

COMBINED FINANCIAL STATEMENTS

# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST PROGRAM

New Jersey Department of Treasury, Division of Investment  
Managed Investment Options

June 30, 2021



FRANKLIN  
TEMPLETON



# Combined Financial Statements and Supplemental Information

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## **Report of Independent Auditors**

To the Trustees of

New Jersey Better Educational Savings Trust Program - New Jersey Department of Treasury, Division of Investment Managed Investment Options

We have audited the accompanying combined financial statements, which are comprised of the combined statement of fiduciary net position of the New Jersey Better Educational Savings Trust Program - New Jersey Department of Treasury, Division of Investment Managed Investment Options (the "Trust") as of June 30, 2021, and the related combined statement of changes in fiduciary net position for the year then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity 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 of 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 of 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 Trust'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 Trust'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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the New Jersey Better Educational Savings Trust Program - New Jersey Department of Treasury, Division of Investment Managed Investment Options at June 30, 2021, and the combined statement of changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Supplemental Information including the statement of investments – NJBEST Pooled Equity Fund, the schedule of each portfolio's fiduciary net position as of June 30, 2021, and the schedule of changes in each portfolio's fiduciary net position indicated therein are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

*Ernst + Young LLP*

September 17, 2021

## Management's Discussion and Analysis

The New Jersey Better Educational Savings Trust Program ("Program") includes investment portfolios managed by the New Jersey Department of Treasury, Division of Investment ("Division of Investment") for accounts open prior to March 17, 2003 and portfolios managed by Franklin Templeton for accounts opened after March 17, 2003. The financial data for the Program for the year ended June 30, 2021 is contained in two separate audited financial reports: 1) the New Jersey Department of Treasury, Division of Investment Managed Investment Options (the "Division of Investment Options") and 2) the Franklin Templeton Managed Investments Options.

These financial statements pertain solely to the Division of Investment Options and offer readers of the financial statements this discussion and analysis of the financial performance for the year ended June 30, 2021. Readers should consider the information presented in this section in conjunction with the combined financial statements and notes to combined financial statements. The Division of Investment Options consist of six (6) investment portfolios (the "Portfolios") in which account owners ("Account Owners") may invest.

### Financial Highlights

During the year ended June 30, 2021, the Portfolios within the Program posted returns below. The expense ratio for all Portfolios is 0.40% per annum based on the average daily net assets of each portfolio.

	<b>Single Class</b>
NJ Best Trust A	6.25%
NJ Best Trust B	6.63%
NJ Best Trust C	7.57%
NJ Best Trust D	8.23%
NJ Best Trust E	12.47%
NJ Best Better Educational Saving Trust	16.01%

### Overview of the Combined Financial Statements

The Division of Investment Options combined financial statements are prepared in accordance with the Government Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended.

The Combined Statement of Fiduciary Net Position presents information on the Division of Investment Options' assets and liabilities, with the difference between the two reported as net position as of June 30, 2021. This statement, along with all of the Division of Investment Options combined financial statements, is prepared using the accrual basis of accounting. Contributions are recognized when enrollment in the Division of Investment Options is finalized; all subsequent subscriptions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided regardless of when cash is disbursed.

The Combined Statement of Changes in Fiduciary Net Position presents information showing how the Division of Investment Options' assets changed during the year ended June 30, 2021. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in a future period.

The Notes to the Combined Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic combined financial statements.

**Financial Analysis**

The following are condensed Combined Statements of Fiduciary Net Position as of June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Investments	\$ 183,321,153	\$ 209,741,301
Receivables	248,515	249,381
Total assets	<u>183,569,668</u>	<u>209,990,682</u>
Payables	135,956	196,701
Total liabilities	<u>135,956</u>	<u>196,701</u>
Fiduciary Net Position held in trust for Account Owners in the Program	<u>\$ 183,433,712</u>	<u>\$ 209,793,981</u>

Fiduciary Net Position represents total contributions from Account Owners since the Program's inception, plus the net increases (decreases) from operations, less withdrawals and expenses.

The investments in the six (6) Portfolios of the Division of Investment Options comprise 99.9% of total assets. Other assets consist of receivables for shares sold and accrued income. Liabilities consist of payables for shares redeemed and accrued expenses.

The following are condensed Combined Statements of Changes in Fiduciary Net Position for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Additions:		
Subscriptions	\$ 10,137,724	\$ 15,539,678
Net increase (decrease) in Fiduciary Net Positions resulting from operations	21,243,655	7,443,224
Total additions	<u>31,381,379</u>	<u>22,982,902</u>
Deductions:		
Redemptions	57,741,648	77,086,399
Total deductions	<u>57,741,648</u>	<u>77,086,399</u>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program	(26,360,269)	(54,103,497)
Fiduciary Net Position - beginning of year	209,793,981	263,897,478
Fiduciary Net Position - end of year	<u>\$ 183,433,712</u>	<u>\$ 209,793,981</u>

The Division of Investment Options paid \$47.6 million in net redemptions to Account Owners during the year ended June 30, 2021.

The Division of Investment Options earned \$1.2 million of investment income and incurred \$0.8 million of Program management fees during the year ended June 30, 2021.



# Combined Financial Statements

## Combined Statement of Fiduciary Net Position

June 30, 2021

Assets:

Investments, at fair value (Cost: \$133,964,872)	\$	183,321,153
Interest receivable		246,630
Receivable from Plan shares sold		1,885
Total Assets		<u>183,569,668</u>

Liabilities:

Accrued expenses		67,243
Payable for Plan shares redeemed		68,713
Total liabilities		<u>135,956</u>

Fiduciary net position held in trust for Account Owners in the Program	\$	<u><u>183,433,712</u></u>
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*The accompanying notes are an integral part of these combined financial statements.*

**Combined Statement of Changes in Fiduciary Net Position**  
 for the year ended June 30, 2021

Additions:	
Subscriptions	\$ 10,137,724
Investment earnings:	
Dividend income	126,625
Interest income	1,111,651
Net realized gain (loss) from sales of investments	22,494,367
Net change in unrealized appreciation (depreciation) on investments	(1,721,065)
Total investment earnings (losses)	<u>22,011,578</u>
Investment costs:	
Program management fees (Note 2)	(767,923)
Total investment costs	<u>(767,923)</u>
Net investment earnings (losses)	<u>21,243,655</u>
Total additions	<u>31,381,379</u>
Deductions:	
Redemptions	57,741,648
Total deductions	<u>57,741,648</u>
Changes in fiduciary net position held in trust for Account Owners in the Program	(26,360,269)
Fiduciary net position - beginning of year	209,793,981
Fiduciary net position - end of year	<u>\$ 183,433,712</u>

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

# Notes to Combined Financial Statements

## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The State of New Jersey (the "State") established the New Jersey Better Educational Savings Trust Program (the "Program") to allow Account Owners and beneficiaries under the Program to qualify for federal tax benefits as participants in a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended. The New Jersey Higher Education Student Assistance Authority ("HESAA") is responsible for establishing and maintaining the Program on behalf of the State. HESAA serves as trustee of the Program, administers the Program and is authorized to establish investment policies, select investment managers and the Program Manager, and adopt regulations and provide for the performance of other functions necessary for the operation of the Program and the various plans included in the Program.

Pursuant to a service agreement, Franklin Templeton Distributors, Inc. ("FTDI"), a wholly-owned subsidiary of Franklin Resources, Inc. serves as the Program Manager. FTDI provides, directly, or through affiliated or non-affiliated subcontractors, certain administrative services relating to the Program.

The Program is a private-purpose trust fund, which is a type of fiduciary fund. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support a government's own programs. Revenues are mainly derived from investment income. Because the Program is a fiduciary fund, the Program's combined financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

These combined financial statements provide the combined financial results of the Portfolios, as defined below, managed by the New Jersey Department of the Treasury, Division of Investment ("Division of Investment") which serves as investment manager for the investment options ("Division of Investment Options") that are part of the NJBEST 529 College Savings Plan ("NJBEST" or "Plan") but are no longer available to new shareholders. The Division of Investment Options consists of six portfolios ("Portfolios"). The NJ Better Educational Savings Portfolio, the original portfolio, is available only to accounts opened prior to July 1, 2000 and is open to all birth years. For accounts opened after July 1, 2000 and prior to March 17, 2003, there are the NJBEST Portfolios A – E. These are age-based portfolios where contributions are allocated based on the birth year of the Beneficiary as follows:

<u>Portfolio</u>	<u>Birth Year</u>
NJBEST Portfolio A	1985 and prior
NJBEST Portfolio B	1986 - 1989
NJBEST Portfolio C	1990 - 1993
NJBEST Portfolio D	1994 - 1997
NJBEST Portfolio E	1998 - 2003

All common stocks and certain other investments held by the Program and managed by the Division of Investment are maintained in a managed equity Portfolio called the NJBEST Pooled Equity Fund. Each of the six portfolios owns a portion of the NJBEST Pooled Equity Fund. The net assets and related dividend and interest income of the NJBEST Pooled Equity Fund have been allocated among the portfolios. This allows for a high level of diversification and reduces the costs of managing the Plan.

For information regarding the Franklin Templeton Managed Investment Options, including those within the Franklin Templeton 529 College Savings Plan, please see the combined financial statements entitled "New Jersey Better Educational Savings Trust Program – Franklin Templeton Managed Investment Options" or refer to the Investor Handbook for either the Franklin Templeton 529 College Savings Plan (for investors who invest through a financial advisor) or the NJBEST 529 College Savings Plan (for New Jersey residents investing without a financial advisor).

The Following summarizes the Program's significant accounting policies.

## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### a. Financial Instrument Valuation

The Portfolios' investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Portfolios calculate the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE). Under compliance policies and procedures approved by HESAA, the Program's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Program may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities. Investments in non-registered money market funds and managed equity accounts are valued at the closing NAV.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Program's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

The Program has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Portfolios primarily employ a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

### b. Income Taxes

The Program is established to be a qualified tuition program under Section 529 of the Internal Revenue Code, which is exempt from federal and state income tax, and does not expect to have any unrelated business income subject to tax. Accordingly, no provision has been made for income taxes.

The Portfolios may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Portfolios have determined that no tax liability is required in its combined financial statements related to uncertain tax positions for any open tax years, (or expected to be taken in future tax returns). Open tax years are those that remain subject to examination and are based on the statute of limitation in each jurisdiction which the fund invests.

### c. Security Transactions, Investment Income and Expenses

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a average cost basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date.

## **1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **c. Security Transactions, Investment Income and Expenses** (continued)

Inflation-indexed bonds are adjusted for inflation through periodic increases or decreases in the security's interest accruals, face amount, or principal redemption value, by amounts corresponding to the rate of inflation as measured by an index. Any increase or decrease in the face amount or principal redemption value will be included as interest income on the Combined Statement of Changes in Fiduciary Net Position.

### **d. Accounting Estimates**

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

### **e. Guarantees and Indemnifications**

Under the Program's organizational documents, its trustee is indemnified by the Program against certain liabilities arising out of the performance of their duties to the Program. Additionally, in the normal course of business, the Program, on behalf of the Portfolios, enters into contracts with service providers that contain general indemnification clauses. The Program's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Program that have not yet occurred. Currently, the Program expects the risk of loss to be remote.

## **2. MANAGEMENT AGREEMENTS**

The Portfolios pay a total program management fee of 0.40% per annum based on the average daily net assets of each portfolio.

Franklin Templeton Services, LLC ("FTS") an affiliate of FTDI provides administrative services for the Program. Franklin Templeton Investor Services, LLC ("FTI"), an affiliate of FTDI and FTS, performs transfer agency services for the Program. No fees are paid by the Division of Investment Options for administrative or transfer agency services.

## **3. INVESTMENTS**

At June 30, 2021, net unrealized appreciation of portfolio investments was \$49,356,281 consisting of gross unrealized appreciation of \$49,356,281 and gross unrealized depreciation of \$0.

Purchases and sales of Portfolio securities (excluding short term securities) for the year ended June 30, 2021, aggregated \$15,956 and \$30,079,264, respectively.

For a list of each Portfolio's investments at June 30, 2021, please see the Schedule of Fiduciary Net Position for each Portfolio in the Supplemental Information.

### 3. INVESTMENTS (continued)

As of June 30, 2021, the investments held by the Portfolios consisted of the following:

	<u>Shares</u>	<u>Cost</u>	<u>Value</u>
Equity			
NJBEST Pooled Equity Fund	1,456,296 \$	12,576,670 \$	59,190,842
	<u>Principal Amount</u>		
Fixed Income			
AT&T Inc., senior bond, 6.50%, 11/15/36	\$ 3,000,000	3,655,166	4,087,743
U.S. Treasury Bonds, 7.25%, 8/15/22	1,235,000	1,259,771	1,333,511
U.S. Treasury Bonds, 6.25%, 8/15/23	1,100,000	1,127,796	1,239,563
U.S. Treasury Bonds, 6.00%, 2/15/26	1,000,000	1,000,303	1,236,367
U.S. Treasury Notes, Index Linked, 2.375%, 1/15/25	9,000,000	12,933,545	14,821,506
	<u>Shares</u>		
Short Term Investment			
<sup>a</sup> State of New Jersey Cash Management Fund, 0.08%	101,411,621	101,411,621	101,411,621
		<u>\$ 133,964,872</u>	<u>\$ 183,321,153</u>

<sup>a</sup>The rate shown is the average annualized monthly rate of return at year end.

### 4. INVESTMENT RISKS

Certain investments are subject to a variety of investment risks. GASB requires that entities disclose certain essential risk information about deposits and investments.

#### a. Interest Rate and Credit Risk

Interest rate risk is the risk that the value of bond investments will decrease as a result of a rise in interest rates. Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The following instruments were held by the Portfolios at June 30, 2021, were exposed to interest rate and credit risk:

<u>Investment</u>	<u>Value</u>	<u>Credit Rating</u>
Fixed Income		
AT&T Inc., senior bond, 6.50%, 11/15/36	\$ 4,087,743	BBB
U.S. Treasury Bonds, 7.25%, 8/15/22	1,333,511	AA+
U.S. Treasury Bonds, 6.25%, 8/15/23	1,239,563	AA+
U.S. Treasury Bonds, 6.00%, 2/15/26	1,236,367	AA+
U.S. Treasury Notes, Index Linked, 2.375%, 1/15/25	14,821,506	AA+
		<u>Average Maturity</u>
Short Term Investment		
<sup>a</sup> State of New Jersey Cash Management Fund, 0.08%	\$ 101,411,621	0.28 years

<sup>a</sup>The rate shown is the average annualized monthly rate of return at year end.

#### **4. INVESTMENT RISKS** (continued)

##### **b. Custodial Credit Risk**

Custodial credit risk, as it relates to investments, is the risk that in the event of the failure of the custodian, the Division of Investment Options will not be able to recover the value of investments that are in the possession of the custodian. The Division of Investment Options' investment securities are not exposed to custodial credit risk as they are held in a segregated trust account with the custodian.

#### **5. NOVEL CORONAVIRUS PANDEMIC**

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Portfolios, their ability to buy and sell fund investments at appropriate valuations and their ability to achieve their investment objectives.

#### **6. FAIR VALUE MEASUREMENTS**

The Program follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Program's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Program's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Program's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Program has adopted a policy of recognizing the transfers as the date of the underlying event which caused the movement.

At June 30, 2021, all of the Portfolio's investments in financial instruments carried at fair value were valued using Level 2 inputs.

#### **7. NEW ACCOUNTING PRONOUNCEMENTS**

During the year ended June 30, 2021, the Program adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, Fiduciary Activities (Statement 84), which establishes criteria for identifying and reporting fiduciary activities. Consistent with the requirements of Statement 84, the 2020 prior period condensed Combined Statements of Changes in Fiduciary Net Position presented in these financial statements was restated. The implementation of Statement 84 resulted in a change to the presentation of the combined financial statements by requiring a net figure for the net increase and decrease in Fiduciary Net Position resulting from operations. Beginning Fiduciary Net Position was not affected by this change.

#### **8. SUBSEQUENT EVENTS**

The Program has evaluated subsequent events through September 17, 2021, the date the financial statements were available to be issued, and determined that disclosure of the following is necessary:

Effective July 7, 2021, Franklin Templeton Distributors, Inc. serving as the Program Manager is merged into Legg Mason Investor Services, LLC and the surviving entity is renamed Franklin Distributors, LLC.

### **SUPPLEMENTAL INFORMATION**

The following information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the New Jersey Better Educational Savings Trust Program, New Jersey Department of Treasury, Division of Investment Managed Investment Options. It shows financial information relating to the investment Portfolios, which were included in the Program during the year ended June 30, 2021.



## Supplemental Information

### Schedules of Fiduciary Net Position June 30, 2021

	NJ Best Trust A	NJ Best Trust B	NJ Best Trust C	NJ Best Trust D
<b>Assets:</b>				
Investments, at fair value:				
Equity				
NJBEST Pooled Equity Fund . . . . .	\$ 266,718	\$ 598,861	\$ 3,039,982	\$ 5,543,729
Fixed Income				
AT&T Inc., senior bond, 6.50%, 11/15/36 . . . . .	—	—	1,362,581	1,362,581
U.S. Treasury Bonds, 7.25%, 8/15/22 . . . . .	—	—	—	539,883
U.S. Treasury Bonds, 6.25%, 8/15/23 . . . . .	—	—	—	676,125
U.S. Treasury Bonds, 6.00%, 2/15/26 . . . . .	—	—	—	—
U.S. Treasury Notes, Index Linked, 2.375%, 1/15/25 . . . . .	—	—	—	—
Total fixed income . . . . .	—	—	1,362,581	2,578,589
Short term investment				
<sup>a</sup> State of New Jersey Cash Management Fund, 0.08% . . . . .	981,908	2,117,476	9,540,047	14,513,884
Total Investments . . . . .	1,248,626	2,716,337	13,942,610	22,636,202
Interest receivable . . . . .	—	—	8,306	36,013
Receivable from Plan shares sold . . . . .	—	—	—	35
Total assets . . . . .	1,248,626	2,716,337	13,950,916	22,672,250
<b>Liabilities:</b>				
Accrued expenses . . . . .	439	962	4,928	8,122
Payable for Plan shares redeemed . . . . .	892	—	—	7,660
Total liabilities . . . . .	1,331	962	4,928	15,782
Fiduciary net position held in trust for Account Owners in the Program . . . . .	<u>\$ 1,247,295</u>	<u>\$ 2,715,375</u>	<u>\$ 13,945,988</u>	<u>\$ 22,656,468</u>
Shares outstanding . . . . .	68,524	129,870	584,282	878,687
Net asset value per share . . . . .	<u>\$ 18.20</u>	<u>\$ 20.91</u>	<u>\$ 23.87</u>	<u>\$ 25.78</u>
Investments at cost . . . . .	<u>\$ 1,037,146</u>	<u>\$ 2,219,187</u>	<u>\$ 11,420,780</u>	<u>\$ 17,963,762</u>

<sup>a</sup>The rate shown is the average annualized monthly rate of return at year end.

**Schedules of Fiduciary Net Position** (continued)  
 June 30, 2021

	NJ Best Trust E	NJ Better Educational Saving Trust	Total Management NJ
<b>Assets:</b>			
Investments, at fair value:			
Equity			
NJBEST Pooled Equity Fund . . . . .	\$ 49,006,500	\$ 735,052	\$ 59,190,842
Fixed Income			
AT&T Inc., senior bond, 6.50%, 11/15/36 . . . . .	1,362,581	—	4,087,743
U.S. Treasury Bonds, 7.25%, 8/15/22 . . . . .	793,628	—	1,333,511
U.S. Treasury Bonds, 6.25%, 8/15/23 . . . . .	563,438	—	1,239,563
U.S. Treasury Bonds, 6.00%, 2/15/26 . . . . .	1,236,367	—	1,236,367
U.S. Treasury Notes, Index Linked, 2.375%, 1/15/25 . . . . .	<u>14,821,506</u>	<u>—</u>	<u>14,821,506</u>
Total fixed income . . . . .	18,777,520	—	22,718,690
Short term investment			
<sup>a</sup> State of New Jersey Cash Management Fund, 0.08% . . . . .	\$ 73,298,464	\$ 959,842	\$ 101,411,621
Total Investments . . . . .	141,082,484	1,694,894	183,321,153
Interest receivable . . . . .	202,311	—	246,630
Receivable from Plan shares sold . . . . .	1,850	—	1,885
Total assets . . . . .	<u>141,286,645</u>	<u>1,694,894</u>	<u>183,569,668</u>
<b>Liabilities:</b>			
Accrued expenses . . . . .	52,150	642	67,243
Payable for Plan shares redeemed . . . . .	58,012	2,149	68,713
Total liabilities . . . . .	<u>110,162</u>	<u>2,791</u>	<u>135,956</u>
Fiduciary net position held in trust for Account Owners in the Program . . . . .	<u>\$ 141,176,483</u>	<u>\$ 1,692,103</u>	<u>\$ 183,433,712</u>
Shares outstanding . . . . .	5,034,100	64,346	
Net asset value per share . . . . .	<u>\$ 28.04</u>	<u>\$ 26.30</u>	
Investments at cost . . . . .	\$ 100,199,941	\$ 1,124,056	\$ 133,964,872

<sup>a</sup>The rate shown is the average annualized monthly rate of return at year end.

## Supplemental Information

### Schedules of Changes in Fiduciary Net Position

For the year ended June 30, 2021

	NJ Best Trust A	NJ Best Trust B	NJ Best Trust C	NJ Best Trust D
<b>Additions:</b>				
Subscriptions . . . . .	\$ 292,383	\$ 44,913	\$ 368,768	\$ 1,067,184
<b>Investment earnings:</b>				
Dividend income . . . . .	1,128	2,570	11,542	18,373
Interest income . . . . .	—	—	55,355	114,637
Net realized gain (loss) from sales of investments . . . . .	12,429	84,686	628,308	1,902,114
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds . . . . .	62,855	98,444	383,237	(38,590)
Total investment earnings (losses) . . . . .	76,412	185,700	1,078,442	1,996,534
<b>Investment costs:</b>				
Program management fees (Note 2) . . . . .	(4,736)	(10,884)	(56,091)	(95,049)
Total investment costs . . . . .	(4,736)	(10,884)	(56,091)	(95,049)
Net investments earnings (losses)	71,676	174,816	1,022,351	1,901,485
Total additions	364,059	219,729	1,391,119	2,968,669
<b>Deductions:</b>				
Redemptions . . . . .	149,190	189,044	1,478,769	5,716,602
Total deductions	149,190	189,044	1,478,769	5,716,602
Changes in fiduciary net position held in trust for Account Owners in the Program . . . . .	\$ 214,869	\$ 30,685	\$ (87,650)	\$ (2,747,933)
Fiduciary net position - beginning of year . . . . .	1,032,426	2,684,690	14,033,638	25,404,401
Fiduciary net position - end of year . . . . .	<u>\$ 1,247,295</u>	<u>\$ 2,715,375</u>	<u>\$ 13,945,988</u>	<u>\$ 22,656,468</u>

**Schedules of Changes in Fiduciary Net Position** (continued)

For the year ended June 30, 2021

	NJ Best Trust E	NJ Better Educational Saving Trust	Total
Additions:			
Subscriptions . . . . .	\$ 8,279,452	\$ 85,024	\$ 10,137,724
Investment earnings:			
Dividend income . . . . .	91,736	1,276	126,625
Interest income . . . . .	941,659	—	1,111,651
Net realized gain (loss) from sales of Underlying Funds . . . . .	19,390,179	476,651	22,494,367
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds . . . . .	(2,057,976)	(169,035)	(1,721,065)
Total investment earnings (losses) . . . . .	18,365,598	308,892	22,011,578
Investment costs:			
Program management fees (Note 2) . . . . .	(593,179)	(7,984)	(767,923)
Total investment costs . . . . .	(593,179)	(7,984)	(767,923)
Net investments earnings (losses) . . . . .	17,772,419	300,908	21,243,655
Total additions . . . . .	26,051,871	385,932	31,381,379
Deductions:			
Redemptions . . . . .	49,161,229	1,046,814	57,741,648
Total deductions . . . . .	49,161,229	1,046,814	57,741,648
Changes in fiduciary net position held in trust for Account Owners in the Program . . . . .	\$ (23,109,358)	\$ (660,882)	\$ (26,360,269)
Fiduciary net position - beginning of year . . . . .	164,285,841	2,352,985	209,793,981
Fiduciary net position - end of year . . . . .	\$ 141,176,483	\$ 1,692,103	\$ 183,433,712

## Supplemental Information

### NJBest Pooled Equity Fund

Statement of Investments, June 30, 2021

	Shares	Value
<b>Common Stocks 97.1%</b>		
<b>Aerospace &amp; Defense 2.0%</b>		
Boeing Co. (The) .....	1,100	\$263,516
Lockheed Martin Corp. ....	250	94,588
Raytheon Technologies Corp. ....	4,768	406,758
Textron, Inc. ....	6,300	433,251
		1,198,113
<b>Air Freight &amp; Logistics 0.9%</b>		
FedEx Corp. ....	1,100	328,163
United Parcel Service, Inc., B .....	1,000	207,970
		536,133
<b>Airlines 0.3%</b>		
Southwest Airlines Co. ....	2,900	153,961
<b>Auto Components 0.6%</b>		
Patrick Industries, Inc. ....	4,900	357,700
<b>Automobiles 1.3%</b>		
Tesla, Inc. ....	725	492,783
Thor Industries, Inc. ....	2,439	275,607
		768,390
<b>Banks 6.2%</b>		
Bank of America Corp. ....	15,783	650,733
Citigroup, Inc. ....	3,211	227,178
JPMorgan Chase & Co. ....	7,951	1,236,698
Pinnacle Financial Partners, Inc. ....	1,200	105,948
SVB Financial Group. ....	820	456,273
Truist Financial Corp. ....	7,122	395,271
Wells Fargo & Co. ....	7,401	335,191
Zions Bancorp NA. ....	4,400	232,584
		3,639,876
<b>Beverages 0.9%</b>		
Coca-Cola Co. (The) ....	5,156	278,992
PepsiCo, Inc. ....	1,802	267,002
		545,994
<b>Biotechnology 1.1%</b>		
AbbVie, Inc. ....	3,250	366,080
Biogen, Inc. ....	411	142,317
Vertex Pharmaceuticals, Inc. ....	700	141,141
		649,538
<b>Capital Markets 0.8%</b>		
Goldman Sachs Group, Inc. (The) ....	800	303,624
Intercontinental Exchange, Inc. ....	1,300	154,310
		457,934
<b>Chemicals 2.4%</b>		
Air Products and Chemicals, Inc. ....	600	172,608
Albemarle Corp. ....	1,600	269,536
Corteva, Inc. ....	2,200	97,570
DuPont de Nemours, Inc. ....	1,533	118,670
Ecolab, Inc. ....	700	144,179
International Flavors & Fragrances, Inc. ....	1,100	164,340

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Chemicals</b> (continued)		
Linde plc. . . . .	1,000	\$289,100
Sherwin-Williams Co. (The) . . . . .	600	163,470
		<u>1,419,473</u>
<b>Commercial Services &amp; Supplies 0.9%</b>		
Pitney Bowes, Inc. . . . .	16,200	142,074
Republic Services, Inc. . . . .	1,400	154,014
Waste Management, Inc. . . . .	1,900	266,209
		<u>562,297</u>
<b>Communications Equipment 0.7%</b>		
Cisco Systems, Inc. . . . .	8,160	432,480
<b>Construction &amp; Engineering 0.5%</b>		
Limbach Holdings, Inc. . . . .	33,900	313,914
<b>Construction Materials 0.5%</b>		
Martin Marietta Materials, Inc. . . . .	800	281,448
<b>Consumer Finance 0.2%</b>		
American Express Co. . . . .	600	99,138
<b>Diversified Financial Services 1.5%</b>		
Berkshire Hathaway, Inc., B. . . . .	3,141	872,947
<b>Diversified Telecommunication Services 1.1%</b>		
AT&T, Inc. . . . .	10,100	290,678
Verizon Communications, Inc. . . . .	6,236	349,403
		<u>640,081</u>
<b>Electric Utilities 1.6%</b>		
Exelon Corp. . . . .	3,600	159,516
NextEra Energy, Inc. . . . .	6,488	475,441
PPL Corp. . . . .	5,500	153,835
Xcel Energy, Inc. . . . .	2,100	138,348
		<u>927,140</u>
<b>Electrical Equipment 1.0%</b>		
Rockwell Automation, Inc. . . . .	2,000	572,040
<b>Electronic Equipment, Instruments &amp; Components 0.3%</b>		
Keysight Technologies, Inc. . . . .	1,000	154,410
<b>Entertainment 1.7%</b>		
Netflix, Inc. . . . .	700	369,747
Walt Disney Co. (The) . . . . .	3,706	651,404
		<u>1,021,151</u>
<b>Equity Real Estate Investment Trusts (REITs) 2.8%</b>		
Alexandria Real Estate Equities, Inc. . . . .	700	127,358
American Tower Corp. . . . .	1,267	342,267
AvalonBay Communities, Inc. . . . .	500	104,345
Crown Castle International Corp. . . . .	600	117,060
Duke Realty Corp. . . . .	6,400	303,040
Equinix, Inc. . . . .	350	280,910
Prologis, Inc. . . . .	3,400	406,402
		<u>1,681,382</u>
<b>Food &amp; Staples Retailing 1.6%</b>		
Costco Wholesale Corp. . . . .	1,316	520,701

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Food &amp; Staples Retailing</b> (continued)		
Walmart, Inc. ....	3,071	\$433,072
		953,773
<b>Food Products 0.7%</b>		
Freshpet, Inc. ....	933	152,042
Mondelez International, Inc., A. ....	3,844	240,019
		392,061
<b>Health Care Equipment &amp; Supplies 2.8%</b>		
Abbott Laboratories. ....	2,425	281,130
Baxter International, Inc. ....	1,300	104,650
Becton Dickinson and Co. ....	767	186,527
Boston Scientific Corp. ....	2,600	111,176
Danaher Corp. ....	1,100	295,196
Medtronic plc ....	5,300	657,889
		1,636,568
<b>Health Care Providers &amp; Services 3.1%</b>		
AmerisourceBergen Corp. ....	1,900	217,531
Cigna Corp. ....	591	140,108
CVS Health Corp. ....	2,700	225,288
Humana, Inc. ....	1,900	841,168
UnitedHealth Group, Inc. ....	1,063	425,668
		1,849,763
<b>Health Care Technology 0.2%</b>		
Teladoc Health, Inc. ....	685	113,909
<b>Hotels, Restaurants &amp; Leisure 2.2%</b>		
Booking Holdings, Inc. ....	100	218,809
Hilton Worldwide Holdings, Inc. ....	800	96,496
McDonald's Corp. ....	1,828	422,250
Starbucks Corp. ....	2,831	316,534
Wynn Resorts Ltd. ....	1,900	232,370
		1,286,459
<b>Household Products 1.4%</b>		
Church & Dwight Co., Inc. ....	400	34,088
Colgate-Palmolive Co. ....	1,200	97,620
Procter & Gamble Co. (The) ....	5,307	716,074
		847,782
<b>Industrial Conglomerates 0.8%</b>		
General Electric Co. ....	15,700	211,322
Honeywell International, Inc. ....	1,300	285,155
		496,477
<b>Insurance 1.9%</b>		
Chubb Ltd. ....	1,100	174,834
Marsh & McLennan Cos., Inc. ....	1,200	168,816
Progressive Corp. (The) ....	1,500	147,315
Prudential Financial, Inc. ....	3,100	317,657
Trupanion, Inc. ....	2,600	299,260
		1,107,882
<b>Interactive Media &amp; Services 6.5%</b>		
Alphabet, Inc., A ....	500	1,220,895
Alphabet, Inc., C ....	536	1,343,387

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Interactive Media &amp; Services</b> (continued)		
Facebook, Inc., A .....	3,755	\$1,305,651
		<u>3,869,933</u>
<b>Internet &amp; Direct Marketing Retail 4.8%</b>		
Amazon.com, Inc. ....	786	2,703,965
eBay, Inc. ....	1,800	126,378
		<u>2,830,343</u>
<b>IT Services 4.7%</b>		
Accenture plc, A .....	865	254,993
Automatic Data Processing, Inc. ....	1,109	220,270
Fidelity National Information Services, Inc. ....	900	127,503
Fiserv, Inc. ....	770	82,305
International Business Machines Corp. ....	1,380	202,294
Mastercard, Inc., A .....	1,409	514,412
PayPal Holdings, Inc. ....	2,500	728,700
Visa, Inc., A. ....	2,811	657,268
		<u>2,787,745</u>
<b>Life Sciences Tools &amp; Services 0.8%</b>		
Illumina, Inc. ....	345	163,257
Thermo Fisher Scientific, Inc. ....	600	302,682
		<u>465,939</u>
<b>Machinery 0.9%</b>		
Caterpillar, Inc. ....	1,400	304,682
Deere & Co. ....	600	211,626
		<u>516,308</u>
<b>Media 0.9%</b>		
Comcast Corp., A .....	9,800	558,796
<b>Metals &amp; Mining 0.4%</b>		
Hecla Mining Co. ....	29,900	222,456
<b>Multiline Retail 0.8%</b>		
Dollar General Corp. ....	700	151,473
Target Corp. ....	1,281	309,669
		<u>461,142</u>
<b>Multi-Utilities 0.3%</b>		
Dominion Energy, Inc. ....	2,400	176,568
<b>Oil, Gas &amp; Consumable Fuels 2.5%</b>		
Chevron Corp. ....	3,861	404,401
ConocoPhillips .....	4,300	261,870
Exxon Mobil Corp. ....	7,883	497,260
ONEOK, Inc. ....	3,700	205,868
Williams Cos., Inc. (The) .....	3,600	95,580
		<u>1,464,979</u>
<b>Pharmaceuticals 5.5%</b>		
AstraZeneca plc, ADR. ....	3,100	185,690
Bristol-Myers Squibb Co. ....	5,074	339,045
Eli Lilly & Co. ....	2,258	518,256
Johnson & Johnson .....	5,660	932,429
Merck & Co., Inc. ....	9,068	705,218
Novo Nordisk A/S, ADR. ....	2,100	175,917
Organon & Co. ....	906	27,416



	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Pharmaceuticals (continued)</b>		
Pfizer, Inc. ....	9,362	\$366,616
Teligent, Inc. ....	8,370	4,477
Viartis, Inc. ....	1,422	20,320
		3,275,384
<b>Road &amp; Rail 0.6%</b>		
Knight-Swift Transportation Holdings, Inc. ....	4,200	190,932
Union Pacific Corp. ....	800	175,944
		366,876
<b>Semiconductors &amp; Semiconductor Equipment 4.8%</b>		
Broadcom, Inc. ....	1,225	584,129
Intel Corp. ....	5,231	293,668
Lam Research Corp. ....	270	175,689
Microchip Technology, Inc. ....	927	138,809
NVIDIA Corp. ....	1,010	808,100
QUALCOMM, Inc. ....	2,335	333,742
Skyworks Solutions, Inc. ....	1,380	264,615
Texas Instruments, Inc. ....	1,405	270,182
		2,868,934
<b>Software 8.8%</b>		
Adobe, Inc. ....	800	468,512
Autodesk, Inc. ....	511	149,161
Intuit, Inc. ....	380	186,265
Microsoft Corp. ....	13,464	3,647,398
Oracle Corp. ....	2,500	194,600
salesforce.com, Inc. ....	1,656	404,511
ServiceNow, Inc. ....	295	162,117
		5,212,564
<b>Specialty Retail 2.3%</b>		
AutoZone, Inc. ....	100	149,222
Home Depot, Inc. (The) ....	2,063	657,870
Lowe's Cos., Inc. ....	1,200	232,764
Ross Stores, Inc. ....	1,200	148,800
TJX Cos., Inc. (The) ....	2,977	200,709
		1,389,365
<b>Technology Hardware, Storage &amp; Peripherals 7.2%</b>		
Apple, Inc. ....	31,026	4,249,321
<b>Textiles, Apparel &amp; Luxury Goods 0.7%</b>		
NIKE, Inc., B. ....	2,671	412,643
<b>Trading Companies &amp; Distributors 0.6%</b>		
United Rentals, Inc. ....	1,100	350,911
<b>Total Common Stocks (Cost \$34,804,144)</b> .....		<b>57,450,421</b>
<b>Investments In Underlying Funds 2.9%</b>		
<b>Money Market Funds 2.9%</b>		
<sup>a</sup> State of New Jersey Cash Management Fund, 0.08% .....	1,693,152	1,693,152
<b>Total Investments In Underlying Funds (Cost \$1,693,152)</b> .....		<b>1,693,152</b>

NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST PROGRAM  
 NEW JERSEY DEPARTMENT OF TREASURY, DIVISION OF INVESTMENT MANAGED INVESTMENT OPTIONS  
 SUPPLEMENTAL INFORMATION

	Warrants	Value
<b>Warrants 0.0%<sup>†</sup></b>		
<b>Health Care Providers &amp; Services 0.0%<sup>†</sup></b>		
Option Care Health, Inc., 6/30/25 .....	2,850	\$4,046
		4,046
<b>Oil, Gas &amp; Consumable Fuels 0.0%<sup>†</sup></b>		
Denbury, Inc., 9/18/23 .....	335	13,993
<b>Total Warrants (Cost \$294,867)</b> .....		<b>18,039</b>
<b>Total Long Term Investments (Cost \$36,792,163)</b> .....		<b>59,161,612</b>
<b>Total Investments (Cost \$36,792,163) 100.0%</b> .....		<b>\$59,161,612</b>
<b>Other Assets, less Liabilities 0.0<sup>†</sup></b> .....		<b>29,230</b>
<b>Net Assets 100.0%</b> .....		<b>\$59,190,842</b>

<sup>†</sup>Rounds to less than 0.1% of net assets.

<sup>‡</sup>The rate shown is the average annualized monthly rate of return at year end.