



COLLEGE SAVINGS
PLANS OF MARYLAND
Maryland529.com

2015 Annual Report

Maryland Prepaid College Trust | Maryland College Investment Plan





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Governor



Boyd Rutherford
Lt. Governor

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Public Member - (TBD)



October 2015

Dear Friends,

We are pleased to report another year of growth for the College Savings Plans of Maryland. During Fiscal Year 2015, contributions from current account holders, new enrollments, and a moderate stock market gain contributed to total investments across the Prepaid College Trust and College Investment Plan growing by more than 6%. Total investments in both Plans reached nearly \$5.2 billion as of June 30, 2015 for more than 188,900 beneficiaries.

Investments in the Maryland Prepaid College Trust earned approximately 2.42% during the fiscal year with the investment total reaching nearly \$924.2 million as of June 30, 2015. At that time, accounts were held on behalf of almost 31,000 beneficiaries.

The Prepaid College Trust remained fiscally sound and was 136% funded at fiscal year-end. With ongoing market volatility and forecasted Tuition increases, this actuarial surplus can help to offset potential negative impacts that off-target future investment earnings assumptions or future tuition assumptions may produce.

Understanding our duty to protect the college savings of the Prepaid Trust's almost 31,000 beneficiaries, the Board, as part of the yearly evaluation of the investment strategy, revised the future investment earnings assumption downward from 7.65% to 7%. While these changes reduced the actuarial surplus, the adjustment reflects the Board's prudent assessment of long-term trends and a dedication to protecting the Prepaid Trust's assets.

Investments in the Maryland College Investment Plan reached approximately \$4.2 billion as of June 30, 2015. In addition, the Plan had a net gain of nearly 12,500 beneficiaries and reached a total of nearly 158,150 beneficiaries at fiscal year-end. With more than \$482 million in contributions from account holders and favorable investment markets during the fiscal year, the average account balance was \$19,379 as of June 30, 2015.

Thank you for making college savings a priority for your family and participating in the College Savings Plans of Maryland. We hope that every dollar you save results in achieving your student's higher education goals with a lower amount of student debt.

Sincerely,

The Board

College Savings Plans of Maryland

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Definitions of the benchmarks cited in the report: 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; Barclays 1–5 Year U.S. Treasury TIPS Index—measures the performance of inflation protected public obligations of the U.S. Treasury with maturities of one to five years; 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 domestic 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 non-U.S. large-cap 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 U.S. companies; S&P Total Market Index—tracks the performance of a broad spectrum of small-, mid-, and large-capitalization U.S. stocks.

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College Savings Plans of Maryland— Features and Benefits

The College Savings Plans of Maryland offer affordable and flexible options creating opportunities for families to save for higher education expenses and can help lessen or even eliminate the need to finance a college education through borrowing. By choosing one or both plans, families are likely to find an option that suits their individual investing style, comfort level and budget.* Both plans can be used at nearly any public or private college nationwide.

The Maryland Prepaid College Trust (sometimes referred to as 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 College Investment Plan (sometimes referred to as College Investment Plan or Plan) is administered by the College Savings Plans of Maryland Board and managed and distributed by T. Rowe Price. It allows participants to choose from a variety of mutual fund-based portfolios. These options include Enrollment-Based Portfolios where investment allocations adjust 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 start at \$25 per month with automatic monthly contributions. In addition, the Plan has no sales loads, commissions, or enrollment fee.

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 eligible trade and technical 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 college.

In October 2015, we were pleased to learn that the College Investment Plan was one of four plans in the country to receive a "Gold" rating from Morningstar, Inc. Morningstar stated that plans with a "Gold" rating "lead the industry and represent some of the best options available for college savers." In addition to also receiving a "Gold" rating in 2014, 2013 and 2012, the College Investment Plan received Morningstar's "Top" rating in 2011 and 2010.

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 college 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 college 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.

Tax-deferred growth and federally tax-free earnings are features of all 529 plans, but the ability to deduct contributions from Maryland State income applies exclusively to the College Savings Plans of Maryland.

** 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 benefits for investing in its 529 plan. In addition, you should periodically assess and, if appropriate, adjust your Section 529 plan investment choices with your time horizon, risk tolerance and investment objectives in mind.*

Morningstar analysts reviewed 63 plans for its 2015 ratings (10/20/15), 64 plans for its 2014 ratings (10/21/14), 2013 ratings (10/22/13) and 2012 ratings (10/15/12), of which 4 plans received a "Gold" rating. To determine a plan's rating, Morningstar's analysts considered five factors: the plan's strategy and investment process; the plan's risk-adjusted performance; an assessment of the individuals managing the plan's investment options; the stewardship practices of the plan's administration and parent firm; and whether the plan's investment options are a good value proposition compared to its peers. Plans were then assigned forward-looking ratings of "Gold," "Silver," "Bronze," "Neutral," and "Negative." Each year, certain of the industry's smallest plans are not rated. Morningstar analysts reviewed 58 plans for its 2011 survey, of which 6 plans received a "Top" rating, and 52 plans for its 2010 survey, of which 5 plans received a "Top" rating. Ratings for each plan were based on five factors: the quality

of the underlying investment options; performance of those options; the skill of the managers of those options; the costs associated with each plan; and the stewardship practices of each plan's program manager. Plans were then assigned ratings of "Top," "Above Average," "Average," "Below Average," and "Bottom." To earn a "Top" rating, a plan must be best-in-class across all five areas.

Analyst Ratings are subjective in nature and should not be used as the sole basis for investment decisions. Analyst Ratings are based on Morningstar analysts' current expectations about future events and therefore involve unknown risks and uncertainties that may cause Morningstar's expectations not to occur or to differ significantly from what was expected. Morningstar does not represent its Analyst Ratings to be guarantees.

Market Commentary

Market performance has a direct effect on the overall performance of investments in the College Savings Plans of Maryland. The following is designed to provide a summary of market performance for the period ended June 30, 2015.* For more recent economic data, visit the College Investment Plan program manager's website (TRowePrice.com).

STOCKS GAINED AMID HEIGHTENED VOLATILITY

U.S. stocks generated solid gains for the 12-month reporting period. According to recent government estimates, the U.S. economy contracted at an annualized real rate of 0.2% in the first quarter of 2015. Transitory factors, such as harsh winter weather, a stronger dollar, a West Coast ports strike, and plunging oil prices in the second half of 2014, contributed to the contraction. Over the last 12 months, however, U.S. economic growth has been relatively strong compared with growth in developed Asian and European countries. The College Investment Plan program manager (T. Rowe Price) believes the economy is bouncing back in the second quarter as evidenced by increased consumer spending, a jump in home sales, a pickup in exports, and solid jobs and income growth.

There were periods of heightened market volatility amid intermittent concerns about sluggish global growth, geopolitical tensions in Ukraine and the Middle East, and fears that the Federal Reserve would raise short-term U.S. interest rates sooner than the expected mid-2015 time frame. Additionally, fears of a Greek exit from the eurozone stoked investor concerns at the end of the reporting period. Stocks in developed non-U.S. markets declined in U.S. dollar terms over the last 12 months and lagged U.S. shares, but local currency returns were solidly higher. Emerging markets equities also declined in U.S. dollar terms but recorded gains in local currency terms during the reporting period.

The U.S. dollar strengthened markedly against most currencies. Much of the dollar strength stemmed from diverging monetary policies and economic growth prospects for the U.S. and overseas economies.

BONDS DELIVER STEADY RESULTS AHEAD OF POSSIBLE FED ACTION

U.S. bonds produced positive returns over the last year. Longer-term Treasuries posted good results as yields declined despite pressure from the Federal Reserve's decision to curtail and then end its asset purchases in October 2014. Asset-backed and agency mortgage-backed securities also recorded solid gains. High yield bonds, which trailed investment-grade issues in late 2014, performed well in the first half of 2015, supported by rising oil prices, moderate levels of new issuance, and demand for fixed income investments with above-average yield. Local currency bonds in developed and emerging markets declined sharply in dollar terms, hurt by the dollar's appreciation, while U.S. dollar-denominated emerging markets debt posted more modest losses.

Although the Federal Reserve could begin raising interest rates later in 2015, many global central banks, including the European Central Bank and the Bank of Japan, are in the midst of aggressive stimulus policies. Federal Reserve Chair Janet Yellen has repeatedly stated that the Fed's first interest rate increase since 2006 will be data dependent and that the pace of subsequent rate hikes will be more moderate than in past tightening cycles.

A NOTE ON MARKET FLUCTUATION

Due to market uncertainties, the overall market value of the investments in the Prepaid College Trust and investments in the College Investment Plan could be highly volatile and subject to fluctuations in response to factors such as regulatory or legislative changes, worldwide political activities, and general economic conditions. All of these factors are beyond the program manager's control and may cause the overall value of the investments in the Prepaid College Trust and the College Investment Plan to decrease, regardless of performance or your selection of investment options. Any decrease in value could result in an actual or actuarial (unrealized) loss.

** This discussion is not a comprehensive discussion of all stock market performance. It is also not intended to be a comprehensive discussion of risks associated with the College Savings Plans of Maryland. For a more detailed discussion of these risks, see the current College Savings Plans of Maryland Enrollment Kit.*

College Costs Review*

College is expensive, and the cost of education continued to rise faster than household income and inflation. Here are the most recent figures from the College Board on average higher education costs for the 2014–2015 academic year (see also the accompanying table):

- The average total cost of a four-year public university for in-state students rose by 3.0% from the previous academic year to \$18,943.
- The average total cost of a four-year private college rose by 3.6% from the previous academic year to \$42,419.
- About 60% of students who earned a bachelor's degree graduated with cumulative debt averaging \$27,300 in the 2012–2013 school year (latest available data).
- Students and parents borrowed \$106 billion in education loans in 2013–2014.

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.

Real (inflation-adjusted) median household income increased 2.1% for the 12-month period ended June 30, 2015, according to Sentier Research, which compiles monthly Census Bureau income data. (Nominal household income increased 2.3% in that period.) Real household income growth has remained low and has been virtually unchanged for more than a decade. Purchasing power at the end of June 2015 was approximately 4% less than it was at the turn of the century. In addition, many states are continuing to restrain budgets on public institutions.

However, according to the most recent data compiled by the College Board, nationwide college cost increases are beginning to moderate. For example, the average tuition

and fees for in-state full-time students at public four-year institutions rose 0.8% year over year after adjusting for inflation in 2014–2015—well below the 3.5% average annual real increase over the past 10 years from 2004–2005 to 2014–2015—and was one of the smallest increases in the past 30 years. Tuition and fees at private colleges rose 2.2% above the rate of inflation for the past 10 years.

THE STATE OF FINANCIAL AID

Undergraduate and graduate students received approximately \$238.3 billion in financial aid during the 2013–2014 academic year (the most recent data available), and financial aid remains an important source of funding for many families. On average, each undergraduate full-time-equivalent student received \$14,180, and each graduate student received \$26,200.

Consistent with past years, only a portion of average financial aid came in the form of grants—\$8,080 and \$8,540 for undergraduate and graduate students, respectively. The rest was composed of loans, tax breaks, and the Federal Work-Study Program. College loans remain a sizable burden on many college graduates.

There is some good news here, however. The actual amount borrowed to pay for college was less in 2013–2014 than it was in 2012–2013, and College Board data show that the ratio of grant aid to loans is rising. Total annual education borrowing increased by 18% (in constant dollars) between 2007–2008 and 2010–2011 but declined by 13% between 2010–2013 and 2013–2014. This information suggests that good preparation may be paying off and that college savings may be a component of that preparation.

*Statistical information provided is from the College Board's "Trends in College Pricing 2014" and "Trends in Student Aid 2014" for the 2014–2015 academic year and Sentier Research.

PUBLISHED TUITION, FEES, AND ROOM AND BOARD CHARGES – NATIONAL AVERAGE		
	Four-Year Private College	Four-Year Public College-In-State Rates
2014-2015 Academic Year	\$42,419	\$18,943
Change from the previous academic year	3.6%	3.0%
Average annual percentage increase over the past decade above the rate of inflation	2.1%	2.8%
SOURCE: COLLEGE BOARD		

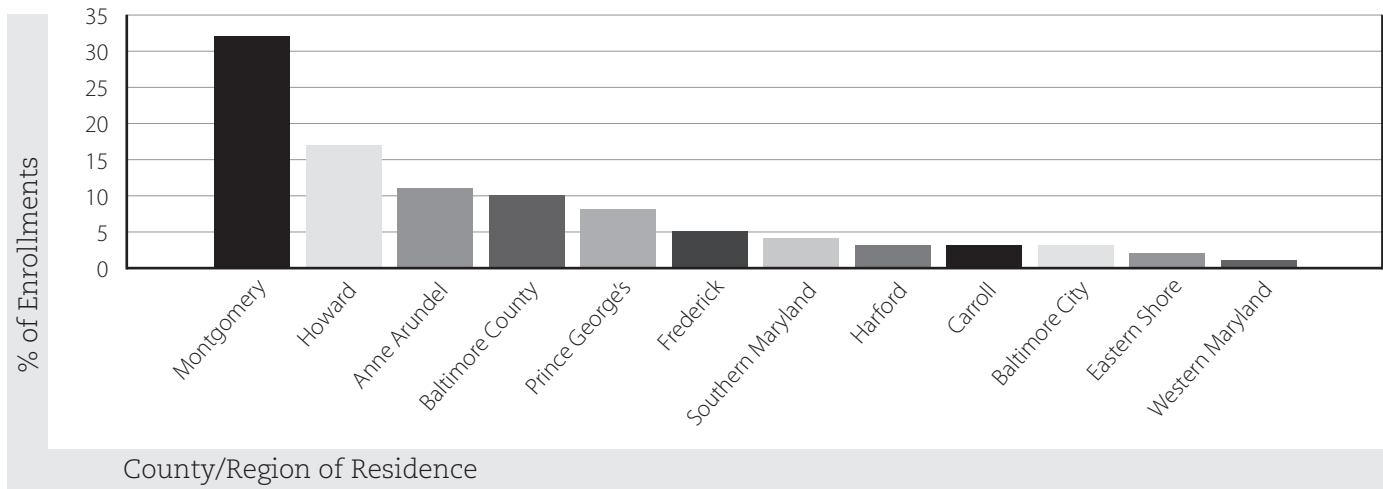
Maryland Prepaid College Trust

PROFILE OF NEW PREPAID COLLEGE TRUST ENROLLMENTS

New Enrollment by County

Of the approximately 1,877 new enrollments that were received in the past year, Montgomery County residents produced the largest number of account holders, accounting for 32% of all new enrollments. Howard County was the second largest source of new enrollments (17%), followed by Anne Arundel (11%), and Baltimore (10%) counties, as illustrated in the following chart:

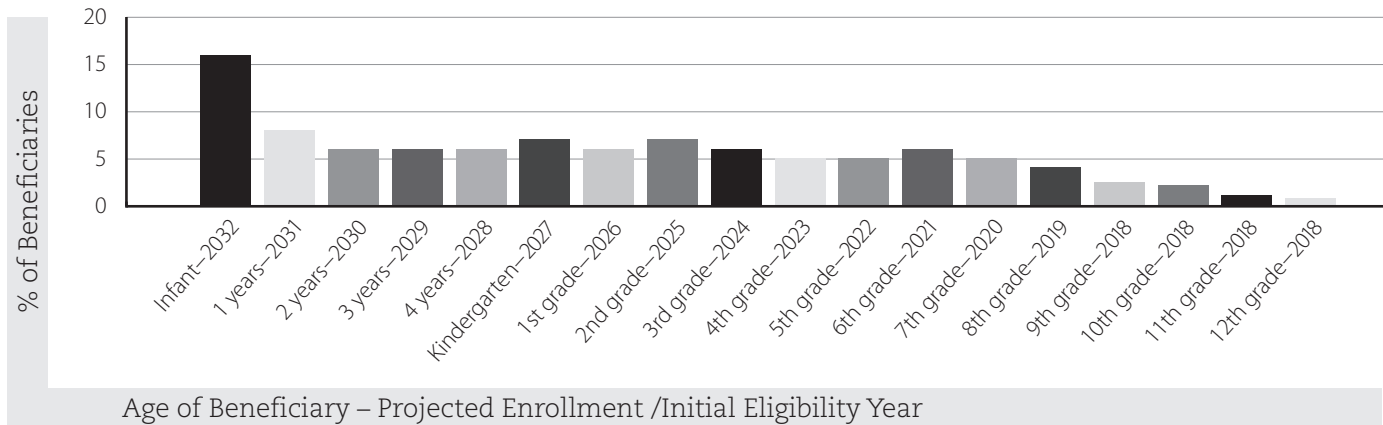
ENROLLMENTS BY COUNTY



Age of New Beneficiaries at Time of Enrollment

The infant age group provided the largest percentage of new enrollments of any age group in 2014-2015, 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

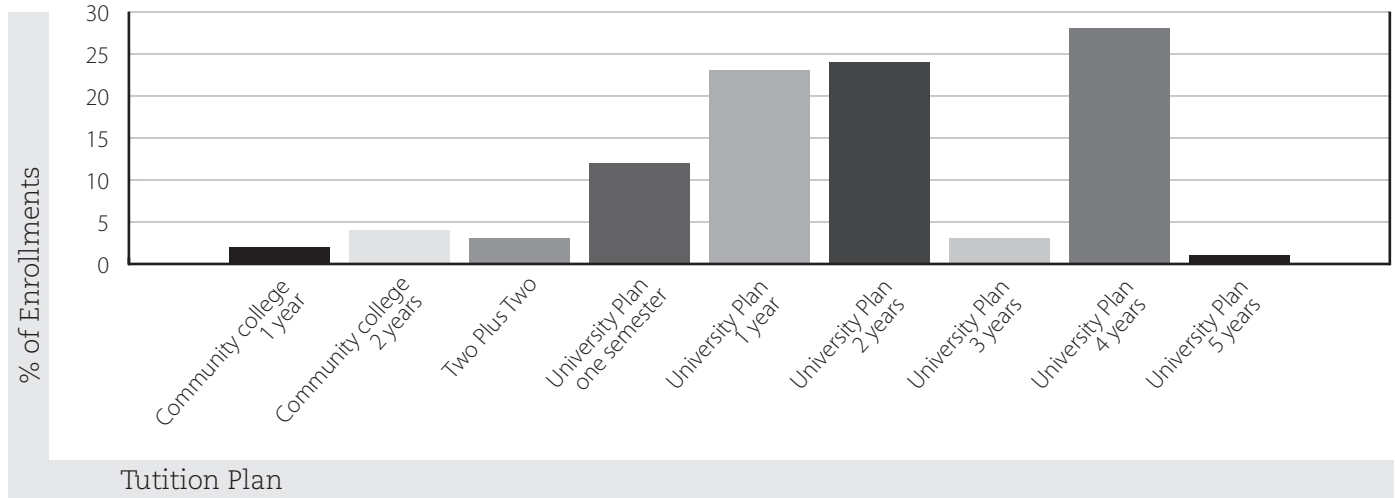


Maryland Prepaid College Trust

Tuition Plan Selected

The four-year University Plan was our most popular enrollment option in 2014-2015, with 28% of new enrollments. The next most popular options were the two-year University Plan (24%) and the one-year University Plan (23%). Together, these three tuition plans comprised 75% of total tuition plans purchased.

PORTFOLIO SELECTION



MORE STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

4,828 students had claimed their benefits for the fall 2015 semester as of October 16, 2015. Approximately 41% of these students are attending Maryland public colleges, while 59% are attending a wide variety of private and out-of-state colleges across the country.

ACTUARIAL SOUNDNESS REPORT

The summary of the actuarial valuation issued by Gabriel Roeder Smith & Company dated October 30, 2015 appears on page 6. 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, 2015, the Trust was 136% funded with an actuarial surplus of \$294 million, as compared with the previous fiscal year, where the Trust was 143% funded with an actuarial surplus of \$321.5 million.

As part of the yearly evaluation of the investment strategy of the Prepaid Trust, the Board revised future assumption calculations downward. These changes reduced the actuarial surplus because rather than anticipating investment returns to average 7.65%, the Board is anticipating returns of only 7%. The adjustment reflects the Board’s prudent assessment of long-term trends and a dedication to protecting the Prepaid Trust’s assets.

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

	2011	2012	2013	2014	2015
Actuarial Surplus/(Deficit) (mil)	\$122.3	\$124.9	\$187.5	\$ 321.5	\$ 294.7
Funded Ratio	117%	117%	125%	143%	136%



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October 30, 2015

Treasurer Nancy K. Kopp
Board Chair
College Savings Plans of Maryland
217 E. Redwood Street, Suite 1350
Baltimore, MD 21202

Re: Maryland Prepaid College Trust Actuarial Valuation as of June 30, 2015

Dear Treasurer Kopp:

At the request of the College Savings Plans of Maryland (“CSPM”), Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial soundness valuation of the Maryland Prepaid College Trust (“MPCT”) as of June 30, 2015. 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, 2015. This report should not be relied on for any other purpose.

The attached full actuarial report presents the principal results of the 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, 2015, 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, 2015, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is \$812.8 million. Fund assets as of June 30, 2015, including the market value of program assets and the present value of installment contract receivables, is \$1,106.8 million. The present value of all future tuition obligations and installment contract receivables are based on a discount rate assumption of 7.00%, which was reduced from 7.65% as of June 30, 2014.

The difference between the market value of assets of \$1,106.8 million and program obligations of \$812.8 million represents a program surplus of \$294.0 million as of June 30, 2015. The comparable program surplus as of the last actuarial valuation as of June 30, 2014, was \$321.5 million.

The funded ratio of the program as of June 30, 2015, is 136.2%. This compares with a funded ratio as of June 30, 2014, of 142.5%.

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, 2015.

The valuation results set forth in the full actuarial report are based upon data and information, furnished by CSPM, concerning program benefits, financial transactions, and beneficiaries of the MPCT. We reviewed this information for internal year-to-year consistency, but did not otherwise audit the data. Further, the data and information provided is through June 30, 2015, and does not reflect subsequent market volatility. The major actuarial assumptions used in the actuarial valuation were provided by and are the responsibility of CSPM.

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, 2015.

The signing actuaries are independent of CSPM. Lance Weiss, Amy Williams, and Paul Wood are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Lance J. Weiss, Ed, MAAA, FCA
Senior Consultant

Amy Williams, ASA, MAAA, FCA
Consultant

Paul T. Wood, ASA, MAAA, FCA
Consultant



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of
College Savings Plans of Maryland

Report on the Financial Statements

We have audited the accompanying statement of net position of the Maryland Prepaid College Trust (the Trust), as of June 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2015, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

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 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.

Emphasis of Matter

As described in Note 2 to the financial statements, the Trust has changed its method of accounting for measuring and recognizing liabilities, deferred outflows of resources, and expenditures related to the proportionate share of the Trust's net pension liability, due to the adoption of Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." Our opinion is not modified with respect to this matter.

Hunt Valley, Maryland
October 30, 2015

SB & Company, LLC

Maryland 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, 2015. This discussion is designed to provide a general overview of the Trust's operations and the College Savings Plans of Maryland management's analysis of its financial statements. The discussion should be read in conjunction with the Trust's financial statements and notes, which begin on page 15. 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, 2015 have been audited by SB & Company, LLC who are 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 2015 from approximately 2,200 new enrollments received during fiscal year 2014. This is because the initial payments for these accounts were due on August 1, 2014. Contract receipts were less than the past fiscal year in the Plan primarily due to moderate tuition increases over the past several years and above average market returns. Because of this, participants are electing to enroll in the College Investment Plan which experienced increased contributions over the past year.

Contract Receipts from Participants (in thousands)

Fiscal Year Ended June 30, 2015

\$51,853

Fiscal Year Ended June 30, 2014

\$58,015

- Enrollment and other fees, as well as administrative expenses of the College Savings Plans of Maryland, 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 administrative expenses of the College Savings Plans of Maryland:

- (1) A percent of all contract payments made to the Prepaid College Trust – this fee has been 2.5% since the 2001 enrollment period;
- (2) Enrollment and other fees paid to the Prepaid College Trust; and
- (3) Payments from the Program Manager of the College Investment Plan. During the fiscal year, there was a modification to the management fee calculations that went into effect January 1, 2015. Earnings calculations for Fiscal Year 2015 were as follows:

July 1, 2014 – December 31, 2014: 4 basis points (.04%) on College Investment Plan assets up to \$1 billion and an additional 6 basis points (.06%) on assets over \$ 1 billion.

January 1, 2015 – June 30, 2015: 7 basis points (.07%) 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.

Revenues from enrollment fees have decreased due to a lower number of completed new enrollments by the end of the fiscal year as compared to the prior year. Fees received from the College Investment Plan increased approximately 5% from fiscal year 2014 due to an increase in Plan assets.

ENROLLMENT AND ADMINISTRATIVE FEES (in thousands)

Fiscal Year Ended	June 30, 2015	June 30, 2014
Prepaid College Trust	\$ 89	\$ 91
College Investment Plan	3,090	2,930
Total	<u>\$ 3,179</u>	<u>\$ 3,021</u>

INVESTMENTS (in thousands)

	As of June 30, 2015		As of June 30, 2014	
	AMOUNT	PERCENT	AMOUNT	PERCENT
S&P 500 Core	\$ 183,959	19.9%	\$ 123,090	13.7%
Domestic Large Cap Value	72,886	7.9%	113,783	12.7%
Domestic Large Cap Growth	74,771	8.1%	102,440	11.4%
Domestic Small Cap Value	79,618	8.6%	82,076	9.2%
Private Equity	15,944	1.7%	8,383	0.9%
International Equity	39,466	4.3%	74,331	8.3%
Developed Markets Equity	57,567	6.2%	27,743	3.1%
Emerging Markets Equity	25,203	2.7%	27,247	3.0%
Intermediate Duration Fixed Income	124,867	13.5%	126,696	14.2%
High Yield Fixed Income	56,374	6.1%	40,756	4.6%
Global Real Estate	35,707	3.9%	35,770	4.0%
Private Real Estate	46,155	5.0%	41,156	4.6%
Emerging Market Debt	78,509	8.5%	81,748	9.1%
Commodities	33,234	3.6%	10,071	1.2%
Total investments	<u>\$ 924,260</u>	<u>100.0%</u>	<u>\$ 895,290</u>	<u>100.0%</u>

Maryland 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, 2015. 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 92% 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, 2015, the net position of the Trust decreased by \$30.8 million after taking into account the prior year restatement to adjust the financial statements to reflect the change in accounting principle regarding recording net pension liability as outlined in the Notes to Financial Statements. Several factors contributed to the decrease in net position: Investment performance increased fund balance by a 2.4% return on investment which was substantially lower than the 7.5% projected rate of return and 18.5% from 2014. An additional factor related to a change in the discount rate used to determine the present value of accrued tuition payments from 7.5% in 2014 to 7.0% in 2015. The Board made this change after a prudent assessment of long-term investment trends through discussions with its investment advisor. The impact of reducing the discount rate 0.5% negatively impacted net position by approximately \$33.4 million.

The following chart presents the condensed Statement of Net Position as of June 30, 2015 and June 30, 2014:

(in millions)	As of June 30, 2015	As of June 30, 2014
ASSETS		
Current	\$ 1,007.7	\$ 987.2
Noncurrent	117.8	116.7
Total	<u>1,125.5</u>	<u>1,103.9</u>
LIABILITIES		
Current	101.1	99.4
Noncurrent	728.8	677.2
Total	<u>829.9</u>	<u>776.6</u>
Effect of change in opening net position due to change in accounting for pensions.	<u>-</u>	<u>(0.9)</u>
Net Position	<u>\$ 295.6</u>	<u>\$ 326.4</u>

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 tuition benefits. Non-operating revenues are primarily revenues received from investments.

For the fiscal year ended June 30, 2015, the Trust reported an operating loss of \$59.7 million. The increase in operating loss of \$53.3 million from the fiscal year ended June 30, 2014 was the result of tuition benefit expense exceeding tuition contract revenue by \$61.5 million and net administrative and

operating income of \$1.8 million for the fiscal year.

In addition to an increase in the number of new contracts from the prior year, the Board, as previously described, after making a prudent assessment of long-term investment trends through discussions with its investment advisor determined that a change in the discount rate used to determine the present value of accrued tuition payments from 7.5% in 2014 to 7.0% in 2015 was necessary. The impact of reducing the discount rate 0.5% resulted in \$33.4 million of additional tuition benefit increase. Non-operating revenue which includes investment gains of \$1.7 million and \$27.2 million of other investment income declined \$112.9 million from the prior year. This was primarily a result of negative market fluctuations resulting in a return on investment of 2.4% in 2015 versus 18.5% in 2014. Combined, operating loss and non-operating revenue resulted in a decrease in net position of \$30.8 million.

The chart below presents the condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2015 and June 30, 2014:

(in millions)	FISCAL YEAR END	
	June 30, 2015	June 30, 2014
OPERATING REVENUES		
Tuition contracts	\$ 55.2	\$ 52.7
Administrative fees	4.5	4.5
Total	<u>59.7</u>	<u>57.2</u>
OPERATING EXPENSES		
Tuition benefits	116.8	61.0
Administrative expenses	2.6	2.6
Total	<u>119.4</u>	<u>63.6</u>
OPERATING LOSS	(59.7)	(6.4)
NON-OPERATING REVENUES		
Change in fair value of investments gain (loss)	1.7	122.5
Investment income	27.2	19.3
Total	<u>28.9</u>	<u>141.8</u>
Change in net position	<u>\$ (30.8)</u>	<u>\$ 135.4</u>

Maryland 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.

Decreases in cash were due primarily to tuition benefit payments in excess of contract payments received by account holders and transfers to investments, offset by proceeds from the Trust's investment portfolio.

The condensed Statement of Cash Flows for the fiscal years ended June 30, 2015 and June 30, 2014 is presented below:

(in millions)	FISCAL YEAR END	
	June 30, 2015	June 30, 2014
CASH PROVIDED (USED) BY:		
Operating activities	\$ (6.7)	\$ 7.4
Investing activities	(5.3)	7.4
Capital and related financing activities	-	(0.1)
Net change in cash and cash equivalents	<u>(12.0)</u>	<u>14.7</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>29.1</u>	<u>14.4</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 17.1</u>	<u>\$ 29.1</u>

Budgetary Control and Financial Oversight

The Prepaid College Trust is administered by the College Savings Plans of Maryland, an independent State agency that does not receive an appropriation from the State of Maryland. 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 increases and investment performance. Specifically, the Board reviewed the weighted average tuition for Maryland resident students at four-year Maryland public universities, which increased 5.5% from the 2014-2015 academic year and 3.1% from the 2013-2014 academic year. The Board also reviewed the rate of return on the Prepaid College Trust investments, which was a gain of 2.4% and 18.5% for fiscal year 2015 and 2014, respectively.

As part of the Board's review of these trends, it consults with its investment advisor 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, 2015.

While both the Actuarial Soundness Report and the contract prices are based on many projections, two key projections are those for future tuition increases and investment returns. Key projections selected by the Board for the Actuarial Soundness Report included average annual tuition increases of 6%, with mandatory fees increasing at an annual rate of 10%. The Board selected a projected 7.0% annual rate of return for the Actuarial Soundness Report and the calculated prices. These projections reflect the Board's prudent assessment of long-term trends as recommended by the Board's investment advisor. 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 year ended June 30, 2015.



Maryland Prepaid College Trust

STATEMENT OF NET POSITION AS OF JUNE 30, 2015

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 8,877	\$ 8,257	\$ 17,134
Investments, at fair value	924,260	-	924,260
Tuition contracts receivable, net	64,525	-	64,525
Interest receivable	1,194	-	1,194
Accounts receivable	-	627	627
Total current assets	998,856	8,884	1,007,740
NONCURRENT ASSETS:			
Capital assets, net	-	45	45
Tuition contracts receivable, net of current portion	117,613	-	117,613
Total noncurrent assets	117,613	45	117,658
Total assets	1,116,469	8,929	1,125,398
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSION			
Deferred contribution related to pensions	-	155	155
Total deferred outflows	-	155	155
Total assets and deferred outflows	1,116,469	9,084	1,125,553
Liabilities			
CURRENT LIABILITIES:			
Accrued tuition benefits	84,995	-	84,995
Advance tuition contract payments	15,705	-	15,705
Accounts payable and accrued expenses	-	328	328
Compensated absences	-	91	91
Total current liabilities	100,700	419	101,119
NONCURRENT LIABILITIES:			
Accrued tuition benefits, net of current portion	727,822	-	727,822
Net pension liability	-	883	883
Total noncurrent liabilities	727,822	883	728,705
Total liabilities	828,522	1,302	829,824
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION			
Unamortized investment performance from pensions	-	97	97
Total deferred inflows	-	97	97
Total liabilities and deferred inflows	828,522	1,399	829,921
Net Position			
Net investment in capital assets	-	45	45
Unrestricted:	285,370	7,640	293,010
Restricted:			
Administration	2,577	-	2,577
Total net position	\$ 287,947	\$ 7,685	\$ 295,632

See accompanying Notes to Financial Statements.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
OPERATING REVENUES			
Tuition contracts	\$ 55,234	\$ -	\$ 55,234
Management fee	-	1,306	1,306
Maryland College Investment Plan fees	-	3,090	3,090
Enrollment and other fee	-	89	89
Total operating revenues	55,234	4,485	59,719
OPERATING EXPENSES			
Tuition benefits	116,766	-	116,766
Salaries, wages and benefits	-	1,127	1,127
Pension expense	-	109	109
Technical and special fees	-	88	88
Communication	-	116	116
Travel	-	18	18
Marketing	-	212	212
Contractual services	-	688	688
Supplies	-	32	32
Fixed charges	-	246	246
Depreciation	-	37	37
Total operating expenses	116,766	2,673	119,439
Operating income (loss)	(61,532)	1,812	(59,720)
NON-OPERATING REVENUES			
Net increase in the fair value of investments	1,718	-	1,718
Investment income	27,186	-	27,186
Total non-operating revenues	28,904	-	28,904
Change in net position	(32,628)	1,812	(30,816)
Total net position, as previously reported	320,575	6,731	327,306
Prior year restatement	-	(858)	(858)
Total adjusted net position, beginning of year, as restated	320,575	5,873	326,448
Total adjusted net position, end of year	\$ 287,947	\$ 7,685	\$ 295,632

See accompanying Notes to Financial Statements.

Maryland Prepaid College Trust

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(amounts in thousands)

	Amount
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from:	
Account holders	\$ 51,853
Maryland College Investment Plan fees	3,062
Payments to:	
Employees	(1,248)
Marketing	(194)
Contract vendors	(515)
Communication	(103)
Universities and account holders	(59,269)
Other operating expenses	(273)
Net cash from operating activities	<u>(6,687)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Custodial Fees	(131)
Proceeds from investments	(5,150)
Net cash from for investing activities	<u>(5,281)</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(20)</u>
Net Increase in cash and cash equivalents	(11,988)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>29,122</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 17,134</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:	
Operating loss	(\$ 59,720)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:	
Depreciation	37
Pension expense	109
EFFECT FROM CHANGE IN NON-CASH OPERATING ASSETS AND LIABILITIES:	
Accounts payable	(65)
Other liabilities	(163)
Accounts receivable	78
Tuition contracts receivable	(4,400)
Advance contract payments	1,247
Accrued tuition benefits payable	56,190
Net cash from operating activities	<u>(\$ 6,687)</u>
NON-CASH TRANSACTIONS:	
Unrealized gain on investments	<u>(\$ 5,240)</u>

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2015

1. ORGANIZATION AND PURPOSE

The purpose of the Maryland Prepaid College Trust (Trust) is to provide a means for payment of the cost of tuition and mandatory fees in advance of enrollment at eligible institutions of higher education. It provides for the payment of tuition and mandatory fees based in part on current costs of Maryland public colleges and universities. An account holder enters into a contract for the future payment of tuition and mandatory fees for a beneficiary. When the beneficiary enrolls in college, the Trust will pay the contract benefits. The beneficiary has ten 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, 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 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 College Savings Plans of Maryland Board (Board) directs the Trust. The Board consists of ten members; five 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 and the Chancellor of the University System of Maryland. 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 the College Savings Plans of Maryland (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 budget the amount of any shortfall of Trust assets 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 30, 2015 and issued by Gabriel Roeder Smith & Company, as of June 30, 2015, 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, 2015, 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.

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.

Maryland Prepaid College Trust

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 7.0% discount rate, which is based on the anticipated rate of return on investments over the life of the prepaid contract. This rate was adjusted from 7.5% in Fiscal Year 2014. The adjustment reflects the Board's prudent assessment of long-term trends as recommended by the Board's investment advisor. 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.

Investments

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, private real estate and the global REIT fund. These funds are valued no less frequently than monthly (\$97,240,000 or 10.5% of net investments as of June 30, 2015).

Tuition Contracts Receivable

Tuition contracts receivable as of June 30, 2015 represents management's best estimate of the present value of future contract payments. This is calculated by using a 7.0% discount rate. This rate was adjusted from 7.5% in Fiscal Year 2014. The adjustment reflects the Board's prudent assessment of long-term trends as recommended by the Board's investment advisor.

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, 2015 as reported on the Statement of Net Position represents management's best estimate of the present value of future tuition benefit payments. This is calculated by using a 7.0% discount rate. This rate was adjusted from 7.5% in Fiscal Year 2014. The adjustment reflects the Board's prudent assessment of long-term trends as recommended by the Board's investment advisor.

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. §§ 12-101-110.

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.

Recent Accounting Pronouncement

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015. In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*,

effective for fiscal years beginning after June 15, 2015. Also in June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2016. Finally, in June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The Plan will implement these statements as of their effective dates. The Plan is still in the process of determining the effect of implementing these GASB statements.

Change in Accounting Principle

Net position of governmental activities has been restated by negative \$857,862, due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* in recording the beginning net pension liability and the beginning deferred outflow of resources.

3. DEPOSITS AND INVESTMENTS

Custodial Risk

Cash and cash equivalents consist of amounts maintained in bank accounts controlled by the Trust, pooled cash maintained by the Maryland State Treasurer and overnight investments with original maturities of 90 days or less. Cash

deposits of the Trust are made in accordance with the Code, which requires approved depositories to pledge collateral as provided in the Code for these deposits.

As of June 30, 2015, the carrying amount of the Trust's cash and cash equivalents was \$17,133,923. The bank balance totaled \$17,899,211 and pooled cash maintained by the State Treasurer totaled \$69,380. The Prepaid College Trust periodically deposits funds into pooled cash accounts maintained by the State Treasurer for the purpose of paying Prepaid College Trust administrative expenses.

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.

As of June 30, 2015, the Trust had the following investment maturities (amounts in thousands):

DURATION (amounts in thousands)

Security Type	Fair Value	< 1	1-5	6-10	10-15
Money Market Funds	\$ 4,122	\$ 4,122	\$ -	\$ -	\$ -
Mutual Funds	626,097	626,097	-	-	-
Equities	172,103	172,103	-	-	-
Mortgage Backed Securities	39,449	-	39,449	-	-
Asset Backed Securities	19,685	-	19,685	-	-
Collateralized Mortgage Obligations	4,781	-	-	4,781	-
Corporate Bonds	39,781	-	-	39,781	-
Municipal Securities	4,000	-	-	4,000	-
US Government Bonds	14,242	-	-	-	14,242
Total	\$ 924,260	\$ 802,322	\$ 59,134	\$ 48,562	\$ 14,242

Maryland Prepaid College Trust

4. INVESTMENTS (CONTINUED)

Credit Risk

The investment Policy 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, 2015, the holdings in the Trust's bond portfolios were rated as follows:

Fair Value (amounts in thousands)	Average Rating	RATINGS BY ORGANIZATION		
		Moody's	Standard & Poors	Fitch
\$ 81,106	AAA	Aaa	AAA	AAA
2,264	AA+	Aa2	AA+	AA
4,510	AA	Aa3	AA	AA
1,063	AA-	A1	AA-	A+
2,453	A+	A1	A+	A+
12,736	A	A3	A-	A-
10,205	A-	Baa1	BBB+	A-
9,881	BBB+	Baa1	BBB+	BBB+
2,439	BBB	Baa2	BBB	BBB
1,937	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 7.5% of the equity portfolio's market value. Furthermore, the Investment Policy defines the maximum allocation allowed in a single sector.

Custodial Risk

The Trust's securities are issued in the Trust's name and are maintained in separate accounts held by U.S. Bank, the Trust's custodian as of June 30, 2015. Prior to January 1, 2015 M&T Bank was the custodian.

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
CAPITAL ASSETS BEING DEPRECIATED:				
Computers	\$ 243	\$ 20	\$ -	\$ 263
Furniture	29	-	-	29
Equipment	5	-	-	5
Software	57	-	-	57
Perpetual software license	561	-	-	561
Total capital assets at historical cost	<u>895</u>	<u>20</u>	<u>-</u>	<u>915</u>
LESS ACCUMULATED DEPRECIATION FOR:				
Computers	191	35	-	226
Furniture	19	2	-	21
Equipment	5	-	-	5
Software	57	-	-	57
Perpetual software license	561	-	-	561
Total accumulated depreciation	<u>833</u>	<u>37</u>	<u>-</u>	<u>870</u>
Capital assets, net	<u>\$ 62</u>	<u>\$(17)</u>	<u>\$ -</u>	<u>\$ 45</u>

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2015, accounts payable and accrued expenses consisted of the following (amounts in thousands)

Due to vendors	\$ 215
Salaries and employee benefits	113
Total	<u>\$ 328</u>

7. PENSION AND POST-RETIREMENT BENEFITS

Pensions

Certain employees of the Trust 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.

Maryland Prepaid College Trust

7. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

Recent Pronouncements

In 2015, the Trust adopted Governmental Accounting Standard Board (GASB) Statement No. 68, entitled Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27, and Statement No. 71, entitled Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. Due to the implementation of GASB Statement No. 68, the Trust recorded a beginning net pension liability and a beginning deferred outflow of resources for contributions subsequent to the measurement date for all the defined benefit pension plans.

Pension and Other Post-Retirement Benefits

Employees of the Trust 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. Vesting begins after completion of five years of service. 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 of 62

or after completing 30 years of Service Credit, regardless of age. 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 the Trust 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. The Trust's share of the cost of participation was \$142,135 for the year ended June 30, 2015.

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

As of June 30, 2015, the Trust reported a liability of \$883,308 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2014, 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. As of June 30, 2015, the Trust's proportion for ERS was .005 percent.

For the year ended June 30, 2015, the Trust recognized pension expense for ERS of \$109,352. As of June 30, 2015, the Trust reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of actuarial assumptions	\$ 13	\$ -
Net Difference between projected and actual earnings on pension plan investments	-	97
Contributions made subsequent to the measurement date	142	-
Total	\$ 155	\$ 97

The \$142,135 reported 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 ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows: Changes in assumptions: Fiscal years 2016-2019, \$3,195 per year; Difference between projected and actual earnings on pension plan investments: Fiscal years 2016-2019, \$24,171 per year.

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 Services' 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 7.65 percent is \$883,307. 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 (6.65 percent) is \$1,346,048 or 1-percentage-point higher (8.65 percent) is \$588,904.

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

2015

The Trust's proportionate of the ERS net pension liability	0.005%
The Trust's proportionate share of the ERS net liability	\$883
The Trust's covered-employee payroll	\$798
The Trust's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.11%
Plan fiduciary net position as a percentage of total pension liability	71.87%

Other Post Retirement Benefits

Eligible employees of the Trust, as employees of the State, are also entitled to certain healthcare benefits upon retirement. 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. The Trust is not required to make contributions to the plan. As of June 30, 2015, there were no retirees from the Trust. The Postemployment 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 Maryland.

Maryland Prepaid College Trust

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. A 7.0% discount rate is used in determining the value of the future contract tuition benefits. This rate was adjusted from 7.5% in Fiscal Year 2014. The adjustment reflects the Board's prudent assessment of long-term trends as recommended by the Board's investment advisor. The resultant change in the discount rate resulted in an increase in tuition benefit expense of \$33.4 million.

The significant assumptions used for this calculation are discussed to the right:

Tuition and Mandatory Fee Increases: The Weighted Average Tuition (WAT) is 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, 2015, the tuition component of the WAT for Maryland public universities and community colleges is projected to increase 6% per annum, and the mandatory fee component of the WAT is projected to increase 10% per annum.

Investment Return: The actuarial valuation of the Trust fund was determined using an assumed 7.0% rate of return on investments. It is further assumed that the Trust fund is exempt from Federal income tax.

Enrollment of Trust Beneficiaries: It is assumed that beneficiaries will attend college full-time, 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 2015-2016 WAT with an 8% 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 8% 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, 2015 are as follows (amounts in thousands):

July 1, 2014	Increase	Decrease	June 30, 2015	Amount due within one year
\$756,627	\$115,459	\$59,269	\$812,817	\$84,995



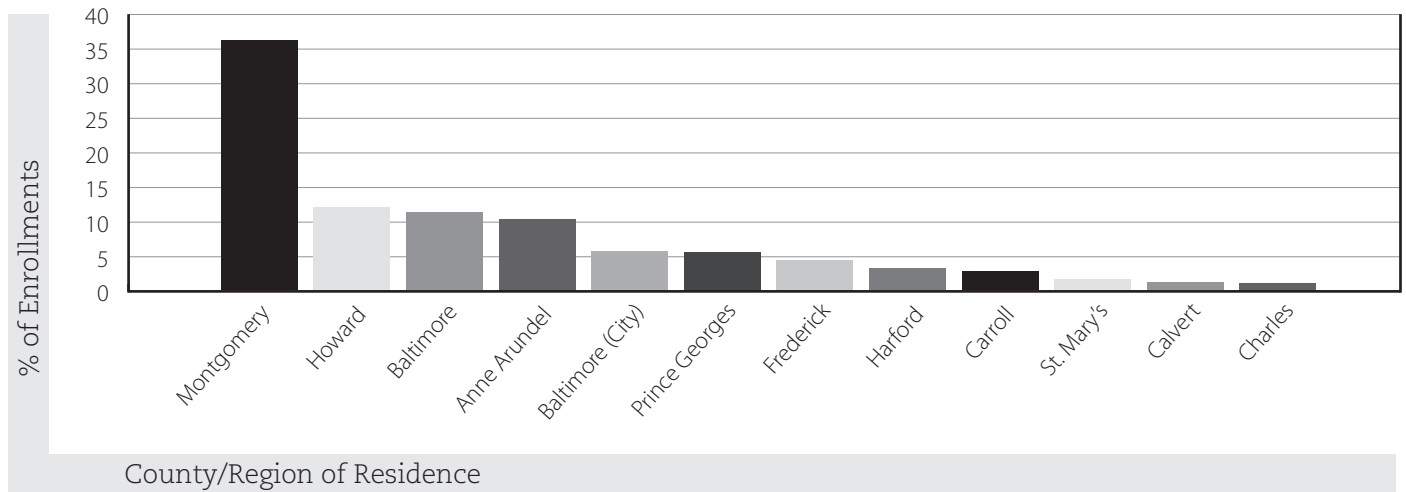
Maryland College Investment Plan

PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

New Enrollment by County/Region

Of the 28,442 new accounts by Maryland residents in the College Investment Plan for the year ended June 30, 2015, Montgomery had the highest number of any Maryland county or region at 36% of the total. Approximately 33% of new accounts were concentrated in Baltimore County (11%), Howard County (12%), and Anne Arundel County (10%). The following chart shows a breakdown of the counties and regions of residence for the College Investment Plan account holders.

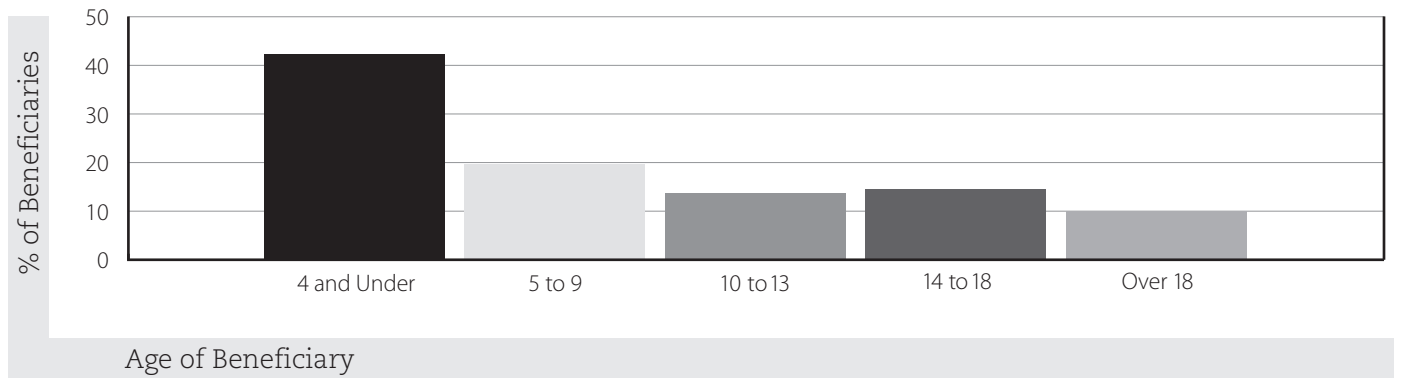
ENROLLMENTS BY COUNTY



Age of New Beneficiaries at time of Enrollment

Approximately 42% of all new beneficiaries were 4 years old or younger and approximately 62% of beneficiaries were 9 years old or younger. The College Investment Plan permits beneficiaries of any age, with 10% of new beneficiaries over 18 years of age, as shown in the chart below.

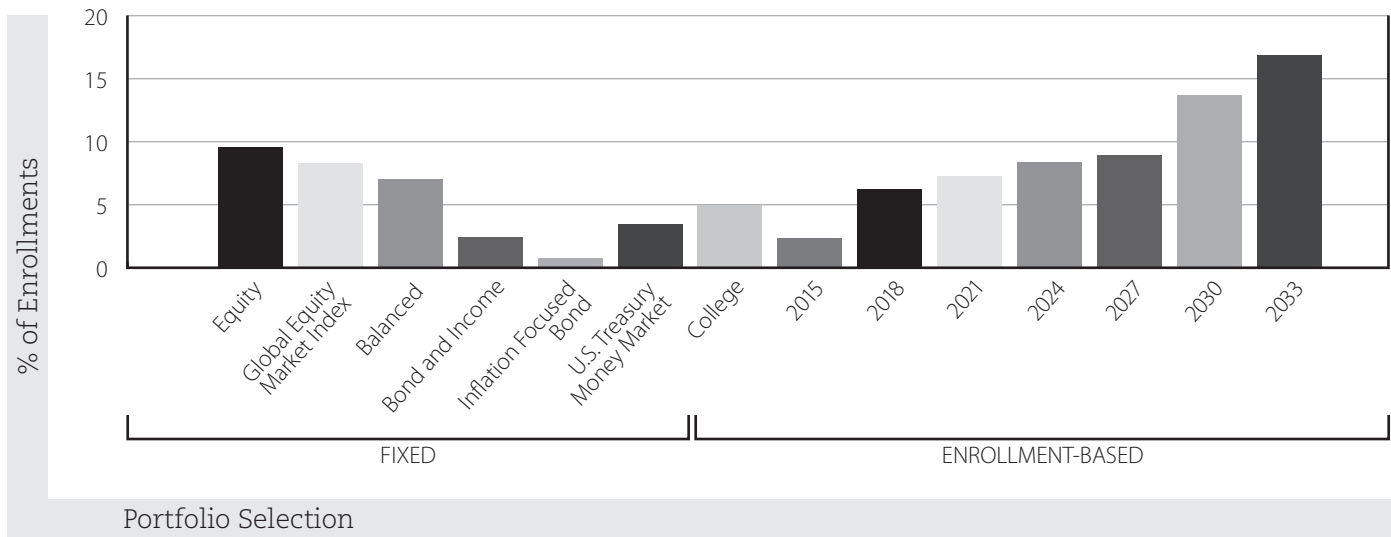
AGE OF BENEFICIARIES



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 2033 was selected for approximately 17% of new accounts, the most of any investment portfolio. Among the Fixed Portfolios, the Equity Portfolio and the Global Equity Market Index Portfolio were also popular choices, having together been selected for approximately 18% of new accounts.

PORTFOLIO SELECTION



Systematic Investing

Approximately 47% 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 College Expenses

Many beneficiaries who were enrolled in the College Investment Plan in the initial years after the Plan's launch in December 2001 are now reaching college age. From July 1, 2014 through June 30, 2015, excluding rollovers to other 529 plans, distributions were taken for 17,824 unique beneficiaries totaling approximately \$245.3 million.



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of
College Savings Plans of Maryland

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Maryland College Investment Plan (the Plan), as of June 30, 2015, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of June 30, 2015, 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.



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

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 Plan's basic financial statements. The other data and information, including the Portfolio Financial Statements as of and for the year ended June 30, 2015, 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 30, 2015

SB & Company, LLC

Maryland 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, 2015. 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 the College Savings Plans of Maryland and should be read in conjunction with the Maryland College Investment Plan's financial statements and notes, which begin on page 51. 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, 2015 have been audited by SB & Company, LLC who are also the independent public accountants 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 generally accepted accounting principles.

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 55.

FINANCIAL HIGHLIGHTS BY PORTFOLIO

As Of June 30, 2015

General Commentary

To assist in reviewing the performance of the portfolios, we have established a weighted benchmark for each. The weighted benchmark, which varies by portfolio, is an unmanaged composite of the benchmark associated with each asset class and investment style contained within the portfolio. In addition, each asset class benchmark is selected as an appropriate representation of the assets in underlying T. Rowe Price mutual funds and is weighted at the strategic neutral allocation of the asset class within each fund.

Additionally, the portfolios invest in securities that are outside of the designated benchmark. These securities have been strategically incorporated to potentially add long-term performance benefits while also helping to limit portfolio volatility.

Target allocations of Enrollment-Based Portfolios (except the Portfolio for College) shift each quarter to more conservative allocations through increased exposure to fixed income securities.

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

Inception	Portfolio Performance Start Date
Portfolio 2033	December 31, 2012
Portfolio 2030	December 31, 2009
Portfolio 2027	June 30, 2006
Portfolio 2024	October 31, 2003
Portfolio 2021	November 26, 2001
Portfolio 2018	November 26, 2001
Portfolio 2015	November 26, 2001
Portfolio for College	November 26, 2001
Equity Portfolio	November 26, 2001
Global Equity Market Index Portfolio	June 30, 2006
Balanced Portfolio	November 26, 2001
Bond and Income Portfolio	November 26, 2001
Inflation Focused Bond Portfolio	October 31, 2013
U.S. Treasury Money Market Portfolio	December 31, 2009

Further information about the performance of the underlying T. Rowe Price mutual funds, including a thorough review of market conditions and the impact of the portfolio manager's investment strategies on performance, can be found in their annual and semiannual shareholder reports. Copies of the funds' shareholder reports can be obtained through **troweprice.com** or by calling **888.4MD.GRAD** (463.4723). For consistency, numbers have been rounded to the nearest 10th of a percent.

PORTFOLIO 2033

Annualized Return since Inception 12/31/12

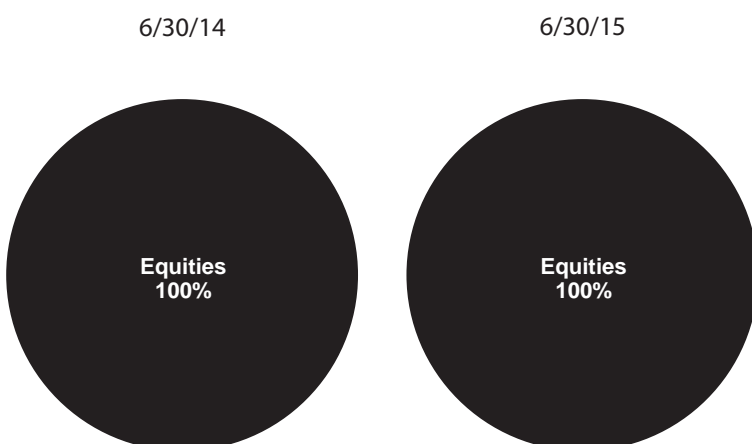
	6 months	12 months	Annualized since inception
Portfolio 2033¹	3.49%	3.95%	15.16%
Weighted benchmark ²	2.66%	2.94%	14.91%

Portfolio 2033 generated a single-digit gain and outperformed its weighted benchmark for the 12-month period ended June 30, 2015.

The portfolio is focused on long-term capital appreciation. Most of its assets are held in a diversified selection of U.S. and international stock funds. Later in this portfolio's life cycle, it will incorporate more lower-volatility investments. Initially, these investments will include the Spectrum Income Fund—a multi-sector income fund with core holdings in investment-grade bonds and diversifying investments in higher-yielding, nondollar, and emerging markets bonds and dividend-paying stocks. Five years prior to the portfolio's target maturity date, the fixed income component of the portfolio will begin to transition to the Short-Term Bond Fund, a short-duration U.S. investment-grade bond fund that primarily holds corporate, government, and mortgage-backed securities.

Security selection in international and U.S. stock funds drove the portfolio's outperformance. Within international equities, the International Growth & Income, Overseas Stock, International Stock, and Emerging Markets Stock Funds outperformed their respective style-specific benchmarks. Within U.S. equities, the Blue Chip Growth, Mid-Cap Growth, and Value Funds outperformed their respective style specific benchmarks.

The portfolio's inclusion of diversifying sectors—particularly through the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to relative returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources. The portfolio remained underweight to real assets stocks because the program manager believes that subdued global economic growth will continue to pressure energy and materials prices. In addition, an overweight to non-U.S. Equities, which underperformed U.S. equities, hurt relative performance.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Equity Index 500 Fund	30.6%	30.5%
Blue Chip Growth Fund	12.8%	12.0%
Value Fund	11.4%	11.2%
International Growth & Income Fund	8.8%	9.4%
Overseas Stock Fund	8.1%	8.7%
International Stock Fund	7.6%	7.9%
Emerging Markets Stock Fund	5.1%	5.1%
Small-Cap Stock Fund	4.6%	4.5%
Real Assets Fund	4.1%	3.8%
Mid-Cap Value Fund	3.6%	3.6%
Mid-Cap Growth Fund	3.3%	3.3%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, 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 2030

Annualized Return since Inception 12/31/09

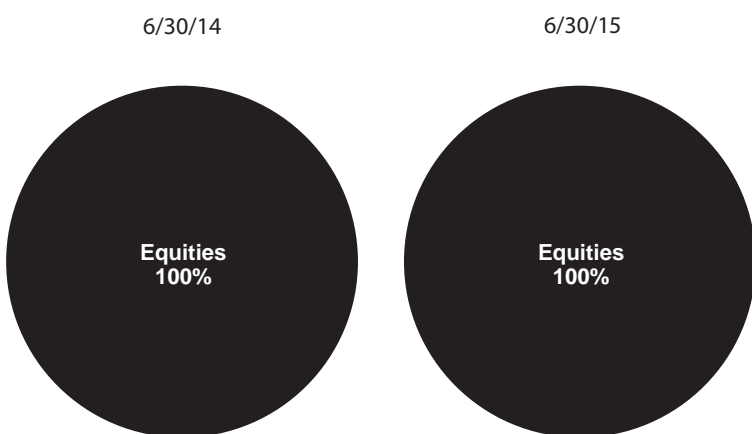
	6 months	12 months	Annualized since inception
Portfolio 2030¹	3.49%	3.94%	12.37%
Weighted benchmark ²	2.66%	2.94%	12.25%

Portfolio 2030 generated a single-digit gain and outperformed its weighted benchmark for the 12-month period ended June 30, 2015.

The portfolio is focused on long-term capital appreciation. Most of its assets are held in a diversified selection of U.S. and international stock funds. Later in this portfolio's life cycle, it will incorporate more lower-volatility investments. Initially, these investments will include the Spectrum Income Fund—a multi-sector income fund with core holdings in investment-grade bonds and diversifying investments in higher-yielding, nondollar, and emerging markets bonds and dividend-paying stocks. Five years prior to the portfolio's target maturity date, the fixed income component of the portfolio will begin to transition to the Short-Term Bond Fund, a short-duration U.S. investment-grade bond fund that primarily holds corporate, government, and mortgage-backed securities.

Security selection in the international and U.S. stock funds drove the portfolio's outperformance. Within international equities, the International Growth & Income, Overseas Stock, International Stock, and Emerging Markets Stock Funds outperformed their respective style-specific benchmarks. Within U.S. equities, the Blue Chip Growth, Mid-Cap Growth, and Value Funds outperformed their respective style specific benchmarks.

The portfolio's inclusion of diversifying sectors—particularly through the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to relative returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources. The portfolio remained underweight to real assets stocks because the program manager believes that subdued global economic growth will continue to pressure energy and materials prices. In addition, an overweight to non-U.S. Equities, which underperformed U.S. equities, hurt relative performance.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Equity Index 500 Fund	30.6%	30.5%
Blue Chip Growth Fund	12.8%	12.0%
Value Fund	11.4%	11.2%
International Growth & Income Fund	8.8%	9.4%
Overseas Stock Fund	8.1%	8.7%
International Stock Fund	7.6%	7.9%
Emerging Markets Stock Fund	5.1%	5.1%
Small-Cap Stock Fund	4.6%	4.5%
Real Assets Fund	4.1%	3.8%
Mid-Cap Value Fund	3.6%	3.6%
Mid-Cap Growth Fund	3.3%	3.3%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, 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 2027

Annualized Return since Inception 6/30/06

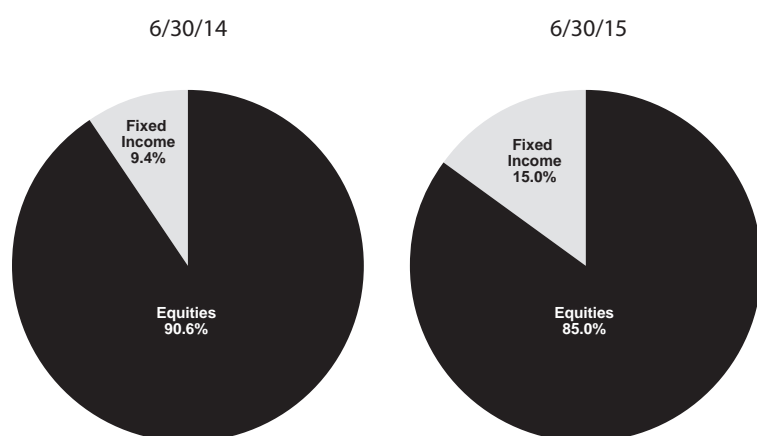
	6 months	12 months	Annualized since inception
Portfolio 2027¹	2.98%	3.15%	6.74%
Weighted benchmark ²	2.29%	2.76%	6.42%

Portfolio 2027 generated a single-digit gain and outperformed its weighted benchmark for the 12-month period ended June 30, 2015.

The portfolio is focused on long-term capital appreciation. Most of its assets are held in a diversified selection of U.S. and international stock funds. Over time, the allocation to lower-volatility investments will increase. The portfolio currently holds an allocation in the Spectrum Income Fund—a multi sector income fund with core holdings in investment-grade bonds and diversifying investments in higher-yielding, nondollar, and emerging markets bonds and dividend-paying stocks. Five years prior to the portfolio's target maturity date, the fixed income component of the portfolio will include a growing allocation to the Short-Term Bond Fund, a short-duration U.S. investment-grade bond fund that primarily holds corporate, government, and mortgage-backed securities.

Selection in the international and U.S. stock funds drove the portfolio's outperformance. Within international equities, the International Growth & Income, Overseas Stock, International Stock, and Emerging Markets Stock Funds outperformed their respective style-specific benchmarks. Within U.S. equities, the Blue Chip Growth, Mid-Cap Growth, and Value Funds outperformed their respective style specific benchmarks. However, diversifying asset classes, such as nondollar and emerging markets bonds, weighed on the performance of the Spectrum Income Fund, which underperformed its style-specific benchmark, the Barclays U.S. Aggregate Bond Index.

The portfolio's inclusion of diversifying sectors—particularly through the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to relative returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources. The portfolio remained underweight to real assets stocks because the program manager believes that subdued global economic growth will continue to pressure energy and materials prices. In addition, an overweight to non-U.S. Equities, which underperformed U.S. equities, hurt relative performance.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Equity Index 500 Fund	27.8%	25.9%
Spectrum Income Fund	8.7%	14.6%
Blue Chip Growth Fund	11.6%	10.2%
Value Fund	10.3%	9.5%
International Growth & Income Fund	7.9%	8.0%
Overseas Stock Fund	7.3%	7.4%
International Stock Fund	6.9%	6.8%
Emerging Markets Stock Fund	4.7%	4.3%
Small-Cap Stock Fund	4.1%	3.8%
Real Assets Fund	3.7%	3.2%
Mid-Cap Value Fund	3.3%	3.1%
Mid-Cap Growth Fund	3.0%	2.8%
Inflation Focused Bond Fund	0.5%	0.4%
Summit Cash Reserves Fund	0.2%	0.0%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, 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%; Barclays U.S. Aggregate Bond Index—15.00%; and Real Assets Broad Weighted Benchmark—4.25%.

PORTFOLIO 2024

Annualized Return since Inception 10/31/03

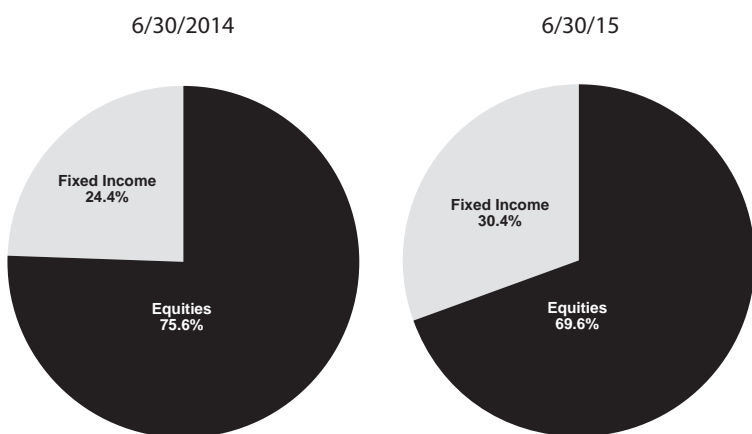
	6 months	12 months	Annualized since inception
Portfolio 2024¹	2.46%	2.37%	7.35%
Weighted benchmark ²	1.89%	2.63%	7.13%

Portfolio 2024 generated a single-digit gain but underperformed its weighted benchmark for the 12-month period ended June 30, 2015.

The portfolio is focused on long-term capital appreciation. Most of its assets are held in a diversified selection of U.S. and international stock funds. Over time, the allocation to lower-volatility investments will increase. Roughly one-third of the portfolio is invested in the Spectrum Income Fund—a multi sector income fund that includes core holdings in investment-grade bonds and diversifying investments in higher-yielding, nondollar, and emerging markets bonds and dividend-paying stocks. Five years prior to the portfolio’s target maturity date, the fixed income component of the portfolio will include a growing allocation to the Short-Term Bond Fund, a short-duration U.S. investment-grade bond fund that primarily holds corporate, government, and mortgage-backed securities.

The portfolio’s inclusion of diversifying sectors—particularly through the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to relative returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources. The portfolio remained underweight to real assets stocks because the program manager believes that subdued global economic growth will continue to pressure energy and materials prices. In addition, an overweight to non-U.S. Equities, which underperformed U.S. equities, hurt relative performance.

Security selection modestly detracted from relative performance. Diversifying asset classes, such as nondollar and emerging markets bonds, weighed on the performance of the Spectrum Income Fund, which underperformed its style-specific benchmark, the Barclays U.S. Aggregate Bond Index. However, within international equities, the International Growth & Income, Overseas Stock, International Stock, and Emerging Markets Stock Funds outperformed their respective style-specific benchmarks. Within U.S. equities, the Blue Chip Growth, Mid-Cap Growth, and Value Funds outperformed their respective style specific benchmarks.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Spectrum Income Fund	23.7%	30.0%
Equity Index 500 Fund	23.1%	21.3%
Blue Chip Growth Fund	9.7%	8.3%
Value Fund	8.6%	7.8%
International Growth & Income Fund	6.6%	6.5%
Overseas Stock Fund	6.1%	6.0%
International Stock Fund	5.7%	5.5%
Emerging Markets Stock Fund	3.9%	3.6%
Small-Cap Stock Fund	3.4%	3.1%
Real Assets Fund	3.1%	2.6%
Mid-Cap Value Fund	2.8%	2.5%
Mid-Cap Growth Fund	2.6%	2.3%
Inflation Focused Bond Fund	0.5%	0.5%
Summit Cash Reserves Fund	0.2%	0.0%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, 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%; Barclays U.S. Aggregate Bond Index—30.25%; and Real Assets Broad Weighted Benchmark—3.49%.

PORTFOLIO 2021

Annualized Return since Inception 11/26/01

	6 months	12 months	Annualized since inception
Portfolio 2021¹	1.91%	1.52%	5.92%
Weighted benchmark ²	1.46%	2.47%	5.92%

Portfolio 2021 generated a single-digit gain but underperformed its weighted benchmark for the 12-month period ended June 30, 2015.

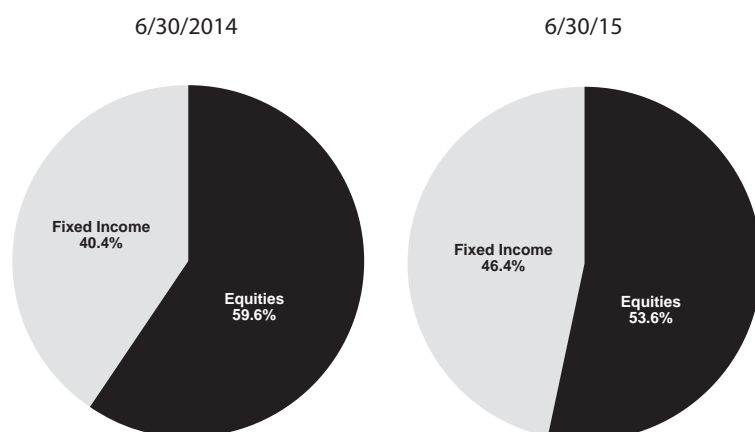
The portfolio is systematically increasing its allocation to lower-volatility, fixed income investments as part of its long-term strategy of becoming more conservative over time. The portfolio currently holds a significant allocation in the Spectrum Income Fund—a multi sector income fund with core holdings in investment-grade bonds and diversifying investments in higher-yielding, nondollar, and emerging markets bonds and dividend-paying stocks. Five years prior to the portfolio's target maturity date, the fixed income component of the portfolio will include a growing allocation to the Short-Term Bond Fund, a short-duration U.S. investment-grade bond fund that primarily holds corporate, government, and mortgage-backed securities.

Security selection detracted from the portfolio's relative performance. The Spectrum Income Fund underperformed its style-specific benchmark, the Barclays U.S. Aggregate Bond

Index, due to inclusion of diversifying asset classes, such as nondollar, high yield, and emerging markets bonds.

The underperformance of the fixed income allocation was partially offset by underlying equity funds, which account for over half of the portfolio and generally outperformed their style-specific benchmarks. Within international equities, the International Growth & Income, Overseas Stock, International Stock, and Emerging Markets Stock Funds outperformed their respective style-specific benchmarks. Within U.S. equities, the Blue Chip Growth, Mid-Cap Growth, and Value Funds outperformed their respective style specific benchmarks. However, an overweight to non-U.S. Equities, which lagged U.S. equities, hurt relative returns.

The portfolio's inclusion of diversifying sectors—particularly through a small allocation to the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources. The portfolio remained underweight to real assets stocks because the program manager believes that subdued global economic growth will continue to pressure energy and materials prices.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Spectrum Income Fund	39.7%	46.0%
Equity Index 500 Fund	18.2%	16.4%
Blue Chip Growth Fund	7.6%	6.4%
Value Fund	6.8%	6.0%
International Growth & Income Fund	5.3%	5.0%
Overseas Stock Fund	4.8%	4.6%
International Stock Fund	4.5%	4.2%
Emerging Markets Stock Fund	3.1%	2.7%
Small-Cap Stock Fund	2.7%	2.4%
Real Assets Fund	2.4%	2.0%
Mid-Cap Value Fund	2.2%	2.0%
Mid-Cap Growth Fund	2.0%	1.8%
Inflation Focused Bond Fund	0.4%	0.5%
Summit Cash Reserves Fund	0.3%	0.0%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, 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%; Barclays U.S. Aggregate Bond Index—46.25%; and Real Assets Broad Weighted Benchmark—2.69%.

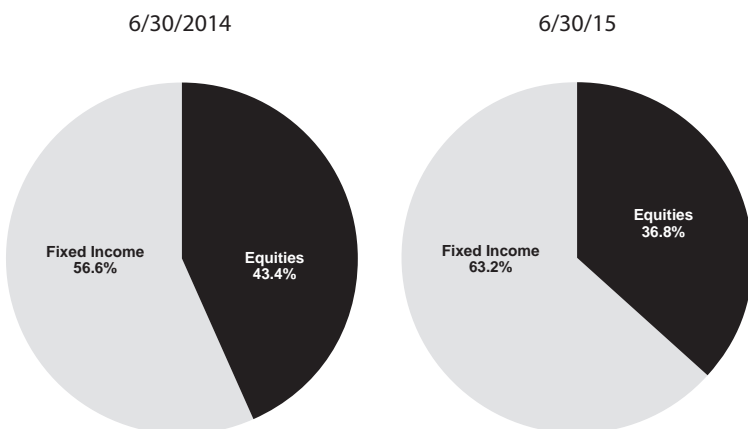
PORTFOLIO 2018

Annualized Return since Inception 11/26/01

	6 months	12 months	Annualized since inception
Portfolio 2018¹	1.21%	1.08%	5.72%
Weighted benchmark ²	1.09%	2.31%	5.64%

Portfolio 2018 generated a single-digit gain but underperformed its weighted benchmark for the 12-month period ended June 30, 2015.

The portfolio is systematically increasing its allocation to lower-volatility, fixed income investments as part of its long-term strategy of becoming more conservative over time. Roughly one-third of the portfolio is invested in the Spectrum Income Fund—a multi sector income fund with core holdings in investment-grade bonds and diversifying investments in higher-yielding, nondollar, and emerging markets bonds and dividend-paying stocks. The portfolio also invests in the Short-Term Bond Fund, a short-duration U.S. investment-grade bond fund that primarily holds corporate, government, and mortgage-backed securities, and the Inflation Focused Bond Fund³, which primarily holds short-term Treasury inflation protected securities. Overall, the portfolio is about two-thirds invested in fixed income holdings, with the remainder in equities.



Security selection detracted from relative performance. The Spectrum Income Fund underperformed its style-specific benchmark, the Barclays U.S. Aggregate Bond Index, due to inclusion of diversifying asset classes, such as nondollar, high yield, and emerging markets bonds. This was partially offset by the underlying equity funds, which generally outperformed their style-specific benchmarks. Within international equities, the International Growth & Income, Overseas Stock, International Stock, and Emerging Markets Stock Funds outperformed their respective style-specific benchmarks. Within U.S. equities, the Blue Chip Growth, Mid-Cap Growth, and Value Funds outperformed their respective style specific benchmarks.

The portfolio's inclusion of diversifying sectors—particularly through a small allocation to the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources.

MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Spectrum Income Fund	42.9%	33.6%
Equity Index 500 Fund	21.0%	21.2%
Short-Term Bond Fund	5.8%	16.0%
Inflation Focused Bond Fund	7.7%	13.6%
Blue Chip Growth Fund	4.6%	3.1%
Value Fund	3.9%	2.8%
International Growth & Income Fund	3.0%	2.4%
Overseas Stock Fund	2.7%	2.2%
International Stock Fund	2.6%	2.1%
Real Assets Fund	1.8%	1.4%
Emerging Markets Stock Fund	1.1%	0.6%
Mid-Cap Value Fund	1.0%	0.5%
Mid-Cap Growth Fund	0.9%	0.5%
Small-Cap Stock Fund	0.8%	0.0%
Summit Cash Reserves Fund	0.2%	0.0%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, 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%; Barclays U.S. Aggregate Bond Index—34.00%; Barclays 1–3 Year Government/Credit Index—16.00%; Barclays 1–5 Year Treasury TIPS Index—13.00%; and Real Assets Broad Weighted Benchmark—1.85%.

³ In September 2015, the Inflation Focused Bond Fund will be renamed the Limited Duration Inflation Focused Bond Fund. While the fund's investment program is not changing, it has adopted a policy of maintaining a duration within two years of the benchmark, Barclays 1–5 Year U.S. Treasury TIPS Index, and eliminated the policy of maintaining an average effective maturity of between one and seven years.

PORTFOLIO 2015

Annualized Return since Inception 11/26/01

	5 months	11 months	Annualized since inception
Portfolio 2015¹	1.47%	1.01%	5.27%
Weighted benchmark ²	1.57%	1.51%	5.20%

Portfolio 2015 was merged into the Portfolio for College on June 12, 2015, when it reached its target date. Therefore, the information for Portfolio 2015 is presented for the 5- and 11-month periods ended May 31, 2015. During the 11-month period, the portfolio's asset allocation and mutual fund composition became more conservative and increasingly similar to that of the Portfolio for College.

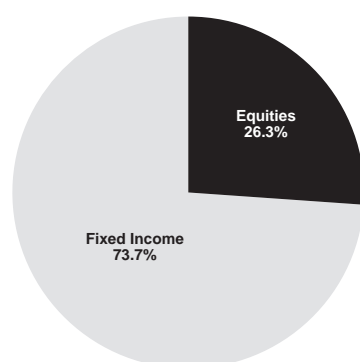
Over the 11-month period, Portfolio 2015 generated a single-digit gain but underperformed its weighted benchmark². Security selection detracted from relative performance. The Spectrum Income Fund underperformed its style-specific benchmark, the Barclays U.S. Aggregate Bond Index, due to inclusion of diversifying asset classes, such as nondollar, high yield, and emerging markets bonds. In addition, the Short-Term Bond Fund, which is a short-duration U.S. investment-grade bond fund that

primarily holds corporate, government, and mortgage-backed securities, underperformed its style-specific benchmark due to a modest out-of-benchmark allocation in Treasury inflation protected securities and nondollar-denominated bonds.

The Inflation Focused Bond Fund³ posted a modest absolute loss for the 11-month period but performed in line with its style-specific benchmark. It normally invests 50% or more of its assets in a diversified mix of short- and intermediate-term investment-grade, inflation protected securities. The fund may also invest in corporate, government, and mortgage- and asset-backed securities in varying amounts, depending on market conditions and the investment environment.

The portfolio's inclusion of diversifying sectors—particularly through a small allocation to the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources.

6/30/2014



MUTUAL FUND ALLOCATION

6/30/14

Inflation Focused Bond Fund	31.7%
Short-Term Bond Fund	27.7%
Equity Index 500 Fund	22.6%
Spectrum Income Fund	14.0%
Real Assets Fund	1.1%
International Growth & Income Fund	0.9%
Overseas Stock Fund	0.9%
International Stock Fund	0.8%
Summit Cash Reserves Fund	0.3%

¹ Performance information reflected is net of fees and expenses.

² As of May 31, 2015, the weighted benchmark was composed of: S&P 500 Index—17.11%; MSCI EAFE (Europe, Australasia, and Far East) Index—1.89%; Barclays 1–3 Year Government/Credit Index—40.00%; Barclays 1–5 Year Treasury TIPS Index—40.00%; and Real Assets Broad Weighted Benchmark—1.00%.

³ In September 2015, the Inflation Focused Bond Fund will be renamed the Limited Duration Inflation Focused Bond Fund. While the fund's investment program is not changing, it has adopted a policy of maintaining a duration within two years of the benchmark, Barclays 1–5 Year U.S. Treasury TIPS Index, and eliminated the policy of maintaining an average effective maturity of between one and seven years.

PORTFOLIO FOR COLLEGE

Annualized Return since Inception 11/26/01

	6 months	12 months	Annualized since inception
Portfolio for College¹	0.89%	0.24%	3.27%
Weighted benchmark ²	1.05%	0.63%	3.31%

The Portfolio for College generated a positive return but underperformed its weighted benchmark for the 12-month period ended June 30, 2015.

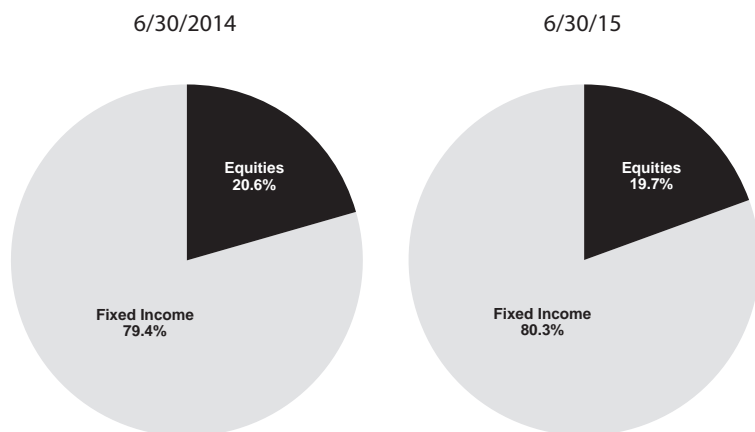
The portfolio invests in a diversified blend of fixed income securities, representing about 80% of assets. It also holds about a 20% allocation in equities, mostly in the Equity Index 500 Fund, which generated solid absolute performance. This structure should allow investors to generate growth in their college savings accounts while minimizing the risk of principal loss through a combination of diversification and conservative fixed income investments.

Security selection detracted from relative performance. The Short-Term Bond Fund is a short-duration, investment-grade bond fund. It primarily holds corporate, government, and mortgage-backed securities. The fund underperformed its

style-specific benchmark because of a modest out-of-benchmark allocation in Treasury inflation protected securities and nondollar-denominated bonds.

The Inflation Focused Bond Fund³ posted a modest loss for the year and performed in line with its style-specific benchmark. It invests 50% or more of its assets in a diversified mix of short- and intermediate-term investment-grade, inflation-linked securities, including Treasury inflation protected securities. The fund may also invest in corporate, government, and mortgage- and asset-backed securities in varying amounts, depending on market conditions and the investment environment.

The portfolio's inclusion of diversifying sectors—particularly through a small allocation to the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Inflation Focused Bond Fund	40.5%	40.7%
Short-Term Bond Fund	38.6%	39.6%
Equity Index 500 Fund	17.5%	16.5%
International Growth & Income Fund	0.8%	0.8%
Overseas Stock Fund	0.7%	0.8%
International Stock Fund	0.7%	0.8%
Real Assets Fund	0.9%	0.8%
Summit Cash Reserves Fund	0.3%	0.0%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, the weighted benchmark was composed of: S&P 500 Index—17.11%; MSCI EAFE (Europe, Australasia, and Far East) Index—1.89%; Barclays 1–3 Year Government/Credit Index—40.00%; Barclays 1–5 Year Treasury TIPS Index—40.00%; and Real Assets Broad Weighted Benchmark—1.00%.

³ In September 2015, the Inflation Focused Bond Fund will be renamed the Limited Duration Inflation Focused Bond Fund. While the fund's investment program is not changing, it has adopted a policy of maintaining a duration within two years of the benchmark, Barclays 1–5 Year U.S. Treasury TIPS Index, and eliminated the policy of maintaining an average effective maturity of between one and seven years.

EQUITY PORTFOLIO

Annualized Return since Inception 11/26/01

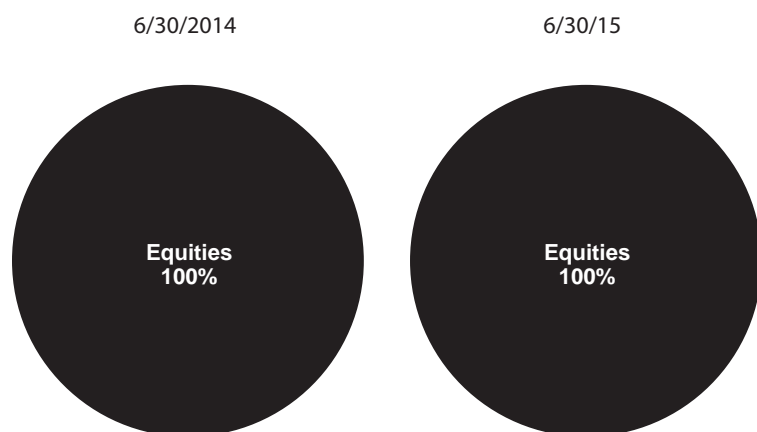
	6 months	12 months	Annualized since inception
Equity Portfolio¹	3.49%	3.93%	6.66%
Weighted benchmark ²	2.66%	2.94%	6.69%

The Equity Portfolio generated a single-digit gain and outperformed its weighted benchmark for the 12-month period ended June 30, 2015.

The portfolio is focused on long-term capital appreciation. Most of its assets are held in a diversified selection of U.S. and international stock funds. The portfolio's outperformance was primarily driven by security selection in the international and U.S. stock funds. Within international equities, the International Growth & Income, Overseas Stock, International Stock, and Emerging Markets Stock Funds outperformed their respective style-specific benchmarks. Within U.S. equities, the Blue Chip Growth, Mid-Cap Growth, and Value Funds outperformed their respective style specific benchmarks.

The portfolio's inclusion of diversifying sectors—particularly through the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to relative returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources. The portfolio remained underweight to real assets stocks because the program manager believes that subdued global economic growth will continue to pressure energy and materials prices.

In addition, an overweight to non-U.S. Equities, which underperformed U.S. equities, hurt relative performance. European markets recorded solid gains in local currency terms, but a nearly 19% decline in the euro versus the U.S. dollar over the past year produced losses in most major markets in dollar terms. Among the worst-performing eurozone markets were Spain, Italy, and Portugal because of concerns about contagion from the Greek debt crisis.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Equity Index 500 Fund	30.7%	30.5%
Blue Chip Growth Fund	12.8%	12.0%
Value Fund	11.4%	11.2%
International Growth & Income Fund	8.8%	9.4%
Overseas Stock Fund	8.1%	8.7%
International Stock Fund	7.6%	7.9%
Emerging Markets Stock Fund	5.1%	5.1%
Small-Cap Stock Fund	4.5%	4.5%
Real Assets Fund	4.1%	3.8%
Mid-Cap Value Fund	3.6%	3.6%
Mid-Cap Growth Fund	3.3%	3.3%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, 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%.

GLOBAL EQUITY MARKET INDEX PORTFOLIO

Annualized Return since Inception 6/30/06

	6 months	12 months	Annualized since inception
Global Equity Market Index Portfolio¹	3.14%	3.77%	7.23%
Weighted benchmark ²	3.18%	4.27%	7.56%

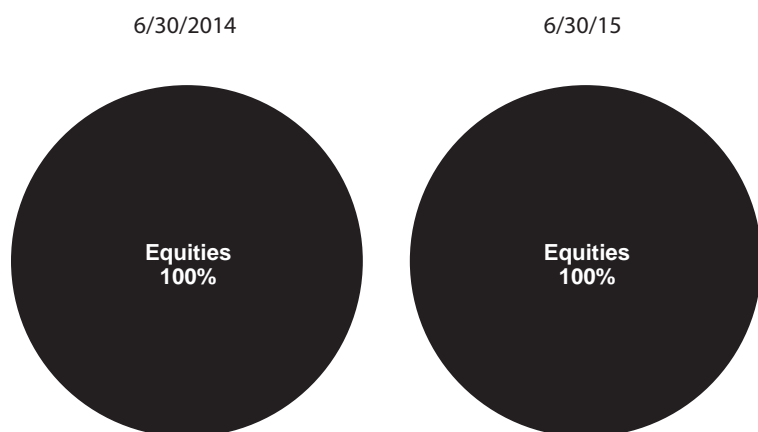
The Global Equity Market Index Portfolio generated a single-digit gain but underperformed its weighted benchmark for the 12-month period ended June 30, 2015, primarily because of the portfolio’s operating expenses and management fees that the indexes do not incur. The portfolio holds approximately two-thirds of its assets in the Total Equity Market Index Fund and one-third in the International Equity Index Fund; both are passively managed index funds. The portfolio does not become more conservative over time—this strategy is based on the understanding that the volatility associated with equity markets can be accompanied by the greatest potential for long-term appreciation.

The Total Equity Market Index Fund is focused on U.S. equities and generated solid returns. The fund represents the entire U.S. stock market. It combines the S&P 500 Index and the S&P Completion Index, offering broad exposure to large-, mid-, small-, and micro-cap stocks. Low interest rates, slow-but-steady economic growth, and positive corporate earnings supported U.S. equities. Large-caps generally outpaced mid-, small-, and micro-cap shares, and growth stocks outperformed value shares across all market capitalizations.

Stocks in the S&P 500 Index represent about three-quarters of the Total Equity Market Index Fund. The health care sector was the standout performer, but consumer discretionary, information technology, and financials also posted strong gains. Energy was the worst-performing sector due to falling oil prices, while utilities and materials posted modest losses.

The International Equity Index Fund, which primarily invests in developed non-U.S. stocks, posted losses and significantly underperformed large-cap U.S. shares. Overall, European markets recorded solid gains in local currency terms, but a significant decline in the euro versus the U.S. dollar over the past year produced losses in most major markets in dollar terms. Among the worst-performing eurozone markets were Spain, Italy, and Portugal due to concerns about contagion from the Greek debt crisis.

Developed Asian markets generally outperformed those in Europe and were led by strong gains in Hong Kong and Japan. Hong Kong’s market benefited from strength in Chinese shares and stimulus measures, while Japan recovered from a brief sales tax-induced recession, thanks in part to the Bank of Japan’s expanded quantitative easing measures, lower energy prices, and a weaker yen that bolstered overseas corporate profits.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Total Equity Market Index Fund	77.6%	67.3%
International Equity Index Fund	22.4%	32.7%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, the weighted benchmark was composed of: S&P Total Market Index—70.00% and FTSE All World Developed ex North America Index—30.00%.

BALANCED PORTFOLIO

Annualized Return since Inception 11/26/01

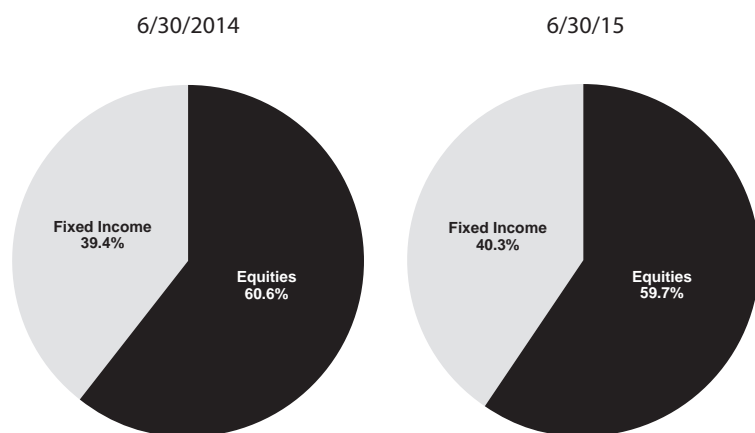
	6 months	12 months	Annualized since inception
Balanced Portfolio¹	2.18%	2.14%	6.60%
Weighted benchmark ²	1.59%	1.70%	6.25%

The Balanced Portfolio generated a single-digit gain and outperformed its weighted benchmark for the 12-month period ended June 30, 2015.

Security selection in the international and U.S. stock funds drove the portfolio's outperformance. Within international equities, the International Growth & Income, Overseas Stock, International Stock, and Emerging Markets Stock Funds outperformed their respective style-specific benchmarks. Within U.S. equities, the Blue Chip Growth, Mid-Cap Growth, and Value Funds outperformed their respective style specific benchmarks. However, an overweight to non-U.S. equities, which underperformed U.S. equities, hurt relative performance.

The portfolio's fixed income allocation, which represents about 40% of assets, detracted from relative performance largely due to credit selection. The New Income and Emerging Markets Bond Funds underperformed their style-specific benchmarks.

The portfolio's inclusion of diversifying sectors—particularly through the Real Assets Fund—weighed on performance, although an underweight allocation positively contributed to relative returns. The fund invests in securities of companies that are involved in activities related to real assets, such as commodities, real estate, energy, and natural resources. The portfolio remained underweight to real assets stocks because the program manager believes that subdued global economic growth will continue to pressure energy and materials prices.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
New Income Fund	26.9%	27.5%
Equity Index 500 Fund	18.5%	18.2%
Blue Chip Growth Fund	7.8%	7.1%
Value Fund	6.9%	6.7%
International Growth & Income Fund	5.4%	5.6%
Overseas Stock Fund	4.9%	5.2%
High Yield Fund	4.5%	4.8%
International Stock Fund	4.6%	4.7%
Emerging Markets Bond Fund	4.0%	4.0%
International Bond Fund	3.1%	3.5%
Emerging Markets Stock Fund	3.1%	3.1%
Small-Cap Stock Fund	2.7%	2.7%
Real Assets Fund	2.5%	2.2%
Mid-Cap Value Fund	2.2%	2.2%
Mid-Cap Growth Fund	2.0%	2.0%
Inflation Focused Bond Fund	0.5%	0.5%
Summit Cash Reserves Fund	0.4%	0.0%

¹ Performance information reflected is net of fees and expenses.

² As of June 30, 2015, 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%; 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%.

BOND AND INCOME PORTFOLIO

Annualized Return since Inception 11/26/01

	6 months	12 months	Annualized since inception
Bond and Income Portfolio¹	0.04%	-1.38%	5.99%
Barclays U.S. Aggregate Bond Index	-0.10%	1.86%	4.77%

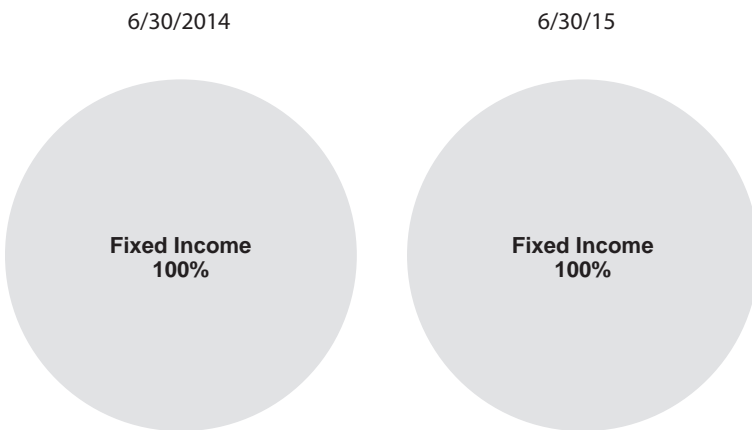
The Bond and Income Portfolio posted a negative return and underperformed its benchmark the Barclays U.S. Aggregate Bond Index, for the 12-month period ended June 30, 2015.

The portfolio invests in the Spectrum Income Fund, which holds an array of fixed income mutual funds and an income-oriented equity mutual fund. This allocation blends core investment-grade bonds that are included in the benchmark with out-of-benchmark securities from diversifying sectors, such as nondollar, high yield, and emerging markets bonds and dividend-paying stocks.

The inclusion of diversifying asset classes was the primary detractor from relative performance. Allocations to non-U.S. dollar-denominated, higher-yielding, and emerging markets bonds weighed on relative performance. However, dividend-paying stocks offset some of the losses.

Security selection detracted from relative performance. The Equity Income and Emerging Markets Bond Funds underperformed their style-specific benchmarks. Stock selection and underweight allocations in the health care and financials sectors were significant relative performance detractors for the Equity Income Fund. To a lesser extent, stock selection in utilities and consumer staples detracted from the fund's relative results. The European Central Bank's aggressive quantitative easing program, which began in March 2015, helped drive eurozone government bond yields to record lows. (Bond prices and yields move in opposite directions.) Nevertheless, bonds in developed non-U.S. markets declined in dollar terms for the year because the yen and euro fell sharply versus the dollar. A strong dollar erodes local currency-based returns when translated back into dollars.

The underweight to nondollar bonds relative to U.S. investment-grade bonds benefited relative performance. However, the portfolio's underweight to long-term U.S. Treasuries detracted because long-term interest rates declined over the 12-month period.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Spectrum Income Fund	100%	100%

¹ Performance information reflected is net of fees and expenses.

INFLATION FOCUSED BOND PORTFOLIO

Annualized Return since Inception 10/31/03

	6 months	12 months	Annualized since inception
Inflation focused Bond Portfolio¹	0.78%	-2.05%	2.21%
Barclays 1–5 Year U.S. Treasury TIPS Index	1.08%	-2.05%	2.31%

The Inflation Focused Bond Portfolio generated a negative return and performed in line with its benchmark, the Barclays 1–5 Year U.S. Treasury TIPS Index, for the 12-month period ended June 30, 2015.

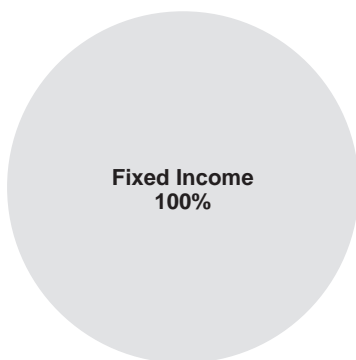
The Inflation Focused Bond Fund primarily invests in a diversified mix of short- and intermediate-term investment-grade, inflation-linked securities, including Treasury inflation protected securities (TIPS). The focus of this portfolio was in shorter-term TIPS, which offered real (inflation-adjusted) yields below 0% for most of the past 12 months. The fund may also invest in corporate, government, mortgage-backed, and asset-backed securities. To the extent that the program manager believes that inflation is not an imminent threat or that the cost of inflation protection is too expensive, the portfolio will invest in securities that are not indexed to inflation.

In September 2015, the Inflation Focused Bond Fund will be renamed the Limited Duration Inflation Focused Bond Fund. [While the fund's investment program is not changing, it has adopted a policy of maintaining a duration within two years of the benchmark, Barclay's 1–5 Year U.S. Treasury TIPS Index, and eliminated the policy of maintaining an average effective maturity of between one and seven years.]

Generating income in an environment of low to negative inflation-adjusted yields was challenging. However, the program manager's ability to invest in so-called spread sectors, which are fixed income segments that yield more than government bonds but are not indexed to inflation, was beneficial. Spread sectors include investment-grade corporate bonds, asset-backed securities, and commercial mortgage-backed securities, which all contributed to relative performance and generated income. These segments outperformed shorter-term TIPS.

To further diversify the portfolio and to benefit from inflation trends overseas, the portfolio may invest in non-U.S. inflation-indexed bonds. In most cases, they offer higher yields than comparable-maturity U.S. TIPS. Over the past year, these holdings generated mixed results and had little overall impact on performance.

6/30/2014



6/30/15



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
Inflation Focused Bond Fund	100%	100%

¹ Performance information reflected is net of fees and expenses.

U.S. TREASURY MONEY MARKET PORTFOLIO

Annualized Return since Inception 12/31/09

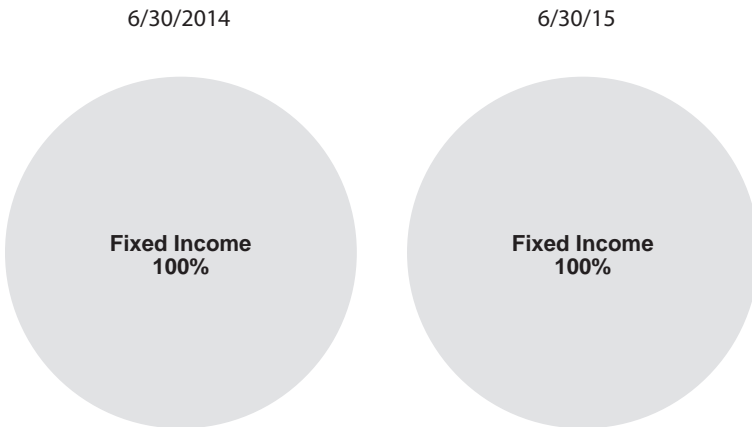
	6 months	12 months	Annualized since inception
US Treasury Money Market Portfolio¹	0.00%	0.00%	0.00%
Citigroup 3-Month Treasury Bill Index	0.01%	0.02%	0.07%

Reflecting the low interest rate environment, the U.S. Treasury Money Market Portfolio posted a flat result for the 12-month period ended June 30, 2015. The portfolio performed in line with its benchmark, the Citigroup 3-Month Treasury Bill Index, and continued to offer investors principal stability and liquidity.

Money market rates remained low as the Federal Reserve kept the target range for the federal funds rate from 0.00% to 0.25%, a level it has maintained since December 2008. The combination of the Fed's zero-rate monetary policy; a reduced supply of Treasury bills; and strong demand for high-quality, liquid assets continued to restrain money market yields within a narrow range.

The Fed ceased its monthly purchases of Treasuries and agency mortgage-backed securities in October 2014. With the end of the central bank's years-long quantitative easing program, Fed officials began to prepare financial markets for its first short-term rate hike since 2006. The central bank is widely expected to start raising its benchmark rate from near zero sometime in 2015, although Fed officials have assured markets that any rate increases will be small and gradual.

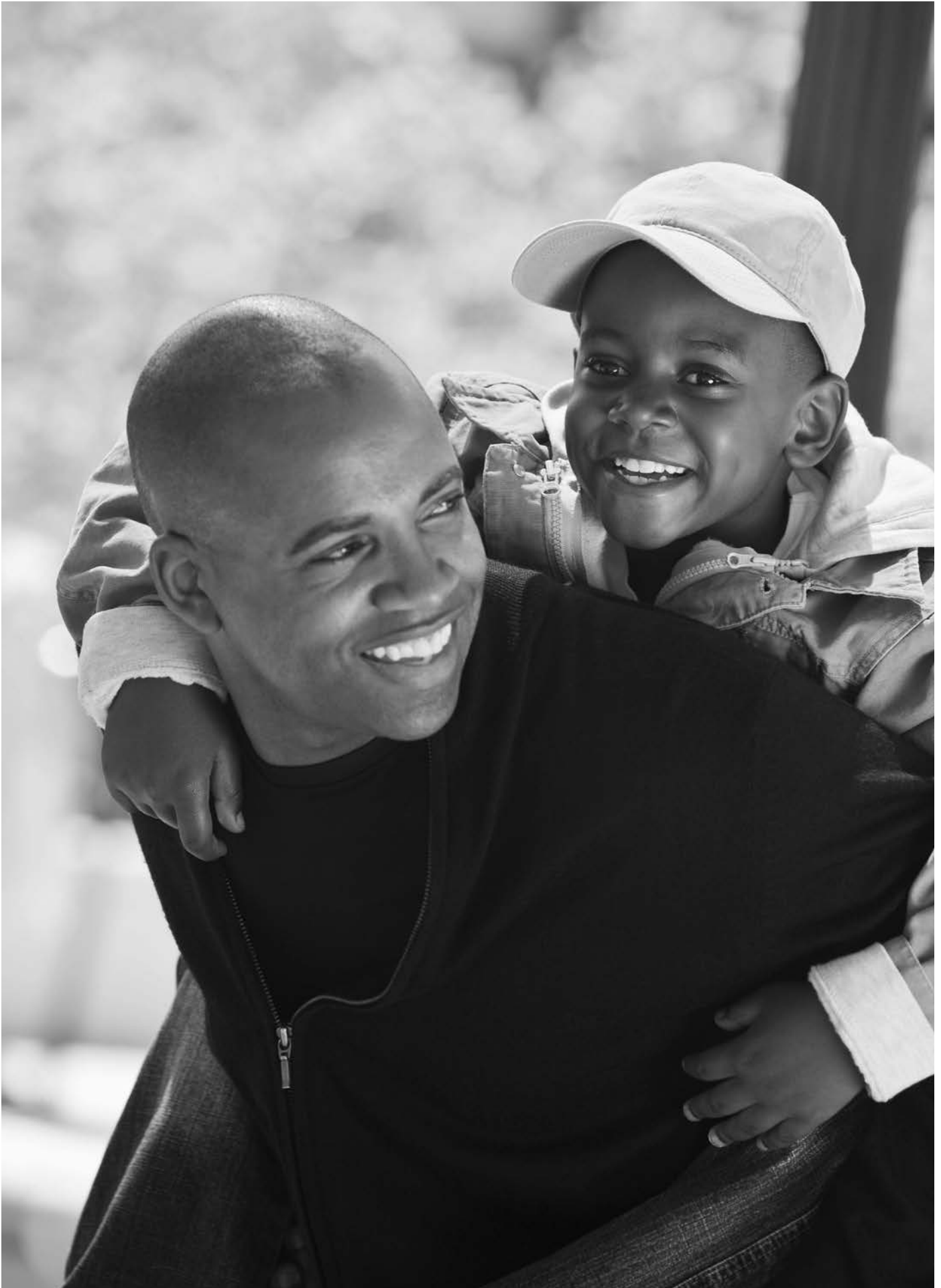
In an effort to maintain a zero or positive net yield for the portfolio, T. Rowe Price voluntarily waived a portion of the Program Fee. For the 12-month period ended June 30, 2015, the total amount of the Program Fee waived was approximately \$72,650. A fee waiver has the effect of increasing the portfolio's net yield.



MUTUAL FUND ALLOCATION

	6/30/14	6/30/15
US Treasury Money Fund	100%	100%

¹ Performance information reflected is net of fees and expenses.



Maryland 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, 2015. 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 30,575 new accounts, \$482 million in account holder contributions to portfolios, \$180 million in exchanges and transfers, and \$75 million in net investment income. Deductions from net position include \$245 million in distributions to account holders, \$180 million in exchanges and transfer from portfolios for the fiscal year, and \$17 million in rollovers to other 529 plans. This resulted in an increase in net position of \$294 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 charges fees to Account Holders, including fees of the underlying mutual funds and a program fee. For additional information, see footnote 5 of the Notes to the Financial Statements on page 51 and the Supplementary Information beginning on page 55.

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.

Each portfolio is charged a program fee for administration and management of the College Investment Plan. T. Rowe Price Associates, Inc. (Program Manager) receives the program fee which equals 0.11% for the Global Equity Market Index Portfolio and 0.13% for all other funds per year of the assets of each investment portfolio. Payment of the program fee by a portfolio is already reflected in the portfolio's net asset value.

The College Investment Plan's aggregate program fees plus its pro-rata share of expenses from the underlying mutual funds may not exceed 0.80% of the College Investment Plan's average net assets in any year. If necessary to remain at the 0.80% limit, the Program Manager will reduce the rate of the program fee charged to each portfolio. Program fees reduced in any year will be repaid by the College Investment Plan to the Program Manager in the following years if repayment would not cause the College Investment Plan's effective expense ratio to exceed the 0.80% limit.

PORTFOLIO FINANCIAL STATEMENTS

The Statement of Net Position, the Statement of Operations and 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, 2015.

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 Statements of Operations and 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 the College Savings Plans of Maryland. 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 the College Savings Plans of Maryland.



Maryland College Investment Plan

STATEMENT OF FIDUCIARY NET POSITION AS OF JUNE 30, 2015

(amounts in thousands)

ASSETS

Current Assets:

Investments, at fair value \$ 4,241,241

LIABILITIES

Current Liabilities:

Other Liabilities 431

NET POSITION

Total \$ 4,240,810

See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(amounts in thousands)

ADDITIONS

Contributions:

Account holder contributions to portfolios	\$ 481,713
Exchanges and transfers	179,712
Account holder contributions	<u>661,425</u>
Transfers from maturing portfolios	<u>450,477</u>
Total Contributions	<u>1,111,902</u>

Investment Income:

Net increase in fair value of investments	13,384
Investment income	<u>61,794</u>
Net investment income	<u>75,178</u>
Total Additions	<u>\$ 1,187,080</u>

DEDUCTIONS

Distributions:

Payments in accordance with trust agreements	\$ 262,719
Exchanges and transfers	179,712
Account holder distributions	<u>442,431</u>
Transfers to maturing portfolios	<u>450,477</u>
Total Deductions	<u>892,908</u>

Change in net position	294,172
Net position, beginning of year	<u>3,946,638</u>
Net position, end of year	<u>\$4,240,810</u>

See accompanying Notes to Financial Statements.

Maryland College Investment Plan

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2015

1. ORGANIZATION AND PURPOSE

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 College Savings Plans of Maryland Board (Board) serves as trustee for the Trust, 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 six 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 10 members, five 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, 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 all contributions made by an account holder to the Plan may be deducted from Maryland state income in an amount up to \$2,500 for each beneficiary annually. Effective January 1, 2002, earnings on contributions are 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.

All administrative costs for the College Savings Plans of Maryland, including the Plan, are accounted for in the financial statements of the Maryland 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, 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 received 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.

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 participant instructions in good order, based on the next determined net asset value per unit. Participant contributions and redemptions, as disclosed in the Statement of Operations and 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, 2015, new contributions to the Plan were approximately \$482 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 participants. The U.S. Treasury Money Market Portfolio declares a daily dividend of net investment income, which is automatically reinvested in the participant's account monthly.

Investment Income and Transactions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

In June 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. The Plan has implemented this statement, and it has no material effect on the financial position of the Plan.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015. In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for fiscal years beginning after June 15, 2015. Also in June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2016. Finally, in June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The Plan will implement these statements as of their effective dates. The Plan is still in the process of determining the effect of implementing these GASB statements.

3. INVESTMENTS

The Maryland 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. The Plan invests solely in mutual funds, which are valued at their closing net asset value per share on the date of valuation. 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 State of Changes in Fiduciary 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 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 decline in bond prices that usually accompanies a rise in interest rates. The weighted average maturity and weighted average effective duration of the underlying net assets of applicable Underlying Mutual Funds were as follows on June 30, 2015 (in years):

	Weighted Average Maturity	Weighted Average Effective Duration
DOMESTIC BOND FUNDS		
T. Rowe Price Short-Term Bond Fund	2.45	1.84
BLENDED ASSET FUNDS		
T. Rowe Price Spectrum Income Fund	7.48	4.99

Maryland College Investment Plan

3. INVESTMENTS (CONTINUED)

On June 30, 2015, 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	\$ 119,202	\$ 126,441	\$ 245,643
T. Rowe Price Equity Index 500 Fund	519,533	318,116	837,649
T. Rowe Price Mid-Cap Growth Fund	38,113	27,406	65,519
T. Rowe Price Mid-Cap Value Fund	52,085	19,282	71,367
T. Rowe Price Real Assets Fund	90,095	(4,160)	85,935
T. Rowe Price Small-Cap Stock Fund	54,835	28,803	83,638
T. Rowe Price Total Equity Market Index Fund	63,680	42,419	106,099
T. Rowe Price Value Fund	148,390	80,640	229,030
Total domestic stock funds	1,085,933	638,947	1,724,880
INTERNATIONAL STOCK FUNDS			
T. Rowe Price Emerging Markets Stock Fund	86,769	13,139	99,908
T. Rowe Price Int'l. Equity Index Fund	51,053	401	51,454
T. Rowe Price Int'l. Growth & Income Fund	174,999	23,599	198,598
T. Rowe Price International Stock Fund	131,416	36,725	168,141
T. Rowe Price Overseas Stock Fund	158,091	25,815	183,906
Total international stock funds	602,328	99,679	702,007
DOMESTIC BOND FUNDS			
T. Rowe Price High Yield Fund	14,213	(448)	13,765
T. Rowe Price Inflation Focused Bond Fund	435,930	(3,160)	432,770
T. Rowe Price New Income Fund	80,118	(681)	79,437
T. Rowe Price Short-Term Bond Fund	400,822	(10)	400,812
Total domestic bond funds	931,083	(4,299)	926,784
INTERNATIONAL BOND FUNDS			
T. Rowe Price Emerging Markets Bond Fund	12,318	(849)	11,469
T. Rowe Price Int'l. Bond Fund	11,195	(939)	10,256
Total international bond funds	23,513	(1,788)	21,725
BLENDED ASSET FUND			
T. Rowe Price Spectrum Income Fund	809,120	4,462	813,582
MONEY MARKET FUNDS			
T. Rowe Price Summit Cash Reserves Fund	6	-	6
T. Rowe Price U.S. Treasury Money Fund	52,257	-	52,257
Total money market funds	52,263	-	52,263
Total investments in Mutual Funds	\$ 3,504,240	\$ 737,001	\$ 4,241,241

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, record keeping 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 pays an all-inclusive program fee to Price Associates, which is accrued daily and paid monthly. Effective January 1, 2015, the program fee is equal to 0.13% of each Portfolio's average daily net assets for all portfolios except the Global Equity Market Index Portfolio, which is 0.11% of average daily net assets. Prior to January 1, 2015, the annual program fee was equal to 0.20% of each Portfolio's average daily net assets. At June 30, 2015, program fees payable by the Portfolios totaled \$431,000.

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, 2015, the Underlying Mutual Funds incurred \$7,302,000 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.

Price Associates has agreed to limit the ratio of the Plan's direct and indirect expenses to average net assets (Plan's effective expense ratio) to 0.80% per year (expense limit). For purposes of the limitation, direct expenses are the program fees charged to the Portfolios and indirect expenses reflect the weighted average expense ratios of the Underlying Mutual Funds in which the Portfolios invest. Expenses in excess of the limit are

borne by Price Associates (expense waivers) in the form of reduced program fees paid by each Portfolio to Price Associates. Expense waivers are allocated to the Portfolios on the basis of relative average net assets and are subject to later repayment by the Portfolios to the extent that repayment would not cause the Plan's effective expense ratio to exceed the expense limit. The expense limit has no effect on the computation of the Program Manager Contribution. During the fiscal year ended June 30, 2015, there were no waivers or repayments of program fees pursuant to this limit and there were no amounts subject to future repayment by the Portfolios at year end.

Price Associates has agreed to limit the direct and indirect expenses of the U.S. Treasury Money Market Portfolio (the Money Market Portfolio). Price Associates will waive all or a portion of the program fees charged to the Money Market Portfolio to the extent payment of the program fee would result in a negative return for the Money Market Portfolio. Pursuant to this arrangement, \$73,000 of the Money Market Portfolio's program fee was waived during the year ended June 30, 2015.

Price Associates has further agreed to remit a portion of the program fees earned to the Board, as trustee, to support certain administrative and marketing efforts provided by the Board to the Plan (Program Manager Contribution). As of January 1, 2015, under this agreement, the Board receives an annual amount equal to the greater of: (1) \$2 million or (2) 0.07% of the average monthly net assets of the Plan (average Plan assets). Prior to January 1, 2015, the trust received an annual amount equal to the greater of: (1) \$636,000 or (2) 0.04% of the average monthly net assets of the Plan (average Plan assets) when such assets are between \$750 million and \$1 billion and an additional 0.06% (for a total of 0.10%) of average Plan assets greater than \$1 billion. When any part of the program fee is waived for the Money Market Portfolio, the assets of this portfolio will not be included in the calculation of the Program Manager Contribution. During the year ended June 30, 2015, the Program Manager paid the Board \$3,090,000 in accordance with this agreement.

The staff of the Board supports Price Associates' management of the Plan in accordance with applicable laws and regulations, Board policy, and the Board's contract with Price Associates. Employees of the Board review and obtain Board approval of all Plan disclosure documents, review and approve 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.

Supplementary Information

MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2015

Statement of Net Position (in thousands, except net asset values per unit)	PORTFOLIO 2033		PORTFOLIO 2030		PORTFOLIO 2027	
	Shares	Value	Shares	Value	Shares	Value
INVESTMENTS AT VALUE						
T. Rowe Price Blue Chip Growth Fund	73,857	\$5,290	267,503	\$19,161	499,868	\$35,806
T. Rowe Price Emerging Markets Bond Fund	-	-	-	-	-	-
T. Rowe Price Emerging Markets Stock Fund	67,960	2,277	244,976	8,207	457,658	15,331
T. Rowe Price Equity Index 500 Fund	242,589	13,478	877,737	48,767	1,644,352	91,360
T. Rowe Price High Yield Fund	-	-	-	-	-	-
T. Rowe Price Inflation Focused Bond Fund	-	-	-	-	309,146	1,549
T. Rowe Price International Bond Fund	-	-	-	-	-	-
T. Rowe Price International Equity Index Fund	-	-	-	-	-	-
T. Rowe Price International Growth & Income Fund	282,513	4,156	1,020,695	15,015	1,913,203	28,143
T. Rowe Price International Stock Fund	208,563	3,502	755,342	12,682	1,418,349	23,814
T. Rowe Price Mid-Cap Growth Fund	18,048	1,469	65,633	5,343	122,259	9,952
T. Rowe Price Mid-Cap Value Fund	53,469	1,588	194,507	5,779	362,846	10,780
T. Rowe Price New Income Fund	-	-	-	-	-	-
T. Rowe Price Overseas Stock Fund	382,764	3,851	1,383,818	13,921	2,594,253	26,098
T. Rowe Price Real Assets Fund	162,908	1,689	584,515	6,061	1,095,062	11,356
T. Rowe Price Short-Term Bond Fund	-	-	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	43,327	1,979	157,615	7,200	292,026	13,340
T. Rowe Price Spectrum Income Fund	-	-	-	-	4,107,399	51,383
T. Rowe Price Summit Cash Reserves Fund	-	-	-	-	-	-
T. Rowe Price Total Equity Market Index Fund	-	-	-	-	-	-
T. Rowe Price U.S. Treasury Money Fund	-	-	-	-	-	-
T. Rowe Price Value Fund	141,537	4,964	511,503	17,938	956,183	33,533
Total investments at value		44,243		160,074		352,445
Other assets less liabilities		(4)		(17)		(38)
NET POSITION		\$44,239		\$160,057		\$352,407
Composition of Net Position:						
Paid-in capital		\$ 41,321		\$ 130,816		\$ 244,952
Retained earnings		2,918		29,241		107,455
Number of Units Outstanding		3,112		8,434		19,588
NET ASSET VALUE PER UNIT ¹		\$ 14.22		\$ 18.98		\$ 17.99
Investments at cost		\$ 42,521		\$ 138,663		\$ 271,065

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

PORTFOLIO 2024		PORTFOLIO 2021		PORTFOLIO 2018		PORTFOLIO FOR COLLEGE	
Shares	Value	Shares	Value	Shares	Value	Shares	Value
596,635	\$42,737	577,745	\$41,384	301,566	\$21,601	-	\$-
-	-	-	-	-	-	-	-
546,046	18,293	528,036	17,689	116,227	3,894	-	-
1,961,267	108,968	1,894,951	105,284	2,623,113	145,740	2,181,067	121,180
-	-	-	-	-	-	-	-
476,277	2,386	587,871	2,945	18,730,432	93,839	59,706,778	299,131
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,280,229	33,542	2,199,478	32,354	1,124,564	16,542	425,699	6,262
1,687,738	28,337	1,625,082	27,285	841,232	14,124	340,600	5,719
145,328	11,830	142,136	11,570	38,519	3,135	-	-
434,649	12,913	422,388	12,549	122,171	3,630	-	-
-	-	-	-	-	-	-	-
3,082,283	31,008	2,959,207	29,770	1,517,678	15,268	590,619	5,942
1,300,451	13,486	1,255,906	13,024	922,229	9,564	535,037	5,548
-	-	-	-	23,115,257	109,797	61,266,419	291,015
345,646	15,789	334,785	15,293	-	-	-	-
12,277,467	153,591	23,662,198	296,014	18,496,480	231,391	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,138,385	39,923	1,105,686	38,776	552,486	19,376	-	-
512,803		643,937		687,901		734,797	
(59)		(69)		(73)		(60)	
\$512,744		\$643,868		\$687,828		\$734,737	
\$ 349,920		\$ 423,290		\$ 451,724		\$ 651,366	
162,824		220,578		236,104		83,371	
22,405		26,767		29,340		43,128	
\$ 22.88		\$ 24.05		\$ 23.44		\$ 17.04	
\$ 436,225		\$ 514,669		\$ 572,590		\$ 710,238	

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

Supplementary Information

MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2015

Statement of Net Position (in thousands, except net asset values per unit)	EQUITY PORTFOLIO		GLOBAL EQUITY MARKET INDEX PORTFOLIO		BALANCED PORTFOLIO	
	Shares	Value	Shares	Value	Shares	Value
INVESTMENTS AT VALUE						
T. Rowe Price Blue Chip Growth Fund	823,639	\$58,997	-	\$-	288,524	\$20,667
T. Rowe Price Emerging Markets Bond Fund	-	-	-	-	963,754	11,469
T. Rowe Price Emerging Markets Stock Fund	757,611	25,380	-	-	263,788	8,837
T. Rowe Price Equity Index 500 Fund	2,704,498	150,262	-	-	946,900	52,610
T. Rowe Price High Yield Fund	-	-	-	-	2,021,255	13,765
T. Rowe Price Inflation Focused Bond Fund	-	-	-	-	271,855	1,362
T. Rowe Price International Bond Fund	-	-	-	-	1,209,482	10,256
T. Rowe Price International Equity Index Fund	-	-	3,927,765	51,454	-	-
T. Rowe Price International Growth & Income Fund	3,147,061	46,293	-	-	1,107,506	16,291
T. Rowe Price International Stock Fund	2,322,822	39,000	-	-	814,665	13,678
T. Rowe Price Mid-Cap Growth Fund	202,228	16,461	-	-	70,754	5,759
T. Rowe Price Mid-Cap Value Fund	602,353	17,896	-	-	209,763	6,232
T. Rowe Price New Income Fund	-	-	-	-	8,397,103	79,437
T. Rowe Price Overseas Stock Fund	4,274,062	42,997	-	-	1,496,119	15,051
T. Rowe Price Real Assets Fund	1,804,796	18,716	-	-	625,936	6,491
T. Rowe Price Short-Term Bond Fund	-	-	-	-	-	-
T. Rowe Price Small-Cap Stock Fund	484,911	22,151	-	-	172,627	7,886
T. Rowe Price Spectrum Income Fund	-	-	-	-	-	-
T. Rowe Price Summit Cash Reserves Fund	-	-	-	-	6,242	6
T. Rowe Price Total Equity Market Index Fund	-	-	4,450,443	106,099	-	-
T. Rowe Price U.S. Treasury Money Fund	-	-	-	-	-	-
T. Rowe Price Value Fund	1,574,216	55,208	-	-	550,664	19,312
Total investments at value		493,361		157,553		289,109
Other assets less liabilities		(53)		(15)		(31)
NET POSITION		\$493,308		\$157,538		\$289,078
Composition of Net Position:						
Paid-in capital		\$ 247,751		\$ 107,027		\$ 168,109
Retained earnings		245,557		50,511		120,969
Number of Units Outstanding		18,672		8,405		11,019
NET ASSET VALUE PER UNIT ¹		\$ 26.42		\$ 18.74		\$ 26.23
Investments at cost		\$ 315,362		\$ 114,734		\$ 227,850

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.

BOND AND INCOME PORTFOLIO		INFLATION FOCUSED BOND PORTFOLIO		U.S. TREASURY MONEY MARKET PORTFOLIO		TOTAL	
Shares	Value	Shares	Value	Shares	Value	Shares	Value
-	\$	-	\$	-	\$	3,429,337	\$245,643
-	-	-	-	-	-	963,754	11,469
-	-	-	-	-	-	2,982,302	99,908
-	-	-	-	-	-	15,076,474	837,649
-	-	-	-	-	-	2,021,255	13,765
-	-	6,299,074	31,558	-	-	86,381,433	432,770
-	-	-	-	-	-	1,209,482	10,256
-	-	-	-	-	-	3,927,765	51,454
-	-	-	-	-	-	13,500,948	198,598
-	-	-	-	-	-	10,014,393	168,141
-	-	-	-	-	-	804,905	65,519
-	-	-	-	-	-	2,402,146	71,367
-	-	-	-	-	-	8,397,103	79,437
-	-	-	-	-	-	18,280,803	183,906
-	-	-	-	-	-	8,286,840	85,935
-	-	-	-	-	-	84,381,676	400,812
-	-	-	-	-	-	1,830,937	83,638
6,491,081	81,203	-	-	-	-	65,034,565	813,582
-	-	-	-	-	-	6,242	6
-	-	-	-	-	-	4,450,443	106,099
-	-	-	-	52,256,972	52,257	52,256,972	52,257
-	-	-	-	-	-	6,530,660	229,030
81,203		31,558		52,257		4,241,241	
(9)		(3)		-		(431)	
\$81,194		\$31,555		\$52,257		\$4,240,810	
\$ 50,770		\$ 25,182		\$ 52,257		\$ 2,944,485	
30,424		6,373		-		1,296,325	
3,348		2,447		52,257		248,922	
\$ 24.25		\$ 12.90		\$ 1.00			
\$ 75,740		\$ 32,326		\$ 52,257		\$ 3,504,240	

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

Supplementary Information

MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2015

Statement of Operations and Changes in Net Position (amounts in thousands)	PORTFOLIO 2033	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024	PORTFOLIO 2021
OPERATIONS					
Net investment income					
Income distributions from Underlying Mutual Funds	\$ 394	\$ 1,862	\$ 5,187	\$ 9,049	\$ 13,339
Program management fee expense	45	215	521	779	1,000
Expenses waived by program manager	-	-	-	-	-
Net investment income	349	1,647	4,666	8,270	12,339
Net realized and unrealized gain/loss					
Net realized gain (loss)					
Sales of Underlying Mutual Fund shares	(37)	(132)	433	12,259	6,366
Capital gain distributions from Underlying Mutual Funds	739	3,757	8,414	11,217	12,519
Net realized gain (loss)	702	3,625	8,847	23,476	18,885
Change in unrealized gain / loss	161	116	(3,319)	(20,249)	(21,656)
Net realized and change in unrealized gain / loss	863	3,741	5,528	3,227	(2,771)
Increase in net position from investments	1,212	5,388	10,194	11,497	9,568
UNIT TRANSACTIONS* - see Unit Information below					
Units issued					
Account Holder contributions	24,135	44,749	51,239	56,371	59,309
Account Holder transfers from other portfolios	3,811	4,448	7,491	13,260	20,087
Transfer from maturing portfolios	-	-	-	-	-
Units redeemed					
Account Holder distributions	(272)	(1,463)	(2,963)	(4,552)	(8,997)
Account Holder transfers to other portfolios	(1,047)	(2,123)	(5,211)	(7,437)	(16,615)
Redemption from maturing portfolios	-	-	-	-	-
Increase (decrease) in net position from unit transactions	26,627	45,611	50,556	57,642	53,784
NET POSITION					
Increase (decrease) during period	27,839	50,999	60,750	69,139	63,352
Beginning of period	16,400	109,058	291,657	443,605	580,516
End of period \$44,239	\$160,057	\$352,407	\$512,744	\$643,868	
*Unit information					
Units outstanding, beginning of period	1,199	5,972	16,726	19,845	24,508
Units issued					
Account Holder contributions and transfers from other portfolios	2,007	2,655	3,327	3,090	3,334
Transfer from maturing portfolios	-	-	-	-	-
Units redeemed					
Account Holder distributions and transfers to other portfolios	(94)	(193)	(465)	(530)	(1,075)
Redemption from maturing portfolios	-	-	-	-	-
Units outstanding, end of period	3,112	8,434	19,588	22,405	26,767

PORTFOLIO 2018	PORTFOLIO 2015	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	TOTAL
\$ 13,084	\$ 4,417	\$ 3,268	\$ 6,728	\$ 2,754	\$ 5,706	\$ 2,576	\$ -	\$ 5	\$ 68,369
1,077	744	543	786	217	452	132	59	78	6,648
-	-	-	-	-	-	-	-	(73)	(73)
12,007	3,673	2,725	5,942	2,537	5,254	2,444	(59)	-	61,794
13,435	62,960	6,919	3,865	1,553	1,034	(65)	(184)	-	108,406
7,369	1,098	618	13,964	84	5,053	738	145	-	65,715
20,804	64,058	7,537	17,829	1,637	6,087	673	(39)	-	174,121
(25,716)	(65,176)	(10,307)	(5,363)	1,162	(5,452)	(4,225)	(713)	-	(160,737)
(4,912)	(1,118)	(2,770)	12,466	2,799	635	(3,552)	(752)	-	13,384
7,095	2,555	(45)	18,408	5,336	5,889	(1,108)	(811)	-	75,178
55,914	35,954	34,963	40,492	24,780	31,100	9,661	3,588	9,458	481,713
30,560	12,259	19,294	13,978	10,563	15,901	6,549	2,601	18,910	179,712
-	-	450,477	-	-	-	-	-	-	450,477
(14,087)	(54,812)	(97,083)	(24,711)	(4,686)	(18,865)	(9,052)	(7,418)	(13,758)	(262,719)
(21,397)	(35,341)	(23,731)	(27,847)	(8,418)	(13,083)	(4,942)	(6,010)	(6,510)	(179,712)
-	(450,477)	-	-	-	-	-	-	-	(450,477)
50,990	(492,417)	383,920	1,912	22,239	15,053	2,216	(7,239)	8,100	218,994
58,085	(489,862)	383,875	20,320	27,575	20,942	1,108	(8,050)	8,100	294,172
629,743	489,862	350,862	472,988	129,963	268,136	80,086	39,605	44,157	3,946,638
\$687,828	-	\$734,737	\$493,308	\$157,538	\$289,078	\$81,194	\$31,555	\$52,257	\$4,240,810
27,154	22,466	20,644	18,604	7,196	10,442	3,257	3,006	44,157	
3,709	2,210	3,197	2,113	1,924	1,814	664	478	28,368	
-	-	26,405	-	-	-	-	-	-	
(1,523)	(4,134)	(7,118)	(2,045)	(715)	(1,237)	(573)	(1,037)	(20,268)	
-	(20,542)	-	-	-	-	-	-	-	
29,340	-	43,128	18,672	8,405	11,019	3,348	2,447	52,257	

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

Supplementary Information

MARYLAND COLLEGE INVESTMENT PLAN

For the fiscal year ended June 30, 2015

Financial Highlights (For a unit outstanding throughout the period)	PORTFOLIO 2033	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024	PORTFOLIO 2021
NET ASSET VALUE¹					
Beginning of period	\$ 13.68	\$ 18.26	\$ 17.44	\$ 22.35	\$ 23.69
Investment activities ²					
Net investment income (loss) ³	0.17	0.23	0.26	0.39	0.48
Net realized and unrealized gain / loss	0.37	0.49	0.29	0.14	(0.12)
Total from investment activities	0.54	0.72	0.55	0.53	0.36
NET ASSET VALUE¹					
End of period	\$14.22	\$18.98	\$17.99	\$22.88	\$24.05
RATIOS⁴					
Total Return	3.95%	3.94%	3.15%	2.37%	1.52%
Ratio of expenses to average net assets	0.15%	0.16%	0.16%	0.16%	0.16%
Ratio of net investment income (loss) to average net assets	1.20%	1.23%	1.46%	1.73%	2.02%
Portfolio turnover rate	3.3%	5.1%	8.9%	8.9%	8.7%
SUPPLEMENTAL INFORMATION					
Weighted-average expense ratio of the Underlying Mutual Funds ⁵	0.67%	0.67%	0.67%	0.67%	0.67%
Effective expense ratio	0.82%	0.83%	0.83%	0.83%	0.83%
Net Assets, end of period (in millions)	\$ 44.2	\$ 160.1	\$ 352.4	\$ 512.7	\$ 643.9

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 Includes the effect of voluntary management fee waivers of 0.15% of average net assets. See Note 5 to the Financial Statements for details.

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
\$ 23.19	\$ 17.00	\$ 25.42	\$ 18.06	\$ 25.68	\$ 24.59	\$ 13.17	\$ 1.00
0.43	0.14	0.32	0.33	0.49	0.75	(0.02)	0.00 ⁶
(0.18)	(0.10)	0.68	0.35	0.06	(1.09)	(0.25)	0.00
0.25	0.04	1.00	0.68	0.55	(0.34)	(0.27)	0.00
\$23.44	\$17.04	\$26.42	\$18.74	\$26.23	\$24.25	\$12.90	\$ 1.00
1.08%	0.24%	3.93%	3.77%	2.14%	(1.38)%	(2.05)%	0.00%⁶
0.16%	0.17%	0.16%	0.15%	0.16%	0.16%	0.17%	0.01% ⁶
1.83%	0.83%	1.24%	1.78%	1.91%	3.06%	(0.17)%	0.00% ⁶
19.9%	24.6%	8.8%	14.7%	11.0%	6.8%	5.9%	13.7%
0.58%	0.47%	0.67%	0.40%	0.66%	0.69%	0.50%	0.06% ⁶
0.74%	0.64%	0.83%	0.55%	0.82%	0.85%	0.67%	0.07% ⁶
\$ 687.8	\$ 734.7	\$ 493.3	\$ 157.5	\$ 289.1	\$ 81.2	\$ 31.6	\$ 52.3

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

NOTES