



AUDITED COMBINED FINANCIAL STATEMENTS

New Jersey 529 College Savings Plan –  
Franklin Templeton Managed Investment Options

New Jersey Better Education Savings Trust – New Jersey Division  
of Investment Managed Investment Options

Year Ended June 30, 2011

Ernst & Young LLP

 **ERNST & YOUNG**



**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
New Jersey 529 College Savings Plan-  
Franklin Templeton Managed Investment Options

Combined Financial Statements and  
Supplemental Information

Year ended June 30, 2011

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## Report of Independent Auditors

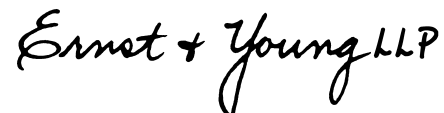
To the Account Owners and Trustees of  
New Jersey Better Educational Savings Trust - New Jersey 529 College Savings Plan- Franklin Templeton Managed Investment Options- Age-Based Asset Allocations, Objective-Based Asset Allocations and Individual Portfolios:

We have audited the accompanying combined statement of assets and liabilities of the New Jersey Better Educational Savings Trust - New Jersey 529 College Savings Plan- Franklin Templeton Managed Investment Options (the "Plan") - Age-Based Asset Allocations, Objective-Based Asset Allocations and Individual Portfolios (three of the investment options of the Plan) as of June 30, 2011, and the related combined statement of operations for the year then ended, and the combined statements of changes in net assets for each of the two years in the period then ended. These financial statements are the responsibility of the Plan's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the New Jersey Better Educational Savings Trust - New Jersey 529 College Savings Plan- Franklin Templeton Managed Investment Options- Age-Based Asset Allocations, Objective-Based Asset Allocations and Individual Portfolios at June 30, 2011, the results of their combined statement of operations for the year then ended, and the combined statements of changes in net assets for each of the two years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplemental Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



September 27, 2011

**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**  
**New Jersey 529 College Savings Plan -**  
**Franklin Templeton Managed Investment Options**

Combined Statement of Assets and Liabilities  
June 30, 2011

Assets:

Investments in Underlying Funds:

Cost	\$ 2,439,656,340
Value	\$ 2,614,732,359

Cash

60,577

Receivables:

Investment securities sold	8,644
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Plan shares sold	2,199,642
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Wrapper Agreement (At Fair Value)	23,512
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Total assets	<u>2,617,024,734</u>
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Liabilities:

Payables:

Investment securities purchased	588
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Plan shares redeemed	986,521
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Accrued expenses	3,616,491
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Total liabilities	<u>4,603,600</u>
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Net assets, at value	<u>\$ 2,612,421,134</u>
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**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**  
**New Jersey 529 College Savings Plan -**  
**Franklin Templeton Managed Investment Options**

Combined Statement of Operations  
for the year ended June 30, 2011

Investment income - dividends from Underlying Funds	<u>\$ 53,125,223</u>
Expenses:	
Program management fees (Note 2)	8,225,887
Sales fees (Note 2)	
Class A	2,413,722
Class B	2,727,691
Class C	5,395,909
Sub-advisory fees (Note 2)	<u>66,912</u>
Total expenses	18,830,121
Expenses waived/paid by affiliates (Note 3)	<u>(244,531)</u>
Net expenses	<u>18,585,590</u>
Net investment income	<u>34,539,633</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Sale of investments in Underlying Funds	481,754
Realized gain on distributions by Underlying Funds	<u>5,354,095</u>
Net realized gain (loss)	5,835,849
Net change in unrealized appreciation (depreciation) on Investments in Underlying Funds and Wrapper Agreements	<u>400,558,189</u>
Net realized and unrealized gain (loss)	<u>406,394,038</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 440,933,671</u>

**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**  
**New Jersey 529 College Savings Plan -**  
**Franklin Templeton Managed Investment Options**

Combined Statements of Changes in Net Assets

	Year Ended June 30,	
	2011	2010
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 34,539,633	\$ 26,540,159
Net realized gain (loss) from Underlying Funds	5,835,849	(23,577,434)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	400,558,189	203,112,079
Net increase (decrease) in net assets resulting from operations	<u>440,933,671</u>	<u>206,074,804</u>
Plan share transactions:		
Subscriptions	723,804,953	741,699,600
Redemptions	(513,510,454)	(548,901,337)
Net increase (decrease) in net assets resulting from plan share transactions	<u>210,294,499</u>	<u>192,798,263</u>
Net increase (decrease) in net assets	651,228,170	398,873,067
Net assets:		
Beginning of year	1,961,192,964	1,562,319,897
End of year	<u>\$ 2,612,421,134</u>	<u>\$ 1,961,192,964</u>

# **NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**

## **New Jersey 529 College Savings Plan – Franklin Templeton Managed Investment Options**

### **Notes to Combined Financial Statements for the year ended June 30, 2011**

#### **1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

The New Jersey Better Educational Savings Trust (“Trust”) was established by the State of New Jersey (“the State”) to allow Account Owners and Beneficiaries under the State’s New Jersey 529 College Savings Plan (“Program”) to qualify for federal tax benefits 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 a trustee of the Trust, 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.

In 2003, Franklin Templeton Distributors, Inc. (“FTDI”), a wholly-owned subsidiary of Franklin Resources, Inc., and HESAA entered into a Services Agreement under which FTDI serves as the Program Manager. FTDI provides, directly or through affiliates, certain distribution, investment management and administrative services relating to the Program. Franklin Advisers, Inc. (“Franklin Templeton”), an affiliate of FTDI, serves as the Investment Manager for the plans covered under this report. Franklin Templeton is not responsible for the investment management services of the S&P 500 Index Fund 529 Portfolio (“S&P Portfolio”). The S&P Portfolio is managed by J.P. Morgan Investment Management Inc.

These financial statements provide the combined financial results of the portfolios managed by Franklin Templeton that are available through the New Jersey 529 College Savings Plan – Franklin Templeton Managed Investment Options offered to Account Owners under the plan names: NJBEST 529 College Savings Plan, and, Franklin Templeton 529 College Savings Plan (“Plans”). The supplemental information provides the financial results of the individual portfolios.

Under the Plans, an Account Owner establishes an Account in the name of a Beneficiary and may elect to allocate contributions among the “Portfolios” of the three types of investment options, known as the Age-Based Asset Allocations, Objective-Based Allocations, and Individual Portfolios. Within each Age-Based Asset Allocations (Growth, Conservative or Moderate), contributions are allocated among four age bands, based on the age of the Beneficiary. Each Age-Based Asset Allocation Investment Option invests in certain Franklin/Templeton/Mutual Series Mutual Funds (“the Underlying Funds”) in varying percentages, as determined by HESAA. The Objective-Based Allocations portfolios each offer a distinctive investment strategy. The Individual Portfolios invest solely in a single underlying Fund or account. In the case of the S&P 500 Index Fund 529 Portfolio, the portfolio invests in the J.P. Morgan Equity Index Fund which seeks investment results that correspond to the aggregate price and dividend performance of securities in the S&P 500 Index. The portfolios under these investment options, grouped by type, are as follows:



# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST

## New Jersey 529 College Savings Plan – Franklin Templeton Managed Investment Options

### Notes to Combined Financial Statements *(continued)* for the year ended June 30, 2011

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

##### Age-Based

##### Asset Allocations

##### Objective-Based Allocations

##### Individual Portfolios

##### Growth

Newborn - 8 Years Portfolio: Growth

Age 9 - 12 Years Portfolio: Growth

Age 13-16 Years Portfolio

Age 17+ Years Portfolio

Franklin Templeton Corefolio Portfolio

Franklin Templeton Founding Funds 529 Portfolio

Growth Portfolio

Growth and Income Portfolio

Income Portfolio

Franklin Growth 529 Portfolio

Franklin Income 529 Portfolio

Franklin Small-Mid Cap Growth

529 Portfolio

Franklin Templeton Stable Value

529 Portfolio

Mutual Shares 529 Portfolio

S&P 500 Index Fund 529 Portfolio

Templeton Growth 529 Portfolio

##### Conservative

Newborn - 8 Years Portfolio

Age 9 - 12 Years Portfolio

Age 13-16 Years Portfolio

Age 17+ Years Portfolio

##### Moderate

Newborn - 8 Years Portfolio

Age 9 - 12 Years Portfolio

Age 13-16 Years Portfolio

Age 17+ Years Portfolio

The Age-Based Growth, Moderate and Conservative Asset Allocations and Objective-Based Allocations, excluding the Franklin Templeton Founding Funds 529 Portfolio, offer four classes of Trust Shares: Class A, Class B, Class C and Direct sold Trust Shares. Within the Individual Portfolios, the Franklin Templeton Stable Value 529 Portfolio and the S&P 500 Index Fund 529 Portfolio also offer four classes of Trust Shares. The remaining Individual Portfolios, as well as Franklin Templeton Founding Funds 529 Portfolio, offer three classes of shares: Class A, Class B and Class C shares. Each class of shares differs by its initial sales load, contingent deferred sales charges and annual asset-based sales fees. The Direct sold Trust Shares class is only available to New Jersey residents who invest in the NJBEST 529 College Savings Plan without a financial advisor.

The following summarizes the Trusts' significant accounting policies.

##### **a. Financial Instrument Valuation**

Net asset value per share is calculated as of the close of trading of the NYSE. Investments in the Underlying Funds are valued at their net asset value each trading day.

##### **b. Security Transactions, Investment Income and Expenses**

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on an average cost basis. Estimated expenses are accrued daily. Dividend income and realized gain distributions by Underlying Funds are recorded on the ex-date as dividend income and realized gain from underlying funds, respectively.

The Portfolios indirectly bear their proportionate share of expenses from the Underlying Funds. Since the Underlying Funds have varied expense levels and the Portfolios may own different proportions of the Underlying Funds at different times, the amount of expenses incurred indirectly by the Portfolios will vary.

# **NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**

## **New Jersey 529 College Savings Plan – Franklin Templeton Managed Investment Options**

**Notes to Combined Financial Statements (continued)**  
for the year ended June 30, 2011

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

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

Realized and unrealized gains and losses and net investment income, other than class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class.

#### **c. Guarantees and Indemnifications**

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

#### **d. Derivative Financial Instruments**

The Franklin Stable Value 529 Portfolio ("Stable Value Portfolio") may invest in derivatives in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives may contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and the potential for market movements which may expose the Stable Value Portfolio to gains or losses in excess of the amounts shown on the Statement of Assets and Liabilities.

The Stable Value Portfolio enters into Wrap Agreements with insurance companies, banks or other financial institutions ("Wrap Providers") that are rated, at the time of purchase, the equivalent of at least AA- or better, by a rating agency. A Wrap Agreement is a derivative instrument that is designed to protect some or all of a portfolio from investment losses. While the Stable Value Portfolio seeks to preserve the value of its investments through Wrap Agreements, there is no guarantee that the Stable Value Portfolio will not lose money during any period. There is no active trading market for Wrap Agreements, and none is expected to develop. The value of the wrap contract is determined by a present value discounting of the difference between the contractual wrap fee rate and the re-bid rate. The annual dollar differential in the fee level is discounted using a duration matched swap rate that approximates the risk free rate of interest. Inputs used in the calculation of the fair valuation of the wrap contracts include the book value of the wrap contract, contractual wrap fee rate, re-bid wrap fee rate, wrap portfolio duration, and the swap rate matched to the wrapped fixed income portfolio duration (present value discount factors).

As of June 30, 2011, Stable Value Portfolio has Wrap Agreements with State Street Bank and Bank of America, the Wrap Providers. The terms of the Wrap Agreements also require Stable Value Portfolio to maintain minimum cash and cash equivalent percentages. Throughout the term of the Wrap Agreements, the Stable Value Portfolio will pay quarterly the Wrap Providers an annualized wrap fee based on the Wrap Agreements' book value balance.

# **NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**

## **New Jersey 529 College Savings Plan – Franklin Templeton Managed Investment Options**

### **Notes to Combined Financial Statements (continued) for the year ended June 30, 2011**

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

##### **d. Derivative Financial Instruments (continued)**

The crediting rate used in computing the book value is the actual yield of the covered assets, plus or minus the unrealized gain or loss on the covered assets, based on fluctuations in the market value of the covered assets amortized over the duration of the covered assets.

At June 30, 2011, the covered assets included Stable Value Portfolio's holdings in the Franklin Limited Maturity U.S. Government Securities Fund, Advisor Class. The crediting rate is calculated by a formula specified by each Wrap Agreement and is adjusted periodically. The crediting rate used for each of the Stable Value Portfolio's Wrap Agreements is net of the wrap fee.

A default by the issuer of a portfolio security or a Wrap Provider on its obligations may result in a decrease in the value of the portfolio assets and, consequently, the shares of the Stable Value Portfolio. Wrap Agreements generally do not protect the portfolio from loss if an issuer of portfolio securities defaults on payments of interest or principal. Additionally, a Stable Value Portfolio shareholder may realize more or less than the actual investment return on the portfolio securities depending upon the timing of the shareholder's purchases and redemption of shares, as well as those of other shareholders.

The Stable Value Portfolio's investments and Wrap Agreements are reflected at fair market value, as defined by generally accepted accounting principles, in the accompanying financial statements. Net asset value for purposes of valuing transactions by Plan participants, however, continues to be calculated utilizing Wrap Agreements valued at contract value. See Note 5 regarding other derivative information.

##### **e. Income Taxes**

The Trust 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 Trust records a provision for taxes in its financial statements including penalties and interest, if any, for a tax position taken (or expected to be taken) when it fails to meet the more likely than not (a greater than 50% probability) threshold and based on the technical merits, the tax position may not be sustained upon examination by the tax authorities. As of June 30, 2011 and for all open tax years, the Trust has determined that no provision for income tax is required in the Fund's financial statements. Open tax years are those that remain subject to examination and are based on each tax jurisdiction statute of limitation.

##### **f. Accounting Estimates**

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

# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST

## New Jersey 529 College Savings Plan – Franklin Templeton Managed Investment Options

### Notes to Combined Financial Statements *(continued)* for the year ended June 30, 2011

#### 2. MANAGEMENT AGREEMENTS

The Portfolios pay annual Program management fees based on the average daily net assets of each portfolio as follows:

<b>Investment Option</b>	<b>FTDI Management Fee</b>	<b>HESAA Administrative Fee</b>	<b>Total Program Fee</b>
New Jersey 529 College Savings Plan - New Jersey Resident Accounts	0.25%	0.15%	0.40%
New Jersey 529 College Savings Plan - Non-New Jersey Resident Accounts	0.35%	0.05%	0.40%

FTDI and HESAA have contractually agreed to set the current rate of the Program Management Fee at 0.20% per year for the Direct sold Trust Shares of each Portfolio until further notice.

The Portfolios pay annual asset-based sales fees to FTDI of up to 0.25%, 1.00%, and 1.00% per year of their average daily net assets of Class A, Class B, and Class C, respectively, for costs incurred in marketing the Portfolios' shares.

Stable Value Portfolio pays Dwight Asset Management a sub-advisory fee of 0.10% based on average daily net assets.

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

#### 3. WAIVER AND EXPENSE REIMBURSEMENTS

In order to prevent a negative yield in the Stable Value Portfolio during the calculation of net asset value, FTDI and HESAA have voluntarily agreed to waive or limit their respective fees and assume, as their own, other expenses otherwise payable by the Stable Value Portfolio and, if necessary, make a capital infusion into the Stable Value Portfolio. These waivers, expense reimbursements and capital infusions are voluntary and may be modified or discontinued by FTDI or HESAA at any time, and without further notice. There is no guarantee that the Stable Value Portfolio will be able to avoid a negative yield.

#### 4. INVESTMENTS

At June 30, 2011, the net unrealized appreciation of portfolio investments was \$175,076,019 consisting of gross unrealized appreciation of \$223,467,884 and gross unrealized depreciation of \$48,391,865.

Purchases and sales of portfolio securities (excluding short term securities) for the period ended June 30, 2011, aggregated \$389,620,719 and \$171,689,002 respectively.

For a list of each portfolio's investments at June 30, 2011, please see the Statement of Investments for each portfolio in the Supplemental Information.

**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**  
**New Jersey 529 College Savings Plan –**  
**Franklin Templeton Managed Investment Options**

**Notes to Combined Financial Statements (continued)**  
**for the year ended June 30, 2011**

**5. OTHER DERIVATIVE INFORMATION**

At June 30, 2011, Wrap Agreements are reflected on the Statement of Assets and Liabilities as follows:

Asset Derivatives		
Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Assets and Liabilities Location	Fair Value Amount
Other Contracts	Wrap Agreements	\$ 23,512

For the year ended June 30, 2011, the effect of wrap agreements on the Trust's Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Realized Gain (Loss) for the Year Ended June 30, 2011	Change in Unrealized Appreciation (Depreciation) for the Year Ended June 30, 2011	Average Notional Amount Outstanding During the Year <sup>a</sup>
Other Contracts	Net change in unrealized appreciation (depreciation) on Investments in Underlying Funds and Wrap Agreements	\$ -	\$ 7,222	\$ 12,905,054

<sup>a</sup> Represents the average book value amount for wrap agreements outstanding during the year.

**6. FAIR VALUE MEASUREMENTS**

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

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speed, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Trust's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

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

**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**  
**New Jersey 529 College Savings Plan –**  
**Franklin Templeton Managed Investment Options**

**Notes to Combined Financial Statements (continued)**  
**for the year ended June 30, 2011**

**6. FAIR VALUE MEASUREMENTS (continued)**

The following is a summary of the inputs used as of June 30, 2011, in valuing the Trust's assets carried at fair value:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments in Securities:				
Equity Investments	\$ 2,432,085,774	\$ -	\$ -	\$ 2,432,085,774
Short Term Investments	182,646,585	-	-	182,646,585
Total Investments in Securities	<u>\$ 2,614,732,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,614,732,359</u>
Wrapper Agreements	\$ -	\$ 23,512	\$ -	\$ 23,512

**7. NEW ACCOUNTING PRONOUNCEMENT**

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). The amendments in the ASU will improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS and include new guidance for certain fair value measurement principles and disclosure requirements. The ASU is effective for interim and annual periods beginning after December 15, 2011. The Trust is currently evaluating the impact, if any, of applying this provision.

**8. SUBSEQUENT EVENTS**

The Trust has evaluated subsequent events through September 27, 2011, the date the financial statements were available to be issued, and determined that no events have occurred that required disclosure.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**  
**New Jersey 529 College Savings Plan -**  
**Franklin Templeton Managed Investment Options**

Financial Highlights

Age-Based Growth Asset Allocation Newborn-8 Years Portfolio	Class A				
	Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.86	\$ 13.70	\$ 18.09	\$ 20.70	\$ 16.92
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.13	0.10	0.09	0.14	0.08
Net realized and unrealized gain (loss)	4.76	2.06	(4.48)	(2.75)	3.70
Total from investment operations	4.89	2.16	(4.39)	(2.61)	3.78
Net asset value, end of year	\$ 20.75	\$ 15.86	\$ 13.70	\$ 18.09	\$ 20.70
Total return <sup>d</sup>	30.83%	15.77%	(24.27)%	(12.61)%	22.34%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	0.67%	0.62%	0.65%	0.73%	0.41%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 217,326	\$ 160,509	\$ 142,940	\$ 167,689	\$ 155,272

Age-Based Growth Asset Allocation Newborn-8 Years Portfolio	Class B				
	Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.00	\$ 13.05	\$ 17.37	\$ 20.02	\$ 16.49
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b,c</sup>	(0.01)	(0.02)	(0.01)	- <sup>f</sup>	(0.06)
Net realized and unrealized gain (loss)	4.49	1.97	(4.31)	(2.65)	3.59
Total from investment operations	4.48	1.95	(4.32)	(2.65)	3.53
Net asset value, end of year	\$ 19.48	\$ 15.00	\$ 13.05	\$ 17.37	\$ 20.02
Total return <sup>d</sup>	29.87%	14.94%	(24.87)%	(13.24)%	21.41%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income (loss) <sup>c</sup>	(0.08)%	(0.13)%	(0.10)%	(0.02)%	(0.34)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 65,164	\$ 54,041	\$ 53,192	\$ 67,488	\$ 66,196

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>f</sup>Amount rounds to less than \$0.01 per share.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**  
**New Jersey 529 College Savings Plan -**  
**Franklin Templeton Managed Investment Options**

Financial Highlights

	Class C				
	Year Ended June 30,				
Age-Based Growth Asset Allocation Newborn-8 Years Portfolio	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.19	\$ 13.23	\$ 17.59	\$ 20.27	\$ 16.69
Income from investment operations <sup>a</sup> :					
Net investment loss <sup>b,c</sup>	(0.01)	(0.02)	(0.01)	- <sup>d</sup>	(0.06)
Net realized and unrealized gain (loss)	4.55	1.98	(4.35)	(2.68)	3.64
Total from investment operations	4.54	1.96	(4.36)	(2.68)	3.58
Net asset value, end of year	\$ 19.73	\$ 15.19	\$ 13.23	\$ 17.59	\$ 20.27
 Total return <sup>e</sup>	29.89%	14.81%	(24.79)%	(13.22)%	21.45%
<b>Ratios to average net assets</b>					
Expenses <sup>f</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income (loss) <sup>c</sup>	(0.08)%	(0.13)%	(0.10)%	(0.02)%	(0.34)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 69,015	\$ 54,926	\$ 51,959	\$ 58,733	\$ 56,258

	Direct				
	Year Ended June 30,				
Age-Based Growth Asset Allocation Newborn-8 Years Portfolio	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 16.13	\$ 13.89	\$ 18.29	\$ 20.88	\$ 17.03
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.22	0.16	0.13	0.19	0.12
Net realized and unrealized gain (loss)	4.86	2.08	(4.53)	(2.78)	3.73
Total from investment operations	5.08	2.24	(4.40)	(2.59)	3.85
Net asset value, end of year	\$ 21.21	\$ 16.13	\$ 13.89	\$ 18.29	\$ 20.88
 Total return <sup>e</sup>	31.49%	16.13%	(24.06)%	(12.40)%	22.61%
<b>Ratios to average net assets</b>					
Expenses <sup>f</sup>	0.20%	0.30%	0.40%	0.40%	0.40%
Net investment income <sup>c</sup>	1.12%	0.97%	0.90%	0.98%	0.66%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 162,432	\$ 125,771	\$ 112,850	\$ 133,298	\$ 127,128

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Amount rounds to less than \$0.01 per share.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>f</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.



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Age-Based Growth Asset Allocation Age 9-12 Years Portfolio	Class A Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.65	\$ 13.75	\$ 16.62	\$ 18.13	\$ 15.34
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.22	0.19	0.25	0.30	0.25
Net realized and unrealized gain (loss)	3.54	1.71	(3.12)	(1.81)	2.54
Total from investment operations	3.76	1.90	(2.87)	(1.51)	2.79
Net asset value, end of year	\$ 19.41	\$ 15.65	\$ 13.75	\$ 16.62	\$ 18.13
Total return <sup>d</sup>	24.03%	13.82%	(17.27)%	(8.33)%	18.19%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	1.25%	1.24%	1.80%	1.70%	1.47%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 136,397	\$ 104,007	\$ 81,261	\$ 92,753	\$ 84,945

Age-Based Growth Asset Allocation Age 9-12 Years Portfolio	Class B Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.72	\$ 13.02	\$ 15.87	\$ 17.44	\$ 14.88
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.08	0.07	0.14	0.16	0.12
Net realized and unrealized gain (loss)	3.31	1.63	(2.99)	(1.73)	2.44
Total from investment operations	3.39	1.70	(2.85)	(1.57)	2.56
Net asset value, end of year	\$ 18.11	\$ 14.72	\$ 13.02	\$ 15.87	\$ 17.44
Total return <sup>d</sup>	23.03%	13.06%	(17.96)%	(9.00)%	17.20%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	0.50%	0.49%	1.05%	0.95%	0.72%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 45,843	\$ 35,868	\$ 31,238	\$ 37,500	\$ 36,456

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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	Year Ended June 30,				
Age-Based Growth Asset Allocation Age 9-12 Years Portfolio	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.93	\$ 13.21	\$ 16.10	\$ 17.70	\$ 15.09
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.08	0.07	0.13	0.16	0.12
Net realized and unrealized gain (loss)	3.36	1.65	(3.02)	(1.76)	2.49
Total from investment operations	3.44	1.72	(2.89)	(1.60)	2.61
Net asset value, end of year	\$ 18.37	\$ 14.93	\$ 13.21	\$ 16.10	\$ 17.70
Total return <sup>d</sup>	23.04%	13.02%	(17.95)%	(9.04)%	17.30%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	0.50%	0.49%	1.05%	0.95%	0.72%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 58,192	\$ 46,873	\$ 40,965	\$ 44,178	\$ 40,981

	Direct				
	Year Ended June 30,				
Age-Based Growth Asset Allocation Age 9-12 Years Portfolio	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.93	\$ 13.95	\$ 16.82	\$ 18.30	\$ 15.45
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.31	0.26	0.28	0.35	0.29
Net realized and unrealized gain (loss)	3.60	1.72	(3.15)	(1.83)	2.56
Total from investment operations	3.91	1.98	(2.87)	(1.48)	2.85
Net asset value, end of year	\$ 19.84	\$ 15.93	\$ 13.95	\$ 16.82	\$ 18.30
Total return <sup>d</sup>	24.54%	14.19%	(17.06)%	(8.09)%	18.45%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.20%	0.30%	0.40%	0.40%	0.40%
Net investment income <sup>c</sup>	1.70%	1.59%	2.05%	1.95%	1.72%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 90,258	\$ 64,004	\$ 53,062	\$ 56,940	\$ 51,422

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Age-Based Growth Asset Allocation Age 13-16 Years Portfolio	Class A				
	Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.54	\$ 13.82	\$ 15.21	\$ 15.86	\$ 13.92
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.30	0.27	0.37	0.42	0.38
Net realized and unrealized gain (loss)	2.46	1.45	(1.76)	(1.07)	1.56
Total from investment operations	2.76	1.72	(1.39)	(0.65)	1.94
Net asset value, end of year	\$ 18.30	\$ 15.54	\$ 13.82	\$ 15.21	\$ 15.86
Total return <sup>d</sup>	17.76%	12.45%	(9.14)%	(4.10)%	13.94%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	1.77%	1.72%	2.76%	2.65%	2.53%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 142,372	\$ 111,862	\$ 85,158	\$ 81,360	\$ 66,260

Age-Based Growth Asset Allocation Age 13-16 Years Portfolio	Class B				
	Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.51	\$ 12.99	\$ 14.41	\$ 15.14	\$ 13.39
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.16	0.14	0.26	0.29	0.26
Net realized and unrealized gain (loss)	2.28	1.38	(1.68)	(1.02)	1.49
Total from investment operations	2.44	1.52	(1.42)	(0.73)	1.75
Net asset value, end of year	\$ 16.95	\$ 14.51	\$ 12.99	\$ 14.41	\$ 15.14
Total return <sup>d</sup>	16.82%	11.70%	(9.85)%	(4.82)%	13.07%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	1.02%	0.97%	2.01%	1.90%	1.78%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 47,270	\$ 39,311	\$ 31,102	\$ 30,805	\$ 25,077

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Age-Based Growth Asset Allocation Age 13-16 Years Portfolio	Class C				
	Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.52	\$ 13.01	\$ 14.42	\$ 15.15	\$ 13.40
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.16	0.14	0.25	0.28	0.25
Net realized and unrealized gain (loss)	2.29	1.37	(1.66)	(1.01)	1.50
Total from investment operations	2.45	1.51	(1.41)	(0.73)	1.75
Net asset value, end of year	\$ 16.97	\$ 14.52	\$ 13.01	\$ 14.42	\$ 15.15
Total return <sup>d</sup>	16.87%	11.61%	(9.78)%	(4.82)%	13.06%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	1.02%	0.97%	2.01%	1.90%	1.78%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 87,646	\$ 73,687	\$ 61,267	\$ 61,799	\$ 53,924

Age-Based Growth Asset Allocation Age 13-16 Years Portfolio	Direct				
	Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.73	\$ 13.93	\$ 15.30	\$ 15.91	\$ 13.94
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.39	0.33	0.40	0.46	0.41
Net realized and unrealized gain (loss)	2.48	1.47	(1.77)	(1.07)	1.56
Total from investment operations	2.87	1.80	(1.37)	(0.61)	1.97
Net asset value, end of year	\$ 18.60	\$ 15.73	\$ 13.93	\$ 15.30	\$ 15.91
Total return <sup>d</sup>	18.25%	12.92%	(8.95)%	(3.83)%	14.13%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.20%	0.30%	0.40%	0.40%	0.40%
Net investment income <sup>c</sup>	2.22%	2.07%	3.01%	2.90%	2.78%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 91,256	\$ 68,888	\$ 51,647	\$ 50,773	\$ 39,584

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Age-Based Growth Asset Allocation Age 17+ Years Portfolio	Class A Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.04	\$ 12.75	\$ 13.23	\$ 13.22	\$ 12.02
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.37	0.34	0.48	0.48	0.46
Net realized and unrealized gain (loss)	1.21	0.95	(0.96)	(0.47)	0.74
Total from investment operations	1.58	1.29	(0.48)	0.01	1.20
Net asset value, end of year	\$ 15.62	\$ 14.04	\$ 12.75	\$ 13.23	\$ 13.22
Total return <sup>d</sup>	11.25%	10.12%	(3.63)%	0.08%	9.98%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	2.45%	2.48%	3.85%	3.56%	3.59%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 93,204	\$ 65,206	\$ 30,429	\$ 27,431	\$ 17,578

Age-Based Growth Asset Allocation Age 17+ Years Portfolio	Class B Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.39	\$ 12.24	\$ 12.80	\$ 12.89	\$ 11.80
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.24	0.23	0.37	0.36	0.36
Net realized and unrealized gain (loss)	1.15	0.92	(0.93)	(0.45)	0.73
Total from investment operations	1.39	1.15	(0.56)	(0.09)	1.09
Net asset value, end of year	\$ 14.78	\$ 13.39	\$ 12.24	\$ 12.80	\$ 12.89
Total return <sup>d</sup>	10.38%	9.40%	(4.38)%	(0.70)%	9.24%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	1.70%	1.73%	3.10%	2.81%	2.84%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 28,655	\$ 20,268	\$ 7,137	\$ 5,609	\$ 2,603

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Year Ended June 30,					
Age-Based Growth Asset Allocation Age 17+ Years Portfolio	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.63	\$ 12.46	\$ 13.03	\$ 13.12	\$ 12.02
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.25	0.23	0.37	0.37	0.36
Net realized and unrealized gain (loss)	1.16	0.94	(0.94)	(0.46)	0.74
Total from investment operations	1.41	1.17	(0.57)	(0.09)	1.10
Net asset value, end of year	\$ 15.04	\$ 13.63	\$ 12.46	\$ 13.03	\$ 13.12
Total return <sup>d</sup>	10.34%	9.39%	(4.37)%	(0.69)%	9.15%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	1.70%	1.73%	3.10%	2.81%	2.84%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 82,923	\$ 67,813	\$ 38,878	\$ 35,668	\$ 24,018

Direct					
Year Ended June 30,					
Age-Based Growth Asset Allocation Age 17+ Years Portfolio	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.74	\$ 13.34	\$ 13.80	\$ 13.76	\$ 12.48
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.46	0.41	0.53	0.53	0.51
Net realized and unrealized gain (loss)	1.27	0.99	(0.99)	(0.49)	0.77
Total from investment operations	1.73	1.40	(0.46)	0.04	1.28
Net asset value, end of year	\$ 16.47	\$ 14.74	\$ 13.34	\$ 13.80	\$ 13.76
Total return <sup>d</sup>	11.74%	10.49%	(3.33)%	0.29%	10.26%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.20%	0.30%	0.40%	0.40%	0.40%
Net investment income <sup>c</sup>	2.90%	2.83%	4.10%	3.81%	3.84%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 60,907	\$ 44,212	\$ 21,876	\$ 20,312	\$ 12,571

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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	Class A	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>Age-Based Conservative Asset Allocation</b>		
<b>Newborn-8 Years Portfolio</b>		
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.96	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.19	0.02
Net realized and unrealized gain (loss)	1.50	(0.06)
Total from investment operations	1.69	(0.04)
Net asset value, end of year	\$ 11.65	\$ 9.96
Total return <sup>e</sup>	16.97%	(0.40)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.65%	0.65%
Net investment income <sup>d</sup>	1.67%	1.04%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 3,184	\$ 413

	Class B	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>Age-Based Conservative Asset Allocation</b>		
<b>Newborn-8 Years Portfolio</b>		
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.94	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.11	0.01
Net realized and unrealized gain (loss)	1.49	(0.07)
Total from investment operations	1.60	(0.06)
Net asset value, end of year	\$ 11.54	\$ 9.94
Total return <sup>e</sup>	16.10%	(0.60)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	0.92%	0.29%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 364	\$ 19

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Age-Based Conservative Asset Allocation Newborn-8 Years Portfolio	Class C	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.94	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.10	- <sup>e</sup>
Net realized and unrealized gain (loss)	1.50	(0.06)
Total from investment operations	1.60	(0.06)
Net asset value, end of year	\$ 11.54	\$ 9.94
Total return <sup>f</sup>	16.10%	(0.60)%
<b>Ratios to average net assets<sup>g</sup></b>		
Expenses <sup>h</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	0.92%	0.29%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 1,229	\$ 302

Age-Based Conservative Asset Allocation Newborn-8 Years Portfolio	Direct	
	Year Ended June 30,	
	2011	2010 <sup>i</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.97	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.23	0.09
Net realized and unrealized gain (loss)	1.52	(0.12)
Total from investment operations	1.75	(0.03)
Net asset value, end of year	\$ 11.72	\$ 9.97
Total return <sup>f</sup>	17.55%	(0.30)%
<b>Ratios to average net assets<sup>g</sup></b>		
Expenses <sup>h</sup>	0.20%	0.20%
Net investment income <sup>d</sup>	2.12%	1.49%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 1,240	\$ 342

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Amount rounds to less than \$0.01.

<sup>f</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>g</sup>Ratios are annualized for years less than one year.

<sup>h</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>i</sup>For the period December 18, 2009 (commencement of operations) to June 30, 2010



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Age-Based Conservative Asset Allocation Age 9-12 Years Portfolio	Class A	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.14	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.25	0.03
Net realized and unrealized gain (loss)	0.84	0.11
Total from investment operations	1.09	0.14
Net asset value, end of year	\$ 11.23	\$ 10.14
Total return <sup>e</sup>	10.75%	1.40%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.65%	0.65%
Net investment income <sup>d</sup>	2.26%	2.10%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 1,767	\$ 121

Age-Based Conservative Asset Allocation Age 9-12 Years Portfolio	Class B	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.13	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.15	0.03
Net realized and unrealized gain (loss)	0.86	0.10
Total from investment operations	1.01	0.13
Net asset value, end of year	\$ 11.14	\$ 10.13
Total return <sup>e</sup>	9.97%	1.30%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	1.51%	1.35%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 138	\$ 24

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Age-Based Conservative Asset Allocation Age 9-12 Years Portfolio	Class C	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.12	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.16	0.02
Net realized and unrealized gain (loss)	0.85	0.10
Total from investment operations	1.01	0.12
Net asset value, end of year	\$ 11.13	\$ 10.12
Total return <sup>e</sup>	9.98%	1.20%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	1.51%	1.35%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 776	\$ 141

Age-Based Conservative Asset Allocation Age 9-12 Years Portfolio	Direct	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.16	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.30	0.14
Net realized and unrealized gain (loss)	0.84	0.02
Total from investment operations	1.14	0.16
Net asset value, end of year	\$ 11.30	\$ 10.16
Total return <sup>e</sup>	11.22%	1.60%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.20%	0.20%
Net investment income <sup>d</sup>	2.71%	2.55%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 945	\$ 269

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>h</sup>For the period December 18, 2009 (commencement of operations) to June 30, 2010.

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Age-Based Conservative Asset Allocation 13-16 Years Portfolio	Class A	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.36	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.32	0.07
Net realized and unrealized gain (loss)	0.19	0.29
Total from investment operations	0.51	0.36
Net asset value, end of year	\$ 10.87	\$ 10.36
Total return <sup>e</sup>	4.92%	3.60%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.65%	0.65%
Net investment income <sup>d</sup>	2.96%	2.88%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 3,006	\$ 106

Age-Based Conservative Asset Allocation 13-16 Years Portfolio	Class B	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.35	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.23	0.05
Net realized and unrealized gain (loss)	0.19	0.30
Total from investment operations	0.42	0.35
Net asset value, end of year	\$ 10.77	\$ 10.35
Total return <sup>e</sup>	4.06%	3.50%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	2.21%	2.13%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 124	\$ 5

<sup>a</sup>For the period December 18, 2009 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments in the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Age-Based Conservative Asset Allocation 13-16 Years Portfolio	Class C	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.35	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.23	0.05
Net realized and unrealized gain (loss)	0.20	0.30
Total from investment operations	0.43	0.35
Net asset value, end of year	\$ 10.78	\$ 10.35
Total return <sup>e</sup>	4.15%	3.50%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>c</sup>	2.21%	2.13%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 2,357	\$ 357

Age-Based Conservative Asset Allocation 13-16 Years Portfolio	Direct	
	Year Ended June 30,	
	2011	2010 <sup>h</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.36	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.36	0.18
Net realized and unrealized gain (loss)	0.21	0.18
Total from investment operations	0.57	0.36
Net asset value, end of year	\$ 10.93	\$ 10.36
Total return <sup>e</sup>	5.50%	3.60%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.20%	0.20%
Net investment income <sup>c</sup>	3.41%	3.33%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 1,688	\$ 765

<sup>a</sup>For the period December 18, 2009 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sale and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments in the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>h</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

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Age-Based Conservative Asset Allocation 17+ Years Portfolio	Class A	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.99	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	(0.06)	(0.01)
Net realized and unrealized gain (loss)	-	-
Total from investment operations	(0.06)	(0.01)
Net asset value, end of year	\$ 9.93	\$ 9.99
Total return <sup>e</sup>	(0.60)%	(0.10)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.65%	0.65%
Net investment loss <sup>d</sup>	(0.65)%	(0.65)%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 3,853	\$ 318

Age-Based Conservative Asset Allocation 17+ Years Portfolio	Class B	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.97	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	(0.14)	(0.03)
Net realized and unrealized gain (loss)	-	-
Total from investment operations	(0.14)	(0.03)
Net asset value, end of year	\$ 9.83	\$ 9.97
Total return <sup>e</sup>	(1.40)%	(0.30)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment loss <sup>d</sup>	(1.40)%	(1.40)%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 540	\$ 73

<sup>a</sup>For the period December 18, 2009 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments in the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or the contingent deferred sales charge, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Age-Based Conservative Asset Allocation 17+ Years Portfolio	Class C	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.97	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	(0.14)	(0.03)
Net realized and unrealized gain (loss)	-	-
Total from investment operations	(0.14)	(0.03)
Net asset value, end of year	\$ 9.83	\$ 9.97
Total return <sup>e</sup>	(1.40)%	(0.30)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment loss <sup>c</sup>	(1.40)%	(1.40)%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 3,498	\$ 814

Age-Based Conservative Asset Allocation 17+ Years Portfolio	Direct	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.99	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	(0.02)	(0.01)
Net realized and unrealized gain (loss)	-	-
Total from investment operations	(0.02)	(0.01)
Net asset value, end of year	\$ 9.97	\$ 9.99
Total return <sup>e</sup>	(0.20)%	(0.10)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.20%	0.20%
Net investment loss <sup>c</sup>	(0.20)%	(0.20)%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 2,924	\$ 787

<sup>a</sup>For the period December 18, 2009 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments in the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or the contingent deferred sales charge, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year..

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>h</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

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Age-Based Moderate Asset Allocation Newborn-8 Years Portfolio	Class A	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.65	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.11	0.01
Net realized and unrealized gain (loss)	2.17	(0.36)
Total from investment operations	2.28	(0.35)
Net asset value, end of year	\$ 11.93	\$ 9.65
Total return <sup>e</sup>	23.63%	(3.50)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.65%	0.65%
Net investment income <sup>d</sup>	0.98%	0.27%
<b>Supplemental data</b>		
Net assets, end of year(000's)	\$ 14,689	\$ 1,723

Age-Based Moderate Asset Allocation Newborn-8 Years Portfolio	Class B	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.63	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income (loss) <sup>c,d</sup>	0.02	(0.01)
Net realized and unrealized gain (loss)	2.16	(0.36)
Total from investment operations	2.18	(0.37)
Net asset value, end of year	\$ 11.81	\$ 9.63
Total return <sup>e</sup>	22.64%	(3.70)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income (loss) <sup>d</sup>	0.23%	(0.48)%
<b>Supplemental data</b>		
Net assets, end of year(000's)	\$ 1,652	\$ 174

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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	Class C	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>Age-Based Moderate Asset Allocation Newborn-8 Years Portfolio</b>		
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.62	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.02	(0.01)
Net realized and unrealized gain (loss)	2.15	(0.37)
Total from investment operations	2.17	(0.38)
Net asset value, end of year	\$ 11.79	\$ 9.62
Total return <sup>e</sup>	22.56%	(3.80)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income (loss) <sup>d</sup>	0.23%	(0.48)%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 3,583	\$ 411

	Direct	
	Year Ended June 30,	
	2011	2010 <sup>h</sup>
<b>Age-Based Moderate Asset Allocation Newborn-8 Years Portfolio</b>		
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.65	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.17	0.04
Net realized and unrealized gain (loss)	2.15	(0.39)
Total from investment operations	2.32	(0.35)
Net asset value, end of year	\$ 11.97	\$ 9.65
Total return <sup>e</sup>	24.04%	(3.50)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.20%	0.20%
Net investment income <sup>d</sup>	1.43%	0.72%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 3,539	\$ 986

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>h</sup>For the period December 18, 2009 (commencement of operations) to June 30, 2010.



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	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.88	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.18	0.02
Net realized and unrealized gain (loss)	1.54	(0.14)
Total from investment operations	1.72	(0.12)
Net asset value, end of year	\$ 11.60	\$ 9.88
Total return <sup>e</sup>	17.41%	(1.20)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.65%	0.65%
Net investment income <sup>d</sup>	1.56%	1.14%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 9,860	\$ 1,783

Age-Based Moderate Asset Allocation Age 9-12 Years Portfolio	Class B	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.87	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.09	0.01
Net realized and unrealized gain (loss)	1.53	(0.14)
Total from investment operations	1.62	(0.13)
Net asset value, end of year	\$ 11.49	\$ 9.87
Total return <sup>e</sup>	16.41%	(1.30)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	0.87%	0.39%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 1,008	\$ 40

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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	Class C	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>Age-Based Moderate Asset Allocation</b>		
<b>Age 9-12 Years Portfolio</b>		
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.88	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.09	0.01
Net realized and unrealized gain (loss)	1.53	(0.13)
Total from investment operations	1.62	(0.12)
Net asset value, end of year	\$ 11.50	\$ 9.88
Total return <sup>e</sup>	16.40%	(1.20)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	0.87%	0.39%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 4,582	\$ 544

	Direct	
	Year Ended June 30, 2011	Period Ended June 30, 2010 <sup>b</sup>
<b>Age-Based Moderate Asset Allocation</b>		
<b>Age 9-12 Years Portfolio</b>		
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 9.89	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.23	0.08
Net realized and unrealized gain (loss)	1.52	(0.19)
Total from investment operations	1.75	(0.11)
Net asset value, end of year	\$ 11.64	\$ 9.89
Total return <sup>e</sup>	17.69%	(1.10)%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.20%	0.20%
Net investment income <sup>d</sup>	2.07%	1.59%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 2,220	\$ 690

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>h</sup>For the period December 18, 2009 (commencement of operations) to June 30, 2010.

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Age-Based Moderate Asset Allocation 13-16 Years Portfolio	Class A	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.13	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.25	0.04
Net realized and unrealized gain (loss)	0.86	0.09
Total from investment operations	1.11	0.13
Net asset value, end of year	\$ 11.24	\$ 10.13
Total return <sup>e</sup>	10.96%	1.30%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.65%	0.65%
Net investment income <sup>d</sup>	2.29%	2.02%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 7,761	\$ 703

Age-Based Moderate Asset Allocation 13-16 Years Portfolio	Class B	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.12	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.16	0.03
Net realized and unrealized gain (loss)	0.87	0.09
Total from investment operations	1.03	0.12
Net asset value, end of year	\$ 11.15	\$ 10.12
Total return <sup>e</sup>	10.18%	1.20%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	1.54%	1.27%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 871	\$ 22

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Age-Based Moderate Asset Allocation 13-16 Years Portfolio	Class C	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.10	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.17	0.03
Net realized and unrealized gain (loss)	0.87	0.07
Total from investment operations	1.04	0.10
Net asset value, end of year	\$ 11.14	\$ 10.10
Total return <sup>e</sup>	10.30%	1.00%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	1.54%	1.27%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 7,654	\$ 1,310

Age-Based Moderate Asset Allocation 13-16 Years Portfolio	Direct	
	Year Ended June 30,	
	2011	2010 <sup>h</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.13	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.30	0.13
Net realized and unrealized gain (loss)	0.88	- <sup>i</sup>
Total from investment operations	\$ 1.18	\$ 0.13
Net asset value, end of year	\$ 11.31	\$ 10.13
Total return <sup>e</sup>	11.65%	1.30%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.20%	0.20%
Net investment income <sup>d</sup>	2.74%	2.47%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 2,815	\$ 1,447

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>h</sup>For the year December 18, 2009 (commencement of operations) to June 30, 2010.

<sup>i</sup>Amount rounds to less than \$0.01 per share.

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Age-Based Moderate Asset Allocation 17+ Years Portfolio	Class A	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.32	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.32	0.06
Net realized and unrealized gain (loss)	0.21	0.26
Total from investment operations	0.53	0.32
Net asset value, end of year	\$ 10.85	\$ 10.32
Total return <sup>e</sup>	5.14%	3.20%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.65%	0.65%
Net investment income <sup>d</sup>	3.02%	3.07%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 2,286	\$ 247

Age-Based Moderate Asset Allocation 17+ Years Portfolio	Class B	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.31	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.24	0.05
Net realized and unrealized gain (loss)	0.20	0.26
Total from investment operations	0.44	0.31
Net asset value, end of year	\$ 10.75	\$ 10.31
Total return <sup>e</sup>	4.27%	3.10%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	2.27%	2.32%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 112	\$ 34

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Age-Based Moderate Asset Allocation 17+ Years Portfolio	Class C	
	Year Ended June 30,	
	2011	2010 <sup>a</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.31	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.24	0.05
Net realized and unrealized gain (loss)	0.21	0.26
Total from investment operations	0.45	0.31
Net asset value, end of year	\$ 10.76	\$ 10.31
Total return <sup>e</sup>	4.36%	3.10%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	1.40%	1.40%
Net investment income <sup>d</sup>	2.27%	2.32%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 3,986	\$ 590

Age-Based Moderate Asset Allocation 17+ Years Portfolio	Direct	
	Year Ended June 30,	
	2011	2010 <sup>h</sup>
<b>SELECTED PER SHARE DATA</b>		
Net asset value, beginning of year	\$ 10.32	\$ 10.00
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup>	0.37	0.19
Net realized and unrealized gain (loss)	0.21	0.13
Total from investment operations	0.58	0.32
Net asset value, end of year	\$ 10.90	\$ 10.32
Total return <sup>e</sup>	5.62%	3.20%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses <sup>g</sup>	0.20%	0.20%
Net investment income <sup>d</sup>	3.47%	3.52%
<b>Supplemental data</b>		
Net assets, end of year (000's)	\$ 2,115	\$ 799

<sup>a</sup>For the period April 23, 2010 (commencement of operations) to June 30, 2010.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for years less than one year.

<sup>f</sup>Ratios are annualized for years less than one year.

<sup>g</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>h</sup>For the period December 18, 2009 (commencement of operations) to June 30, 2010.

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Franklin Templeton Corefolio Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.51	\$ 12.53	\$ 16.70	\$ 19.64	\$ 16.35
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.12	0.12	0.17	0.16	0.08
Net realized and unrealized gain (loss)	4.09	1.86	(4.34)	(3.10)	3.21
Total from investment operations	4.21	1.98	(4.17)	(2.94)	3.29
Net asset value, end of year	\$ 18.72	\$ 14.51	\$ 12.53	\$ 16.70	\$ 19.64
Total return <sup>d</sup>	29.01%	15.80%	(24.97)%	(14.97)%	20.12%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	0.69%	0.81%	1.35%	0.85%	0.40%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 48,563	\$ 36,704	\$ 31,433	\$ 40,478	\$ 42,200

Franklin Templeton Corefolio Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.50	\$ 11.75	\$ 15.77	\$ 18.69	\$ 15.67
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b,c</sup>	(0.01)	0.01	0.07	0.02	(0.06)
Net realized and unrealized gain (loss)	3.79	1.74	(4.09)	(2.94)	3.08
Total from investment operations	3.78	1.75	(4.02)	(2.92)	3.02
Net asset value, end of year	\$ 17.28	\$ 13.50	\$ 11.75	\$ 15.77	\$ 18.69
Total return <sup>d</sup>	28.00%	14.89%	(25.49)%	(15.62)%	19.27%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income (loss) <sup>c</sup>	(0.06)%	0.06%	0.60%	0.10%	(0.35)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 12,705	\$ 9,801	\$ 8,429	\$ 11,277	\$ 12,290

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Franklin Templeton Corefolio Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.75	\$ 11.97	\$ 16.06	\$ 19.03	\$ 15.96
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b,c</sup>	(0.01)	0.01	0.07	0.02	(0.06)
Net realized and unrealized gain (loss)	3.87	1.77	(4.16)	(2.99)	3.13
Total from investment operations	3.86	1.78	(4.09)	(2.97)	3.07
Net asset value, end of year	\$ 17.61	\$ 13.75	\$ 11.97	\$ 16.06	\$ 19.03
Total return <sup>d</sup>	28.07%	14.87%	(25.47)%	(15.61)%	19.24%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income (loss) <sup>f</sup>	(0.06)%	0.06%	0.60%	0.10%	(0.35)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 27,478	\$ 21,173	\$ 18,058	\$ 24,730	\$ 25,647

Franklin Templeton Corefolio Portfolio	Direct				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.79	\$ 12.73	\$ 16.92	\$ 19.85	\$ 16.48
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.20	0.18	0.21	0.20	0.11
Net realized and unrealized gain (loss)	4.17	1.88	(4.40)	(3.13)	3.26
Total from investment operations	4.37	2.06	(4.19)	(2.93)	3.37
Net asset value, end of year	\$ 19.16	\$ 14.79	\$ 12.73	\$ 16.92	\$ 19.85
Total return <sup>d</sup>	29.55%	16.18%	(24.76)%	(14.76)%	20.45%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.20%	0.30%	0.40%	0.40%	0.40%
Net investment income <sup>f</sup>	1.14%	1.16%	1.60%	1.10%	0.65%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 35,565	\$ 26,550	\$ 21,855	\$ 26,781	\$ 26,803

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.



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Franklin Templeton Founding Funds 529 Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 9.81	\$ 8.57	\$ 11.26	\$ 13.29	\$ 11.02
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.36	0.32	0.37	0.35	0.27
Net realized and unrealized gain (loss)	2.07	0.92	(3.06)	(2.38)	2.00
Total from investment operations	2.43	1.24	(2.69)	(2.03)	2.27
Net asset value, end of year	\$ 12.24	\$ 9.81	\$ 8.57	\$ 11.26	\$ 13.29
Total return <sup>d</sup>	24.77%	14.47%	(23.89)%	(15.27)%	20.60%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	3.15%	3.17%	4.28%	2.82%	2.14%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 115,654	\$ 89,876	\$ 73,054	\$ 92,764	\$ 72,802

Franklin Templeton Founding Funds 529 Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 9.46	\$ 8.33	\$ 11.03	\$ 13.10	\$ 10.95
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.27	0.24	0.30	0.25	0.17
Net realized and unrealized gain (loss)	1.97	0.89	(3.00)	(2.32)	1.98
Total from investment operations	2.24	1.13	(2.70)	(2.07)	2.15
Net asset value, end of year	\$ 11.70	\$ 9.46	\$ 8.33	\$ 11.03	\$ 13.10
Total return <sup>d</sup>	23.68%	13.57%	(24.48)%	(15.80)%	19.63%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	2.40%	2.42%	3.53%	2.07%	1.39%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 18,950	\$ 14,755	\$ 12,552	\$ 15,216	\$ 12,171

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Franklin Templeton Founding Funds 529 Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 9.44	\$ 8.32	\$ 11.02	\$ 13.09	\$ 10.94
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.26	0.24	0.29	0.25	0.17
Net realized and unrealized gain (loss)	1.99	0.88	(2.99)	(2.32)	1.98
Total from investment operations	2.25	1.12	(2.70)	(2.07)	2.15
Net asset value, end of year	\$ 11.69	\$ 9.44	\$ 8.32	\$ 11.02	\$ 13.09
Total return <sup>d</sup>	23.83%	13.46%	(24.50)%	(15.81)%	19.65%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	2.40%	2.42%	3.53%	2.07%	1.39%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 64,442	\$ 51,390	\$ 41,895	\$ 55,398	\$ 47,466

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Growth Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.84	\$ 13.73	\$ 18.10	\$ 20.67	\$ 16.89
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.12	0.09	0.09	0.15	0.08
Net realized and unrealized gain (loss)	4.77	2.02	(4.46)	(2.72)	3.70
Total from investment operations	4.89	2.11	(4.37)	(2.57)	3.78
Net asset value, end of year	\$ 20.73	\$ 15.84	\$ 13.73	\$ 18.10	\$ 20.67
Total return <sup>d</sup>	30.87%	15.37%	(24.14)%	(12.43)%	22.38%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	0.65%	0.58%	0.67%	0.77%	0.40%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 43,012	\$ 28,375	\$ 21,497	\$ 25,244	\$ 21,255

Growth Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.01	\$ 13.11	\$ 17.41	\$ 20.04	\$ 16.50
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b,c</sup>	(0.01)	(0.03)	(0.01)	-	(0.06)
Net realized and unrealized gain (loss)	4.50	1.93	(4.29)	(2.63)	3.60
Total from investment operations	4.49	1.90	(4.30)	(2.63)	3.54
Net asset value, end of year	\$ 19.50	\$ 15.01	\$ 13.11	\$ 17.41	\$ 20.04
Total return <sup>d</sup>	29.91%	14.49%	(24.70)%	(13.12)%	21.45%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income (loss) <sup>c</sup>	(0.10)%	(0.17)%	(0.08)%	0.02%	(0.35)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 8,300	\$ 6,451	\$ 5,271	\$ 6,579	\$ 6,478

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>f</sup>Amount rounds to less than \$0.01 per share.

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	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.06	\$ 13.15	\$ 17.47	\$ 20.11	\$ 16.56
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b,c</sup>	(0.02)	(0.03)	(0.01)	- <sup>d</sup>	(0.06)
Net realized and unrealized gain (loss)	4.52	1.94	(4.31)	(2.64)	3.61
Total from investment operations	4.50	1.91	(4.32)	(2.64)	3.55
Net asset value, end of year	\$ 19.56	\$ 15.06	\$ 13.15	\$ 17.47	\$ 20.11
Total return <sup>e</sup>	29.88%	14.52%	(24.73)%	(13.13)%	21.44%
<b>Ratios to average net assets</b>					
Expenses <sup>f</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income (loss) <sup>c</sup>	(0.10)%	(0.17)%	(0.08)%	0.02%	(0.35)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 22,650	\$ 16,464	\$ 13,408	\$ 15,261	\$ 12,064

Growth Portfolio	Direct				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 16.13	\$ 13.94	\$ 18.34	\$ 20.90	\$ 17.04
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.22	0.15	0.13	0.21	0.12
Net realized and unrealized gain (loss)	4.86	2.04	(4.53)	(2.77)	3.74
Total from investment operations	5.08	2.19	(4.40)	(2.56)	3.86
Net asset value, end of year	\$ 21.21	\$ 16.13	\$ 13.94	\$ 18.34	\$ 20.90
Total return <sup>e</sup>	31.49%	15.71%	(23.99)%	(12.25)%	22.65%
<b>Ratios to average net assets</b>					
Expenses <sup>f</sup>	0.20%	0.30%	0.40%	0.40%	0.40%
Net investment income <sup>c</sup>	1.10%	0.93%	0.92%	1.02%	0.65%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 59,687	\$ 42,732	\$ 33,748	\$ 40,164	\$ 35,364

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Amount rounds to less than \$0.01 per share.

<sup>e</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>f</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Growth and Income Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.25	\$ 13.56	\$ 15.02	\$ 15.68	\$ 13.77
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.31	0.27	0.36	0.41	0.37
Net realized and unrealized gain (loss)	2.34	1.42	(1.82)	(1.07)	1.54
Total from investment operations	2.65	1.69	(1.46)	(0.66)	1.91
Net asset value, end of year	\$ 17.90	\$ 15.25	\$ 13.56	\$ 15.02	\$ 15.68
Total return <sup>d</sup>	17.38%	12.46%	(9.72)%	(4.21)%	13.87%
<b>Ratios to average net assets</b>					
Expenses <sup>f</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	1.79%	1.81%	2.75%	2.63%	2.51%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 38,145	\$ 27,078	\$ 18,380	\$ 17,643	\$ 15,439

Growth and Income Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.38	\$ 12.89	\$ 14.39	\$ 15.13	\$ 13.37
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.17	0.15	0.25	0.29	0.25
Net realized and unrealized gain (loss)	2.21	1.34	(1.75)	(1.03)	1.51
Total from investment operations	2.38	1.49	(1.50)	(0.74)	1.76
Net asset value, end of year	\$ 16.76	\$ 14.38	\$ 12.89	\$ 14.39	\$ 15.13
Total return <sup>d</sup>	16.55%	11.56%	(10.42)%	(4.89)%	13.16%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	1.04%	1.06%	2.00%	1.88%	1.76%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 9,316	\$ 8,203	\$ 6,614	\$ 7,279	\$ 6,937

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<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Growth and Income Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.18	\$ 12.71	\$ 14.20	\$ 14.93	\$ 13.19
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.16	0.15	0.25	0.28	0.25
Net realized and unrealized gain (loss)	2.19	1.32	(1.74)	(1.01)	1.49
Total from investment operations	2.35	1.47	(1.49)	(0.73)	1.74
Net asset value, end of year	\$ 16.53	\$ 14.18	\$ 12.71	\$ 14.20	\$ 14.93
Total return <sup>d</sup>	16.57%	11.57%	(10.49)%	(4.89)%	13.19%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	1.04%	1.06%	2.00%	1.88%	1.76%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 28,709	\$ 22,421	\$ 16,309	\$ 16,037	\$ 12,603

Growth and Income Portfolio	Direct				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.56	\$ 13.79	\$ 15.24	\$ 15.87	\$ 13.89
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.39	0.33	0.40	0.45	0.41
Net realized and unrealized gain (loss)	2.40	1.44	(1.85)	(1.08)	1.57
Total from investment operations	2.79	1.77	(1.45)	(0.63)	1.98
Net asset value, end of year	\$ 18.35	\$ 15.56	\$ 13.79	\$ 15.24	\$ 15.87
Total return <sup>d</sup>	17.93%	12.84%	(9.51)%	(3.97)%	14.25%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.20%	0.30%	0.40%	0.40%	0.40%
Net investment income <sup>c</sup>	2.24%	2.16%	3.00%	2.88%	2.76%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 32,871	\$ 25,514	\$ 20,797	\$ 22,126	\$ 18,584

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<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Income Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.62	\$ 12.58	\$ 12.19	\$ 11.68	\$ 11.03
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.42	0.40	0.54	0.54	0.53
Net realized and unrealized gain (loss)	0.26	0.64	(0.15)	(0.03)	0.12
Total from investment operations	0.68	1.04	0.39	0.51	0.65
Net asset value, end of year	\$ 14.30	\$ 13.62	\$ 12.58	\$ 12.19	\$ 11.68
Total return <sup>d</sup>	4.99%	8.27%	3.20%	4.37%	5.89%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	2.99%	3.10%	4.49%	4.46%	4.62%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 21,144	\$ 17,572	\$ 12,322	\$ 6,888	\$ 4,409

Income Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.90	\$ 12.00	\$ 11.72	\$ 11.31	\$ 10.76
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.30	0.29	0.43	0.44	0.43
Net realized and unrealized gain (loss)	0.24	0.61	(0.15)	(0.03)	0.12
Total from investment operations	0.54	0.90	0.28	0.41	0.55
Net asset value, end of year	\$ 13.44	\$ 12.90	\$ 12.00	\$ 11.72	\$ 11.31
Total return <sup>d</sup>	4.19%	7.50%	2.39%	3.63%	5.11%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	2.24%	2.35%	3.74%	3.71%	3.87%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 3,808	\$ 3,254	\$ 2,468	\$ 1,286	\$ 791

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<sup>b</sup>Based on average daily shares outstanding.

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<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Income Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.94	\$ 12.04	\$ 11.76	\$ 11.35	\$ 10.80
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.30	0.29	0.43	0.43	0.43
Net realized and unrealized gain (loss)	0.25	0.61	(0.15)	(0.02)	0.12
Total from investment operations	0.55	0.90	0.28	0.41	0.55
Net asset value, end of year	\$ 13.49	\$ 12.94	\$ 12.04	\$ 11.76	\$ 11.35
Total return <sup>d</sup>	4.25%	7.48%	2.38%	3.61%	5.09%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	2.24%	2.35%	3.74%	3.71%	3.87%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 20,207	\$ 16,443	\$ 10,692	\$ 5,762	\$ 2,736

Income Portfolio	Direct				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.91	\$ 12.80	\$ 12.37	\$ 11.82	\$ 11.14
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.49	0.46	0.60	0.58	0.57
Net realized and unrealized gain (loss)	0.28	0.65	(0.17)	(0.03)	0.11
Total from investment operations	0.77	1.11	0.43	0.55	0.68
Net asset value, end of year	\$ 14.68	\$ 13.91	\$ 12.80	\$ 12.37	\$ 11.82
Total return <sup>d</sup>	5.54%	8.67%	3.48%	4.65%	6.10%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.20%	0.30%	0.40%	0.40%	0.40%
Net investment income <sup>c</sup>	3.44%	3.48%	4.74%	4.71%	4.87%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 18,097	\$ 16,532	\$ 12,128	\$ 8,403	\$ 5,017

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<sup>b</sup>Based on average daily shares outstanding.

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<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.



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Franklin Growth 529 Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.51	\$ 10.47	\$ 13.91	\$ 15.14	\$ 12.98
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b,c</sup>	(0.01)	0.03	0.05	0.05	(0.04)
Net realized and unrealized gain (loss)	3.53	2.01	(3.49)	(1.28)	2.20
Total from investment operations	3.52	2.04	(3.44)	(1.23)	2.16
Net asset value, end of year	\$ 16.03	\$ 12.51	\$ 10.47	\$ 13.91	\$ 15.14
Total return <sup>d</sup>	28.14%	19.48%	(24.73)%	(8.12)%	16.64%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income (loss) <sup>e</sup>	(0.05)%	0.27%	0.49%	0.35%	(0.30)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 16,242	\$ 10,920	\$ 7,739	\$ 9,021	\$ 7,930

Franklin Growth 529 Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 11.53	\$ 9.73	\$ 13.02	\$ 14.27	\$ 12.33
Income from investment operations <sup>a</sup> :					
Net investment loss <sup>b,c</sup>	(0.11)	(0.06)	(0.03)	(0.06)	(0.14)
Net realized and unrealized gain (loss)	3.26	1.86	(3.26)	(1.19)	2.08
Total from investment operations	3.15	1.80	(3.29)	(1.25)	1.94
Net asset value, end of year	\$ 14.68	\$ 11.53	\$ 9.73	\$ 13.02	\$ 14.27
Total return <sup>d</sup>	27.32%	18.50%	(25.27)%	(8.76)%	15.73%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment loss <sup>e</sup>	(0.80)%	(0.48)%	(0.26)%	(0.40)%	(1.05)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 3,967	\$ 2,908	\$ 2,319	\$ 3,219	\$ 3,158

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<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Franklin Growth 529 Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.34	\$ 10.41	\$ 13.91	\$ 15.25	\$ 13.18
Income from investment operations <sup>a</sup> :					
Net investment loss <sup>b,c</sup>	(0.12)	(0.06)	(0.03)	(0.06)	(0.15)
Net realized and unrealized gain (loss)	3.48	1.99	(3.47)	(1.28)	2.22
Total from investment operations	3.36	1.93	(3.50)	(1.34)	2.07
Net asset value, end of year	\$ 15.70	\$ 12.34	\$ 10.41	\$ 13.91	\$ 15.25
Total return <sup>d</sup>	27.23%	18.54%	(25.16)%	(8.79)%	15.71%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment loss <sup>c</sup>	(0.80)%	(0.48)%	(0.26)%	(0.40)%	(1.05)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 6,429	\$ 4,382	\$ 3,399	\$ 4,502	\$ 4,151

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Franklin Income 529 Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 16.27	\$ 13.72	\$ 16.66	\$ 17.78	\$ 15.02
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	1.10	1.09	1.10	0.94	0.81
Net realized and unrealized gain (loss)	2.02	1.46	(4.04)	(2.06)	1.95
Total from investment operations	3.12	2.55	(2.94)	(1.12)	2.76
Net asset value, end of year	\$ 19.39	\$ 16.27	\$ 13.72	\$ 16.66	\$ 17.78
Total return <sup>d</sup>	19.18%	18.59%	(17.65)%	(6.30)%	18.38%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>e</sup>	5.96%	6.80%	8.42%	5.37%	4.85%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 55,260	\$ 39,672	\$ 30,415	\$ 35,603	\$ 33,473

Franklin Income 529 Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.53	\$ 13.19	\$ 16.15	\$ 17.35	\$ 14.77
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.92	0.93	0.97	0.78	0.68
Net realized and unrealized gain (loss)	1.92	1.41	(3.93)	(1.98)	1.90
Total from investment operations	2.84	2.34	(2.96)	(1.20)	2.58
Net asset value, end of year	\$ 18.37	\$ 15.53	\$ 13.19	\$ 16.15	\$ 17.35
Total return <sup>d</sup>	18.29%	17.74%	(18.33)%	(6.92)%	17.47%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>e</sup>	5.21%	6.05%	7.67%	4.62%	4.10%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 12,658	\$ 10,925	\$ 9,198	\$ 11,454	\$ 11,498

<sup>a</sup>The amount shown for a share outstanding throughout the year may not correlate with the Statement of Operations for the year due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Franklin Income 529 Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.43	\$ 13.11	\$ 16.04	\$ 17.23	\$ 14.67
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.91	0.92	0.96	0.78	0.67
Net realized and unrealized gain (loss)	1.90	1.40	(3.89)	(1.97)	1.89
Total from investment operations	2.81	2.32	(2.93)	(1.19)	2.56
Net asset value, end of year	\$ 18.24	\$ 15.43	\$ 13.11	\$ 16.04	\$ 17.23
Total return <sup>d</sup>	18.21%	17.70%	(18.27)%	(6.91)%	17.45%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	5.21%	6.05%	7.67%	4.62%	4.10%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 37,872	\$ 28,015	\$ 20,700	\$ 26,209	\$ 24,796

<sup>a</sup>The amount shown for a share outstanding throughout the year may not correlate with the Statement of Operations for the year due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Franklin Small-Mid Cap Growth 529 Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 16.11	\$ 13.35	\$ 18.14	\$ 20.75	\$ 17.24
Income from investment operations <sup>a</sup> :					
Net investment loss <sup>b,c</sup>	(0.13)	(0.11)	(0.09)	(0.13)	(0.12)
Net realized and unrealized gain (loss)	6.90	2.87	(4.70)	(2.48)	3.63
Total from investment operations	6.77	2.76	(4.79)	(2.61)	3.51
Net asset value, end of year	\$ 22.88	\$ 16.11	\$ 13.35	\$ 18.14	\$ 20.75
Total return <sup>d</sup>	42.02%	20.67%	(26.41)%	(12.58)%	20.36%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment loss <sup>c</sup>	(0.65)%	(0.65)%	(0.65)%	(0.65)%	(0.65)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 18,977	\$ 11,039	\$ 8,060	\$ 10,093	\$ 9,022

Franklin Small-Mid Cap Growth 529 Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.29	\$ 12.76	\$ 17.48	\$ 20.14	\$ 16.86
Income from investment operations <sup>a</sup> :					
Net investment loss <sup>b,c</sup>	(0.27)	(0.22)	(0.18)	(0.27)	(0.25)
Net realized and unrealized gain (loss)	6.53	2.75	(4.54)	(2.39)	3.53
Total from investment operations	6.26	2.53	(4.72)	(2.66)	3.28
Net asset value, end of year	\$ 21.55	\$ 15.29	\$ 12.76	\$ 17.48	\$ 20.14
Total return <sup>d</sup>	40.94%	19.83%	(27.00)%	(13.21)%	19.45%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment loss <sup>c</sup>	(1.40)%	(1.40)%	(1.40)%	(1.40)%	(1.40)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 4,297	\$ 2,786	\$ 2,121	\$ 2,505	\$ 2,366

<sup>a</sup>The amount shown for a share outstanding throughout the year may not correlate with the Statement of Operations for the year due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Franklin Small-Mid Cap Growth 529 Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 15.23	\$ 12.71	\$ 17.41	\$ 20.05	\$ 16.80
Income from investment operations <sup>a</sup> :					
Net investment loss <sup>b,c</sup>	(0.27)	(0.22)	(0.18)	(0.26)	(0.25)
Net realized and unrealized gain (loss)	6.51	2.74	(4.52)	(2.38)	3.50
Total from investment operations	6.24	2.52	(4.70)	(2.64)	3.25
Net asset value, end of year	\$ 21.47	\$ 15.23	\$ 12.71	\$ 17.41	\$ 20.05
Total return <sup>d</sup>	40.97%	19.83%	(27.00)%	(13.17)%	19.35%
<b>Ratios to average net assets</b>					
Expenses <sup>a</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment loss <sup>c</sup>	(1.40)%	(1.40)%	(1.40)%	(1.40)%	(1.40)%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 6,253	\$ 3,474	\$ 2,731	\$ 3,792	\$ 3,591

<sup>a</sup>The amount shown for a share outstanding throughout the year may not correlate with the Statement of Operations for the year due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Franklin Templeton Stable Value 529 Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 11.27	\$ 11.23	\$ 11.19	\$ 10.76	\$ 10.30
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	(0.02)	0.03	0.06	0.34	0.38
Net realized and unrealized gain (loss)	0.02	0.01	(0.02)	0.09	0.08
Total from investment operations	-	0.04	0.04	0.43	0.46
Net asset value, end of year	\$ 11.27	\$ 11.27	\$ 11.23	\$ 11.19	\$ 10.76
Total return <sup>d</sup>	-	0.36%	0.36%	4.00%	4.47%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates <sup>e</sup>	0.75%	0.75%	0.75%	0.75%	0.75%
Expenses net of waiver and payments by affiliates <sup>e</sup>	0.67%	0.24%	-	-	-
Net investment income <sup>c</sup>	(0.20)%	0.28%	0.51%	3.18%	3.50%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 17,530	\$ 21,226	\$ 23,345	\$ 5,869	\$ 3,529

Franklin Templeton Stable Value 529 Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 10.72	\$ 10.72	\$ 10.75	\$ 10.40	\$ 10.03
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b,c</sup>	(0.02)	0.03	(0.02)	0.25	0.28
Net realized and unrealized gain (loss)	0.01	(0.03)	(0.01)	0.10	0.09
Total from investment operations	(0.01)	-	(0.03)	0.35	0.37
Net asset value, end of year	\$ 10.71	\$ 10.72	\$ 10.72	\$ 10.75	\$ 10.40
Total return <sup>d</sup>	(0.09)%	-	(0.28)%	3.37%	3.69%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates <sup>e</sup>	1.50%	1.50%	1.50%	1.50%	1.50%
Expenses net of waiver and payments by affiliates <sup>e</sup>	0.68%	0.24%	-	-	-
Net investment income (loss) <sup>c</sup>	(0.21)%	0.28%	(0.24)%	2.43%	2.75%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 7,714	\$ 8,372	\$ 8,812	\$ 2,933	\$ 2,218

<sup>a</sup>The amount shown for a share outstanding throughout the year may not correlate with the Statement of Operations for the year due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Franklin Templeton Stable Value 529 Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 10.74	\$ 10.60	\$ 10.76	\$ 10.41	\$ 10.05
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b,c</sup>	(0.02)	0.03	(0.04)	0.25	0.28
Net realized and unrealized gain (loss)	0.01	0.11	(0.12)	0.10	0.08
Total from investment operations	(0.01)	0.14	(0.16)	0.35	0.36
Net asset value, end of year	\$ 10.73	\$ 10.74	\$ 10.60	\$ 10.76	\$ 10.41
Total return <sup>d</sup>	(0.09)%	1.32%	(1.49)%	3.36%	3.58%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates <sup>e</sup>	1.50%	1.50%	1.50%	1.50%	1.50%
Expenses net of waiver and payments by affiliates <sup>e</sup>	0.67%	0.24%	-	-	-
Net investment income (loss) <sup>c</sup>	(0.20)%	0.28%	(0.24)%	2.43%	2.75%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 19,876	\$ 23,129	\$ 25,332	\$ 9,577	\$ 7,303

Franklin Templeton Stable Value 529 Portfolio	Direct				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 11.43	\$ 11.43	\$ 11.37	\$ 10.88	\$ 10.43
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b,c</sup>	0.02	0.01	0.10	0.38	0.40
Net realized and unrealized gain (loss)	0.01	(0.01)	(0.04)	0.11	0.05
Total from investment operations	0.03	-	0.06	0.49	0.45
Net asset value, end of year	\$ 11.46	\$ 11.43	\$ 11.43	\$ 11.37	\$ 10.88
Total return <sup>d</sup>	0.26%	0.00%	0.53%	4.50%	4.31%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.30%	0.40%	0.50%	0.50%	0.50%
Net investment income <sup>c</sup>	0.17%	0.12%	0.76%	3.43%	3.75%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 20,690	\$ 21,436	\$ 22,846	\$ 9,572	\$ 7,386

<sup>a</sup>The amount shown for a share outstanding throughout the year may not correlate with the Statement of Operations for the year due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.



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Mutual Shares 529 Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.35	\$ 12.43	\$ 16.38	\$ 20.42	\$ 16.72
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.39	0.23	0.12	0.38	0.15
Net realized and unrealized gain (loss)	2.89	1.69	(4.07)	(4.42)	3.55
Total from investment operations	3.28	1.92	(3.95)	(4.04)	3.70
Net asset value, end of year	\$ 17.63	\$ 14.35	\$ 12.43	\$ 16.38	\$ 20.42
Total return <sup>d</sup>	22.86%	15.45%	(24.11)%	(19.78)%	22.13%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	2.33%	1.59%	0.95%	2.06%	0.80%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 36,875	\$ 29,066	\$ 24,895	\$ 32,847	\$ 35,333

Mutual Shares 529 Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.38	\$ 11.68	\$ 15.50	\$ 19.47	\$ 16.06
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.25	0.12	0.03	0.23	0.01
Net realized and unrealized gain (loss)	2.69	1.58	(3.85)	(4.20)	3.40
Total from investment operations	2.94	1.70	(3.82)	(3.97)	3.41
Net asset value, end of year	\$ 16.32	\$ 13.38	\$ 11.68	\$ 15.50	\$ 19.47
Total return <sup>d</sup>	21.97%	14.55%	(24.65)%	(20.39)%	21.23%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	1.58%	0.84%	0.20%	1.31%	0.05%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 8,485	\$ 7,284	\$ 6,476	\$ 8,913	\$ 10,424

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Mutual Shares 529 Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.44	\$ 11.73	\$ 15.56	\$ 19.55	\$ 16.12
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.25	0.12	0.02	0.23	0.01
Net realized and unrealized gain (loss)	2.70	1.59	(3.85)	(4.22)	3.42
Total from investment operations	2.95	1.71	(3.83)	(3.99)	3.43
Net asset value, end of year	\$ 16.39	\$ 13.44	\$ 11.73	\$ 15.56	\$ 19.55
Total return <sup>d</sup>	21.95%	14.58%	(24.61)%	(20.41)%	21.28%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	1.58%	0.84%	0.20%	1.31%	0.05%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 17,326	\$ 14,458	\$ 12,453	\$ 18,428	\$ 20,568

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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S&P 500 Index Fund 529 Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.63	\$ 11.14	\$ 15.20	\$ 17.67	\$ 14.81
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.19	0.13	0.16	0.16	0.13
Net realized and unrealized gain (loss)	3.55	1.36	(4.22)	(2.63)	2.73
Total from investment operations	3.74	1.49	(4.06)	(2.47)	2.86
Net asset value, end of year	\$ 16.37	\$ 12.63	\$ 11.14	\$ 15.20	\$ 17.67
Total return <sup>d</sup>	29.61%	13.38%	(26.71)%	(13.98)%	19.31%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	1.23%	0.99%	1.38%	0.95%	0.75%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 10,047	\$ 6,911	\$ 5,416	\$ 6,372	\$ 6,438

S&P 500 Index Fund 529 Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 11.32	\$ 10.06	\$ 13.83	\$ 16.21	\$ 13.69
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.06	0.02	0.06	0.03	0.01
Net realized and unrealized gain (loss)	3.18	1.24	(3.83)	(2.41)	2.51
Total from investment operations	3.24	1.26	(3.77)	(2.38)	2.52
Net asset value, end of year	\$ 14.56	\$ 11.32	\$ 10.06	\$ 13.83	\$ 16.21
Total return <sup>d</sup>	28.62%	12.52%	(27.26)%	(14.68)%	18.41%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	0.48%	0.24%	0.63%	0.20%	- <sup>f</sup>
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 3,357	\$ 2,685	\$ 2,330	\$ 2,932	\$ 3,053

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>f</sup>Rounds to less than 0.01% per share.

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S&P 500 Index Fund 529 Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.25	\$ 10.90	\$ 14.96	\$ 17.54	\$ 14.81
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.07	0.02	0.08	0.04	0.01
Net realized and unrealized gain (loss)	3.45	1.33	(4.14)	(2.62)	2.72
Total from investment operations	3.52	1.35	(4.06)	(2.58)	2.73
Net asset value, end of year	\$ 15.77	\$ 12.25	\$ 10.90	\$ 14.96	\$ 17.54
Total return <sup>d</sup>	28.73%	12.39%	(27.14)%	(14.71)%	18.43%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	0.48%	0.24%	0.63%	0.20%	- <sup>f</sup>
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 4,101	\$ 3,324	\$ 3,006	\$ 3,355	\$ 3,665

S&P 500 Index Fund 529 Portfolio	Direct				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.08	\$ 11.50	\$ 15.65	\$ 18.16	\$ 15.18
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.27	0.18	0.19	0.21	0.16
Net realized and unrealized gain (loss)	3.68	1.40	(4.34)	(2.72)	2.82
Total from investment operations	3.95	1.58	(4.15)	(2.51)	2.98
Net asset value, end of year	\$ 17.03	\$ 13.08	\$ 11.50	\$ 15.65	\$ 18.16
Total return <sup>d</sup>	30.20%	13.74%	(26.52)%	(13.82)%	19.63%
<b>Ratios to average net assets</b>					
Expenses <sup>e</sup>	0.20%	0.30%	0.40%	0.40%	0.40%
Net investment income <sup>c</sup>	1.68%	1.34%	1.63%	1.20%	1.00%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 33,776	\$ 24,464	\$ 19,353	\$ 21,132	\$ 19,908

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

<sup>f</sup>Rounds to less than 0.01% per share.

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Templeton Growth 529 Portfolio	Class A				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.98	\$ 12.80	\$ 18.38	\$ 22.80	\$ 18.70
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.19	0.18	0.44	0.23	0.27
Net realized and unrealized gain (loss)	4.37	1.00	(6.02)	(4.65)	3.83
Total from investment operations	4.56	1.18	(5.58)	(4.42)	4.10
Net asset value, end of year	\$ 18.54	\$ 13.98	\$ 12.80	\$ 18.38	\$ 22.80
Total return <sup>d</sup>	32.62%	9.22%	(30.36)%	(19.37)%	21.93%
<b>Ratios to average net assets</b>					
Expenses <sup>a</sup>	0.65%	0.65%	0.65%	0.65%	0.65%
Net investment income <sup>c</sup>	1.14%	1.15%	3.34%	1.08%	1.27%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 39,845	\$ 29,505	\$ 26,997	\$ 39,717	\$ 43,245

Templeton Growth 529 Portfolio	Class B				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.13	\$ 12.11	\$ 17.52	\$ 21.90	\$ 18.10
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.06	0.06	0.33	0.07	0.11
Net realized and unrealized gain (loss)	4.08	0.96	(5.74)	(4.45)	3.69
Total from investment operations	4.14	1.02	(5.41)	(4.38)	3.80
Net asset value, end of year	\$ 17.27	\$ 13.13	\$ 12.11	\$ 17.52	\$ 21.90
Total return <sup>d</sup>	31.53%	8.42%	(30.88)%	(20.01)%	20.99%
<b>Ratios to average net assets</b>					
Expenses <sup>a</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>c</sup>	0.39%	0.40%	2.59%	0.33%	0.52%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 8,903	\$ 6,868	\$ 6,239	\$ 9,755	\$ 11,226

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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Templeton Growth 529 Portfolio	Class C				
	2011	2010	Year Ended June 30, 2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.98	\$ 11.98	\$ 17.33	\$ 21.67	\$ 17.90
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b,c</sup>	0.06	0.06	0.32	0.07	0.10
Net realized and unrealized gain (loss)	4.04	0.94	(5.67)	(4.41)	3.67
Total from investment operations	4.10	1.00	(5.35)	(4.34)	3.77
Net asset value, end of year	\$ 17.08	\$ 12.98	\$ 11.98	\$ 17.33	\$ 21.67
Total return <sup>d</sup>	31.59%	8.35%	(30.87)%	(20.02)%	21.06%
<b>Ratios to average net assets</b>					
Expenses <sup>a</sup>	1.40%	1.40%	1.40%	1.40%	1.40%
Net investment income <sup>e</sup>	0.39%	0.40%	2.59%	0.33%	0.52%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 17,414	\$ 13,448	\$ 12,268	\$ 18,795	\$ 21,588

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Recognition of net investment income by the Portfolio is affected by the timing of declaration of dividends by the Underlying Funds in which the Portfolio invests.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>e</sup>Does not include expenses of the Underlying Funds in which the Portfolio invests.

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	SHARES	VALUE
<b>Open End Mutual Funds 100.0%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	2,495,984	\$ 129,591,469
Franklin Small-Mid Cap Growth Fund, Advisor Class	3,129,853	129,763,701
Mutual European Fund, Class Z	3,383,825	76,508,287
Mutual Shares Fund, Class Z	4,615,249	101,397,011
Templeton Foreign Fund, Advisor Class	10,330,422	76,755,033
<b>Total Open End Mutual Funds (Cost \$450,878,484)</b>		<u>514,015,501</u>
<b>Short Term Investments (Cost \$248,741) 0.1%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	248,741	<u>248,741</u>
<b>Total Investments (Cost \$451,127,225) 100.1%</b>		514,264,242
<b>Other Assets, less Liabilities (0.1)%</b>		(327,338)
<b>Net Assets 100.0%</b>		<u>\$ 513,936,904</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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	SHARES	VALUE
<b>Open End Mutual Funds 95.9%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	1,209,385	\$ 62,791,255
Franklin Small-Mid Cap Growth Fund, Advisor Class	1,563,749	64,833,016
Franklin Strategic Income Fund, Advisor Class	1,548,143	16,379,349
Franklin Total Return Fund, Advisor Class	1,599,182	16,455,584
Franklin U.S. Government Securities Fund, Advisor Class	4,788,772	32,803,087
Mutual European Fund, Class Z	1,620,517	36,639,893
Mutual Shares Fund, Class Z	2,226,304	48,911,908
Templeton Foreign Fund, Advisor Class	5,145,501	38,231,073
<b>Total Open End Mutual Funds (Cost \$281,278,889)</b>		<u>317,045,165</u>
<b>Short Term Investments (Cost \$13,972,617) 4.2%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	13,972,617	<u>13,972,617</u>
<b>Total Investments (Cost \$295,251,506) 100.1%</b>		331,017,782
<b>Other Assets, less Liabilities (0.1)%</b>		(328,769)
<b>Net Assets 100.0%</b>		<u>\$ 330,689,013</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.



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	SHARES	VALUE
<b>Open End Mutual Funds 90.3%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	919,589	\$ 47,745,083
Franklin Small-Mid Cap Growth Fund, Advisor Class	1,173,706	48,661,833
Franklin Strategic Income Fund, Advisor Class	3,405,585	36,031,087
Franklin Total Return Fund, Advisor Class	3,470,371	35,710,116
Franklin U.S. Government Securities Fund, Advisor Class	10,602,978	72,630,399
Mutual European Fund, Class Z	1,204,159	27,226,026
Mutual Shares Fund, Class Z	1,663,603	36,549,363
Templeton Foreign Fund, Advisor Class	3,795,851	28,203,174
<b>Total Open End Mutual Funds (Cost \$296,195,058)</b>		<u>332,757,081</u>
<b>Short Term Investment (Cost \$36,096,436) 9.8%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	36,096,436	<u>36,096,436</u>
<b>Total Investments (Cost \$332,291,494) 100.1%</b>		368,853,517
<b>Other Assets, less Liabilities (0.1)%</b>		(309,846)
<b>Net Assets 100.0%</b>		<u>\$ 368,543,671</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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	SHARES	VALUE
<b>Open End Mutual Funds 86.0%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	323,181	\$ 16,779,581
Franklin Small-Mid Cap Growth Fund, Advisor Class	403,125	16,713,548
Franklin Strategic Income Fund, Advisor Class	3,799,899	40,202,928
Franklin Total Return Fund, Advisor Class	3,935,405	40,495,320
Franklin U.S. Government Securities Fund, Advisor Class	11,813,340	80,921,376
Mutual European Fund, Class Z	443,427	10,025,892
Mutual Shares Fund, Class Z	606,963	13,334,969
Templeton Foreign Fund, Advisor Class	1,343,853	9,984,831
<b>Total Open End Mutual Funds (Cost \$214,226,252)</b>		<u>228,458,445</u>
<b>Short Term Investment (Cost \$37,606,532) 14.1%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	37,606,532	<u>37,606,532</u>
<b>Total Investments (Cost \$251,832,784) 100.1%</b>		266,064,977
<b>Other Assets, less Liabilities (0.1)%</b>		(375,226)
<b>Net Assets 100.0%</b>		<u>\$ 265,689,751</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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	SHARES	VALUE
<b>Open End Mutual Funds 91.4%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	15,316	\$ 795,228
Franklin Small-Mid Cap Growth Fund, Advisor Class	19,933	826,441
Franklin Strategic Income Fund, Advisor Class	56,032	592,813
Franklin Total Return Fund, Advisor Class	57,050	587,042
Franklin U.S. Government Securities Fund, Advisor Class	168,633	1,155,139
Mutual European Fund, Class Z	20,018	452,599
Mutual Shares Fund, Class Z	27,946	613,982
Templeton Foreign Fund, Advisor Class	64,128	476,470
<b>Total Open End Mutual Funds (Cost \$5,144,753)</b>		<u>5,499,714</u>
<b>Short Term Investment (Cost \$522,611) 8.7%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	522,611	<u>522,611</u>
<b>Total Investments (Cost \$5,667,364) 100.1%</b>		6,022,325
<b>Other Assets, less Liabilities (0.1)%</b>		(4,597)
<b>Net Assets 100.0%</b>		<u>\$ 6,017,728</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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	SHARES	VALUE
<b>Open End Mutual Funds 90.5%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	5,189	\$ 269,432
Franklin Small-Mid Cap Growth Fund, Advisor Class	6,235	258,521
Franklin Strategic Income Fund, Advisor Class	52,582	556,320
Franklin Total Return Fund, Advisor Class	53,551	551,039
Franklin U.S. Government Securities Fund, Advisor Class	161,120	1,103,674
Mutual European Fund, Class Z	7,126	161,121
Mutual Shares Fund, Class Z	9,644	211,874
Templeton Foreign Fund, Advisor Class	22,750	169,033
<b>Total Open End Mutual Funds (Cost \$3,153,473)</b>		<u>3,281,014</u>
<b>Short Term Investments (Cost \$368,515) 10.2%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	368,515	<u>368,515</u>
<b>Total Investments (Cost \$3,521,988) 100.7%</b>		3,649,529
<b>Other Assets, less Liabilities (0.7)%</b>		<u>(24,622)</u>
<b>Net Assets 100.0%</b>		<u>\$ 3,624,907</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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	SHARES	VALUE
<b>Open End Mutual Funds 82.5%</b>		
Franklin Strategic Income Fund, Advisor Class	140,390	\$ 1,485,326
Franklin Total Return Fund, Advisor Class	144,937	1,491,403
Franklin U.S. Government Securities Fund, Advisor Class	429,647	<u>2,943,082</u>
<b>Total Open End Mutual Funds (Cost \$5,859,556)</b>		<u>5,919,811</u>
<b>Short Term Investments (Cost \$1,262,685) 17.6%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	1,262,685	<u>1,262,685</u>
<b>Total Investments (Cost \$7,122,241) 100.1%</b>		7,182,496
<b>Other Assets, less Liabilities (0.1)%</b>		(7,886)
<b>Net Assets 100.0%</b>		<u>\$ 7,174,610</u>

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	SHARES	VALUE
<b>Short Term Investments (Cost \$10,766,634) 99.6%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	10,766,634	\$ 10,766,634
<b>Other Assets, less Liabilities 0.4%</b>		48,518
<b>Net Assets 100.0%</b>		\$ 10,815,152

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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	SHARES	VALUE
<b>Open End Mutual Funds 96.2%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	87,020	\$ 4,518,077
Franklin Small-Mid Cap Growth Fund, Advisor Class	112,947	4,682,782
Franklin Strategic Income Fund, Advisor Class	107,179	1,133,952
Franklin Total Return Fund, Advisor Class	109,346	1,125,166
Franklin U.S. Government Securities Fund, Advisor Class	324,657	2,223,903
Mutual European Fund, Class Z	117,519	2,657,112
Mutual Shares Fund, Class Z	160,883	3,534,606
Templeton Foreign Fund, Advisor Class	363,358	2,699,754
<b>Total Open End Mutual Funds (Cost \$20,816,003)</b>		<u>22,575,352</u>
<b>Short Term Investment (Cost \$860,514) 3.7%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	860,514	<u>860,514</u>
<b>Total Investments (Cost \$21,676,517) 99.9%</b>		23,435,866
<b>Other Assets, less Liabilities 0.1%</b>		27,218
<b>Net Assets 100.0%</b>		<u>\$ 23,463,084</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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	SHARES	VALUE
<b>Open End Mutual Funds 90.1%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	43,462	\$ 2,256,547
Franklin Small-Mid Cap Growth Fund, Advisor Class	56,494	2,342,232
Franklin Strategic Income Fund, Advisor Class	158,941	1,681,593
Franklin Total Return Fund, Advisor Class	161,950	1,666,464
Franklin U.S. Government Securities Fund, Advisor Class	502,213	3,440,157
Mutual European Fund, Class Z	60,053	1,357,805
Mutual Shares Fund, Class Z	81,990	1,801,330
Templeton Foreign Fund, Advisor Class	184,065	1,367,602
<b>Total Open End Mutual Funds (Cost \$14,886,178)</b>		<u>15,913,730</u>
<b>Short Term Investments (Cost \$1,700,241) 9.6%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	1,700,241	<u>1,700,241</u>
<b>Total Investments (Cost \$16,586,419) 99.7%</b>		17,613,971
<b>Other Assets, less Liabilities 0.3%</b>		55,461
<b>Net Assets 100.0%</b>		<u>\$ 17,669,432</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.



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	SHARES	VALUE
<b>Open End Mutual Funds 85.0%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	24,500	\$ 1,272,053
Franklin Small-Mid Cap Growth Fund, Advisor Class	31,898	1,322,488
Franklin Strategic Income Fund, Advisor Class	268,061	2,836,089
Franklin Total Return Fund, Advisor Class	272,922	2,808,373
Franklin U.S. Government Securities Fund, Advisor Class	807,978	5,534,652
Mutual European Fund, Class Z	31,908	721,442
Mutual Shares Fund, Class Z	44,677	981,554
Templeton Foreign Fund, Advisor Class	102,489	761,492
<b>Total Open End Mutual Funds (Cost \$15,566,252)</b>		<u>16,238,143</u>
<b>Short Term Investments (Cost \$2,846,146) 14.9%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	2,846,146	<u>2,846,146</u>
<b>Total Investments (Cost \$18,412,398) 99.9%</b>		19,084,289
<b>Other Assets, less Liabilities 0.1%</b>		17,145
<b>Net Assets 100.0%</b>		<u>\$ 19,101,434</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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**Age-Based Moderate Asset Allocation 17+ Years Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds 82.7%</b>		
Franklin Strategic Income Fund, Advisor Class	168,663	\$ 1,784,455
Franklin Total Return Fund, Advisor Class	171,658	1,766,364
Franklin U.S. Government Securities Fund, Advisor Class	507,801	<u>3,478,435</u>
<b>Total Open End Mutual Funds (Cost \$6,951,267)</b>		<u><u>7,029,254</u></u>
<b>Short Term Investment (Cost \$1,471,590) 17.3%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	1,471,590	<u>1,471,590</u>
<b>Total Investments (Cost \$8,422,857) 100.0%</b>		8,500,844
<b>Other Assets, less Liabilities (0.0)%<sup>†</sup></b>		(1,668)
<b>Net Assets 100.0%</b>		<u><u>\$ 8,499,176</u></u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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

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**Franklin Templeton Corefolio Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds 100.0%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	606,314	\$ 31,479,801
Franklin Growth Fund, Advisor Class	658,494	31,186,255
Mutual Shares Fund, Class Z	1,397,212	30,696,756
Templeton Growth Fund Inc., Advisor Class	1,599,411	30,948,596
<b>Total Open End Mutual Funds (Cost \$115,213,551)</b>		<u>124,311,408</u>
<b>Short Term Investment (Cost \$112,554) 0.1%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	112,554	<u>112,554</u>
<b>Total Investments (Cost \$115,326,105) 100.1%</b>		124,423,962
<b>Other Assets, less Liabilities (0.1)%</b>		(113,391)
<b>Net Assets 100.0%</b>		<u>\$ 124,310,571</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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**Franklin Templeton Founding Funds 529 Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds 100.1%</b>		
Franklin Income Fund, Advisor Class	29,674,729	\$ 65,877,898
Mutual Shares Fund, Class Z	3,028,844	66,543,694
Templeton Growth Fund Inc., Advisor Class	3,451,671	66,789,839
<b>Total Open End Mutual Funds (Cost \$218,466,369)</b>		<u>199,211,431</u>
<b>Short Term Investment (Cost \$133,184) 0.1%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	133,184	<u>133,184</u>
<b>Total Investments (Cost \$218,599,553) 100.2%</b>		199,344,615
<b>Other Assets, less Liabilities (0.2)%</b>		(298,904)
<b>Net Assets 100.0%</b>		<u>\$ 199,045,711</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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**Growth Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES		VALUE
<b>Open End Mutual Funds 100.1%</b>			
Franklin Flex Cap Growth Fund, Advisor Class	651,402	\$	33,820,803
Franklin Small-Mid Cap Growth Fund, Advisor Class	815,926		33,828,295
Mutual European Fund, Class Z	882,839		19,960,987
Mutual Shares Fund, Class Z	1,196,251		26,281,631
Templeton Foreign Fund, Advisor Class	2,668,742		19,828,752
<b>Total Open End Mutual Funds (Cost \$119,058,086)</b>			<u>133,720,468</u>
<b>Short Term Investment (Cost \$55,510) (0.0)%<sup>†</sup></b>			
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	55,510		<u>55,510</u>
<b>Total Investments (Cost \$119,113,596) 100.1%</b>			133,775,978
<b>Other Assets, less Liabilities (0.1)%</b>			(127,439)
<b>Net Assets 100.0%</b>		<b>\$</b>	<u>133,648,539</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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**Growth & Income Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds 90.4%</b>		
Franklin Flex Cap Growth Fund, Advisor Class	271,820	\$ 14,112,874
Franklin Small-Mid Cap Growth Fund, Advisor Class	342,648	14,206,200
Franklin Strategic Income Fund, Advisor Class	1,010,962	10,695,983
Franklin Total Return Fund, Advisor Class	1,041,228	10,714,234
Franklin U.S. Government Securities Fund, Advisor Class	3,151,526	21,587,956
Mutual European Fund, Class Z	361,020	8,162,668
Mutual Shares Fund, Class Z	497,402	10,927,913
Templeton Foreign Fund, Advisor Class	1,097,362	8,153,397
<b>Total Open End Mutual Funds (Cost \$87,559,929)</b>		<u>98,561,225</u>
<b>Short Term Investment (Cost \$10,632,037) 9.7%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	10,632,037	<u>10,632,037</u>
<b>Total Investments (Cost \$98,191,966) 100.1%</b>		109,193,262
<b>Other Assets, less Liabilities (0.1)%</b>		(151,535)
<b>Net Assets 100.0%</b>		<u>\$ 109,041,727</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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**Income Portfolio**

**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds 80.4%</b>		
Franklin Strategic Income Fund, Advisor Class	1,210,890	\$ 12,811,211
Franklin Total Return Fund, Advisor Class	1,236,638	12,725,005
Franklin U.S. Government Securities Fund, Advisor Class	3,698,712	25,336,180
<b>Total Open End Mutual Funds (Cost \$48,269,571)</b>		<u>50,872,396</u>
<b>Short Term Investment (Cost \$12,457,432) 19.7%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	12,457,432	<u>12,457,432</u>
<b>Total Investments (Cost \$60,727,003) 100.1%</b>		63,329,828
<b>Other Assets, less Liabilities (0.1)%</b>		(73,285)
<b>Net Assets 100.0%</b>		<u>\$ 63,256,543</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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Franklin Growth 529 Portfolio  
 Statement of Investments, June 30, 2011

	SHARES	VALUE
<b>Open End Mutual Funds (Cost \$22,603,086) 100.1%</b>		
Franklin Growth Fund, Advisor Class	563,284	\$ 26,677,134
<b>Other Assets, less Liabilities (0.1)%</b>		(39,474)
<b>Net Assets 100.0%</b>		<u>\$ 26,637,660</u>



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**Franklin Income 529 Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds (Cost \$108,133,093) 100.1%</b>		
Franklin Income Fund, Advisor Class	47,701,243	\$ 105,896,760
<b>Other Assets, less Liabilities (0.1)%</b>		(105,861)
<b>Net Assets 100.0%</b>		\$ 105,790,899

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**Franklin Small-Mid Cap Growth 529 Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds (Cost \$24,592,289) 100.1%</b>		
Franklin Small-Mid Cap Growth Fund, Advisor Class	712,790	<u>\$ 29,552,291</u>
<b>Other Assets, less Liabilities (0.1)%</b>		(25,634)
<b>Net Assets 100.0%</b>		<u>\$ 29,526,657</u>

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**Franklin Stable Value 529 Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds (Cost \$14,065,436) 21.7%</b>		
Franklin Limited Maturity U.S. Government Securities Fund, Advisor Class	1,368,247	\$ 14,270,813
<b>Short Term Investment (Cost \$51,532,606) 78.3%</b>		
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.00%	51,532,606	51,532,606
<b>Total Investments (Cost \$65,598,042) 100.0%</b>		65,803,419
<b>Other Assets, less Liabilities (0.0)%<sup>†</sup></b>		6,503
<b>Net Assets 100.0%</b>		\$ 65,809,922

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

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

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**Mutual Shares 529 Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds (Cost \$65,793,500) 100.1%</b>		
Mutual Shares Fund, Class Z	2,855,830	\$ 62,742,594
<b>Other Assets, less Liabilities (0.1)%</b>		(56,840)
<b>Net Assets 100.0%</b>		<u>\$ 62,685,754</u>

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**S&P 500 Index Fund 529 Portfolio**  
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	SHARES	VALUE
<b>Open End Mutual Funds (Cost \$43,847,992) 100.1%</b>		
JP Morgan Equity Index Fund, Select Class	1,712,227	\$ 51,315,452
<b>Other Assets, less Liabilities (0.1)%</b>		(34,747)
<b>Net Assets 100.0%</b>		\$ 51,280,705

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**Templeton Growth 529 Portfolio**  
**Statement of Investments, June 30, 2011**

	SHARES	VALUE
<b>Open End Mutual Funds (Cost \$74,450,687) 100.1%</b>		
Templeton Growth Fund Inc., Advisor Class	3,422,253	<u>\$ 66,220,592</u>
<b>Other Assets, less Liabilities (0.1)%</b>		(59,008)
<b>Net Assets 100.0%</b>		<u>\$ 66,161,584</u>

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Combining Statements of Assets and Liabilities  
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	Age-Based Growth Asset Allocation Newborn-8 Years Portfolio	Age-Based Growth Asset Allocation Age 9-12 Years Portfolio	Age-Based Growth Asset Allocation 13-16 Years Portfolio	Age-Based Growth Asset Allocation Age 17+ Years Portfolio
<b>Assets:</b>				
Investments in Underlying Funds:				
Cost	\$ 451,127,225	\$ 295,251,506	\$ 332,291,494	\$ 251,832,784
Value	\$ 514,264,242	\$ 331,017,782	\$ 368,853,517	\$ 266,064,977
Cash	-	-	-	-
Receivables:				
Investment securities sold	-	-	-	-
Plan shares sold	443,495	105,053	108,073	124,591
Wrapper Agreement (At Fair Value)	-	-	-	-
Total assets	<u>514,707,737</u>	<u>331,122,835</u>	<u>368,961,590</u>	<u>266,189,568</u>
<b>Liabilities:</b>				
Payables:				
Investment securities purchased	-	-	-	-
Plan shares redeemed	257,897	78,760	7,131	215,817
Accrued expenses	512,936	355,062	410,788	284,000
Total liabilities	<u>770,833</u>	<u>433,822</u>	<u>417,919</u>	<u>499,817</u>
Net assets, at value	<u>\$ 513,936,904</u>	<u>\$ 330,689,013</u>	<u>\$ 368,543,671</u>	<u>\$ 265,689,751</u>
<b>Class A:</b>				
Net assets, at value	\$ 217,325,946	\$ 136,396,894	\$ 142,372,457	\$ 93,204,414
Shares outstanding	10,472,432	7,029,002	7,780,808	5,968,137
Net asset value per share	<u>\$20.75</u>	<u>\$19.41</u>	<u>\$18.30</u>	<u>\$15.62</u>
Maximum offering price per share				
(Net asset value per share / 94.25%)	<u>\$22.02</u>	<u>\$20.59</u>	<u>\$19.42</u>	<u>\$16.57</u>
(Net asset value per share / 95.75%)	<u>-</u>	<u>\$20.48</u>	<u>\$19.31</u>	<u>-</u>
<b>Class B:</b>				
Net assets, at value	\$ 65,163,835	\$ 45,842,546	\$ 47,269,803	\$ 28,655,328
Shares outstanding	3,345,807	2,531,223	2,788,675	1,939,293
Net asset value per share	<u>\$19.48</u>	<u>\$18.11</u>	<u>\$16.95</u>	<u>\$14.78</u>
<b>Class C:</b>				
Net assets, at value	\$ 69,015,166	\$ 58,191,620	\$ 87,645,771	\$ 82,922,822
Shares outstanding	3,497,210	3,168,235	5,165,505	5,511,902
Net asset value per share	<u>\$19.73</u>	<u>\$18.37</u>	<u>\$16.97</u>	<u>\$15.04</u>
<b>Direct:</b>				
Net assets, at value	\$ 162,431,957	\$ 90,257,953	\$ 91,255,640	\$ 60,907,187
Shares outstanding	7,659,123	4,549,200	4,907,165	3,697,680
Net asset value per share	<u>\$21.21</u>	<u>\$19.84</u>	<u>\$18.60</u>	<u>\$16.47</u>

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Combining Statements of Assets and Liabilities  
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	Age-Based Conservative Asset Allocation Newborn-8 Years Portfolio	Age-Based Conservative Asset Allocation Age 9-12 Years Portfolio	Age-Based Conservative Asset Allocation 13-16 Years Portfolio	Age-Based Conservative Asset Allocation 17+ Years Portfolio
<b>Assets:</b>				
Investments in Underlying Funds:				
Cost	\$ 5,667,365	\$ 3,521,988	\$ 7,122,241	\$ 10,766,634
Value	\$ 6,022,325	\$ 3,649,529	\$ 7,182,496	\$ 10,766,634
Cash	-	-	-	60,577
Receivables:				
Investment securities sold	-	-	-	-
Plan shares sold	821	166	20,000	1,027
Wrapper Agreement (At Fair Value)	-	-	-	-
Total assets	<u>6,023,146</u>	<u>3,649,695</u>	<u>7,202,496</u>	<u>10,828,238</u>
<b>Liabilities:</b>				
Payables:				
Investment securities purchased	190	-	227	-
Plan shares redeemed	-	21,606	20,666	3,535
Accrued expenses	5,228	3,182	6,993	9,551
Total liabilities	<u>5,418</u>	<u>24,788</u>	<u>27,886</u>	<u>13,086</u>
Net assets, at value	<u>\$ 6,017,728</u>	<u>\$ 3,624,907</u>	<u>\$ 7,174,610</u>	<u>\$ 10,815,152</u>
<b>Class A:</b>				
Net assets, at value	\$ 3,184,321	\$ 1,767,078	\$ 3,006,223	\$ 3,853,309
Shares outstanding	273,395	157,317	276,569	388,124
Net asset value per share	<u>\$11.65</u>	<u>\$11.23</u>	<u>\$10.87</u>	<u>\$9.93</u>
Maximum offering price per share				
(Net asset value per share / 94.25%)	<u>\$12.36</u>	<u>\$11.92</u>	<u>\$11.53</u>	<u>\$10.54</u>
(Net asset value per share / 95.75%)	-	-	\$11.47	-
<b>Class B:</b>				
Net assets, at value	\$ 364,226	\$ 137,562	\$ 123,630	\$ 540,056
Shares outstanding	31,550	12,350	11,480	54,915
Net asset value per share	<u>\$11.54</u>	<u>\$11.14</u>	<u>\$10.77</u>	<u>\$9.83</u>
<b>Class C:</b>				
Net assets, at value	\$ 1,229,448	\$ 775,707	\$ 2,356,536	\$ 3,498,005
Shares outstanding	106,519	69,698	218,697	355,678
Net asset value per share	<u>\$11.54</u>	<u>\$11.13</u>	<u>\$10.78</u>	<u>\$9.83</u>
<b>Direct:</b>				
Net assets, at value	\$ 1,239,733	\$ 944,560	\$ 1,688,221	\$ 2,923,782
Shares outstanding	105,812	83,600	154,526	293,265
Net asset value per share	<u>\$11.72</u>	<u>\$11.30</u>	<u>\$10.93</u>	<u>\$9.97</u>



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	Age-Based Moderate Asset Allocation Newborn-8 Years Portfolio	Age-Based Moderate Asset Allocation Age 9-12 Years Portfolio	Age-Based Moderate Asset Allocation 13-16 Years Portfolio	Age-Based Moderate Asset Allocation 17+ Years Portfolio
<b>Assets:</b>				
Investments in Underlying Funds:				
Cost	\$ 21,676,517	\$ 16,586,419	\$ 18,412,398	\$ 8,422,857
Value	\$ 23,435,866	\$ 17,613,971	\$ 19,084,289	\$ 8,500,844
Cash	-	-	-	-
Receivables:				
Investment securities sold	-	-	-	-
Plan shares sold	47,374	78,003	38,149	7,318
Wrapper Agreement (At Fair Value)	-	-	-	-
Total assets	<u>23,483,240</u>	<u>17,691,974</u>	<u>19,122,438</u>	<u>8,508,162</u>
<b>Liabilities:</b>				
Payables:				
Investment securities purchased	171	-	-	-
Plan shares redeemed	-	5,326	-	-
Accrued expenses	19,985	17,216	21,004	8,986
Total liabilities	<u>20,156</u>	<u>22,542</u>	<u>21,004</u>	<u>8,986</u>
Net assets, at value	<u>\$ 23,463,084</u>	<u>\$ 17,669,432</u>	<u>\$ 19,101,434</u>	<u>\$ 8,499,176</u>
<b>Class A:</b>				
Net assets, at value	\$ 14,689,377	\$ 9,859,551	\$ 7,760,859	\$ 2,285,811
Shares outstanding	1,231,484	849,935	690,314	210,716
Net asset value per share	<u>\$11.93</u>	<u>\$11.60</u>	<u>\$11.24</u>	<u>\$10.85</u>
Maximum offering price per share				
(Net asset value per share / 94.25%)	<u>\$12.66</u>	<u>\$12.31</u>	<u>\$11.93</u>	<u>\$11.51</u>
(Net asset value per share / 95.75%)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Class B:</b>				
Net assets, at value	\$ 1,652,020	\$ 1,008,025	\$ 871,323	\$ 112,426
Shares outstanding	139,918	87,714	78,123	10,457
Net asset value per share	<u>\$11.81</u>	<u>\$11.49</u>	<u>\$11.15</u>	<u>\$10.75</u>
<b>Class C:</b>				
Net assets, at value	\$ 3,582,783	\$ 4,582,210	\$ 7,653,994	\$ 3,986,304
Shares outstanding	303,850	398,647	687,018	370,637
Net asset value per share	<u>\$11.79</u>	<u>\$11.50</u>	<u>\$11.14</u>	<u>\$10.76</u>
<b>Direct:</b>				
Net assets, at value	\$ 3,538,904	\$ 2,219,646	\$ 2,815,258	\$ 2,114,635
Shares outstanding	295,643	190,627	249,019	194,014
Net asset value per share	<u>\$11.97</u>	<u>\$11.64</u>	<u>\$11.31</u>	<u>\$10.90</u>

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	Franklin Templeton Corefolio Portfolio	Franklin Templeton Founding Funds 529 Portfolio	Growth Portfolio	Growth and Income Portfolio
<b>Assets:</b>				
Investments in Underlying Funds:				
Cost	\$ 115,326,105	\$ 218,599,553	\$ 119,113,596	\$ 98,191,966
Value	\$ 124,423,962	\$ 199,344,615	\$ 133,775,978	109,193,262
Cash	-	-	-	-
Receivables:				
Investment securities sold	-	-	-	-
Plan shares sold	42,141	88,687	57,527	21,419
Wrapper Agreement (At Fair Value)	-	-	-	-
Total assets	<u>124,466,103</u>	<u>199,433,302</u>	<u>133,833,505</u>	<u>109,214,681</u>
<b>Liabilities:</b>				
Payables:				
Investment securities purchased	-	-	-	-
Plan shares redeemed	9,624	148,119	73,615	47,759
Accrued expenses	145,908	239,472	111,351	125,195
Total liabilities	<u>155,532</u>	<u>387,591</u>	<u>184,966</u>	<u>172,954</u>
Net assets, at value	<u>\$ 124,310,571</u>	<u>\$ 199,045,711</u>	<u>\$ 133,648,539</u>	<u>\$ 109,041,727</u>
<b>Class A:</b>				
Net assets, at value	<u>\$ 48,562,545</u>	<u>\$ 115,654,182</u>	<u>\$ 43,011,968</u>	<u>\$ 38,145,078</u>
Shares outstanding	<u>2,594,453</u>	<u>9,449,834</u>	<u>2,075,155</u>	<u>2,130,989</u>
Net asset value per share	<u>\$18.72</u>	<u>\$12.24</u>	<u>\$20.73</u>	<u>\$17.90</u>
Maximum offering price per share				
(Net asset value per share / 94.25%)	<u>\$19.86</u>	<u>\$12.99</u>	<u>\$21.99</u>	<u>\$18.99</u>
(Net asset value per share / 95.75%)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Class B:</b>				
Net assets, at value	<u>\$ 12,705,174</u>	<u>\$ 18,949,520</u>	<u>\$ 8,299,736</u>	<u>\$ 9,316,478</u>
Shares outstanding	<u>735,164</u>	<u>1,619,477</u>	<u>425,692</u>	<u>555,997</u>
Net asset value per share	<u>\$17.28</u>	<u>\$11.70</u>	<u>\$19.50</u>	<u>\$16.76</u>
<b>Class C:</b>				
Net assets, at value	<u>\$ 27,477,757</u>	<u>\$ 64,442,009</u>	<u>\$ 22,649,999</u>	<u>\$ 28,709,327</u>
Shares outstanding	<u>1,560,509</u>	<u>5,511,301</u>	<u>1,157,998</u>	<u>1,737,224</u>
Net asset value per share	<u>\$17.61</u>	<u>\$11.69</u>	<u>\$19.56</u>	<u>\$16.53</u>
<b>Direct:</b>				
Net assets, at value	<u>\$ 35,565,095</u>		<u>\$ 59,686,836</u>	<u>\$ 32,870,844</u>
Shares outstanding	<u>1,856,458</u>		<u>2,813,537</u>	<u>1,791,583</u>
Net asset value per share	<u>\$19.16</u>		<u>\$21.21</u>	<u>\$18.35</u>

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	Income Portfolio	Franklin Growth 529 Portfolio	Franklin Income 529 Portfolio	Franklin Small-Mid Cap Growth 529 Portfolio
<b>Assets:</b>				
Investments in Underlying Funds:				
Cost	\$ 60,727,003	\$ 22,603,086	\$ 108,133,093	\$ 24,592,289
Value	63,329,828	\$ 26,677,134	\$ 105,896,760	\$ 29,552,291
Cash	-	-	-	-
Receivables:				
Investment securities sold	-	-	-	-
Plan shares sold	13,264	5,540	76,759	19,618
Wrapper Agreement (At Fair Value)	-	-	-	-
Total assets	<u>63,343,092</u>	<u>26,682,674</u>	<u>105,973,519</u>	<u>29,571,909</u>
<b>Liabilities:</b>				
Payables:				
Investment securities purchased	-	-	-	-
Plan shares redeemed	17,495	7,082	19,883	8,497
Accrued expenses	69,054	37,932	162,737	36,755
Total liabilities	<u>86,549</u>	<u>45,014</u>	<u>182,620</u>	<u>45,252</u>
Net assets, at value	<u>\$ 63,256,543</u>	<u>\$ 26,637,660</u>	<u>\$ 105,790,899</u>	<u>\$ 29,526,657</u>
<b>Class A:</b>				
Net assets, at value	\$ 21,143,999	\$ 16,241,965	\$ 55,260,157	\$ 18,977,147
Shares outstanding	1,478,127	1,012,923	2,850,145	829,548
Net asset value per share	<u>\$14.30</u>	<u>\$16.03</u>	<u>\$19.39</u>	<u>\$22.88</u>
Maximum offering price per share				
(Net asset value per share / 94.25%)	-	\$17.01	-	\$24.28
(Net asset value per share / 95.75%)	<u>\$14.93</u>	<u>-</u>	<u>\$20.25</u>	<u>-</u>
<b>Class B:</b>				
Net assets, at value	\$ 3,807,888	\$ 3,966,632	\$ 12,658,460	\$ 4,296,958
Shares outstanding	283,283	270,279	689,212	199,426
Net asset value per share	<u>\$13.44</u>	<u>\$14.68</u>	<u>\$18.37</u>	<u>\$21.55</u>
<b>Class C:</b>				
Net assets, at value	\$ 20,207,333	\$ 6,429,063	\$ 37,872,282	\$ 6,252,552
Shares outstanding	1,498,154	409,373	2,075,778	291,228
Net asset value per share	<u>\$13.49</u>	<u>\$15.70</u>	<u>\$18.24</u>	<u>\$21.47</u>
<b>Direct:</b>				
Net assets, at value	\$ 18,097,323			
Shares outstanding	1,233,171			
Net asset value per share	<u>\$14.68</u>			

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	Franklin Templeton Stable Value 529 Portfolio	Mutual Shares 529 Portfolio	S&P 500 Index Fund 529 Portfolio	Templeton Growth 529 Portfolio	Total
<b>Assets:</b>					
Investments in Underlying Funds:					
Cost	\$ 65,598,042	\$ 65,793,500	\$ 43,847,992	\$ 74,450,687	\$ 2,439,656,340
Value	\$ 65,803,419	\$ 62,742,594	\$ 51,315,452	\$ 66,220,592	\$ 2,614,732,359
Cash	-	-	-	-	60,577
Receivables:					
Investment securities sold	-	-	8,644	-	8,644
Plan shares sold	791,350	47,797	11,535	49,935	2,199,642
Wrapper Agreement (At Fair Value)	23,512	-	-	-	23,512
Total assets	66,618,281	62,790,391	51,335,631	66,270,527	2,617,024,734
<b>Liabilities:</b>					
Payables:					
Investment securities purchased	-	-	-	-	588
Plan shares redeemed	5,450	9,325	20,034	8,900	986,521
Accrued expenses	802,909	95,312	34,892	100,043	3,616,491
Total liabilities	808,359	104,637	54,926	108,943	4,603,600
Net assets, at value	\$ 65,809,922	\$ 62,685,754	\$ 51,280,705	\$ 66,161,584	\$ 2,612,421,134
<b>Class A:</b>					
Net assets, at value	\$ 17,529,621	\$ 36,874,800	\$ 10,046,663	\$ 39,844,911	
Shares outstanding	1,555,603	2,091,015	613,878	2,149,653	
Net asset value per share	\$11.27	\$17.63	\$16.37	\$18.54	
Maximum offering price per share					
(Net asset value per share / 94.25%)	-	\$18.71	\$17.37	\$19.67	
(Net asset value per share / 95.75%)	\$11.77	-	-	-	
<b>Class B:</b>					
Net assets, at value	\$ 7,714,374	\$ 8,484,701	\$ 3,357,113	\$ 8,902,691	
Shares outstanding	720,037	519,887	230,523	515,606	
Net asset value per share	\$10.71	\$16.32	\$14.56	\$17.27	
<b>Class C:</b>					
Net assets, at value	\$ 19,876,312	\$ 17,326,253	\$ 4,100,657	\$ 17,413,982	
Shares outstanding	1,852,249	1,057,174	260,056	1,019,808	
Net asset value per share	\$10.73	\$16.39	\$15.77	\$17.08	
<b>Direct:</b>					
Net assets, at value	\$ 20,689,615		\$ 33,776,272		\$ 623,023,461
Shares outstanding	1,805,881		1,983,142		
Net asset value per share	\$11.46		\$17.03		

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	Age-Based Growth Asset Allocation Newborn-8 Years Portfolio	Age-Based Growth Asset Allocation Age 9-12 Years Portfolio	Age-Based Growth Asset Allocation Age 13-16 Years Portfolio	Age-Based Growth Asset Allocation Age 17+ Years Portfolio
Investment income - dividends from Underlying Funds	\$ 6,351,441	\$ 5,700,575	\$ 8,145,989	\$ 6,773,486
Expenses:				
Program management fees (Note 2)	1,618,617	1,043,366	1,184,631	775,117
Sales fees (Note 2)				
Class A	496,978	310,615	321,228	186,695
Class B	638,100	419,811	449,362	228,270
Class C	656,597	548,495	820,621	718,398
Sub-advisory fees (Note 2)	-	-	-	-
Total expenses	3,410,292	2,322,287	2,775,842	1,908,480
Expenses waived/paid by affiliates (Note 3)	-	-	-	-
Net expenses	3,410,292	2,322,287	2,775,842	1,908,480
Net investment income (loss)	2,941,149	3,378,288	5,370,147	4,865,006
Realized and unrealized gains (losses):				
Net Realized gain (loss) from:				
Sale of investments in Underlying Funds	-	115,697	1,361,058	1,368,056
Realized gain on distributions by Underlying Funds	4,769,009	80,417	170,402	184,069
Net realized gain (loss)	4,769,009	196,114	1,531,460	1,552,125
Net change in unrealized appreciation (depreciation) on				
Investments in Underlying Funds and Wrapper Agreements	114,003,872	57,422,764	45,540,138	15,687,768
Net realized and unrealized gain (loss)	118,772,881	57,618,878	47,071,598	17,239,893
Net increase (decrease) in net assets resulting from operations	\$ 121,714,030	\$ 60,997,166	\$ 52,441,745	\$ 22,104,899

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	Age-Based Conservative Asset Allocation Newborn-8 Years Portfolio	Age-Based Conservative Asset Allocation Age 9-12 Years Portfolio	Age-Based Conservative Asset Allocation 13-16 Years Portfolio	Age-Based Conservative Asset Allocation 17+ Years Portfolio
Investment income - dividends from Underlying Funds	\$ 83,914	\$ 67,139	\$ 142,702	\$ -
Expenses:				
Program management fees (Note 2)	12,883	7,931	13,386	20,054
Sales fees (Note 2)				
Class A	4,415	2,739	3,156	4,506
Class B	2,201	766	614	3,132
Class C	8,602	4,914	14,320	21,265
Sub-advisory fees (Note 2)	-	-	-	-
Total expenses	28,101	16,350	31,476	48,957
Expenses waived/paid by affiliates (Note 3)	-	-	-	-
Net expenses	28,101	16,350	31,476	48,957
Net investment income (loss)	55,813	50,789	111,226	(48,957)
Realized and unrealized gains (losses):				
Net Realized gain (loss) from:				
Sale of investments in Underlying Funds	3,158	2,246	2,685	-
Realized gain on distributions by Underlying Funds	-	2,145	4,222	-
Net realized gain (loss)	3,158	4,391	6,907	-
Net change in unrealized appreciation (depreciation) on				
Investments in Underlying Funds and Wrapper Agreements	381,987	131,518	52,448	-
Net realized and unrealized gain (loss)	385,145	135,909	59,355	-
Net increase (decrease) in net assets resulting from operations	\$ 440,958	\$ 186,698	\$ 170,581	\$ (48,957)

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	Age-Based Moderate Asset Allocation Newborn-8 Years Portfolio	Age-Based Moderate Asset Allocation Age 9-12 Years Portfolio	Age-Based Moderate Asset Allocation 13-16 Years Portfolio	Age-Based Moderate Asset Allocation 17+ Years Portfolio
Investment income - dividends from Underlying Funds	\$ 220,240	\$ 233,303	\$ 337,312	\$ 178,475
Expenses:				
Program management fees (Note 2)	49,263	41,724	41,482	16,443
Sales fees (Note 2)				
Class A	20,623	14,842	11,012	2,850
Class B	8,975	5,252	3,710	746
Class C	20,229	24,962	45,460	21,587
Sub-advisory fees (Note 2)	-	-	-	-
Total expenses	99,090	86,780	101,664	41,626
Expenses waived/paid by affiliates (Note 3)	-	-	-	-
Net expenses	99,090	86,780	101,664	41,626
Net investment income (loss)	121,150	146,523	235,648	136,849
Realized and unrealized gains (losses):				
Net Realized gain (loss) from:				
Sale of investments in Underlying Funds	14,523	3,862	2,445	196
Realized gain on distributions by Underlying Funds	3,622	5,530	9,844	5,872
Net realized gain (loss)	18,145	9,392	12,289	6,068
Net change in unrealized appreciation (depreciation) on				
Investments in Underlying Funds and Wrapper Agreements	1,915,244	1,100,828	711,573	69,329
Net realized and unrealized gain (loss)	1,933,389	1,110,220	723,862	75,397
Net increase (decrease) in net assets resulting from operations	\$ 2,054,539	\$ 1,256,743	\$ 959,510	\$ 212,246

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	Franklin Templeton Corefolio Portfolio	Franklin Templeton Founding Funds 529 Portfolio	Growth Portfolio	Growth and Income Portfolio
Investment income - dividends from Underlying Funds	\$ 1,510,340	\$ 6,960,362	\$ 1,527,368	\$ 2,384,643
Expenses:				
Program management fees (Note 2)	386,481	732,155	362,966	330,379
Sales fees (Note 2)				
Class A	109,079	263,926	91,407	83,069
Class B	116,954	180,006	78,524	89,555
Class C	252,840	594,812	199,627	254,936
Sub-advisory fees (Note 2)	-	-	-	-
Total expenses	865,354	1,770,899	732,524	757,939
Expenses waived/paid by affiliates (Note 3)	-	-	-	-
Net expenses	865,354	1,770,899	732,524	757,939
Net investment income (loss)	644,986	5,189,463	794,844	1,626,704
Realized and unrealized gains (losses):				
Net Realized gain (loss) from:				
Sale of investments in Underlying Funds	802,624	(1,469,428)	(255,014)	46,065
Realized gain on distributions by Underlying Funds	-	-	-	51,356
Net realized gain (loss)	802,624	(1,469,428)	(255,014)	97,421
Net change in unrealized appreciation (depreciation) on				
Investments in Underlying Funds and Wrapper Agreements	25,670,572	34,485,511	28,897,370	13,132,409
Net realized and unrealized gain (loss)	26,473,196	33,016,083	28,642,356	13,229,830
Net increase (decrease) in net assets resulting from operations	\$ 27,118,182	\$ 38,205,546	\$ 29,437,200	\$ 14,856,534



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	Income Portfolio	Franklin Growth 529 Portfolio	Franklin Income 529 Portfolio
Investment income - dividends from Underlying Funds	\$ 2,186,172	\$ 136,114	\$ 6,202,269
Expenses:			
Program management fees (Note 2)	205,689	91,151	374,890
Sales fees (Note 2)			
Class A	50,394	34,531	120,478
Class B	37,108	35,048	122,550
Class C	189,566	54,757	332,885
Sub-advisory fees (Note 2)	-	-	-
Total expenses	482,757	215,487	950,803
Expenses waived/paid by affiliates (Note 3)	-	-	-
Net expenses	482,757	215,487	950,803
Net investment income (loss)	1,703,415	(79,373)	5,251,466
Realized and unrealized gains (losses):			
Net Realized gain (loss) from:			
Sale of investments in Underlying Funds	16,879	86,355	(224,861)
Realized gain on distributions by Underlying Funds	67,607	-	-
Net realized gain (loss)	84,486	86,355	(224,861)
Net change in unrealized appreciation (depreciation) on			
Investments in Underlying Funds and Wrapper Agreements	1,016,576	5,170,271	10,171,823
Net realized and unrealized gain (loss)	1,101,062	5,256,626	9,946,962
Net increase (decrease) in net assets resulting from operations	\$ 2,804,477	\$ 5,177,253	\$ 15,198,428

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	Franklin Small-Mid Cap Growth 529 Portfolio	Franklin Templeton Stable Value 529 Portfolio	Mutual Shares 529 Portfolio
Investment income - dividends from Underlying Funds	\$ -	\$ 311,917	\$ 1,732,081
Expenses:			
Program management fees (Note 2)	95,191	227,095	232,062
Sales fees (Note 2)			
Class A	38,323	47,301	84,212
Class B	36,411	75,836	80,889
Class C	48,343	201,566	162,391
Sub-advisory fees (Note 2)	-	66,912	-
Total expenses	218,268	618,710	559,554
Expenses waived/paid by affiliates (Note 3)	-	(244,531)	-
Net expenses	218,268	374,179	559,554
Net investment income (loss)	(218,268)	(62,262)	1,172,527
Realized and unrealized gains (losses):			
Net Realized gain (loss) from:			
Sale of investments in Underlying Funds	19,589	-	(542,317)
Realized gain on distributions by Underlying Funds	-	-	-
Net realized gain (loss)	19,589	-	(542,317)
Net change in unrealized appreciation (depreciation) on			
Investments in Underlying Funds and Wrapper Agreements	7,646,938	(101,076)	10,663,967
Net realized and unrealized gain (loss)	7,666,527	(101,076)	10,121,650
Net increase (decrease) in net assets resulting from operations	\$ 7,448,259	\$ (163,338)	\$ 11,294,177

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	S&P 500 Index Fund 529 Portfolio	Templeton Growth 529 Portfolio	Total
Investment income - dividends from Underlying Funds	\$ 861,234	\$ 1,078,147	\$ 53,125,223
Expenses:			
Program management fees (Note 2)	122,772	240,159	8,225,887
Sales fees (Note 2)			
Class A	21,724	89,619	2,413,722
Class B	31,786	82,085	2,727,691
Class C	38,865	159,871	5,395,909
Sub-advisory fees (Note 2)	-	-	66,912
Total expenses	215,147	571,734	18,830,121
Expenses waived/paid by affiliates (Note 3)	-	-	(244,531)
Net expenses	215,147	571,734	18,585,590
Net investment income (loss)	646,087	506,413	34,539,633
Realized and unrealized gains (losses):			
Net Realized gain (loss) from:			
Sale of investments in Underlying Funds	233,053	(1,105,117)	481,754
Realized gain on distributions by Underlying Funds	-	-	5,354,095
Net realized gain (loss)	233,053	(1,105,117)	5,835,849
Net change in unrealized appreciation (depreciation) on			
Investments in Underlying Funds and Wrapper Agreements	10,281,609	16,504,750	400,558,189
Net realized and unrealized gain (loss)	10,514,662	15,399,633	406,394,038
Net increase (decrease) in net assets resulting from operations	\$ 11,160,749	\$ 15,906,046	\$ 440,933,671

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Combining Statements of Changes in Net Assets

	Age-Based Growth Asset Allocation Newborn-8 Years Portfolio		Age-Based Growth Asset Allocation Age 9-12 Years Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010	2011	2010
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 2,941,149	\$ 2,172,290	\$ 3,378,288	\$ 2,639,509
Net realized gain (loss) from Underlying Funds	4,769,009	(9,606,138)	196,114	(2,133,861)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	114,003,872	65,478,240	57,422,764	27,623,489
Net increase (decrease) in net assets resulting from operations	121,714,030	58,044,392	60,997,166	28,129,137
Plan share transactions:				
Subscriptions:				
Class A	45,390,568	45,123,058	47,135,861	61,787,305
Class B	8,497,541	10,186,006	14,685,003	19,176,838
Class C	12,427,214	15,826,095	21,292,337	29,486,261
Direct	25,518,746	26,239,995	33,874,906	36,869,522
Total subscriptions	91,834,069	97,375,154	116,988,107	147,319,926
Redemptions:				
Class A	(38,658,120)	(50,536,113)	(40,102,579)	(50,211,067)
Class B	(13,280,834)	(17,674,105)	(13,057,717)	(18,607,785)
Class C	(14,576,738)	(20,985,318)	(20,837,749)	(29,005,314)
Direct	(28,343,197)	(31,916,881)	(24,050,485)	(33,399,305)
Total redemptions	(94,858,889)	(121,112,417)	(98,048,530)	(131,223,471)
Net increase (decrease) in net assets resulting from plan share transactions	(3,024,820)	(23,737,263)	18,939,577	16,096,455
Net increase (decrease) in net assets	118,689,210	34,307,129	79,936,743	44,225,592
Net assets:				
Beginning of year	395,247,694	360,940,565	250,752,270	206,526,678
End of year	\$ 513,936,904	\$ 395,247,694	\$ 330,689,013	\$ 250,752,270

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Combining Statements of Changes in Net Assets

	Age-Based Growth Asset Allocation Age 13-16 Years Portfolio		Age-Based Growth Asset Allocation Age 17+ Years Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010	2011	2010
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 5,370,147	\$ 4,195,065	\$ 4,865,006	\$ 3,113,595
Net realized gain (loss) from Underlying Funds	1,531,460	(1,950,143)	1,552,125	(930,743)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	45,540,138	25,759,921	15,687,768	7,564,082
Net increase (decrease) in net assets resulting from operations	<u>52,441,745</u>	<u>28,004,843</u>	<u>22,104,899</u>	<u>9,746,934</u>
Plan share transactions:				
Subscriptions:				
Class A	49,190,364	61,669,591	39,905,849	45,371,974
Class B	14,167,935	20,418,207	12,091,677	15,222,224
Class C	29,465,112	43,223,020	30,330,399	42,458,130
Direct	31,288,190	39,421,623	24,442,902	29,777,105
Total subscriptions	<u>124,111,601</u>	<u>164,732,441</u>	<u>106,770,827</u>	<u>132,829,433</u>
Redemptions:				
Class A	(38,904,187)	(45,529,669)	(19,593,428)	(13,722,639)
Class B	(12,956,331)	(15,813,368)	(5,889,058)	(2,761,108)
Class C	(27,915,396)	(37,978,617)	(22,193,566)	(17,128,769)
Direct	(21,980,727)	(28,843,065)	(13,008,405)	(9,785,541)
Total redemptions	<u>(101,756,641)</u>	<u>(128,164,719)</u>	<u>(60,684,457)</u>	<u>(43,398,057)</u>
Net increase (decrease) in net assets resulting from plan share transactions	<u>22,354,960</u>	<u>36,567,722</u>	<u>46,086,370</u>	<u>89,431,376</u>
Net increase (decrease) in net assets	<u>74,796,705</u>	<u>64,572,565</u>	<u>68,191,269</u>	<u>99,178,310</u>
Net assets:				
Beginning of year	293,746,966	229,174,401	197,498,482	98,320,172
End of year	<u>\$ 368,543,671</u>	<u>\$ 293,746,966</u>	<u>\$ 265,689,751</u>	<u>\$ 197,498,482</u>

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	Age-Based Conservative Asset Allocation Newborn-8 Years Portfolio		Age-Based Conservative Asset Allocation Age 9-12 Years Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010 <sup>a</sup>	2011	2010 <sup>a</sup>
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 55,813	\$ 1,776	\$ 50,789	\$ 1,987
Net realized gain (loss) from Underlying Funds	3,158	6	4,391	3
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	381,987	(27,026)	131,518	(3,977)
Net increase (decrease) in net assets resulting from operations	440,958	(25,244)	186,698	(1,987)
Plan share transactions:				
Subscriptions:				
Class A	2,827,168	427,703	1,783,755	122,023
Class B	350,755	19,600	124,375	24,000
Class C	987,271	304,828	797,249	145,648
Direct	939,237	350,052	1,051,108	278,987
Total subscriptions	5,104,431	1,102,183	3,756,487	570,658
Redemptions:				
Class A	(272,504)	-	(227,125)	(96)
Class B	(29,974)	-	(16,197)	-
Class C	(160,114)	-	(200,136)	(4,000)
Direct	(141,144)	(864)	(429,072)	(10,323)
Total redemptions	(603,736)	(864)	(872,530)	(14,419)
Net increase (decrease) in net assets resulting from plan share transactions	4,500,695	1,101,319	2,883,957	556,239
Net increase (decrease) in net assets	4,941,653	1,076,075	3,070,655	554,252
Net assets:				
Beginning of year	1,076,075	-	554,252	-
End of year	\$ 6,017,728	\$ 1,076,075	\$ 3,624,907	\$ 554,252

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	Age-Based Conservative Asset Allocation 13-16 Years Portfolio		Age-Based Conservative Asset Allocation 17+ Years Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010 <sup>a</sup>	2011	2010 <sup>a</sup>
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 111,226	\$ 7,809	\$ (48,957)	\$ (1,408)
Net realized gain (loss) from Underlying Funds	6,907	388	-	-
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	52,448	7,808	-	-
Net increase (decrease) in net assets resulting from operations	170,581	16,005	(48,957)	(1,408)
Plan share transactions:				
Subscriptions:				
Class A	3,494,103	133,079	4,158,414	318,568
Class B	158,365	5,000	557,681	73,612
Class C	2,549,422	357,382	3,858,351	823,500
Direct	1,840,674	824,045	3,023,823	821,204
Total subscriptions	8,042,564	1,319,506	11,598,269	2,036,884
Redemptions:				
Class A	(650,498)	(27,743)	(611,804)	-
Class B	(41,623)	-	(86,737)	-
Class C	(600,944)	(3,000)	(1,144,676)	(8,611)
Direct	(978,218)	(72,020)	(883,954)	(33,854)
Total redemptions	(2,271,283)	(102,763)	(2,727,171)	(42,465)
Net increase (decrease) in net assets resulting from plan share transactions	5,771,281	1,216,743	8,871,098	1,994,419
Net increase (decrease) in net assets	5,941,862	1,232,748	8,822,141	1,993,011
Net assets:				
Beginning of year	1,232,748	-	1,993,011	-
End of year	\$ 7,174,610	\$ 1,232,748	\$ 10,815,152	\$ 1,993,011

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	Age-Based Moderate Asset Allocation Newborn-8 Years Portfolio		Age-Based Moderate Asset Allocation Age 9-12 Years Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010 <sup>a</sup>	2011	2010 <sup>a</sup>
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 121,150	\$ 2,973	\$ 146,523	\$ 6,239
Net realized gain (loss) from Underlying Funds	18,145	16	9,392	557
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	1,915,244	(155,895)	1,100,828	(73,276)
Net increase (decrease) in net assets resulting from operations	2,054,539	(152,906)	1,256,743	(66,480)
Plan share transactions:				
Subscriptions:				
Class A	13,620,911	1,803,106	8,970,748	1,941,374
Class B	1,456,761	182,337	1,066,685	40,260
Class C	3,487,149	440,505	4,591,799	558,572
Direct	2,683,941	1,167,164	1,827,841	891,647
Total subscriptions	21,248,762	3,593,112	16,457,073	3,431,853
Redemptions:				
Class A	(1,889,029)	(1,651)	(1,637,888)	(117,241)
Class B	(104,108)	-	(151,676)	-
Class C	(602,276)	(10,005)	(828,478)	(4,502)
Direct	(539,439)	(133,915)	(482,628)	(187,344)
Total redemptions	(3,134,852)	(145,571)	(3,100,670)	(309,087)
Net increase (decrease) in net assets resulting from plan share transactions	18,113,910	3,447,541	13,356,403	3,122,766
Net increase (decrease) in net assets	20,168,449	3,294,635	14,613,146	3,056,286
Net assets:				
Beginning of year	3,294,635	-	3,056,286	-
End of year	\$ 23,463,084	\$ 3,294,635	\$ 17,669,432	\$ 3,056,286

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	Age-Based Moderate Asset Allocation 13-16 Years Portfolio		Age-Based Moderate Asset Allocation 17+ Years Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010 <sup>a</sup>	2011	2010 <sup>a</sup>
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 235,648	8115	\$ 136,849	\$ 9,824
Net realized gain (loss) from Underlying Funds	12,289	24	6,068	173
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	711,573	(39,682)	69,329	8,658
Net increase (decrease) in net assets resulting from operations	959,510	(31,543)	212,246	18,655
Plan share transactions:				
Subscriptions:				
Class A	7,679,515	751,768	2,172,566	245,306
Class B	859,137	22,050	114,056	33,429
Class C	7,097,171	1,325,931	3,837,387	589,942
Direct	2,057,439	1,476,993	1,601,419	784,757
Total subscriptions	17,693,262	3,576,742	7,725,428	1,653,434
Redemptions:				
Class A	(976,470)	(39,401)	(184,199)	-
Class B	(37,352)	-	(38,339)	-
Class C	(1,113,725)	(3,000)	(523,043)	(2,020)
Direct	(905,690)	(20,899)	(362,961)	(25)
Total redemptions	(3,033,237)	(63,300)	(1,108,542)	(2,045)
Net increase (decrease) in net assets resulting from plan share transactions	14,660,025	3,513,442	6,616,886	1,651,389
Net increase (decrease) in net assets	15,619,535	3,481,899	6,829,132	1,670,044
Net assets:				
Beginning of year	3,481,899	-	1,670,044	-
End of year	\$ 19,101,434	\$ 3,481,899	\$ 8,499,176	\$ 1,670,044

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	Franklin Templeton Corefolio Portfolio		Franklin Templeton Founding Funds 529 Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010	2011	2010
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 644,986	\$ 646,654	\$ 5,189,463	\$ 4,442,102
Net realized gain (loss) from Underlying Funds	802,624	(468,091)	(1,469,428)	(1,251,364)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	25,670,572	12,176,305	34,485,511	14,291,536
Net increase (decrease) in net assets resulting from operations	27,118,182	12,354,868	38,205,546	17,482,274
Plan share transactions:				
Subscriptions:				
Class A	6,270,511	5,003,461	14,934,639	16,406,322
Class B	1,046,890	984,419	3,515,622	1,844,481
Class C	3,431,026	2,955,318	9,327,077	10,232,454
Direct	4,402,262	3,946,150	-	-
Total subscriptions	15,150,689	12,889,348	27,777,338	28,483,257
Redemptions:				
Class A	(4,963,042)	(4,660,233)	(11,446,722)	(9,858,020)
Class B	(892,568)	(846,117)	(3,035,462)	(1,316,856)
Class C	(3,065,847)	(2,512,533)	(8,475,685)	(6,270,652)
Direct	(3,265,393)	(2,772,462)	-	-
Total redemptions	(12,186,850)	(10,791,345)	(22,957,869)	(17,445,528)
Net increase (decrease) in net assets resulting from plan share transactions	2,963,839	2,098,003	4,819,469	11,037,729
Net increase (decrease) in net assets	30,082,021	14,452,871	43,025,015	28,520,003
Net assets:				
Beginning of year	94,228,550	79,775,679	156,020,696	127,500,693
End of year	\$ 124,310,571	\$ 94,228,550	\$ 199,045,711	\$ 156,020,696

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	Growth Portfolio		Growth and Income Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010	2011	2010
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 794,844	\$ 508,465	\$ 1,626,704	\$ 1,240,960
Net realized gain (loss) from Underlying Funds	(255,014)	(686,723)	97,421	(407,310)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	28,897,370	11,205,390	13,132,409	6,680,695
Net increase (decrease) in net assets resulting from operations	29,437,200	11,027,132	14,856,534	7,514,345
Plan share transactions:				
Subscriptions:				
Class A	8,565,769	6,699,502	10,593,570	10,547,993
Class B	924,030	893,255	1,057,810	1,762,210
Class C	4,417,237	2,976,500	6,341,797	7,728,917
Direct	9,048,483	8,288,697	6,561,673	5,186,515
Total subscriptions	22,955,519	18,857,954	24,554,850	25,225,635
Redemptions:				
Class A	(2,972,337)	(3,011,560)	(4,577,377)	(4,101,786)
Class B	(1,025,847)	(462,434)	(1,281,530)	(924,332)
Class C	(3,149,098)	(1,820,552)	(3,777,734)	(3,491,826)
Direct	(5,619,433)	(4,491,359)	(3,949,340)	(3,105,458)
Total redemptions	(12,766,715)	(9,785,905)	(13,585,981)	(11,623,402)
Net increase (decrease) in net assets resulting from plan share transactions	10,188,804	9,072,049	10,968,869	13,602,233
Net increase (decrease) in net assets	39,626,004	20,099,181	25,825,403	21,116,578
Net assets:				
Beginning of year	94,022,535	73,923,354	83,216,324	62,099,746
End of year	\$ 133,648,539	\$ 94,022,535	\$ 109,041,727	\$ 83,216,324

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	Income Portfolio		Franklin Growth 529 Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010	2011	2010
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 1,703,415	\$ 1,320,527	\$ (79,373)	\$ (7,027)
Net realized gain (loss) from Underlying Funds	84,486	27,162	86,355	(55,005)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	1,016,576	2,053,232	5,170,271	2,483,638
Net increase (decrease) in net assets resulting from operations	2,804,477	3,400,921	5,177,253	2,421,606
Plan share transactions:				
Subscriptions:				
Class A	7,440,795	7,015,107	3,579,115	2,952,550
Class B	1,114,139	802,521	539,814	415,600
Class C	6,679,047	8,159,049	1,519,754	953,022
Direct	4,201,551	6,246,118	-	-
Total subscriptions	19,435,532	22,222,795	5,638,683	4,321,172
Redemptions:				
Class A	(4,835,995)	(2,887,760)	(1,419,390)	(1,185,585)
Class B	(711,569)	(221,009)	(279,262)	(232,900)
Class C	(3,682,842)	(3,341,490)	(688,988)	(571,992)
Direct	(3,553,936)	(2,982,859)	-	-
Total redemptions	(12,784,342)	(9,433,118)	(2,387,640)	(1,990,477)
Net increase (decrease) in net assets resulting from plan share transactions	6,651,190	12,789,677	3,251,043	2,330,695
Net increase (decrease) in net assets	9,455,667	16,190,598	8,428,296	4,752,301
Net assets:				
Beginning of year	53,800,876	37,610,278	18,209,364	13,457,063
End of year	\$ 63,256,543	\$ 53,800,876	\$ 26,637,660	\$ 18,209,364

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	Franklin Income 529 Portfolio		Franklin Small-Mid Cap Growth 529 Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010	2011	2010
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 5,251,466	\$ 4,704,492	\$ (218,268)	\$ (152,135)
Net realized gain (loss) from Underlying Funds	(224,861)	(516,277)	19,589	(219,357)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	10,171,823	6,826,043	7,646,938	2,977,349
Net increase (decrease) in net assets resulting from operations	15,198,428	11,014,258	7,448,259	2,605,857
Plan share transactions:				
Subscriptions:				
Class A	13,559,512	7,913,010	4,607,992	2,607,344
Class B	1,386,526	1,055,823	829,517	442,461
Class C	9,552,551	7,364,812	1,932,895	864,674
Direct	-	-	-	-
Total subscriptions	24,498,589	16,333,645	7,370,404	3,914,479
Redemptions:				
Class A	(5,925,120)	(4,356,240)	(1,511,101)	(1,298,643)
Class B	(1,633,668)	(956,340)	(464,540)	(194,356)
Class C	(4,959,356)	(3,735,573)	(615,794)	(640,109)
Direct	-	-	-	-
Total redemptions	(12,518,144)	(9,048,153)	(2,591,435)	(2,133,108)
Net increase (decrease) in net assets resulting from plan share transactions	11,980,445	7,285,492	4,778,969	1,781,371
Net increase (decrease) in net assets	27,178,873	18,299,750	12,227,228	4,387,228
Net assets:				
Beginning of year	78,612,026	60,312,276	17,299,429	12,912,201
End of year	\$ 105,790,899	\$ 78,612,026	\$ 29,526,657	\$ 17,299,429

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	Franklin Templeton Stable Value 529 Portfolio		Mutual Shares 529 Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010	2011	2010
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ (62,262)	\$ 171,100	\$ 1,172,527	\$ 652,518
Net realized gain (loss) from Underlying Funds	-	-	(542,317)	(903,185)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	(101,076)	140,596	10,663,967	6,794,859
Net increase (decrease) in net assets resulting from operations	(163,338)	311,696	11,294,177	6,544,192
Plan share transactions:				
Subscriptions:				
Class A	5,022,828	6,904,257	5,623,909	4,325,415
Class B	2,593,456	2,594,632	710,880	545,570
Class C	4,721,678	8,249,203	2,063,366	2,395,701
Direct	6,038,675	8,535,885	-	-
Total subscriptions	18,376,637	26,283,977	8,398,155	7,266,686
Redemptions:				
Class A	(8,633,801)	(9,072,221)	(4,449,098)	(3,975,055)
Class B	(3,234,423)	(3,025,872)	(1,064,910)	(681,802)
Class C	(7,884,213)	(10,754,967)	(2,301,525)	(2,168,232)
Direct	(6,814,587)	(9,913,758)	-	-
Total redemptions	(26,567,024)	(32,766,818)	(7,815,533)	(6,825,089)
Net increase (decrease) in net assets resulting from plan share transactions	(8,190,387)	(6,482,841)	582,622	441,597
Net increase (decrease) in net assets	(8,353,725)	(6,171,145)	11,876,799	6,985,789
Net assets:				
Beginning of year	74,163,647	80,334,792	50,808,955	43,823,166
End of year	\$ 65,809,922	\$ 74,163,647	\$ 62,685,754	\$ 50,808,955

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	S&P 500 Index Fund 529 Portfolio		Templeton Growth 529 Portfolio	
	Year Ended June 30,		Year Ended June 30,	
	2011	2010	2011	2010
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 646,087	\$ 397,875	\$ 506,413	\$ 456,854
Net realized gain (loss) from Underlying Funds	233,053	(2,957,630)	(1,105,117)	(1,519,936)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	10,281,609	6,348,486	16,504,750	4,991,608
Net increase (decrease) in net assets resulting from operations	11,160,749	3,788,731	15,906,046	3,928,526
Plan share transactions:				
Subscriptions:				
Class A	1,894,902	1,437,386	5,660,168	4,434,559
Class B	325,531	357,217	794,187	833,979
Class C	852,673	778,376	2,240,172	2,639,360
Direct	6,550,044	5,878,449	-	-
Total subscriptions	9,623,150	8,451,428	8,694,527	7,907,898
Redemptions:				
Class A	(831,785)	(596,119)	(4,895,056)	(4,385,366)
Class B	(419,469)	(292,752)	(905,010)	(711,194)
Class C	(1,002,516)	(817,064)	(2,460,924)	(2,422,029)
Direct	(4,633,623)	(3,254,692)	-	-
Total redemptions	(6,887,393)	(4,960,627)	(8,260,990)	(7,518,589)
Net increase (decrease) in net assets resulting from plan share transactions	2,735,757	3,490,801	433,537	389,309
Net increase (decrease) in net assets	13,896,506	7,279,532	16,339,583	4,317,835
Net assets:				
Beginning of year	37,384,199	30,104,667	49,822,001	45,504,166
End of year	\$ 51,280,705	\$ 37,384,199	\$ 66,161,584	\$ 49,822,001

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	Total	
	Year Ended June 30,	
	2011	2010
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss)	\$ 34,539,633	\$ 26,540,159
Net realized gain (loss) from Underlying Funds	5,835,849	(23,577,434)
Net change in unrealized appreciation (depreciation) on investments in Underlying Funds and Wrapper Agreements	<u>400,558,189</u>	<u>203,112,079</u>
Net increase (decrease) in net assets resulting from operations	<u>440,933,671</u>	<u>206,074,804</u>
Plan share transactions:		
Subscriptions:		
Class A	314,083,532	295,941,761
Class B	68,968,373	77,935,731
Class C	173,800,134	190,837,200
Direct	<u>166,952,914</u>	<u>176,984,908</u>
Total subscriptions	723,804,953	741,699,600
Redemptions:		
Class A	(200,168,655)	(209,574,208)
Class B	(60,638,204)	(64,722,330)
Class C	(132,761,363)	(143,680,175)
Direct	<u>(119,942,232)</u>	<u>(130,924,624)</u>
Total redemptions	(513,510,454)	(548,901,337)
Net increase (decrease) in net assets resulting from plan share transactions	<u>210,294,499</u>	<u>192,798,263</u>
Net increase (decrease) in net assets	651,228,170	398,873,067
Net assets:		
Beginning of year	1,961,192,964	1,562,319,897
End of year	<u>\$ 2,612,421,134</u>	<u>\$ 1,961,192,964</u>



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## The NJ Best Plans

**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
New Jersey Division of Investment Managed Investment Options

Combined Financial Statements and  
Supplemental Information

Year ended June 30, 2011

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## Report of Independent Auditors

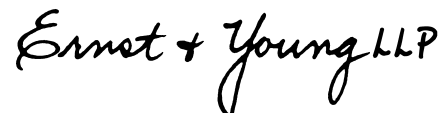
To the Account Owners and Trustees of  
New Jersey Better Educational Savings Trust- New Jersey Division of Investments Managed Investment Options -  
NJBEST Portfolio A, NJBEST Portfolio B, NJBEST Portfolio C, NJBEST Portfolio D, NJBEST Portfolio E and NJ Better  
Educational Savings Portfolio:

We have audited the accompanying combined statement of assets and liabilities of the New Jersey Better Educational Savings Trust - New Jersey Division of Investments Managed Investment Options (the "Plan") - NJBEST Portfolio A, NJBEST Portfolio B, NJBEST Portfolio C, NJBEST Portfolio D, NJBEST Portfolio E and NJ Better Educational Savings Portfolio (six of the investment options of the Plan) as of June 30, 2011, and the related combined statement of operations for the year then ended, and the combined statements of changes in net assets for each of the two years in the period then ended. These financial statements are the responsibility of the Plan's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the New Jersey Better Educational Savings Trust- New Jersey Division of Investments Managed Investment Options - NJBEST Portfolio A, NJBEST Portfolio B, NJBEST Portfolio C, NJBEST Portfolio D, NJBEST Portfolio E and NJ Better Educational Savings Portfolio at June 30, 2011, the results of their combined statement of operations for the year then ended, and the combined statements of changes in net assets for each of the two years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplemental Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



September 27, 2011

# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST - New Jersey Division of Investment Managed Investment Options

## Combined Statement of Assets and Liabilities June 30, 2011

### Assets:

#### Investments in securities:

Cost	\$ 341,751,221
Value	<u>\$ 411,446,631</u>

#### Receivables:

Plan shares sold	20,267
Interest	<u>1,314,683</u>
Total assets	<u>412,781,581</u>

### Liabilities:

#### Payables:

Plan shares redeemed	209,569
Accrued expenses	<u>134,323</u>
Total liabilities	<u>343,892</u>

Net assets, at value	<u>\$ 412,437,689</u>
----------------------	-----------------------

# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST - New Jersey Division of Investment Managed Investment Options

## Combined Statement of Operations for the year ended June 30, 2011

Investment income:	
Interest	<u>\$ 6,134,881</u>
Expenses:	
Program management fees (Note 2)	<u>1,590,745</u>
Net investment income	<u>4,544,136</u>
Realized and unrealized gain (loss) on investments:	
Net realized gain (loss) on investments	-
Net change in unrealized appreciation (depreciation) on investments	<u>39,899,876</u>
Net realized and unrealized gain (loss) on investments	<u>39,899,876</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 44,444,012</u>

# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST - New Jersey Division of Investment Managed Investment Options

## Combined Statements of Changes in Net Assets

	Year Ended June 30,	
	2011	2010
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 4,544,136	\$ 4,852,763
Net realized gain (loss) on investments	-	2,440,048
Net change in unrealized appreciation (depreciation) on investments	39,899,876	25,044,568
Net increase (decrease) in net assets resulting from operations	44,444,012	32,337,379
Plan share transactions:		
Subscriptions	29,361,841	31,885,484
Redemptions	(39,463,579)	(36,191,088)
Net increase (decrease) in net assets resulting from plan share transactions	(10,101,738)	(4,305,604)
Net increase (decrease) in net assets	34,342,274	28,031,775
Net assets:		
Beginning of year	378,095,415	350,063,640
End of year	\$ 412,437,689	\$ 378,095,415

# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST

## New Jersey Division of Investment Managed Investment Options

### Notes to Combined Financial Statements for the year ended June 30, 2011

#### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The New Jersey Better Educational Savings Trust (“Trust”) was established by the State of New Jersey (the “State”) to allow Account Owners and Beneficiaries under the State’s New Jersey 529 College Savings Plan (“Program”) to qualify for federal tax benefits 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 a trustee of the Trust, 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.

These financial statements provide the combined financial results of the portfolios 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 Investment Options”) that are part of the NJBEST 529 College Savings Plan (“NJBEST” or “Plan”) but are no longer available to new investors. The Division Investment Options consists of six 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>	<u>Portfolio</u>	<u>Birth Year</u>
NJBEST Portfolio A	1985 and prior	NJBEST Portfolio D	1994-1997
NJBEST Portfolio B	1986 - 1989	NJBEST Portfolio E	1998-2003
NJBEST Portfolio C	1990 - 1993		

The supplemental information provides the financial results of the individual portfolios.

All common stocks and certain other investments held by NJBEST and managed by the Division of Investment are maintained in a managed equity account 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.

The attached Supplemental Information includes financial highlights, combining statements of assets and liabilities, operations, and changes in net assets of the portfolios, as well as the statement of investments for each portfolio and the NJBEST Pooled Equity Fund.

In 2003, Franklin Templeton Distributors, Inc. (“FTDI”), a wholly-owned subsidiary of Franklin Resources, Inc., and HESAA entered into a Services Agreement under which FTDI serves as the Program Manager. FTDI provides, directly, or through affiliated or non-affiliated subcontractors, certain distribution and administrative services relating to the Program. An affiliate of FTDI serves as the investment manager to the Franklin Templeton Managed Options offered through the Program and manages all accounts opened after March 14, 2003.

For information regarding the Franklin Templeton Managed Investment Options, including those within the NJBEST 529 Plan and the Franklin Templeton 529 Plan, please see the financial statements entitled “New Jersey Better Educational Savings Trust, New Jersey 529 College Savings Plan – 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).



# **NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**

## **New Jersey Division of Investment Managed Investment Options**

### **Notes to Combined Financial Statements (*continued*)** **for the year ended June 30, 2011**

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

The Following summarizes the Trust's significant accounting policies.

##### **a. Financial Instrument Valuation**

The Trust values its investments in securities and other assets and liabilities 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. Under procedures approved by HESAA, the Trust may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities and derivative financial instruments (derivatives) 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. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or the NYSE, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the close of the NYSE on the day that the value of the security is determined. Over-the-counter 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 net asset value.

Debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Trust'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, option-adjusted spreads, credit spreads, estimated default rates, 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 Trust has procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available or which may not be reliably priced. Under these procedures, the Trust primarily employs 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. The Trust may also use an income-based valuation approach 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. Security Transactions, Investment Income, and Expenses**

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on an 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.

# **NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**

## **New Jersey Division of Investment Managed Investment Options**

### **Notes to Combined Financial Statements (*continued*) for the year ended June 30, 2011**

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

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

Inflation-indexed bonds provide an inflation hedge through periodic increases or decreases in the security's interest accruals and principal redemption value, by amounts corresponding to the current rate of inflation. Any such adjustments, including adjustments to principal redemption value, are recorded as interest income.

##### **c. Guarantees and Indemnifications**

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

##### **d. Income Taxes**

The Trust 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 Trust records a provision for taxes in its financial statements including penalties and interest, if any, for a tax position taken (or expected to be taken) when it fails to meet the more likely than not (a greater than 50% probability) threshold and based on the technical merits, the tax position may not be sustained upon examination by the tax authorities. As of June 30, 2011 and for all open tax years, the Trust has determined that no provision for income tax is required in the Trust's financial statements. Open tax years are those that remain subject to examination and are based on each tax jurisdiction statute of limitation.

##### **e. Accounting Estimates**

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

#### **2. MANAGEMENT AGREEMENTS**

The Program pays a total program management fee of 0.40% based on the average daily net assets of each portfolio. Of this fee, 0.15% is paid to FTDI and 0.25% is paid to HESAA.

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

# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST

## New Jersey Division of Investment Managed Investment Options

### Notes to Combined Financial Statements (*continued*) for the year ended June 30, 2011

#### 3. INVESTMENTS

At June 30, 2011, net unrealized appreciation of portfolio investments was \$69,695,410 consisting of gross unrealized appreciation of \$81,365,471 and gross unrealized depreciation of \$11,670,061.

Purchases and sales of portfolio securities (excluding short term securities) for the period ended June 30, 2011 aggregated \$0 and \$11,260,318 respectively.

For a list of each portfolio's investments at June 30, 2011, please see the statement of investments for each portfolio in the Supplemental Information.

#### 4. FAIR VALUE MEASUREMENTS

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

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

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

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

The following is a summary of the inputs used as of June 30, 2011, in valuing the Trust's assets carried at fair value:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments in Securities:				
Equity Investments	\$ -	\$182,339,915	\$ -	\$ 182,339,915
Fixed Income	-	129,493,443	-	129,493,443
Short Term Investments	99,613,273	-	-	99,613,273
Total Investments in Securities	\$ 99,613,273	\$311,833,358	\$ -	\$ 411,446,631

# **NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST**

## **New Jersey Division of Investment Managed Investment Options**

### **Notes to Combined Financial Statements (*continued*) for the year ended June 30, 2011**

#### **5. NEW ACCOUNTING PRONOUNCEMENT**

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). The amendments in the ASU will improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS and include new guidance for certain fair value measurement principles and disclosure requirements. The ASU is effective for interim and annual periods beginning after December 15, 2011. The Trust is currently evaluating the impact, if any, of applying this provision.

#### **6. SUBSEQUENT EVENTS**

The Trust has evaluated subsequent events through September 27, 2011, the date the financial statements were available to be issued, and determined that no events have occurred that required disclosure.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Financial Highlights**

	Year Ended June 30,				
NJBEST Portfolio A	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.50	\$ 12.15	\$ 12.02	\$ 11.73	\$ 11.00
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup>	(0.02)	- <sup>c</sup>	0.19	0.33	0.42
Net realized and unrealized gain (loss)	0.68	0.35	(0.06)	(0.04)	0.31
Total from investment operations	0.66	0.35	0.13	0.29	0.73
Net asset value, end of year	\$ 13.16	\$ 12.50	\$ 12.15	\$ 12.02	\$ 11.73
Total Return <sup>d</sup>	5.28%	2.88%	1.08%	2.47%	6.64%
<b>Ratios to average net assets</b>					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income (loss)	(0.16)%	(0.03)%	1.68%	2.76%	3.69%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 1,740	\$ 1,806	\$ 2,153	\$ 2,896	\$ 4,203

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/ or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Amounts rounds to less than \$0.01 per share.

<sup>d</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Financial Highlights**

	Year Ended June 30,				
NJBEST Portfolio B	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.49	\$ 12.04	\$ 11.91	\$ 11.71	\$ 10.98
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup>	0.04	0.07	0.16	0.39	0.38
Net realized and unrealized gain (loss)	0.93	0.38	(0.03)	(0.19)	0.35
Total from investment operations	0.97	0.45	0.13	0.20	0.73
Net asset value, end of year	\$ 13.46	\$ 12.49	\$ 12.04	\$ 11.91	\$ 11.71
 Total Return <sup>c</sup>	 7.77%	 3.74%	 1.09%	 1.71%	 6.65%
<b>Ratios to average net assets</b>					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	0.33%	0.54%	1.36%	3.24%	3.34%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 10,947	\$ 16,280	\$ 24,136	\$ 37,409	\$ 49,310

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/ or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Financial Highlights**

	Year Ended June 30,				
NJBEST Portfolio C	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.01	\$ 13.07	\$ 12.65	\$ 12.26	\$ 11.23
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup>	0.34	0.32	0.31	0.40	0.39
Net realized and unrealized gain (loss)	0.80	0.62	0.11	(0.01)	0.64
Total from investment operations	1.14	0.94	0.42	0.39	1.03
Net asset value, end of year	\$ 15.15	\$ 14.01	\$ 13.07	\$ 12.65	\$ 12.26
 Total Return <sup>c</sup>	 8.14%	 7.18%	 3.32%	 3.18%	 9.17%
<b>Ratios to average net assets</b>					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	2.34%	2.27%	2.43%	2.99%	3.34%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 99,348	\$ 106,249	\$ 106,257	\$ 105,975	\$ 95,677

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/ or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Financial Highlights**

	Year Ended June 30,				
NJBEST Portfolio D	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 14.16	\$ 12.86	\$ 12.55	\$ 12.51	\$ 11.22
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup>	0.16	0.18	0.23	0.29	0.31
Net realized and unrealized gain (loss)	1.51	1.12	0.08	(0.25)	0.98
Total from investment operations	1.67	1.30	0.31	0.04	1.29
Net asset value, end of year	\$ 15.83	\$ 14.16	\$ 12.86	\$ 12.55	\$ 12.51
 Total Return <sup>c</sup>	 11.79%	 10.11%	 2.47%	 0.32%	 11.50%
<b>Ratios to average net assets</b>					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	1.05%	1.27%	1.90%	2.24%	2.56%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 134,621	\$ 114,619	\$ 98,110	\$ 90,739	\$ 84,283

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/ or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.



Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Financial Highlights**

NJBEST Portfolio E	Year Ended June 30,				
	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 13.32	\$ 11.84	\$ 12.03	\$ 12.46	\$ 10.95
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup>	0.09	0.09	0.15	0.22	0.23
Net realized and unrealized gain (loss)	2.02	1.39	(0.34)	(0.65)	1.28
Total from investment operations	2.11	1.48	(0.19)	(0.43)	1.51
Net asset value, end of year	\$ 15.43	\$ 13.32	\$ 11.84	\$ 12.03	\$ 12.46
Total Return <sup>c</sup>	15.84%	12.50%	(1.58)%	(3.45)%	13.79%
<b>Ratios to average net assets</b>					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	0.58%	0.69%	1.33%	1.74%	1.94%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 157,096	\$ 129,119	\$ 108,938	\$ 103,916	\$ 100,952

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/ or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Financial Highlights**

	Year Ended June 30,				
<b>NJ Better Educational Savings Portfolio</b>	2011	2010	2009	2008	2007
<b>SELECTED PER SHARE DATA</b>					
Net asset value, beginning of year	\$ 12.95	\$ 12.27	\$ 13.06	\$ 13.38	\$ 12.19
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup>	(0.02)	0.05	0.19	0.36	0.38
Net realized and unrealized gain (loss)	1.30	0.63	(0.98)	(0.68)	0.81
Total from investment operations	1.28	0.68	(0.79)	(0.32)	1.19
Net asset value, end of year	\$ 14.23	\$ 12.95	\$ 12.27	\$ 13.06	\$ 13.38
Total Return <sup>c</sup>	9.88%	5.54%	(6.05)%	(2.39)%	9.76%
<b>Ratios to average net assets</b>					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income (loss)	(0.12)%	0.41%	1.58%	2.70%	3.01%
<b>Supplemental data</b>					
Net assets, end of year (000's)	\$ 9,686	\$ 10,022	\$ 10,470	\$ 12,775	\$ 13,975

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Portfolio shares in relation to income earned and/ or fluctuating market value of the investments of the Portfolio.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

Supplemental Information  
**New Jersey Better Educational Savings Trust -  
 New Jersey Division of Investments Managed Investment Options**

NJBEST Portfolio A  
 Statement of Investments, June 30, 2011

	SHARES	VALUE
<b>Equity (Cost \$215,527) 23.4%</b>		
NJBEST Pooled Equity Fund	32,686	\$ 407,801
<b>Short Term Investment (Cost \$1,332,342) 76.6%</b>		
<sup>a</sup> State of New Jersey Cash Management Fund, 0.30%	1,332,342	1,332,342
<b>Total Investments (Cost \$1,547,869) 100.0%</b>		1,740,143
<b>Other Assets, Less Liabilities 0.00%<sup>†</sup></b>		(446)
<b>Net Assets 100.0%</b>		<b>\$ 1,739,697</b>

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

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

Supplemental Information  
**New Jersey Better Educational Savings Trust -  
New Jersey Division of Investments Managed Investment Options**

NJBEST Portfolio B  
Statement of Investments, June 30, 2011

	SHARES	PRINCIPAL AMOUNT	VALUE
<b>Equity (Cost \$2,378,264) 39.3%</b>			
NJBEST Pooled Equity Fund	344,774		\$ 4,301,544
<b>Short Term Investment (Cost \$6,651,634) 60.8%</b>			
<sup>a</sup> State of New Jersey Cash Management Fund, 0.30%	6,651,634		6,651,634
<b>Total Investments (Cost \$9,029,898) 100.1%</b>			10,953,178
<b>Other Assets, Less Liabilities 0.01%</b>			(5,975)
<b>Net Assets 100.0%</b>			\$ 10,947,203

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investments Managed Investment Options**

NJBEST Portfolio C  
Statement of Investments, June 30, 2011

	SHARES	PRINCIPAL AMOUNT	VALUE
<b>Equity (Cost \$20,465,569) 29.3%</b>			
NJBEST Pooled Equity Fund	2,312,328		\$ 28,849,549
<b>Fixed Income 62.5%</b>			
Duke Energy Corp., senior note, 6.25%, 6/15/18		\$ 1,000,000	1,155,355
Time Warner Inc., 6.50%, 11/15/36		1,000,000	1,069,526
U.S Treasury Bonds,			
4.875%, 2/15/12		6,000,000	6,177,426
3.875%, 2/15/13		6,000,000	6,338,202
U.S. Treasury Notes,			
5.00%, 8/15/11		11,740,000	11,813,375
4.375%, 8/15/12		1,100,000	1,150,918
4.25%, 8/15/13		6,000,000	6,475,314
4.25%, 11/15/13		11,000,000	11,940,159
Index Linked, 1.875% 7/15/15		13,872,299	15,299,633
<b>Total Fixed Income (Cost \$57,436,384)</b>			<b>61,419,908</b>
<b>Total Investments Before Short Term Investment (Cost \$77,901,953) 91.8%</b>			<b>90,269,457</b>
<b>Short Term Investment (Cost \$7,531,979) 7.6%</b>			
<sup>a</sup> State of New Jersey Cash Management Fund, 0.30%	7,531,979		7,531,979
<b>Total Investments (Cost \$85,433,932) 99.4%</b>			<b>97,801,436</b>
<b>Other Assets, Less Liabilities 0.6%</b>			<b>546,819</b>
<b>Net Assets 100.0%</b>			<b>\$ 98,348,255</b>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investments Managed Investment Options**

NJBEST Portfolio D  
Statement of Investments, June 30, 2011

	SHARES	PRINCIPAL AMOUNT	VALUE
<b>Equity (Cost \$36,895,733) 42.1%</b>			
NJBEST Pooled Equity Fund	4,548,436		\$ 56,748,153
<b>Fixed Income 28.7%</b>			
Duke Energy Corp., senior note, 6.25%, 6/15/18		\$ 1,000,000	1,155,355
Time Warner Inc., 6.50%, 11/15/36		1,000,000	1,069,526
U.S. Treasury Bonds,			
4.875%, 2/15/12		2,000,000	2,059,142
7.25%, 5/15/16		690,000	870,801
7.50%, 11/15/16		3,712,000	4,786,739
7.25%, 8/15/22		500,000	681,016
6.25%, 8/15/23		600,000	760,781
U.S. Treasury Notes,			
4.375%, 8/15/12		2,200,000	2,301,836
4.00%, 11/15/12		6,500,000	6,826,781
4.00%, 2/15/14		3,000,000	3,258,048
4.25%, 8/15/14		1,900,000	2,099,648
4.50%, 11/15/15		5,000,000	5,641,800
Index Linked, 1.625%, 1/15/18		6,439,957	7,084,455
<b>Total Fixed Income (Cost \$34,634,215)</b>			<b>38,595,928</b>
<b>Total Investments Before Short Term Investment (Cost \$71,529,948) 70.8%</b>			<b>95,344,081</b>
<b>Short Term Investment (Cost \$38,985,271) 29.0%</b>			
<sup>a</sup> State of New Jersey Cash Management Fund, 0.30%	38,985,271		38,985,271
<b>Total Investments (Cost \$110,515,219) 99.8%</b>			<b>134,329,352</b>
<b>Other Assets, Less Liabilities 0.2%</b>			<b>291,784</b>
<b>Net Assets 100.0%</b>			<b>\$ 134,621,136</b>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investments Managed Investment Options**

NJBEST Portfolio E  
Statement of Investments, June 30, 2011

	SHARES	PRINCIPAL AMOUNT	VALUE
<b>Equity (Cost \$61,133,762) 55.9%</b>			
NJBEST Pooled Equity Fund	7,033,226		\$ 87,749,410
<b>Fixed Income 18.7%</b>			
Duke Energy Corp., senior note, 6.25%, 6/15/18		\$ 1,000,000	1,155,355
Time Warner Inc., 6.50%, 11/15/36		1,000,000	1,069,526
U.S. Treasury Bonds,			
7.25%, 5/15/16		395,000	498,502
7.50%, 11/15/16		6,159,000	7,942,221
7.25%, 8/15/22		735,000	1,001,093
6.25%, 8/15/23		500,000	633,985
6.00%, 2/15/26		1,000,000	1,244,063
U.S. Treasury Note,			
4.50%, 11/15/15		3,000,000	3,385,080
Index Linked, 2.375%, 1/15/25		10,736,115	12,346,532
<b>Total Fixed Income (Cost \$25,662,511)</b>			<u>29,276,357</u>
<b>Total Investments Before Short Term Investment (Cost \$86,796,273) 74.6%</b>			<u>117,025,767</u>
<b>Short Term Investment (Cost \$39,851,462) 25.5%</b>			
State of New Jersey Cash Management Fund, 0.30%	39,851,462		<u>39,851,462</u>
<b>Total Investments (Cost \$126,647,735) 99.9%</b>			156,877,229
<b>Other Assets, less Liabilities 0.1%</b>			<u>218,348</u>
<b>Net Assets 100.0%</b>			<u>\$ 157,095,577</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investments Managed Investment Options**

NJ Better Educational Savings Portfolio  
Statement of Investments, June 30, 2011

	SHARES	PRINCIPAL AMOUNT	VALUE
<b>Equity (Cost \$3,115,759) 44.2%</b>			
NJBEST Pooled Equity Fund	343,325		\$ 4,283,458
<b>Fixed Income (Cost \$200,224) 2.1%</b>			
U.S. Treasury Notes, 5.00%, 8/15/11		\$ 200,000	<u>201,250</u>
<b>Total Investments Before Short Term Investment (Cost \$3,315,983) 46.3%</b>			<u>4,484,708</u>
<b>Short Term Investment (Cost \$5,260,585) 54.3%</b>			
<sup>a</sup> State of New Jersey Cash Management Fund, 0.30%	5,260,585		<u>5,260,585</u>
<b>Total Investments (Cost \$8,576,568) 100.6%</b>			9,745,293
<b>Other Assets, less Liabilities (0.6)%</b>			<u>(59,472)</u>
<b>Total Net Assets 100.0%</b>			<u>\$ 9,685,821</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.



Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Combining Statement of Assets and Liabilities**  
June 30, 2011

	<u>NJBEST Portfolio A</u>	<u>NJBEST Portfolio B</u>	<u>NJBEST Portfolio C</u>	<u>NJBEST Portfolio D</u>	<u>NJBEST Portfolio E</u>	<u>NJ Better Educational Savings Portfolio</u>	<u>Total</u>
<b>Assets:</b>							
Investments in securities:							
Cost	\$ 1,547,869	\$ 9,029,898	\$ 85,433,932	\$ 110,515,219	\$ 126,647,735	\$ 8,576,568	\$ 341,751,221
Value	\$ 1,740,143	\$ 10,953,178	\$ 97,801,436	\$ 134,329,352	\$ 156,877,229	\$ 9,745,293	\$ 411,446,631
Receivables:							
Plan shares sold	125	174	4,475	5,952	9,491	50	20,267
Interest	-	-	716,182	335,019	259,753	3,729	1,314,683
Total assets	\$ 1,740,268	\$ 10,953,352	\$ 98,522,093	\$ 134,670,323	\$ 157,146,473	\$ 9,749,072	\$ 412,781,581
<b>Liabilities:</b>							
Payables:							
Plan shares redeemed	-	2,570	141,517	5,405	-	60,077	209,569
Accrued expenses	571	3,579	32,321	43,782	50,896	3,174	134,323
Total liabilities	571	6,149	173,838	49,187	50,896	63,251	343,892
Net assets, at value	\$ 1,739,697	\$ 10,947,203	\$ 98,348,255	\$ 134,621,136	\$ 157,095,577	\$ 9,685,821	\$ 412,437,689
<b>Direct Sold Class:</b>							
Net assets, at value	\$ 1,739,697	\$ 10,947,203	\$ 98,348,255	\$ 134,621,136	\$ 157,095,577	\$ 9,685,821	
Shares outstanding	132,239	813,488	6,492,387	8,505,463	10,181,784	680,672	
Net asset value per share	\$ 13.16	\$ 13.46	\$ 15.15	\$ 15.83	\$ 15.43	\$ 14.23	

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Combining Statement of Operations**  
for the year ended June 30, 2011

	<u>NJBEST Portfolio A</u>	<u>NJBEST Portfolio B</u>	<u>NJBEST Portfolio C</u>	<u>NJBEST Portfolio D</u>	<u>NJBEST Portfolio E</u>	<u>NJ Better Educational Savings Portfolio</u>	<u>Total</u>
Investment income:							
Interest	\$ 4,032	\$ 93,122	\$ 2,748,158	\$ 1,832,470	\$ 1,429,805	\$ 27,294	\$ 6,134,881
Expenses:							
Program Management fees (Note 2)	6,842	50,715	401,702	506,547	585,447	39,492	1,590,745
Net investment income	(2,810)	42,407	2,346,456	1,325,923	844,358	(12,198)	4,544,136
Realized and unrealized gain (losses):							
Net realized gain (loss) from investments	-	-	-	-	-	-	-
Net change in unrealized appreciation (depreciation) on investments	91,054	958,459	5,572,826	12,394,835	19,935,434	947,268	39,899,876
Net realized and unrealized gain (loss)	91,054	958,459	5,572,826	12,394,835	19,935,434	947,268	39,899,876
Net increase (decrease) in net assets resulting from operations	\$ 88,244	\$ 1,000,866	\$ 7,919,282	\$ 13,720,758	\$ 20,779,792	\$ 935,070	\$ 44,444,012

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Combining Statements of Changes in Net Assets**

	<b>NJBEST Portfolio A</b>		<b>NJBEST Portfolio B</b>		<b>NJBEST Portfolio C</b>	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Increase (decrease) in net assets:						
Operations:						
Net investment income (loss)	\$ (2,810)	\$ (605)	\$ 42,407	\$ 102,078	\$ 2,346,456	\$ 2,437,497
Net realized gain (loss) from investments	-	33,609	-	378,064	-	548,197
Net change in unrealized appreciation (depreciation) on investments	91,054	28,479	958,459	355,455	5,572,826	4,362,580
Net increase (decrease) in net assets resulting from operations	88,244	61,483	1,000,866	835,597	7,919,282	7,348,274
Plan share transactions:						
Subscriptions	166,771	621,971	1,761,024	2,274,795	7,758,195	9,129,899
Redemptions	(321,455)	(1,030,811)	(8,094,299)	(10,966,326)	(23,578,541)	(16,485,699)
Net increase (decrease) in net assets resulting from plan share transactions	(154,684)	(408,840)	(6,333,275)	(8,691,531)	(15,820,346)	(7,355,800)
Net increase (decrease) in net assets	(66,440)	(347,357)	(5,332,409)	(7,855,934)	(7,901,064)	(7,526)
Net assets:						
Beginning of year	1,806,137	2,153,494	16,279,612	24,135,546	106,249,319	106,256,845
End of year	\$ 1,739,697	\$ 1,806,137	\$ 10,947,203	\$ 16,279,612	\$ 98,348,255	\$ 106,249,319

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Combining Statements of Changes in Net Assets (continued)**

	<u>NJBEST Portfolio D</u>		<u>NJBEST Portfolio E</u>		<u>NJ Better Educational Savings Portfolio</u>	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Increase (decrease) in net assets:						
Operations:						
Net investment income	\$ 1,325,923	\$ 1,404,056	\$ 844,358	\$ 867,260	\$ (12,198)	\$ 42,477
Net realized gain (loss) from investments	-	858,069	-	596,421	-	25,688
Net change in unrealized appreciation (depreciation) on investments	12,394,835	7,651,259	19,935,434	12,138,086	947,268	508,709
Net increase (decrease) in net assets resulting from operations	<u>13,720,758</u>	<u>9,913,384</u>	<u>20,779,792</u>	<u>13,601,767</u>	<u>935,070</u>	<u>576,874</u>
Plan share transactions:						
Subscriptions	9,145,968	9,827,909	9,875,361	9,388,108	654,522	642,802
Redemptions	(2,864,924)	(3,232,096)	(2,678,123)	(2,809,355)	(1,926,237)	(1,666,801)
Net increase (decrease) in net assets resulting from plan share transactions	<u>6,281,044</u>	<u>6,595,813</u>	<u>7,197,238</u>	<u>6,578,753</u>	<u>(1,271,715)</u>	<u>(1,023,999)</u>
Net increase (decrease) in net assets	20,001,802	16,509,197	27,977,030	20,180,520	(336,645)	(447,125)
Net assets:						
Beginning of year	<u>114,619,334</u>	<u>98,110,137</u>	<u>129,118,547</u>	<u>108,938,027</u>	<u>10,022,466</u>	<u>10,469,591</u>
End of year	<u>\$ 134,621,136</u>	<u>\$ 114,619,334</u>	<u>\$ 157,095,577</u>	<u>\$ 129,118,547</u>	<u>\$ 9,685,821</u>	<u>\$ 10,022,466</u>

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST -**  
**New Jersey Division of Investment Managed Investment Options**

**Combining Statements of Changes in Net Assets (continued)**

	<u>Total</u>	
	Year Ended June 30,	
	2011	2010
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 4,544,136	\$ 4,852,763
Net realized gain (loss) from investments	-	2,440,048
Net change in unrealized appreciation (depreciation) on investments	<u>39,899,876</u>	<u>25,044,568</u>
Net increase (decrease) in net assets resulting from operations	<u>44,444,012</u>	<u>32,337,379</u>
Plan share transactions:		
Subscriptions	29,361,841	31,885,484
Redemptions	<u>(39,463,579)</u>	<u>(36,191,088)</u>
Net increase (decrease) in net assets resulting from plan share transactions	<u>(10,101,738)</u>	<u>(4,305,604)</u>
Net increase (decrease) in net assets	34,342,274	28,031,775
Net assets:		
Beginning of year	<u>378,095,415</u>	<u>350,063,640</u>
End of year	<u>\$ 412,437,689</u>	<u>\$ 378,095,415</u>

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investment Managed Investment Options**

**NJBest Pooled Equity Fund**  
**Statement of Investments, June 30, 2011**

	<b>Shares</b>	<b>Value</b>
<b>Common Stocks 86.4%</b>		
<b>Aerospace &amp; Defense 1.3%</b>		
CPI Aerostructures Inc.	62,000	\$ 845,060
ITT Corp.	11,000	648,230
Triumph Group Inc.	9,000	896,220
		<u>2,389,510</u>
<b>Air Freight &amp; Logistics 0.7%</b>		
United Parcel Service Inc., B	17,000	1,239,810
<b>Airlines 0.8%</b>		
Delta Air Lines Inc.	94,000	861,980
U.S. Airways Group Inc.	75,000	668,250
		<u>1,530,230</u>
<b>Auto Components 1.3%</b>		
American Axle & Manufacturing Holdings Inc.	70,000	796,600
Johnson Controls Inc.	20,000	833,200
TRW Automotive Holdings Corp.	13,000	767,390
		<u>2,397,190</u>
<b>Automobiles 0.5%</b>		
Ford Motor Co.	60,000	827,400
<b>Beverages 1.5%</b>		
Molson Coors Brewing Co., B	18,000	805,320
PepsiCo Inc.	28,000	1,972,040
		<u>2,777,360</u>
<b>Biotechnology 0.6%</b>		
Amgen Inc.	11,000	641,850
Codexis Inc.	45,000	433,350
		<u>1,075,200</u>
<b>Capital Markets 3.0%</b>		
Ameriprise Financial Inc.	20,000	1,153,600
BlackRock Inc.	5,000	959,050
The Goldman Sachs Group Inc.	9,000	1,197,810
Janus Capital Group Inc.	90,000	849,600
Ladenburg Thalmann Financial Services Inc.	180,000	248,400
Legg Mason Inc.	26,000	851,760
Pzena Investment Management Inc., A	50,000	284,000
		<u>5,544,220</u>
<b>Chemicals 1.8%</b>		
The Dow Chemical Co.	24,000	864,000
E. I. du Pont de Nemours and Co.	15,000	810,750
The Mosaic Co.	16,000	1,083,680
Nalco Holding Co.	20,000	556,200
		<u>3,314,630</u>

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investment Managed Investment Options**

**NJBest Pooled Equity Fund**  
**Statement of Investments, June 30, 2011 (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Commercial Banks 2.1%</b>		
Parke Bancorp Inc.	30,000	\$ 232,800
PNC Financial Services Group Inc.	12,000	715,320
Republic First Bancorp Inc.	80,000	176,800
U.S. Bancorp	32,000	816,320
Wells Fargo & Co.	66,000	1,851,960
		<u>3,793,200</u>
<b>Commercial Services &amp; Supplies 0.4%</b>		
The Geo Group Inc.	28,000	<u>644,840</u>
<b>Communications Equipment 1.1%</b>		
Airspan Networks Inc.	8,000	40,080
Cisco Systems Inc.	72,000	1,123,920
QUALCOMM Inc.	16,000	908,640
		<u>2,072,640</u>
<b>Computers &amp; Peripherals 4.8%</b>		
Apple Inc.	24,000	8,056,080
Avid Technology Inc.	40,000	753,600
		<u>8,809,680</u>
<b>Construction &amp; Engineering 1.3%</b>		
Jacobs Engineering Group Inc.	13,000	562,250
Michael Baker Corp.	34,000	718,080
UniTek Global Services Inc.	32,000	253,120
URS Corp.	18,000	805,320
		<u>2,338,770</u>
<b>Containers &amp; Packaging 0.9%</b>		
Boise Inc.	100,000	779,000
Greif Inc., B	13,000	783,250
		<u>1,562,250</u>
<b>Diversified Financial Services 3.5%</b>		
Bank of America Corp.	188,000	2,060,480
Citigroup Inc.	42,000	1,748,880
JPMorgan Chase & Co.	65,000	2,661,100
		<u>6,470,460</u>
<b>Diversified Telecommunication Services 0.9%</b>		
AT&T Inc.	55,000	<u>1,727,550</u>
<b>Electronic Equipment, Instruments &amp; Components 1.4%</b>		
Arrow Electronics Inc.	18,000	747,000
Avnet Inc.	21,000	669,480
Molex Inc., A	30,000	644,400
Universal Display Corp.	12,000	421,080
		<u>2,481,960</u>

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investment Managed Investment Options**

**NJBest Pooled Equity Fund**  
**Statement of Investments, June 30, 2011 (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Electric Utilities 0.4%</b>		
PPL Corp.	24,000	\$ 667,920
<b>Electrical Equipment 1.0%</b>		
Alpine Group Inc.	205,000	51,250
Energy Focus Inc.	400,000	188,000
II-VI Inc.	24,000	614,400
Rockwell Automation Inc.	12,000	1,041,120
		<u>1,894,770</u>
<b>Energy Equipment &amp; Services 2.0%</b>		
Baker Hughes Inc.	16,000	1,160,960
Cameron International Corp.	16,000	803,465
Halliburton Co.	16,000	816,000
Nabors Industries Ltd.	34,000	837,760
		<u>3,618,185</u>
<b>Food &amp; Staples Retailing 0.6%</b>		
Village Super Market Inc., A	11,000	304,810
Wal-Mart Stores Inc.	16,000	850,240
		<u>1,155,050</u>
<b>Food Products 1.0%</b>		
Calavo Growers Inc.	38,000	800,280
Limoneira Co.	37,000	835,830
Reddy Ice Holdings Inc.	80,000	224,800
		<u>1,860,910</u>
<b>Health Care Equipment &amp; Supplies 0.7%</b>		
St. Jude Medical Inc.	27,000	1,287,360
<b>Health Care Providers &amp; Services 1.8%</b>		
Aetna Inc.	24,000	1,058,160
Community Health Systems Inc.	30,000	770,400
Laboratory Corp. of America Holdings	7,000	677,530
VCA Antech Inc.	32,000	678,400
		<u>3,184,490</u>
<b>Health Care Technology 0.4%</b>		
Merge Healthcare Inc.	140,000	728,000
<b>Hotels, Restaurants &amp; Leisure 0.9%</b>		
Arcos Dorados Holdings Inc.	16,000	337,440
Frisch's Restaurants Inc.	26,000	607,100
Las Vegas Sands Corp.	18,000	759,780
		<u>1,704,320</u>



Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investment Managed Investment Options**

**NJBest Pooled Equity Fund**  
**Statement of Investments, June 30, 2011 (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Household Durables 0.7%</b>		
Kid Brands Inc.	120,000	\$ 619,200
Newell Rubbermaid Inc.	42,000	662,760
		<u>1,281,960</u>
<b>Household Products 1.4%</b>		
Church & Dwight Co. Inc.	16,000	648,640
Colgate-Palmolive Co.	8,000	699,280
The Procter & Gamble Co.	18,000	1,144,260
		<u>2,492,180</u>
<b>Independent Power Producers &amp; Energy Traders 0.3%</b>		
NRG Energy Inc.	20,000	491,600
<b>Industrial Conglomerates 1.5%</b>		
General Electric Co.	144,000	2,715,840
<b>Insurance 2.4%</b>		
Aflac Inc.	12,000	560,160
Berkshire Hathaway Inc., B	18,000	1,393,020
MetLife Inc.	21,000	921,270
Primerica Inc.	31,000	681,070
Prudential Financial Inc.	13,000	826,670
		<u>4,382,190</u>
<b>Internet &amp; Catalog Retail 0.5%</b>		
Nutri/System Inc.	38,000	534,280
Vitacost.Com Inc.	90,000	435,600
		<u>969,880</u>
<b>Internet Software &amp; Services 3.0%</b>		
eBay Inc.	25,000	806,750
Google Inc., A	2,500	1,265,950
KIT Digital Inc.	60,000	716,400
LivePerson Inc.	62,000	876,680
Move Inc.	330,000	722,700
SWK Holdings Corp.	500,000	447,500
United Online Inc.	110,000	663,300
		<u>5,499,280</u>
<b>Information Technology Services 1.8%</b>		
International Business Machines Corp.	14,000	2,401,700
Visa Inc., A	10,000	842,600
		<u>3,244,300</u>

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investment Managed Investment Options**

**NJBest Pooled Equity Fund**  
**Statement of Investments, June 30, 2011 (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Machinery 2.5%</b>		
Cummins Inc.	11,000	\$ 1,138,390
Deere & Co.	11,000	906,950
Parker Hannifin Corp.	10,000	897,400
Spirit Aerosystems Holdings Inc.	40,000	875,136
Wabash National Corp.	82,000	768,340
		<u>4,586,216</u>
<b>Media 6.9%</b>		
Ballantyne Strong Inc.	130,000	609,700
Citadel Broadcasting Corp., A	22,000	733,700
Comcast Corp., Special A	48,000	1,163,040
Crown Media Holdings Inc., A	340,000	649,400
Dish Network Corp., A	34,000	1,042,780
DreamWorks Animation SKG Inc., A	34,000	683,400
Emmis Communications Corp., A	350,000	385,000
Entercom Communications Corp.	70,000	607,600
Entravision Communications Corp., A	490,000	906,500
Grupo Televisa SA, ADR	28,000	688,800
Knology Inc.	20,000	297,000
Outdoor Channel Holdings Inc.	50,000	342,000
Reading International Inc., A	144,000	655,200
Regal Entertainment Group, A	64,000	790,400
Valassis Communications Inc.	18,000	545,400
Viacom Inc., B	20,000	1,020,000
The Walt Disney Co.	25,000	976,000
Westwood One Inc.	104,000	536,640
		<u>12,632,560</u>
<b>Metals &amp; Mining 1.7%</b>		
Alcoa Inc.	40,000	634,400
Freeport-McMoRan Copper & Gold Inc., B	12,000	634,800
Molycorp Inc.	12,000	732,720
Steel Dynamics Inc.	18,000	292,500
United States Steel Corp.	18,000	828,720
		<u>3,123,140</u>
<b>Multiline Retail 0.8%</b>		
Kohl's Corp.	14,000	700,140
Target Corp.	15,000	703,650
		<u>1,403,790</u>
<b>Oil, Gas &amp; Consumable Fuels 7.4%</b>		
Anadarko Petroleum Corp.	13,000	997,880
Apache Corp.	8,000	987,120
Arch Coal Inc.	30,000	799,800
Berry Petroleum Co., A	6,000	318,780
Cheniere Energy Inc.	80,000	732,800
Chesapeake Energy Corp.	40,000	1,187,600
ConocoPhillips	47,000	3,533,930
Exxon Mobil Corp.	48,000	3,905,305
Marathon Oil Corp.	17,000	540,685
Warren Resources Inc.	120,000	457,200
		<u>13,461,100</u>

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investment Managed Investment Options**

**NJBest Pooled Equity Fund**  
**Statement of Investments, June 30, 2011 (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Pharmaceuticals 6.3%</b>		
Abbott Laboratories	22,000	\$ 1,157,640
Akorn Inc.	110,000	770,000
Bristol-Myers Squibb Co.	36,000	1,042,560
Eli Lilly & Co.	35,000	1,313,550
Johnson & Johnson	35,000	2,328,200
Merck & Co. Inc.	54,000	1,905,660
Pfizer Inc.	140,000	2,884,000
		<u>11,401,610</u>
<b>Real Estate Investment Trusts (REITs) 2.5%</b>		
Entertainment Properties Trust	77,000	3,595,900
Weyerhaeuser Co.	40,000	874,400
		<u>4,470,300</u>
<b>Road &amp; Rail 1.2%</b>		
Covenant Transportation Group Inc., A	25,000	193,750
Kansas City Southern	28,000	1,661,240
Railamerica Inc.	20,000	300,000
		<u>2,154,990</u>
<b>Semiconductors &amp; Semiconductor Equipment 1.2%</b>		
AXT Inc.	30,000	254,400
Cirrus Logic Inc.	60,000	954,000
GT Solar International Inc.	14,000	226,800
LTX-Credence Corp.	1	9
MEMC Electronic Materials Inc.	88,000	750,640
		<u>2,185,849</u>
<b>Software 4.5%</b>		
Cinedigm Digital Cinema Corp., A	155,000	261,950
Compuware Corp.	80,000	780,800
Giant Interactive Group Inc., ADR	40,000	294,400
Microsoft Corp.	105,000	2,730,000
Net 1 UEPS Technologies Inc.	74,000	642,320
Oracle Corp.	82,000	2,698,620
Radiant Systems Inc.	42,000	877,800
		<u>8,285,890</u>
<b>Specialty Retail 0.4%</b>		
RadioShack Corp.	56,000	745,360
<b>Textiles Apparel &amp; Luxury Goods 0.5%</b>		
The Warnaco Group Inc.	18,000	940,500

Supplemental Information  
**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST-**  
**New Jersey Division of Investment Managed Investment Options**

**NJBest Pooled Equity Fund**  
**Statement of Investments, June 30, 2011 (continued)**

	<b>Shares</b>	<b>Value</b>
<b>Common Stocks (continued)</b>		
<b>Thriffs &amp; Mortgage Finance 0.7%</b>		
MGIC Investment Corp.	110,000	\$ 654,500
WSFS Financial Corp.	15,000	594,750
		<u>1,249,250</u>
<b>Tobacco 1.1%</b>		
Altria Group Inc.	27,000	713,070
Philip Morris International Inc.	18,000	1,201,860
		<u>1,914,930</u>
<b>Wireless Telecommunication Services 0.4%</b>		
American Tower Corp., A	14,000	732,620
		<u>732,620</u>
<b>Total Common Stocks (Cost \$147,185,582) 86.4%</b>		<u>157,463,240</u>
<b>Short Term Investment (Cost \$24,429,636) 13.4%</b>		
<sup>a</sup> State of New Jersey Cash Management Fund, 0.30%	24,429,636	24,429,636
		<u>24,429,636</u>
<b>Total Investments (Cost \$171,615,218) 99.8%</b>		<u>181,892,876</u>
<b>Other Assets Less Liabilities 0.2%</b>		<u>447,039</u>
<b>Total Net Assets 100.0%</b>		<u>\$ 182,339,915</u>

<sup>a</sup>The rate shown is the annualized seven-day yield at period end.

**ABBREVIATION**

ADR - American Depository Receipt

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