402	$ 43,304	177	$ 19,098	-	$ -	582	$ 62,622
	-	-	-	-	-	-	-	-	--	-
	429	18,112	425	17,946	77	3,241	-	-	623	26,343
	1,762	128,510	1,730	126,152	2,586	188,616	2,439	177,900	2,566	187,130
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	1,915	34,986	1,896	34,637	1,032	18,853	443	8,087	2,764	50,506
	2,757	39,474	2,731	39,100	1,474	21,105	587	8,405	4,098	58,682
	-	-	-	-	24,366	121,342	96,672	481,429	-	-
	213	19,421	210	19,151	88	8,053	-	-	309	28,212
	589	18,489	599	18,823	273	8,561	-	-	846	26,554
	-	-	-	-	-	-	-	-	-	-
	3,662	40,650	3,623	40,213	1,973	21,902	803	8,918	5,302	58,851
	876	10,203	878	10,234	683	7,961	433	5,041	1,225	14,268
	-	-	-	-	33,168	154,229	107,072	497,883	-	-
	723	37,491	714	37,006	315	16,307	-	-	1,045	54,177
	16,353	201,475	31,907	393,094	26,594	327,639	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	6,460	6,460	8,058	8,058	8,160	8,160	12,014	12,014	-	-
	1,161	42,384	1,143	41,733	489	17,859	-	-	-	60,800
		641,275		829,451		942,926		1,199,677		628,145
		(27)		(34)		(39)		(60)		(27)
		$ 641,248		**$ 829,417**		**$942,887**		**$1,199,617**		**$628,118**
		$ 419,298		$ 532,209		$ 587,671		$ 1,074,751		$ 230,416
		221,950		297,208		355,216		124,866		397,702
		28,532		29,779		33,190		65,144		18,124
		$ 22.47		**$ 27.85**		**$ 28.41**		**$ 18.41**		**$ 34.66**
		$ 495,360		$ 715,203		$ 787,267		$ 1,159,060		$ 363,473

Supplementary Information

MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

As of June 30, 2018

Statement of Net Position (Continued) (in thousands,except net asset values per unit and shares)	GLOBAL EQUITY MARKET INDEX PORTFOLIO Shares	Fair Value	BALANCED PORTFOLIO Shares	Fair Value	BOND AND INCOME PORTFOLIO Shares	Fair Value
INVESTMENTS AT FAIR VALUE						
T. Rowe Price Blue Chip Growth Fund	-	$ -	197	$ 21,153	-	$ -
T. Rowe Price Emerging Markets Bond Fund	-	-	1,201	13,684	-	-
T. Rowe Price Emerging Markets Stock Fund	-	-	208	8,805	-	-
T. Rowe Price Equity Index 500 Fund	-	-	851	62,022	-	-
T. Rowe Price Extended Equity Market Index	-	-	-	-	-	-
T. Rowe Price High Yield Fund	-	-	2,001	13,006	-	-
T. Rowe Price International Bond Fund	-	-	1,380	12,105	-	-
T. Rowe Price International Equity Index Fund	6,106	85,544	-	-	-	-
T. Rowe Price International Stock Fund	-	-	939	17,146	-	-
T. Rowe Price International Value Equity Fund	-	-	1,314	18,809	-	-
T. Rowe Price Limited Duration Inflation Focused Bond Fund	-	-	-	-	-	-
T. Rowe Price Mid-Cap Growth Fund	-	-	102	9,348	-	-
T. Rowe Price Mid-Cap Value Fund	-	-	282	8,848	-	
T. Rowe Price New Income Fund	-	-	12,050	110,740	-	-
T. Rowe Price Overseas Stock Fund	-	-	1,768	19,627	-	-
T. Rowe Price Real Assets Fund	-	-	418	4,870	-	-
T. Rowe Price Short-Term Bond Fund	-	-	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	-	-	348	18,041	-	-
T. Rowe Price Spectrum Income Fund	-	-	-	-	7,395	91,105
T. Rowe Price Total Equity Market Index Fund	5,992	185,989	-	-	-	-
T. Rowe Price U.S. Bond Enhanced Index Fund	-	-	-	-	-	-
T. Rowe Price U.S. Treasury Money Fund	-	-	3,579	3,579	-	-
T. Rowe Price Value Fund	-	-	553	20,183	-	-
Total investments at fair value		271,533		361,966		91,105
Other liabilities		(11)		(15)		(16)
NET POSITION		**$271,522**		**$361,951**		**$91,089**
Composition of Net Position:						
Paid-in capital		$162,913		$178,913		$ 52,097
Retained earnings		108,609		183,038		38,992
Number of Units Outstanding		11,124		11,388		3,384
NET ASSET VALUE PER UNIT (2)		**$ 24.41**		**$ 31.78**		**$ 26.91**
Investments at cost		$181,963		$273,728		$ 86,583

(1) The portfolio commenced operations on May 31, 2018, and was available for investment by the public on June 4, 2018.

(2) 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.

(3) The portfolio commenced operations on March 29, 2018, and was available for investment by the public on April 2, 2018.

INFLATION FOCUSED BOND PORTFOLIO		U.S.TREASURY MONEY MARKET PORTFOLIO		EQUITY INDEX 500 PORTFOLIO[3]		EXTENDED EQUITY MARKET INDEX PORTFOLIO[3]		U.S. BOND ENHANCED INDEX PORTFOLIO[3]		TOTAL	
Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	2,316	$ 249,354
	-	-	-	-	-	-	-	-	-	1,201	13,684
	-	-	-	-	-	-	-	-	-	2,346	99,132
-	-	-	-	114	8,313	-	-	-	-	14,470	1,055,252
-	-	-	-	-	-	20	591	-	-	20	591
	-	-	-	-	-	-	-	-	-	2,001	13,006
-	-	-	-	-	-	-	-	-	-	1,380	12,105
-	-	-	-	-	-	-	-	-	-	6,106	85,544
-	-	-	-	-	-	-	-	-	-	11,615	212,190
-	-	-	-	-	-	-	-	-	-	16,754	239,901
5,454	27,159	-	-	-	-	-	-	-	-	126,492	629,930
-	-	-	-	-	-	-	-	-	-	1,214	110,811
-	-	-	-	-	-	-	-	-	-	3,391	106,434
-	-	-	-	-	-	-	-	-	-	12,050	110,740
-	-	-	-	-	-	-	-	-	-	22,139	245,752
-	-	-	-	-	-	-	-	-	-	5,677	66,145
-	-	-	-	-	-	-	-	-	-	140,240	652,112
-	-	-	-	-	-	-	-	-	-	4,137	214,433
-	-	-	-	-	-	-	-	-	-	87,338	1,076,014
-	-	-	-	-	-	-	-	-	-	5,992	185,989
-	-	-	-	-	-	-	-	71	760	71	760
-	-	104,604	104,604	-	-	-	-	-	-	146,396	146,396
-	-	-	-	-	-	-	-	-	-	6,595	240,775
	27,159		104,604		8,313		591		760		5,767,050
	(1)		(5)		-		-		(1)		(263)
	$27,158		**$104,599**		**$8,313**		**$ 591**		**$ 759**		**$5,766,787**
	$ 20,261		$ 103,758		$ 8,161		$ 577		$ 756		$ 3,885,041
	6,897		841		152		14		3		1,881,746
	2,066		104,599		804		56		76		340,015
	$ 13.14		**$ 1.00**		**$10.34**		**$10.61**		**$9.99**		
	$ 27,709		$ 104,604		$ 8,197		$ 577		$ 760		$ 4,760,473

Supplementary Information

MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the year ended June 30, 2018

Statement of Changes in Net Position (amounts in thousands)	PORTFOLIO 2039[1]	PORTFOLIO 2036	PORTFOLIO 2033	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024
OPERATIONS						
Net investment income						
Income distributions from Underlying Mutual Funds	$ -	$ 403	$ 2,262	$ 5,309	$ 10,995	$ 17,033
State fee expense	-	17	92	173	298	392
Net investment income (loss)	-	386	2,170	5,136	10,697	16,641
Net realized and unrealized gain/loss						
Net realized gain (loss)						
Sales of Underlying Mutual Fund shares	-	(10)	350	1,515	6,159	8,208
Capital gain distributions from Underlying Mutual Funds	-	668	4,103	6,998	10,605	11,950
Net realized gain (loss)	-	658	4,453	8,513	16,764	20,158
Change in unrealized gain (loss)	(5)	1,686	12,176	18,393	20,008	13,655
Net realized and change in unrealized gain (loss)	(5)	2,344	16,629	26,906	36,772	33,813
Increase (decrease) in net position from investments	(5)	2,730	18,799	32,042	47,469	50,454
DISTRIBUTIONS TO UNIT HOLDERS						
Decrease in net position from distributions	-	-	-	-	-	-
UNIT TRANSACTIONS – see **UNIT INFORMATION** below						
Units issued						
Account Holder contributions	48	27,778	56,704	59,353	68,892	74,352
Account Holder transfers from other portfolios	320	9,234	9,207	11,790	19,219	32,716
Portfolio conversion	-	-	-	-	-	-
Units redeemed						
Account Holder distributions	-	(636)	(2,586)	(4,276)	(7,323)	(11,333)
Account Holder transfers to other portfolios	-	(1,626)	(5,259)	(7,999)	(15,611)	(25,972)
Portfolio conversion	-	-	-	-	-	-
Increase (decrease) in net position from unit transactions	368	34,750	58,066	58,868	65,177	69,763
NET POSITION						
Increase (decrease) during period	363	37,480	76,865	90,910	112,646	120,217
Beginning of period	-	17,394	143,089	293,417	528,602	709,200
End of period	**$363**	**$54,874**	**$219,954**	**$384,327**	**$641,248**	**$829,417**
UNIT INFORMATION						
Units outstanding, beginning of period	-	1,454	8,609	13,359	25,594	27,255
Units issued						
Account Holder contributions and transfers from other portfolios	36	2,805	3,618	2,984	3,974	3,875
Portfolio conversion	-	-	-	-	-	-
Units redeemed						
Account Holder contributions and transfers from other portfolios	-	(171)	(431)	(514)	(1,036)	(1,351)
Portfolio conversion	-	-	-	-	-	-
Units outstanding, end of period	36	4,088	11,796	15,829	28,532	29,779

(1) The portfolio commenced operations on May 31, 2018, and was available for investment by the public on June 4, 2018.

(2) The portfolio commenced operations on March 29, 2018, and was available for investment by the public on April 2, 2018.

PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO FOR COLLEGE	EQUITY PORTFOLIO	GLOBAL EQUITY MARKET INDEX PORTFOLIO	BALANCED PORTFOLIO	BOND AND INCOME PORTFOLIO	INFLATION FOCUSED BOND PORTFOLIO	U.S. TREASURY MONEY MARKET PORTFOLIO	EQUITY INDEX 500 PORTFOLIO(2)	EXTENDED EQUITY MARKET INDEX PORTFOLIO(2)	U.S. BOND ENHANCED INDEX PORTFOLIO(2)	TOTAL
$ 18,758	$8,529	$ 6,531	$ 7,509	$ 4,343	$ 7,185	$ 3,007	$ 34	$ 887	$ 36	$ -	$ 4	$ 92,825
452	356	263	306	126	176	46	14	46	-	-	-	2,757
18,306	8,173	6,268	7,203	4,217	7,009	2,961	20	841	36	-	4	90,068
23,335	110,543	5,051	12,802	(29)	5,984	(69)	(158)	-	-	-	(1)	173,680
8,821	4,950	3,371	13,962	501	4,904	575	442	-	-	-	-	71,850
32,156	115,493	8,422	26,764	472	10,888	506	284	-	-	-	(1)	245,530
(3,527)	(96,638)	(1,859)	34,625	21,372	4,801	(2,618)	(8)	-	116	14	-	22,191
28,629	18,855	6,563	61,389	21,844	15,689	(2,112)	276	-	116	14	(1)	267,721
46,935	27,028	12,831	68,592	26,061	22,698	849	296	841	152	14	3	357,789
-	-	-	-	-	-	-	-	(841)	-	-	-	(841)
72,635	53,370	51,269	48,840	33,925	34,925	9,019	3,118	18,701	1,302	148	77	614,456
43,234	23,420	37,225	26,696	20,275	21,409	12,555	3,496	41,448	7,070	432	754	320,500
-	-	742,155	-	-	-	-	-	-	-	-	-	742,155
(20,529)	(80,500)	(151,095)	(36,325)	(10,007)	(27,330)	(9,966)	(4,951)	(24,632)	(103)	-	(20)	(391,612)
(41,636)	(52,670)	(39,780)	(52,985)	(23,825)	(24,492)	(10,428)	(3,318)	(14,733)	(108)	(3)	(55)	(320,500)
-	(742,155)	-	-	-	-	-	-	-	-	-	-	(742,155)
53,704	(798,535)	639,774	(13,774)	20,368	4,512	1,180	(1,655)	20,784	8,161	577	756	222,844
100,639	(771,507)	652,605	54,818	46,429	27,210	2,029	(1,359)	20,784	8,313	591	759	579,792
842,248	771,507	547,012	573,300	225,093	334,741	89,060	28,517	83,815	-	-	-	5,186,995
$942,887	**$ -**	**$1,199,617**	**$628,118**	**$271,522**	**$361,951**	**$91,089**	**$27,158**	**$104,599**	**$8,313**	**$591**	**$759**	**$5,766,787**
31,281	30,692	30,552	18,557	10,284	11,248	3,342	2,193	83,815	-	-	-	
4,120	2,990	4,855	2,232	2,265	1,793	793	507	60,149	824	56	84	
-	-	40,225	-	-	-	-	-	-	-	-	-	
(2,211)	(4,553)	(10,488)	(2,665)	(1,425)	(1,653)	(751)	(634)	(39,365)	(20)	-	(8)	
-	(29,129)	-	-	-	-	-	-	-	-	-	-	
33,190	-	65,144	18,124	11,124	11,388	3,384	2,066	104,599	804	56	76	

Supplementary Information

MARYLAND SENATOR EDWARD J. KASEMEYER COLLEGE INVESTMENT PLAN

For the year ended June 30, 2018

Financial Highlights (For a unit outstanding throughout the period)	PORTFOLIO 2039[8]	PORTFOLIO 2036	PORTFOLIO 2033	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024
NET ASSET VALUE[1]						
Beginning of period	$10.00	$ 11.97	$ 16.62	$ 21.96	$ 20.65	$ 26.02
Investment activities[2]						
Net investment income[3]	0.03	0.14	0.21	0.35	0.40	0.58
Net realized and unrealized (loss) gain	(0.05)	1.31	1.82	1.97	1.42	1.25
Total from investment activities	(0.02)	1.45	2.03	2.32	1.82	1.83
Distributions of net investment income	-	-	-	-	-	-
NET ASSET VALUE[1]						
End of period	**$ 9.98**	**$13.42**	**$18.65**	**$24.28**	**$22.47**	**$27.85**
RATIOS[4]						
Total Return	**(0.20)%**	**12.11%**	**12.21%**	**10.56%**	**8.81%**	**7.03%**
Ratio of expenses to average net assets	0.05%[6]	0.05%	0.05%	0.05%	0.05%	0.05%
Ratio of net investment income (loss) to average net assets	2.44%[6]	1.10%	1.17%	1.48%	1.79%	2.12%
Portfolio turnover rate	0.0%	4.9%	5.10%	8.6%	8.8%	8.6%
SUPPLEMENTAL INFORMATION						
Weighted-average expense ratio of the Underlying Mutual Funds[5]	0.64%[6]	0.64%	0.64%	0.64%	0.64%	0.64%
Effective expense ratio	0.69%[6]	0.69%	0.69%	0.69%	0.69%	0.69%
Net Assets, end of period (in millions)	$ 0.4	$ 54.9	$ 220.0	$ 384.3	$ 641.2	$ 829.4

(1) The net asset value (NAV) per unit is calculated at the close of the New York Stock Exchange on each day the exchange is open for business. Each Portfolio's NAV is computed by dividing the value of its net position by the number of Portfolio units outstanding. A Portfolio's investments in the Underlying Mutual Funds are valued at each Underlying Mutual Fund's closing net asset value per share on the date of valuation.

(2) Per-unit amounts were calculated based on average units outstanding during the fiscal year.

(3) Recognition of the Portfolios' net investment income is affected by the timing of the dividend declarations by the Underlying Mutual Funds in which the Portfolios invest.

(4) Ratios reflect the activity of each Portfolio and do not include the activity of the Underlying Mutual Funds in which the Portfolios invest.

(5) Reflects the indirect expense impact to the Portfolio from its investment(s) in the Underlying Mutual Funds, based on the actual expense ratio of each Underlying Mutual Fund weighted for the Portfolio's relative average investment therein.

(6) Annualized.

(7) Amounts round to less than $0.01 per unit.

(8) The Portfolio commenced operations on May 31, 2018, and was available for investment by the public on June 4, 2018.

(9) The Portfolio commenced operations on March 29, 2018, and was available for investment by the public on April 2, 2018.

PORTFOLIO 2021	PORTFOLIO FOR COLLEGE	EQUITY PORTFOLIO	GLOBAL EQUITY MARKET INDEX PORTFOLIO	BALANCED PORTFOLIO	BOND AND INCOME PORTFOLIO	INFLATION FOCUSED BOND PORTFOLIO	U.S. TREASURY MONEY MARKET PORTFOLIO	EQUITY INDEX 500 PORTFOLIO[9]	EXTENDED EQUITY MARKET INDEX PORTFOLIO[9]	U.S. BOND ENHANCED INDEX PORTFOLIO[9]
$ 26.92	$ 17.90	$ 30.89	$ 21.89	$ 29.76	$ 26.64	$ 13.00	$ 1.00	$ 10.00	$ 10.00	$10.00
0.57	0.21	0.40	0.40	0.62	0.88	0.01	0.01	0.07	-[7]	0.08
0.92	0.30	3.37	2.12	1.40	(0.61)	0.13	-	0.27	0.61	(0.09)
1.49	0.51	3.77	2.52	2.02	0.27	0.14	0.01	0.34	0.61	(0.01)
-	-	-	-	-	-	-	(0.01)	-	-	-
$28.41	**$ 18.41**	**$34.66**	**$24.41**	**$31.78**	**$26.91**	**$13.14**	**$ 1.00**	**$10.34**	**$10.61**	**$ 9.99**
5.53%	**2.85%**	**12.20%**	**11.51%**	**6.79%**	**1.01%**	**1.08%**	**0.91%**	**3.40%**	**6.10%**	**(0.10)%**
0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%[6]	0.05%[6]	0.05%[6]
2.03%	1.19%	1.17%	1.67%	1.98%	3.25%	0.07%	0.92%	2.60%[6]	(0.05)%[6]	2.75%[6]
15.5%	22.7%	11.2%	5.0%	10.0%	8.7%	15.2%	-%	0.7%	-%	13.9%
0.53%	0.42%	0.64%	0.35%	0.62%	0.63%	0.41%	0.39%	0.21%[6]	0.35%[6]	0.30%[6]
0.58%	0.47%	0.69%	0.40%	0.67%	0.68%	0.46%	0.44%	0.26%[6]	0.40%[6]	0.35%[6]
$ 942.9	$1,199.6	$ 628.1	$ 271.5	$ 362.0	$ 91.1	$ 27.1	$104.6	$ 8.3	$ 1.0	$ 1.0