Maryland Teachers & State Employees Supplemental Retirement Plans
William Donald Schaefer Tower ~ 6 Saint Paul Street ~ Suite 200 ~ Baltimore, Maryland 21202-1608
Phone 410-767-8740 or 1-800-543-5605 Fax 410-659-0349

Investment Contract Pool

Separate Account Report as of December 31, 2014

Objective

The MSRP Investment Contract Pool ("ICP") seeks to preserve principal value and provide a relatively stable rate of return comparable to intermediate fixed-income yields over two to five years.

Note: While this ICP Report is prepared on a quarterly basis, the monthly crediting rate is reported on the www.MarylandDC.com homepage.

Risks

This investment is not FDIC insured or guaranteed by the federal or state government. Like all investments the ICP has risks and may not meet its investment objectives, including the objective of a constant principal value. A detailed description of these risks is contained in the ICP overview document, available on the MSRP website, or on request. Investors should also note that the ICP is not a money market fund and has different risk characteristics than a money market fund.

Investment Overview

The ICP invests in a diversified portfolio of stable value contracts issued by insurance companies, banks, and other financial institutions, and a variety of fixed income instruments including U.S. Government and agency securities, mortgage-backed securities, asset-backed securities, and corporate bonds. Investors earn the average return received under all contracts in effect at any point in time. The ICP's return is affected by the general level of interest rates as well as by cash flows, including those from employer and employee contributions, withdrawals, and transfers into and out of the ICP. The average duration of the ICP's investments will be approximately two to four years. The average credit quality of the ICP's investments will generally be AA (or its equivalent)[3], although individual securities or contracts purchased for the ICP may have a lower credit quality rating.

ICP Characteristics

Assets	$771,420,544
Average Duration	2.52 years
Previous monthly crediting rate (annualized)	1.70%
Inception Date	1987
Manager[1]	Galliard Capital Management, Inc.

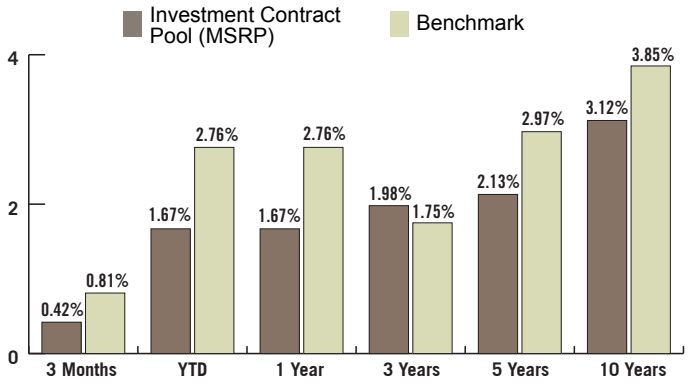
Sector Allocation of the Underlying Fixed Income Portfolios[2]

U.S. Treasury/Agency	30.9%
Other U.S. Government	10.7%
Corporate/Taxable Municipal Securities	22.1%
Mortgage Backed Securities (MBS)	16.7%
Asset Backed Securities (ABS)	5.0%
Guaranteed Investment Contracts (GICs)	1.9%
International Gov't/ Agency Securities	0.6%
Cash/Equivalents	12.1%

Credit Profile of the Underlying Fixed Income Portfolios[2,3]

AAA	58.9%
AA	18.9%
A	12.3%
BBB	10.5%
<BBB	-
NR/NA	-

Performance[4]



[1] Prior to July 2006 ING Stable Value Product Group, a division of ING Life Insurance and Annuity Company provided management services. From July 2006 to January 2014 Deutsche Asset & Wealth Management provided management services.
[2] Allocations shown are not necessarily indicative of future allocations. Figures may not sum to 100% due to rounding.
[3] As rated by Standard & Poor's or equivalent by any other rating services.
[4] Performance shown is net of Investment Management fees. Past performance is not indicative of future results. Figures greater than one year are annualized. Performance is net of all fees and includes all income, realized and unrealized capital gains and losses and all annual fund operating expenses. Returns may have been impacted by the effect of compounding and have been rounded to the nearest basis point. The returns herein are not necessarily indicative of the returns that may be achieved over the longer term. There is no assurance that comparable returns will be achieved in the future or that the ICP's investment objective will be achieved. The results portrayed reflect the reinvestment of dividends and other earnings. Benchmark is 50% Barclays U.S. Intermediate Aggregate Index / 50% Barclays U.S. 1-5 Year Government/Credit Index. Investors cannot invest in an index.

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Strategy Overview

Assets in the Investment Contract Pool are held in trust for the benefit of participants of the MSRP. Participant investments made in the ICP are credited with a daily blended interest rate. Periodically an anticipated monthly rate is declared, but not guaranteed. This quoted rate is net of all fees and expenses directly related to the ICP. This average annual expense fee will vary, but is approximately 0.49% ($4.94 per $1,000), annualized. This fee does not include the monthly account fee of fifty-cents or the monthly asset fee assessed on all participants by the Maryland Board of Trustees ("Board") and Nationwide Retirement Solutions, which will total 0.14%, annualized.

The ICP typically invests in the following investments: (1) Short term cash investments for general account liquidity; (2) General Account Investment Contracts ("GICs" or "BICs"), which are issued by insurance companies or banks and maintain a constant principal valuation while earning interest; (3) Separate Account GICs, and (4) Synthetic GICs. Separate Account GICs and Synthetic GICs both allow for principal stability while earning interest. The key difference between GICs, and Synthetic GICs or Separate Account GICs, is that Synthetic GICs and Separate Account GICs have an associated fixed income portfolio managed by a fixed income advisor for the benifit of the ICP. The fixed income portfolio generates investment income to pay interest, and is combined with a benefit responsive investment contract issued by an insurance company, bank, or other high-quality financial institution, to help maintain the principal stability of the ICP.

ICP Investments [5,6]

Short Term Investment Funds (STIF)	*S&P*	*Moody's*	*% of Portfolio*
STIF	AAA	Aaa	3.0%
General Account GIC	*S&P*	*Moody's*	*% of Portfolio*
Principal Life Insurance Company	A+	A1	1.2%
Prudential Insurance Co. of America	AA-	A1	0.7%
Synthetic GICs / Wrappers and Separate Account Issuers	*S&P*	*Moody's*	*% of Portfolio*
Massachusetts Mutual Life Ins. Co.	AA+	Aa2	20.5%
Metropolitan Life Insurance Co.	AA-	Aa3	15.8%
Prudential Insurance Co. of America	AA-	A1	20.5%
RGA Reiunsurance Company	AA-	A1	17.8%
Transamerica Premier Life Ins. Co.	AA-	A1	20.4%

Fixed Income Portfolios [6,7]

Babson	20.5%
Earnest Partners	15.8%
Galliard Capital Management, Inc.	19.7%
J.P. Morgan Investment Management Co.	20.4%
PIMCO	20.5%

ICP Investment Policy

The ICP is managed according to a detailed investment policy established by the Board, which is available upon request.

Further Information

For information about the Maryland Supplemental Retirement Plans, investment option booklets, and other general information or to arrange educational seminars, please go to the MSRP website at MSRP.maryland.gov. For additional information about the Plans, financial planning calculators, performance information, mutual fund prospectuses, Plan forms, and to enroll or access an account, please log on to the Nationwide Retirement Solutions MSRP participant website at www.MarylandDC.com.

You may also call the MSRP at 410-767-8740 / 1-800-543-5605 (office hours: Monday thru Friday, 8:30 a.m. to 5:00 p.m.) or e-mail us at Info.MSRP@maryland.gov. Or you may call the Nationwide Retirement Solutions Team MSRP Customer Service Center at 1-800-545-4730.

[5] Ratings are Standard and Poor's Rating Service and Moody's Investor Services, respectively.
[6] Allocations shown are not necessarily indicative of future allocations. Figures may not sum to 100% due to rounding.
[7] Fixed income portfolios managed by these advisors are associated with Separate Account GICs and Wrapper contracts issued to the ICP.

NOT FDIC INSURED | MAY LOSE VALUE
NO BANK GUARANTEE | NOT A DEPOSIT
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

The MSRP Investment Contract Pool is not a mutual fund, therefore there is no prospectus. It is a separate managed account, which may utilize collective investment trusts as part of its investment strategy. Unit price, yield, and return may vary.

The comments, opinions and estimates contained herein are based on or derived from publicly available information from sources that we believe to be reliable. We do not guarantee their accuracy. This material is for informational purposes only and sets forth our views as of this date. The underlying assumptions and these views are subject to change without notice.