

THE UNIVERSITY OF  
**ALASKA**  
COLLEGE  
SAVINGS PLAN  
Managed by T. Rowe Price



ANNUAL REPORT JUNE 30, 2018



**T. Rowe Price**<sup>®</sup>  
INVEST WITH CONFIDENCE

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*If you are not an Alaska resident, you should compare this Plan with any 529 college savings plan offered by your home state or your Beneficiary's home state and consider, before investing, any state tax or other benefits, such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state's plan. The Plan Disclosure Document provides investment objectives, risks, fees and charges, expenses, and other information you should read and consider carefully before investing. You may request a copy by calling 1-800-478-0003 or by going online to [UACollegeSavings.com](http://UACollegeSavings.com).*

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# Letter to Plan Participants

## DEAR INVESTOR,

We are pleased to present this annual report for the University of Alaska College Savings Plan covering the 12 months ended June 30, 2018.

## A FEDERAL TAX BILL PASSED IN DECEMBER 2017 EXPANDS THE DEFINITION OF QUALIFIED HIGHER EDUCATION EXPENSES TO INCLUDE K-12 TUITION

Effective January 1, 2018, qualified higher education expenses has been expanded to include tuition expenses used in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. The total amount of elementary or secondary school tuition expenses considered to be qualified education expenses is limited to \$10,000 per year per beneficiary.

## A COLLEGE DEGREE OPENS THE DOOR TO BETTER JOB AND EARNINGS PROSPECTS

The U.S. jobless rate declined over the past year and hit a seasonally adjusted 3.8% in May—its lowest level in 18 years—as the economy continued its slow yet steady recovery that began in mid-2009. Though the improving labor market has benefited workers of all stripes, education continues to play an outsized role in determining one's job and earnings prospects.

In recent years, unemployment rates for workers with a bachelor's degree or higher have been less than half of those with only a high school degree, according to the National Center for Education Statistics. Moreover, unemployment rates for workers with a two-year associate's degree are significantly lower than those of high school graduates.

Education has a major impact on incomes. Simply put, workers with a college education earn far more than those who didn't attend college. According to the Bureau of Labor Statistics, last year, workers with a bachelor's degree earned a median of \$1,173 a week, while those with only a high school diploma earned a median of \$712 a week. For most people, a college education is a positive investment in potential employment and earnings compared with having no college degree.

## ANNUAL COLLEGE COSTS GAINS CONTINUE TO OUTSTRIP INFLATION

The pace of annual increases in college costs has declined in recent years but continues to outstrip inflation. In the decade from 2007–2008 to 2017–2018, published in-state tuition and fees at public four-year institutions rose at an average rate of 3.2% per year beyond inflation compared with average annual increases of 4.4% and 4.0% over the two prior decades. At private four-year colleges, the inflation-adjusted average annual increase in tuition and fees was 2.4% in the most recent decade compared with 2.7% and 3.3% for the two prior decades.\*

The costs of attending college have skyrocketed in the past 30 years. For the 2017–2018 academic year, the average price of tuition and fees at public four-year institutions is more than three times as high as it was three decades earlier, after adjusting for inflation. Meanwhile, at private four-year institutions, the average price of tuition and fees in the current academic year is 2.29 times as high as it was 30 years ago.\* In summary, annual college cost increases have declined in recent years but continue to rise over time—which is why a college savings plan remains vital.

## THE BENEFITS OF TAX-ADVANTAGED COLLEGE SAVINGS PLANS

There is no replacing personal savings as your best opportunity to help finance a college education, and 529 plans can be an important consideration for anyone saving for education. For many families, 529 plans offer an effective way to plan ahead for college and other education-related costs.

Besides providing an opportunity to build a financial cushion that makes college more affordable, 529 plans offer another financial advantage: a reduction in your tax liability. Earnings on 529 plans are not subject to federal tax and generally not subject to state tax when used for qualified education expenses. These expenses include tuition at the K-12 or college level and, for college only, fees, books, room and board, computer equipment, and Internet access.

While each state offers its own 529 plan, you are not limited to investing in the state where you live. You can also change the designated beneficiary of a plan to another family member without penalty. For example, you can roll funds from a 529 for one of your children into a sibling's plan without penalty.

Sincerely,



Scott B. David  
Chairman, T. Rowe Price Investment Services, Inc.

### Average Estimated Full-Time Undergraduate Budgets, 2017–2018

Type of college	Tuition and fees	Total expense with room and board, books, supplies, other
Public two-year commuter	\$3,570	\$17,580
Public four-year in-state	\$9,970	\$25,290
Public four-year out-of-state	\$25,620	\$40,940
Private nonprofit four-year on-campus	\$34,740	\$50,900

\*Source: College Board

# Investment Report

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

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

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

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

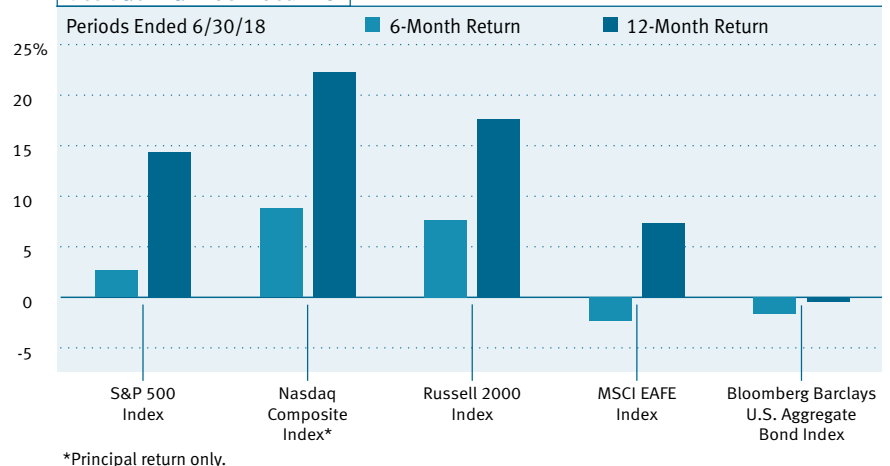
## U.S. INVESTMENT-GRADE BONDS DECLINE AS FED TIGHTENS POLICY, BUT HIGH YIELD ADVANCES

U.S. investment-grade bonds slightly declined as Treasury yields increased across all maturities. (Bond prices and yields typically move in opposite directions.) Generally strong U.S. economic data raised inflation concerns and curbed Treasury demand for most of the period. However, bouts

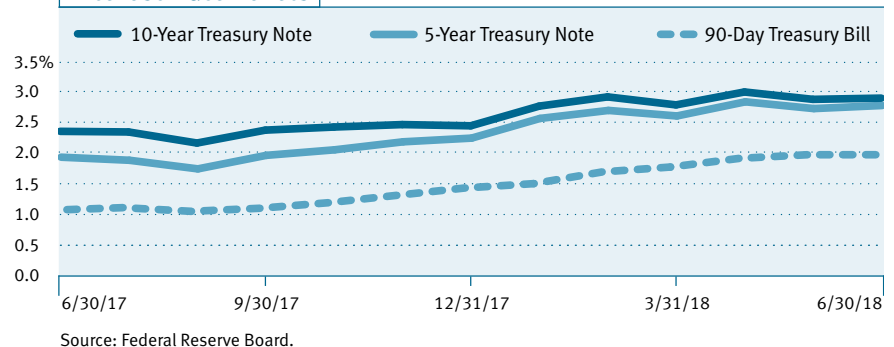
of “risk off” sentiment sparked by geopolitical uncertainty occasionally spurred demand for safe-haven assets and helped restrain yield increases on longer-term Treasuries. The Federal Reserve raised its benchmark fed funds rate three times over the past 12 months, bringing it to a range from 1.75% to 2.00% in June. The Fed also projected a total of four increases for 2018, up from a March forecast of three increases.

The Treasury yield curve flattened over the reporting period as shorter-term yields increased more than longer-term yields. The yield on the 10-year U.S. Treasury note—a benchmark for long-term borrowing costs—reached a seven-year closing high of

Global Market Returns



Interest Rate Levels



# Investment Report (continued)

3.11% in mid-May after a series of strong economic readings raised growth and inflation worries. However, interest rates fell back in subsequent weeks as Fed officials stressed their intention to move slowly in tightening monetary policy.

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

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

## Average Annual Returns

### Average Annualized Total Returns

This table shows how each portfolio would have performed each year if its actual returns for the period shown had been earned at a constant rate.

Periods Ended 6/30/18	One Year	Three Years	Five Years	Ten Years	Since Inception	Inception Date
Portfolio 2039	N/A	N/A	N/A	N/A	-0.10% <sup>1</sup>	5/31/18
Portfolio 2036	12.20%	9.50%	N/A	N/A	8.54	5/29/15
Portfolio 2033	12.18	9.47	11.16%	N/A	12.89	5/31/12
Portfolio 2030	10.55	8.56	10.61	N/A	12.75	5/29/09
Portfolio 2027	8.82	7.70	9.74	7.74%	6.82	5/31/06
Portfolio 2024	7.03	6.77	8.57	6.99	8.20	4/30/03
Portfolio 2021	5.20	5.39	7.12	6.22	5.59	4/17/01
Portfolio for College	2.52	2.93	3.32	3.93	4.08	4/17/01
Equity Portfolio	12.19	9.46	11.16	8.46	6.82	4/17/01
Total Equity Market Index Portfolio	14.13	11.33	12.95	9.95	8.53	5/31/06
Fixed Income Portfolio	1.00	3.53	3.56	4.98	5.54	4/17/01
Balanced Portfolio	7.42	7.05	8.11	7.23	6.49	4/17/01
Money Market Portfolio <sup>2</sup>	0.90	0.33	0.20	0.21	1.11	9/30/04
ACT Portfolio	5.24	5.66	6.64	6.62	5.74	4/17/01

*Current performance may be higher or lower than the quoted past performance, which cannot guarantee future results. Unit price, principal value, and return will vary, and you may have a gain or loss when you sell your units. For the most recent month-end performance, please call 1-800-478-0003 or visit our website at [UACollegeSavings.com](http://UACollegeSavings.com). Average annual total return figures include changes in principal value and any reinvested dividends.*

Investment return and principal value represent past performance and will vary. Units may be worth more or less at redemption than at original purchase. Returns do not reflect taxes that may be paid on distributions or the redemption of units.

Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>1</sup>Return is cumulative.

**<sup>2</sup>You could lose money by investing in the Money Market Portfolio. Although the money market fund in which your investment options invests (the "underlying fund") seeks to preserve its value at \$1.00 per share, the underlying fund cannot guarantee it will do so. An investment in this investment option is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The underlying fund's sponsor has no legal obligation to provide financial support to the underlying fund, and you should not expect that the sponsor will provide financial support to the underlying fund at any time.**

### Definitions of the benchmarks cited in the report:

- Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index—tracks the performance of inflation protected public obligations of the U.S. Treasury with maturities of 1 to 5 years.
- Bloomberg Barclays U.S. Aggregate Bond Index—tracks the performance of investment-grade corporate and government bonds.
- Citigroup 3-Month Treasury Bill Index—tracks the performance of short-term U.S. government debt instruments.
- MSCI All Country World Index ex USA—measures equity market performance of developed and emerging countries, excluding the U.S.A.
- MSCI EAFE (Europe, Australasia, and Far East) Index—tracks the performance of large- and mid-cap international developed market stocks.
- Nasdaq Composite Index—a market value-weighted index of all common stocks listed on Nasdaq.
- Russell 2000 Index—tracks the performance of 2,000 small-cap U.S. companies.
- Russell 3000 Index—tracks the performance of the 3,000 largest U.S. companies, which is designed to provide exposure to the entire U.S. stock market by representing approximately 98% of the investable U.S. equity market.
- S&P 500 Index—tracks the performance of 500 primarily large-cap U.S. stocks.

# Portfolio 2039

Portfolio 2039 generated a slight negative return and performed in line with its broad weighted benchmark for the month ending June 30, 2018. (The portfolio inception on May 31, 2018.)

The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. Later in the portfolio's life cycle, it will incorporate additional allocations to lower-volatility investments. Initially, this will include the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Seven years prior to the portfolio's expected enrollment year referenced in the portfolio's name, the bond component of the portfolio will begin to transition to the New Income Fund, a more conservative investment-grade bond fund.

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

Security selection within the underlying funds weighed on relative performance.

Security selection within U.S. large-cap stocks detracted as the Blue Chip Growth Fund and Value Fund lagged their respective style-specific benchmarks, which outweighed outperformance in domestic small- and mid-cap stock funds. Security selection within international stocks also detracted from relative returns as the International Value Equity Fund, Overseas Stock Fund, and International Stock Fund trailed their style-specific benchmarks.

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as crude oil prices surged to multiyear highs in the spring of 2018 amid strong demand and supply disruptions in a few countries.

## Performance Comparison

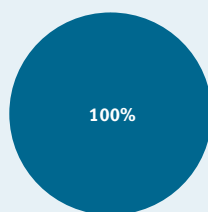
Periods Ended 6/30/18	Cumulative Since Inception 5/31/18
Portfolio 2039 <sup>1</sup>	-0.10%
Broad Weighted Benchmark <sup>2</sup>	-0.09

Average annualized total returns can be found on page 4.

## Asset Class Breakdown

### Portfolio 2039

June 30, 2018



■ Stocks

## Portfolio Composition

Percent of Net Assets	6/30/18
Portfolio 2039	
T. Rowe Price Equity Index 500 Fund	29.4%
T. Rowe Price Value Fund	9.9
T. Rowe Price Overseas Stock Fund	9.6
T. Rowe Price Blue Chip Growth Fund	9.6
T. Rowe Price International Value Equity Fund	9.6
T. Rowe Price International Stock Fund	8.3
T. Rowe Price Small-Cap Stock Fund	8.2
T. Rowe Price Mid-Cap Growth Fund	4.4
T. Rowe Price Emerging Markets Stock Fund	4.4
T. Rowe Price Mid-Cap Value Fund	4.3
T. Rowe Price Real Assets Fund	2.3

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Russell 3000 Index	70.00%
MSCI All Country World Index ex USA	30.00%

# Portfolio 2036

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

The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. Later in the portfolio's life cycle, it will incorporate additional allocations to lower-volatility investments. Initially, this will include the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Seven years prior to the portfolio's expected enrollment year referenced in the portfolio's name, the bond component of the portfolio will begin to transition to the New Income Fund, a more conservative investment-grade bond fund.

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

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

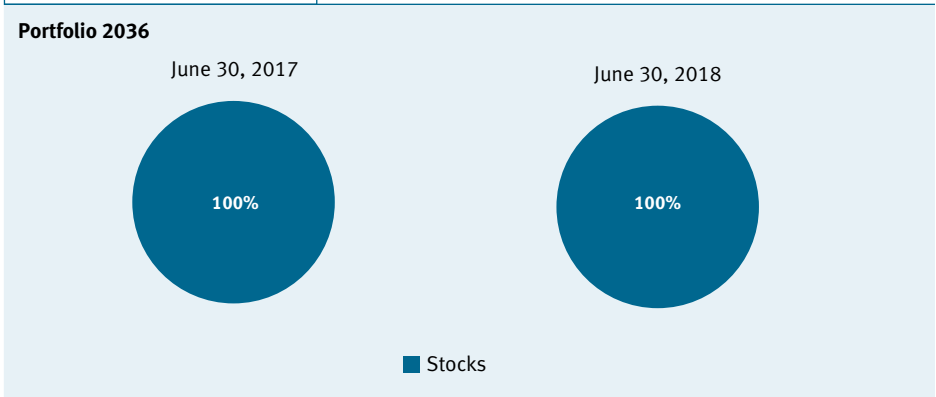
The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as crude oil prices surged to multiyear highs in the spring of 2018 amid strong demand and supply disruptions in a few countries.

## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Portfolio 2036 <sup>1</sup>	1.58%	12.20%
Broad Weighted Benchmark <sup>2</sup>	1.21	12.69

Average annualized total returns can be found on page 4.

## Asset Class Breakdown



## Portfolio Composition

Percent of Net Assets Portfolio 2036	6/30/17	6/30/18
T. Rowe Price Equity Index 500 Fund	29.1%	29.7%
T. Rowe Price Blue Chip Growth Fund	12.1	10.0
T. Rowe Price Value Fund	10.1	9.7
T. Rowe Price International Value Equity Fund	9.0	9.4
T. Rowe Price Overseas Stock Fund	9.4	9.4
T. Rowe Price Small-Cap Stock Fund	7.7	8.6
T. Rowe Price International Stock Fund	8.4	8.1
T. Rowe Price Mid-Cap Growth Fund	4.1	4.5
T. Rowe Price Mid-Cap Value Fund	3.9	4.2
T. Rowe Price Emerging Markets Stock Fund	3.8	4.2
T. Rowe Price Real Assets Fund	2.4	2.2

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Russell 3000 Index	70.00%
MSCI All Country World Index ex USA	30.00

# Portfolio 2033

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

The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. Later in the portfolio's life cycle, it will incorporate additional allocations to lower-volatility investments. Initially, this will include the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Seven years prior to the portfolio's expected enrollment year referenced in the portfolio's name, the bond component of the portfolio will begin to transition to the New Income Fund, a more conservative investment-grade bond fund.

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

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

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as crude oil prices surged to multiyear highs in the spring of 2018 amid strong demand and supply disruptions in a few countries.

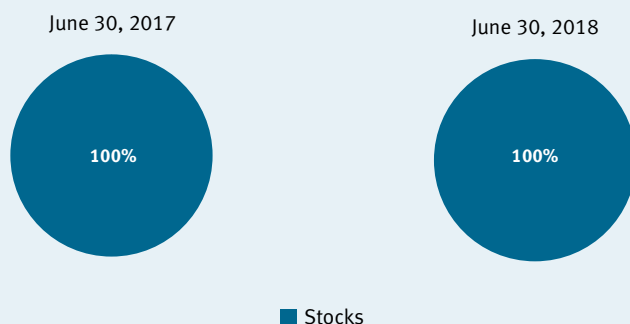
## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Portfolio 2033 <sup>1</sup>	1.50%	12.18%
Broad Weighted Benchmark <sup>2</sup>	1.21	12.69

Average annualized total returns can be found on page 4.

## Asset Class Breakdown

### Portfolio 2033



## Portfolio Composition

Percent of Net Assets Portfolio 2033	6/30/17	6/30/18
T. Rowe Price Equity Index 500 Fund	29.1%	29.8%
T. Rowe Price Blue Chip Growth Fund	12.1	10.1
T. Rowe Price Value Fund	10.1	9.6
T. Rowe Price Overseas Stock Fund	9.4	9.4
T. Rowe Price International Value Equity Fund	9.0	9.2
T. Rowe Price Small-Cap Stock Fund	7.7	8.7
T. Rowe Price International Stock Fund	8.4	8.1
T. Rowe Price Mid-Cap Growth Fund	4.0	4.5
T. Rowe Price Mid-Cap Value Fund	4.0	4.2
T. Rowe Price Emerging Markets Stock Fund	3.8	4.1
T. Rowe Price Real Assets Fund	2.4	2.3

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Russell 3000 Index	70.00%
MSCI All Country World Index ex USA	30.00%



# Portfolio 2030

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

The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The portfolio has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Seven years prior to the portfolio's expected enrollment year referenced in the portfolio's name, the bond component of the portfolio will begin to transition to the New Income Fund, a more conservative investment-grade bond fund.

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

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

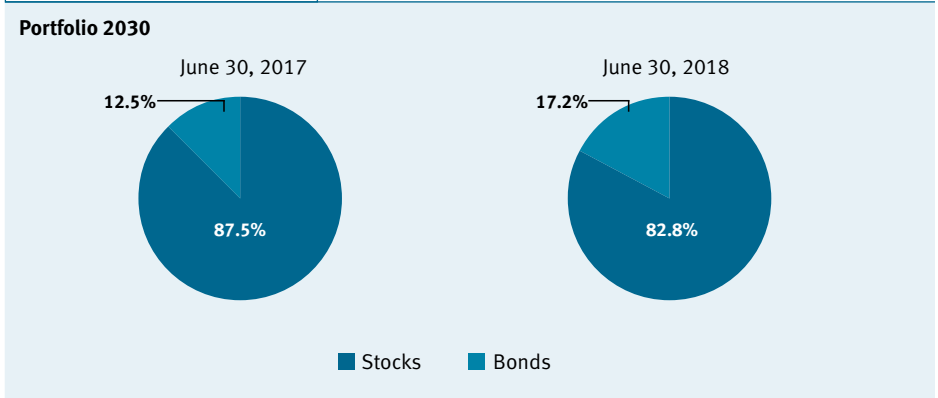
The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as crude oil prices surged to multiyear highs in the spring of 2018 amid strong demand and supply disruptions in a few countries.

## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Portfolio 2030 <sup>1</sup>	1.05%	10.55%
Broad Weighted Benchmark <sup>2</sup>	0.82	11.00

Average annualized total returns can be found on page 4.

## Asset Class Breakdown



## Portfolio Composition

Percent of Net Assets Portfolio 2030	6/30/17	6/30/18
T. Rowe Price Equity Index 500 Fund	25.3%	24.6%
T. Rowe Price Spectrum Income Fund	12.1	16.2
T. Rowe Price Blue Chip Growth Fund	10.5	8.4
T. Rowe Price Value Fund	8.9	8.1
T. Rowe Price Overseas Stock Fund	8.3	7.7
T. Rowe Price International Value Equity Fund	7.9	7.5
T. Rowe Price Small-Cap Stock Fund	6.8	7.3
T. Rowe Price International Stock Fund	7.5	6.7
T. Rowe Price Mid-Cap Growth Fund	3.4	3.7
T. Rowe Price Mid-Cap Value Fund	3.4	3.5
T. Rowe Price Emerging Markets Stock Fund	3.4	3.4
T. Rowe Price Real Assets Fund	2.1	1.9
T. Rowe Price U.S. Treasury Money Fund	0.4	1.0
T. Rowe Price Limited Duration Inflation Focused Bond Fund	0.0	0.0

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Russell 3000 Index	59.50%
MSCI All Country World Index ex USA	25.50
Bloomberg Barclays U.S. Aggregate Bond Index	15.00

# Portfolio 2027

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

The portfolio's focus is long-term capital appreciation. The majority of its assets are held in a diversified selection of U.S. and international stocks, including emerging markets. The portfolio has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Seven years prior to the portfolio's expected enrollment year referenced in the portfolio's name, the bond component of the portfolio will begin to transition to the New Income Fund, a more conservative investment-grade bond fund.

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

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

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as crude oil prices surged to multiyear highs in the spring of 2018 amid strong demand and supply disruptions in a few countries.

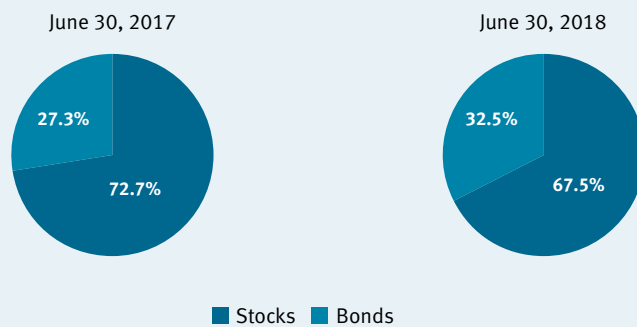
## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Portfolio 2027 <sup>1</sup>	0.54%	8.82%
Broad Weighted Benchmark <sup>2</sup>	0.42	8.99

Average annualized total returns can be found on page 4.

## Asset Class Breakdown

### Portfolio 2027



## Portfolio Composition

Percent of Net Assets Portfolio 2027	6/30/17	6/30/18
T. Rowe Price Spectrum Income Fund	26.9%	31.5%
T. Rowe Price Equity Index 500 Fund	20.9	20.1
T. Rowe Price Blue Chip Growth Fund	8.8	6.8
T. Rowe Price Value Fund	7.4	6.6
T. Rowe Price Overseas Stock Fund	6.9	6.3
T. Rowe Price International Value Equity Fund	6.6	6.1
T. Rowe Price Small-Cap Stock Fund	5.6	5.9
T. Rowe Price International Stock Fund	6.2	5.4
T. Rowe Price Mid-Cap Growth Fund	2.9	3.0
T. Rowe Price Mid-Cap Value Fund	2.8	2.9
T. Rowe Price Emerging Markets Stock Fund	2.9	2.8
T. Rowe Price Real Assets Fund	1.7	1.6
T. Rowe Price U.S. Treasury Money Fund	0.4	1.0
T. Rowe Price Limited Duration Inflation Focused Bond Fund	0.0	0.0

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Russell 3000 Index	48.85%
Bloomberg Barclays U.S. Aggregate Bond Index	30.25
MSCI All Country World Index ex USA	20.90

# Portfolio 2024

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

The portfolio's focus is long-term capital appreciation, with just over half of the portfolio allocated to a diversified selection of U.S. and international stocks, including emerging markets. The portfolio has an allocation to lower-volatility investments. Currently, this includes an allocation to the Spectrum Income Fund, a multi-sector income fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. Seven years prior to the portfolio's expected enrollment year referenced in the portfolio's name, the bond component of the portfolio began to transition to the New Income Fund, a more conservative investment-grade bond fund.

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

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

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as crude oil prices surged to multiyear highs in the spring of 2018 amid strong demand and supply disruptions in a few countries.

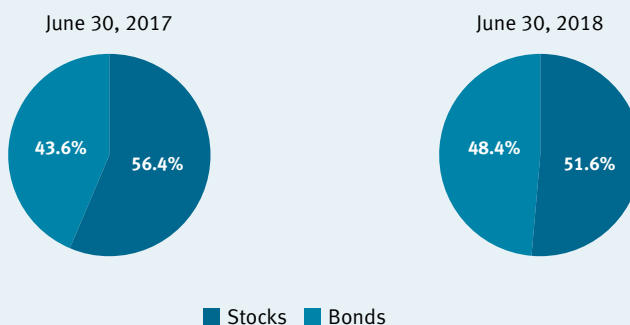
## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Portfolio 2024 <sup>1</sup>	0.06%	7.03%
Broad Weighted Benchmark <sup>2</sup>	-0.03	6.88

Average annualized total returns can be found on page 4.

## Asset Class Breakdown

### Portfolio 2024



## Portfolio Composition

Percent of Net Assets Portfolio 2024	6/30/17	6/30/18
T. Rowe Price Spectrum Income Fund	41.3%	41.2%
T. Rowe Price Equity Index 500 Fund	16.2	15.2
T. Rowe Price New Income Fund	1.9	6.3
T. Rowe Price Blue Chip Growth Fund	6.9	5.2
T. Rowe Price Value Fund	5.8	5.0
T. Rowe Price Overseas Stock Fund	5.3	4.8
T. Rowe Price International Value Equity Fund	5.2	4.7
T. Rowe Price Small-Cap Stock Fund	4.3	4.5
T. Rowe Price International Stock Fund	4.8	4.2
T. Rowe Price Mid-Cap Growth Fund	2.2	2.3
T. Rowe Price Mid-Cap Value Fund	2.2	2.3
T. Rowe Price Emerging Markets Stock Fund	2.2	2.2
T. Rowe Price Real Assets Fund	1.3	1.2
T. Rowe Price U.S. Treasury Money Fund	0.4	0.9
T. Rowe Price Limited Duration Inflation Focused Bond Fund	0.0	0.0

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Bloomberg Barclays U.S. Aggregate Bond Index	46.25%
Russell 3000 Index	37.60
MSCI All Country World Index ex USA	16.15

# Portfolio 2021

Portfolio 2021 generated a single-digit return and performed in line with its broad weighted benchmark for the 12 months ending June 30, 2018.

The portfolio systematically increases its allocation to fixed income investments as part of its long-term strategy to become more conservative over time. At the end of the reporting period, roughly 28% of the portfolio was allocated to the Spectrum Income Fund, a multi-sector bond fund that includes investments in high-quality U.S. and international bonds, as well as high yield bonds, non-U.S. dollar bonds, emerging markets bonds, and dividend-paying stocks. The portfolio also has an allocation to the New Income Fund, a more conservative investment-grade bond fund, as well as the Limited Duration Inflation Focused Bond Fund, which holds short- and intermediate-term investment-grade inflation-linked securities. These funds accounted for about 24% and 13% of assets at period end, respectively, and each increase as the expected enrollment year referenced in the portfolio's name approaches.

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

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

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as crude oil prices surged to multiyear highs in the spring of 2018 amid strong demand and supply disruptions in a few countries.

## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Portfolio 2021 <sup>1</sup>	-0.08%	5.20%
Broad Weighted Benchmark <sup>2</sup>	0.05	5.23

Average annualized total returns can be found on page 4.

## Asset Class Breakdown

### Portfolio 2021



## Portfolio Composition

Percent of Net Assets Portfolio 2021	6/30/17	6/30/18
T. Rowe Price Spectrum Income Fund	32.6%	27.7%
T. Rowe Price New Income Fund	18.5	23.5
T. Rowe Price Equity Index 500 Fund	19.2	19.9
T. Rowe Price Limited Duration Inflation Focused Bond Fund	8.6	12.9
T. Rowe Price Overseas Stock Fund	2.9	2.3
T. Rowe Price International Value Equity Fund	2.7	2.2
T. Rowe Price Blue Chip Growth Fund	4.0	2.0
T. Rowe Price International Stock Fund	2.6	2.0
T. Rowe Price Value Fund	3.1	1.9
T. Rowe Price Small-Cap Stock Fund	1.9	1.7
T. Rowe Price Mid-Cap Value Fund	1.0	0.9
T. Rowe Price Real Assets Fund	1.0	0.9
T. Rowe Price U.S. Treasury Money Fund	0.3	0.9
T. Rowe Price Mid-Cap Growth Fund	1.1	0.8
T. Rowe Price Emerging Markets Stock Fund	0.5	0.4

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Bloomberg Barclays U.S. Aggregate Bond Index	50.00%
Russell 3000 Index	30.35
Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index	13.00
MSCI All Country World Index ex USA	6.65

# Portfolio for College

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

Portfolio 2018 was automatically converted into Portfolio for College on June 11, 2018, as described in the Plan Disclosure Document.

The portfolio invests in a diversified blend of fixed income securities, representing about 83% of assets at period end. The remaining allocation is in stocks, mostly invested in the Equity Index 500 Fund, which tracks the performance of the S&P 500 Index. This structure is designed in an effort to allow investors an opportunity to generate growth in their college savings accounts while minimizing the risk of principal loss through conservative fixed income investments.

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

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

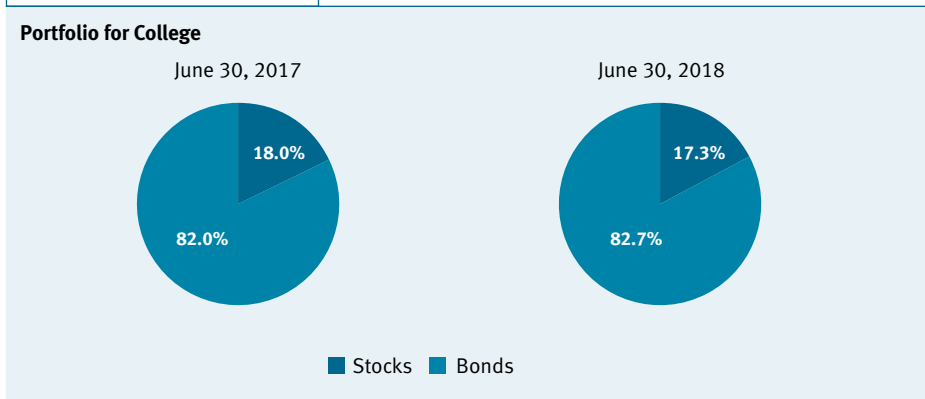
The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as prices for crude oil and commodities rose amid strong global growth and oil supply disruptions in a few countries.

## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Portfolio for College <sup>1</sup>	-0.15%	2.52%
Broad Weighted Benchmark <sup>2</sup>	0.04	3.00

Average annualized total returns can be found on page 4.

## Asset Class Breakdown



## Portfolio Composition

Percent of Net Assets	6/30/17	6/30/18
<b>Portfolio for College</b>		
T. Rowe Price New Income Fund	41.3%	41.5%
T. Rowe Price Limited Duration Inflation Focused Bond Fund	40.0	40.2
T. Rowe Price Equity Index 500 Fund	15.4	14.8
T. Rowe Price U.S. Treasury Money Fund	0.7	1.0
T. Rowe Price Overseas Stock Fund	0.7	0.7
T. Rowe Price International Value Equity Fund	0.7	0.7
T. Rowe Price International Stock Fund	0.7	0.7
T. Rowe Price Real Assets Fund	0.5	0.4

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Bloomberg Barclays U.S. Aggregate Bond Index	40.00%
Bloomberg Barclays U.S. 1–5 Year Treasury TIPS Index	40.00
S&P 500 Index	18.00
MSCI All Country World Index ex USA	2.00

# Equity Portfolio

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

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

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

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

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as crude oil prices surged to multiyear highs in the spring of 2018 amid strong demand and supply disruptions in a few countries.

## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Equity Portfolio <sup>1</sup>	1.53%	12.19%
Broad Weighted Benchmark <sup>2</sup>	1.21	12.69

Average annualized total returns can be found on page 4.

## Asset Class Breakdown



## Portfolio Composition

Percent of Net Assets	6/30/17	6/30/18
<b>Equity Portfolio</b>		
T. Rowe Price Equity Index 500 Fund	29.1%	29.8%
T. Rowe Price Blue Chip Growth Fund	12.0	10.0
T. Rowe Price Value Fund	10.0	9.7
T. Rowe Price Overseas Stock Fund	9.5	9.4
T. Rowe Price International Value Equity Fund	9.1	9.4
T. Rowe Price Small-Cap Stock Fund	7.7	8.6
T. Rowe Price International Stock Fund	8.4	8.0
T. Rowe Price Mid-Cap Growth Fund	4.0	4.5
T. Rowe Price Mid-Cap Value Fund	4.0	4.2
T. Rowe Price Emerging Markets Stock Fund	3.8	4.1
T. Rowe Price Real Assets Fund	2.4	2.3

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Russell 3000 Index	70.00%
MSCI All Country World Index ex USA	30.00%

# Total Equity Market Index Portfolio

The Total Equity Market Index Portfolio generated a double-digit return but underperformed its benchmark, the Russell 3000® Index, for the 12 months ending June 30, 2018.

The portfolio provides exposure to the U.S. stock market through investment in the Total Equity Market Index Fund, which represents the entire U.S. stock market and offers broad exposure to large-, mid-, and small-cap companies. Stocks in the S&P 500 represent a substantial majority of the fund's value.

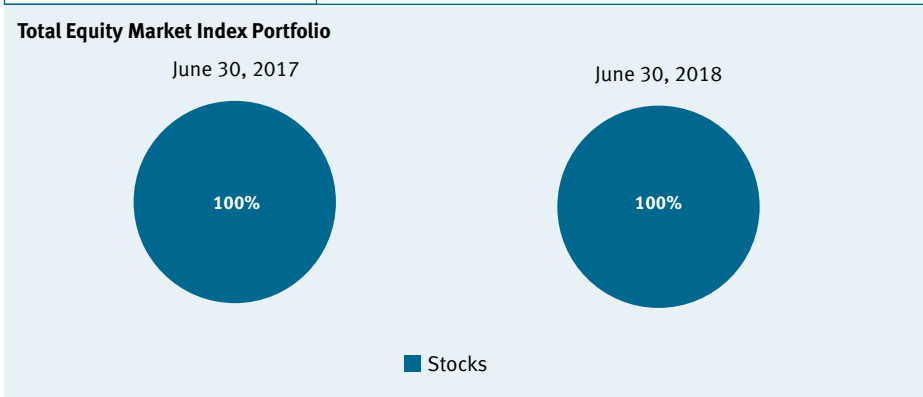
Over the past 12 months, the major U.S. stock benchmarks produced double-digit returns, lifted by solid improvements in the economy and corporate profits. The S&P 500 Index rose to record levels in January, lifted by a tax overhaul bill passed in December 2017, deregulation, and optimism about future earnings growth. Though the S&P 500 Index ended the period off its January peak, the Nasdaq Composite and small-cap indexes rose to new highs by the spring.

## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Total Equity Market Index Portfolio <sup>1</sup>	2.99%	14.13%
Russell 3000 Index	3.22	14.78

Average annualized total returns can be found on page 4.

## Asset Class Breakdown



## Portfolio Composition

Percent of Net Assets	6/30/17	6/30/18
<b>Total Equity Market Index Portfolio</b>		
T. Rowe Price Total Equity Market Index Fund	100.0%	100.0%

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

# Fixed Income Portfolio

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

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

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

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

Security selection within the underlying funds detracted from relative returns. The portfolio's underlying funds that invest in high yield bonds and emerging markets debt lagged their respective style-specific benchmarks and weighed on relative performance.

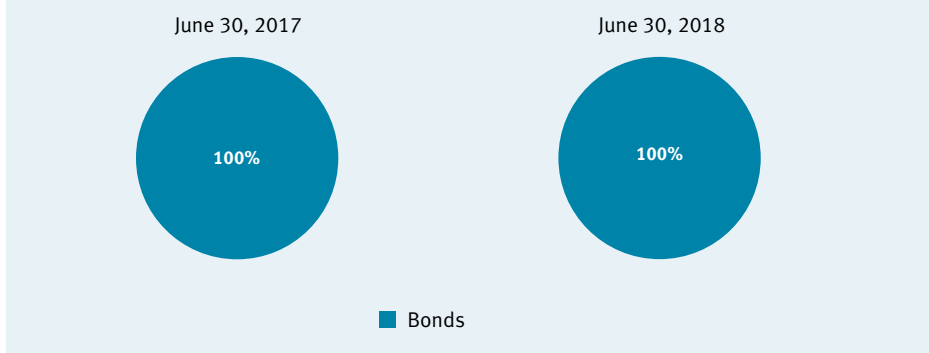
## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Fixed Income Portfolio <sup>1</sup>	-1.75%	1.00%
<i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	-1.62	-0.40

Average annualized total returns can be found on page 4.

## Asset Class Breakdown

### Fixed Income Portfolio



## Portfolio Composition

Percent of Net Assets	6/30/17	6/30/18
<b>Fixed Income Portfolio</b>		
T. Rowe Price Spectrum Income Fund	100.0%	100.0%

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.



# Balanced Portfolio

The Balanced Portfolio generated a single-digit return and performed in line with its broad weighted benchmark for the 12 months ending June 30, 2018.

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

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

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

The inclusion of real assets stocks—which provide exposure to diversifying sectors outside the benchmark—helped relative returns as crude oil prices surged to multiyear highs in the spring of 2018 amid strong demand and supply disruptions in a few countries.

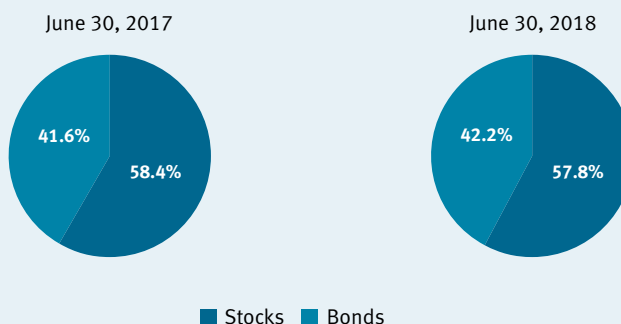
## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
Balanced Portfolio <sup>1</sup>	0.20%	7.42%
Broad Weighted Benchmark <sup>2</sup>	0.14	7.36

Average annualized total returns can be found on page 4.

## Asset Class Breakdown

### Balanced Portfolio



## Portfolio Composition<sup>3</sup>

Percent of Net Assets	6/30/17	6/30/18
<b>Balanced Portfolio</b>		
T. Rowe Price Spectrum Income Fund	41.2%	41.2%
T. Rowe Price Equity Index 500 Fund	16.9	17.1
T. Rowe Price Blue Chip Growth Fund	7.2	5.9
T. Rowe Price Value Fund	5.9	5.6
T. Rowe Price Overseas Stock Fund	5.5	5.4
T. Rowe Price International Value Equity Fund	5.2	5.3
T. Rowe Price Small-Cap Stock Fund	4.4	4.9
T. Rowe Price International Stock Fund	5.0	4.7
T. Rowe Price Mid-Cap Growth Fund	2.3	2.6
T. Rowe Price Mid-Cap Value Fund	2.3	2.5
T. Rowe Price Emerging Markets Stock Fund	2.3	2.4
T. Rowe Price Real Assets Fund	1.4	1.4
T. Rowe Price U.S. Treasury Money Fund	0.4	1.0
T. Rowe Price Limited Duration Inflation Focused Bond Fund	0.0	0.0

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Russell 3000 Index	42.00%
Bloomberg Barclays U.S. Aggregate Bond Index	40.00
MSCI All Country World Index ex USA	18.00

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

# Money Market Portfolio

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

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

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

## Performance Comparison

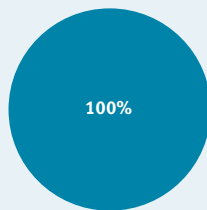
Periods Ended 6/30/18	6 Months	12 Months
Money Market Portfolio <sup>1</sup>	0.57%	0.90%
<i>Citigroup 3-Month Treasury Bill Index</i>	0.79	1.33

Average annualized total returns can be found on page 4.

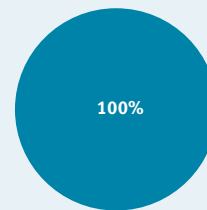
## Asset Class Breakdown

### Money Market Portfolio

June 30, 2017



June 30, 2018



■ Bonds

## Portfolio Composition

Percent of Net Assets	6/30/17	6/30/18
<b>Money Market Portfolio</b>		
T. Rowe Price U.S. Treasury Money Fund	100.0%	100.0%

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

# ACT Portfolio

The ACT Portfolio generated a positive return but underperformed its broad weighted benchmark for the 12 months ending June 30, 2018.

The portfolio invests in a broad range of U.S. investment-grade bonds and U.S.-based stocks across the capitalization spectrum. At period-end, the portfolio's allocations to stocks and bonds were approximately 38% and 62%, respectively, compared with its long-term neutral allocations of 40% stocks and 60% bonds, reflecting a tactical decision to slightly underweight stocks over the period.

Over the past 12 months, the major U.S. stock benchmarks produced double-digit returns, lifted by solid improvements in the economy and corporate profits. The S&P 500 Index rose to record levels in January, lifted by a tax overhaul bill passed in December 2017, deregulation, and optimism about future earnings growth. Though the S&P 500 Index ended the period off its January peak, the Nasdaq Composite and small-cap indexes rose to new highs by the spring.

U.S. investment-grade bonds slightly declined as Treasury yields increased across all maturities. (Bond prices and yields move in opposite directions.) Generally strong U.S. economic data raised inflation concerns and curbed Treasury demand for most of the period. However, bouts of "risk off" sentiment sparked by geopolitical uncertainty occasionally spurred demand for safe-haven assets and helped restrain yield increases on longer-term Treasuries.

The Federal Reserve raised its benchmark fed funds rate three times over the past 12 months, bringing it to a range from 1.75% to 2.00% in June. The Fed also projected a total of four increases for 2018, up from a March forecast of three increases.

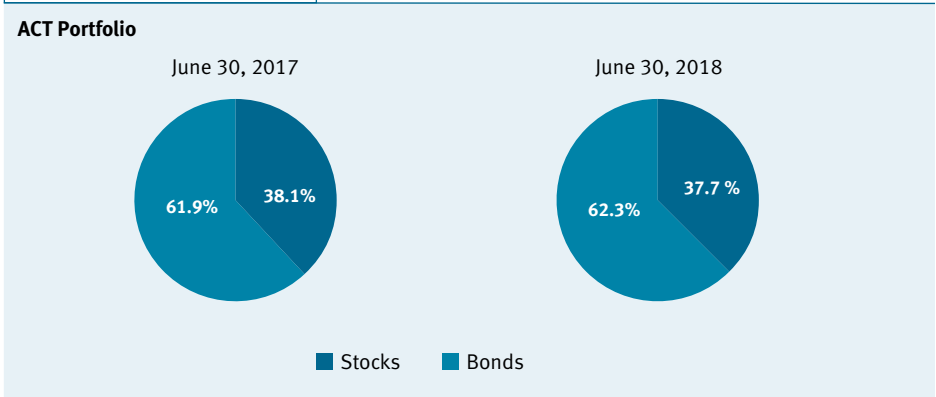
The Treasury yield curve flattened over the reporting period as shorter-term yields increased more than longer-term yields. The yield on the 10-year U.S. Treasury note—a benchmark for long-term borrowing costs—reached a seven-year closing high of 3.11% in mid-May after a series of strong economic readings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

## Performance Comparison

Periods Ended 6/30/18	6 Months	12 Months
ACT Portfolio <sup>1</sup>	0.38%	5.24%
Broad Weighted Benchmark <sup>2</sup>	0.36	5.53

Average annualized total returns can be found on page 4.

## Asset Class Breakdown



## Portfolio Composition

Percent of Net Assets	6/30/17	6/30/18
<b>ACT Portfolio</b>		
T. Rowe Price U.S. Bond Enhanced Index Fund	61.0%	61.3%
T. Rowe Price Equity Index 500 Fund	28.9	27.7
T. Rowe Price Extended Equity Market Index Fund	9.2	10.0
T. Rowe Price U.S. Treasury Money Fund	0.9	1.0
T. Rowe Price Limited Duration Inflation Focused Bond Fund	0.0	0.0

<sup>1</sup>Performance information reflected is net of fees and expenses, if applicable. Please refer to the Plan Disclosure Document for more detailed information.

<sup>2</sup>As of June 30, 2018, the broad weighted benchmark was composed of:

Bloomberg Barclays U.S. Aggregate Bond Index	60.00%
Russell 3000 Index	40.00

# Selected Financial Data\*

As of and for the fiscal year ended June 30, 2018 (in thousands, except per-unit values and returns)

	Portfolio 2039	Portfolio 2036	Portfolio 2033	Portfolio 2030	Portfolio 2027	Portfolio 2024
<b>Investments</b>						
<b>Investments in Mutual Funds</b>						
T. Rowe Price Blue Chip Growth Fund	\$11	\$2,628	\$12,400	\$19,072	\$22,242	\$25,636
T. Rowe Price Emerging Markets Stock Fund	5	1,102	5,093	7,846	9,280	10,618
T. Rowe Price Equity Index 500 Fund	34	7,835	36,519	56,284	65,655	74,787
T. Rowe Price Extended Equity Market Index Fund	–	–	–	–	–	–
T. Rowe Price International Stock Fund	9	2,126	9,877	15,335	17,792	20,496
T. Rowe Price International Value Equity Fund	11	2,472	11,317	17,174	20,017	23,089
T. Rowe Price Limited Duration Inflation Focused Bond Fund	–	–	–	–	–	–
T. Rowe Price Mid-Cap Growth Fund	5	1,179	5,505	8,504	9,908	11,345
T. Rowe Price Mid-Cap Value Fund	5	1,118	5,196	7,989	9,482	11,209
T. Rowe Price New Income Fund	–	–	–	–	–	30,865
T. Rowe Price Overseas Stock Fund	11	2,466	11,495	17,672	20,658	23,685
T. Rowe Price Real Assets Fund	3	594	2,786	4,375	5,084	5,862
T. Rowe Price Small-Cap Stock Fund	9	2,278	10,625	16,580	19,143	21,904
T. Rowe Price Spectrum Income Fund	–	–	–	37,020	103,056	202,266
T. Rowe Price Total Equity Market Index Fund	–	–	–	–	–	–
T. Rowe Price U.S. Bond Enhanced Index Fund	–	–	–	–	–	–
T. Rowe Price U.S. Treasury Money Fund	–	–	–	2,181	3,146	4,534
T. Rowe Price Value Fund	11	2,564	11,800	18,466	21,613	24,631
<b>Investments, at value</b>	<b>\$114</b>	<b>\$26,362</b>	<b>\$122,613</b>	<b>\$228,498</b>	<b>\$327,076</b>	<b>\$490,927</b>
<b>NET ASSETS</b>	<b>\$114</b>	<b>\$26,361</b>	<b>\$122,608</b>	<b>\$228,488</b>	<b>\$327,062</b>	<b>\$490,907</b>
<b>NET ASSET VALUE PER UNIT</b>	<b>\$9.99</b>	<b>\$12.88</b>	<b>\$20.91</b>	<b>\$29.75</b>	<b>\$22.20</b>	<b>\$33.03</b>
<b>Changes in Net Assets</b>						
Net investment income	–	\$224	\$1,273	\$3,109	\$5,537	\$9,896
Net realized gain (loss)	–	380	2,622	5,421	9,171	16,523
Change in net unrealized gain (loss)	\$(2)	1,149	7,345	11,110	10,078	4,154
Increase (decrease) from operations	(2)	1,753	11,240	19,640	24,786	30,573
Decrease from distributions	–	–	–	–	–	–
Increase (decrease) from unit transactions	116	12,099	25,524	28,449	25,808	28,588
Increase (decrease) in net assets during the period	\$114	\$13,852	\$36,764	\$48,089	\$50,594	\$59,161
<b>TOTAL RETURN<sup>1</sup></b>	<b>(0.10)%</b>	<b>12.20%</b>	<b>12.18%</b>	<b>10.55%</b>	<b>8.82%</b>	<b>7.03%</b>

\* Each portfolio, excluding the ACT Portfolio, is offered through the T. Rowe Price College Savings Plan and the University of Alaska College Savings Plan. Financial data for each portfolio relate to both plans and are summarized from the financial statements of The College Savings Program-Direct Plans, Sponsored by the Education Trust of Alaska. For complete financial statements, call 1-800-478-0003.

<sup>1</sup> Reflects the activity of each portfolio and does not include the activity of the underlying funds in which the portfolios invest. However, the investment performance of each portfolio is directly related to the investment performance of the underlying mutual funds in which it invests. Total return of a portfolio may be higher or lower than the investment results of individual underlying mutual funds in which it invests. Total return is not annualized for periods less than one year.

Portfolio 2021	Portfolio 2018	Portfolio for College	Equity Portfolio	Total Equity Market Index Portfolio	Fixed Income Portfolio	Balanced Portfolio	Money Market Portfolio	ACT Portfolio
\$10,371	–	–	\$33,915	–	–	\$8,809	–	–
1,790	–	–	13,955	–	–	3,617	–	–
101,185	–	\$100,625	100,595	–	–	25,544	–	\$32,757
–	–	–	–	–	–	–	–	11,865
10,384	–	4,595	27,148	–	–	7,027	–	–
11,136	–	4,811	31,565	–	–	7,847	–	–
65,554	–	273,407	–	–	–	–	–	–
4,176	–	–	15,130	–	–	3,833	–	–
4,523	–	–	14,281	–	–	3,660	–	–
119,737	–	282,713	–	–	–	–	–	–
11,651	–	5,042	31,593	–	–	8,059	–	–
4,463	–	2,865	7,671	–	–	2,050	–	–
8,737	–	–	29,007	–	–	7,335	–	–
141,210	–	–	–	–	\$48,206	61,547	–	–
–	–	–	–	\$184,269	–	–	–	–
–	–	–	–	–	–	–	–	72,528
4,336	–	6,955	–	–	–	1,444	\$73,447	1,162
9,610	–	–	32,844	–	–	8,424	–	–
<b>\$508,863</b>	<b>–</b>	<b>\$681,013</b>	<b>\$337,704</b>	<b>\$184,269</b>	<b>\$48,206</b>	<b>\$149,196</b>	<b>\$73,447</b>	<b>\$118,312</b>
<b>\$508,777</b>	<b>–</b>	<b>\$680,992</b>	<b>\$337,690</b>	<b>\$184,261</b>	<b>\$48,204</b>	<b>\$149,190</b>	<b>\$73,444</b>	<b>\$118,307</b>
<b>\$25.51</b>	<b>–</b>	<b>\$19.91</b>	<b>\$31.11</b>	<b>\$26.89</b>	<b>\$25.28</b>	<b>\$29.52</b>	<b>\$1.00</b>	<b>\$26.13</b>
\$10,310	\$6,184	\$4,608	\$3,884	\$2,317	\$1,584	\$2,978	\$633	\$2,682
17,524	65,390	5,422	14,998	313	267	5,338	–	2,560
(3,681)	(57,787)	(3,106)	17,912	19,143	(1,392)	1,896	–	688
24,153	13,787	6,924	36,794	21,773	459	10,212	633	5,930
–	–	–	–	–	–	–	(633)	–
24,646	(465,671)	365,791	(5,586)	10,666	1,403	(820)	3,318	68
\$48,799	\$(451,884)	\$372,715	\$31,208	\$32,439	\$1,862	\$9,392	\$3,318	\$5,998
<b>5.20%</b>	<b>0.00%</b>	<b>2.52%</b>	<b>12.19%</b>	<b>14.13%</b>	<b>1.00%</b>	<b>7.42%</b>	<b>0.90%</b>	<b>5.24%</b>

University of Alaska College Savings Plan  
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Offered by The Education Trust of Alaska  
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