

New Jersey Better Educational Savings Trust Program
Franklin Templeton Managed Investment Options

Financial Statements
June 30, 2016



New Jersey Better Educational Savings Trust Program Franklin Templeton Managed Investment Options

Combined Financial Statements and Supplemental Information

Year ended June 30, 2016

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Report of Independent Auditors

To the Trustees of

New Jersey Better Educational Savings Trust Program - Franklin Templeton Managed Investment Options

We have audited the accompanying combined financial statements, which are comprised of the combined statement of fiduciary net position of the New Jersey Better Educational Savings Trust Program - Franklin Templeton Managed Investment Options (the "Trust") as of June 30, 2016, and the related combined statement of changes in fiduciary net position for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the New Jersey Better Educational Savings Trust Program - Franklin Templeton Managed Investment Options at June 30, 2016, and the combined changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Supplemental Information including the statement of each portfolio's fiduciary net position as of June 30, 2016, and the statement of changes in fiduciary net position indicated therein are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Ernst & Young LLP

October 17, 2016

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Management's Discussion and Analysis (*unaudited*)

The New Jersey Better Educational Savings Trust Program ("Program") includes investment portfolios managed by the New Jersey Department of Treasury, Division of Investments for accounts open prior to March 17, 2003 and portfolios managed by Franklin Templeton Investments ("FTI") for accounts opened after March 17, 2003. The financial data for the Program for the year ended June 30, 2016 is contained in two separate audited financial reports: 1) the New Jersey Division of Investments Managed Investment Options and 2) the Franklin Templeton Managed Investments Options (the "Franklin Templeton Options").

These financial statements pertain solely to the Franklin Templeton Options and offer readers of the financial statements this discussion and analysis of the financial performance for the year ended June 30, 2016. Readers should consider the information presented in this section in conjunction with the combined financial statements and notes to combined financial statements. The Franklin Templeton Options consist of twenty six (26) investment portfolios (the "Portfolios") in which account owners ("Account Owners") may invest.

Overview of the Combined Financial Statements

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

The Combined Statement of Fiduciary Net Position presents information on the Franklin Templeton Options assets and liabilities, with the difference between the two reported as net position as of June 30, 2016. This statement, along with all of the Franklin Templeton Options combined financial statements, is prepared using the accrual basis of accounting. Contributions are recognized when enrollment in the Franklin Templeton Options are finalized; subsequent subscriptions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided regardless of when cash is disbursed.

The Combined Statement of Changes in Fiduciary Net Position presents information showing how the Franklin Templeton Options assets changed during the most recent fiscal period. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

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

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Management's Discussion and Analysis *(unaudited) (continued)*

Financial Analysis

The following are condensed Statements of Fiduciary Net Position as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Investments	\$ 4,281,542,631	\$ 4,297,596,183
Cash	4,236,204	3,398,960
Receivables	3,622,336	3,105,756
Total Assets	<u>4,289,401,171</u>	<u>4,304,100,899</u>
Payables	7,234,338	6,829,124
Total Liabilities	<u>7,234,338</u>	<u>6,829,124</u>
Total Net Position held in trust for Account Owners in the Program	<u>\$ 4,282,166,833</u>	<u>\$ 4,297,271,775</u>

Net position represents total contributions from Account Owners, plus the net increases (decreases) from operations, less withdrawals and expenses.

The investments in the twenty six (26) Portfolios of the Program comprise 99.8% of total assets. Other assets consist of cash, receivables for securities sold, receivables for shares sold and receivables for accrued income. Liabilities consist of payables for securities purchased, payables for shares redeemed and accrued expenses.

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Management's Discussion and Analysis *(unaudited) (continued)*

Financial Analysis *(continued)*

The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Additions:		
Subscriptions	\$ 1,187,551,701	\$ 1,327,926,334
Net increase resulting from operations	202,039,194	258,811,312
Total Additions	<u>1,389,590,895</u>	<u>1,586,737,646</u>
Deductions:		
Redemptions	1,064,376,890	1,147,028,156
Net decrease resulting from operations	340,318,947	204,349,696
Total Deductions	<u>1,404,695,837</u>	<u>1,351,377,852</u>
Changes in Net Position held in trust for Account		
Owners in the Program	<u>(15,104,942)</u>	<u>235,359,794</u>
Net position - beginning of year	<u>4,297,271,775</u>	<u>4,061,911,981</u>
Net position - end of year	<u>\$ 4,282,166,833</u>	<u>\$ 4,297,271,775</u>

The Franklin Templeton Options received \$123.2 million in net contributions from Account Owners during the year ended June 30, 2016.

The Franklin Templeton Options earned \$81.7 million of investment income and incurred \$23.7 million of operating expenses during the year ended June 30, 2016.

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Management's Discussion and Analysis (*unaudited*) (*continued*)

Financial Highlights

for the year ended June 30, 2016

	Class A ^{a,b}	Class B ^{a,b}	Class C ^{a,b}	Direct ^b
Franklin Growth Allocation				
Newborn - 8 Years 529 Portfolio				
Total return	(4.79)%	(5.48)%	(5.48)%	(4.38)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Age 9 - 12 Years 529 Portfolio				
Total return	(3.74)%	(4.43)%	(4.45)%	(3.33)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Age 13 - 16 Years 529 Portfolio				
Total return	(2.84)%	(3.55)%	(3.54)%	(2.45)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Age 17+ Years 529 Portfolio				
Total return	(1.92)%	(2.63)%	(2.64)%	(1.48)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Franklin Conservative Allocations				
Newborn - 8 Years 529 Portfolio				
Total return	(3.21)%	(3.91)%	(3.98)%	(2.80)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Age 9 - 12 Years 529 Portfolio				
Total return	(1.74)%	(2.44)%	(2.45)%	(1.33)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Age 13 - 16 Years 529 Portfolio				
Total return	(0.86)%	(1.61)%	(1.61)%	(0.59)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Age 17+ Years 529 Portfolio				
Total return	(0.70)%	(1.35)%	(1.46)%	(0.29)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%

^aTotal return does not reflect sales commissions or contingent deferred sales charges.

^bDoes not include expenses of the Underlying Funds in which the Portfolio invests.

^cExpense ratios are based on average net assets.

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Management's Discussion and Analysis (*unaudited*) (*continued*)

Financial Highlights (*continued*)

for the year ended June 30, 2016

	Class A ^{a,b}	Class B ^{a,b}	Class C ^{a,b}	Direct ^b
Franklin Moderate Allocations				
Newborn - 8 Years 529 Portfolio				
Total return	(3.77)%	(4.44)%	(4.45)%	(3.38)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Age 9 - 12 Years 529 Portfolio				
Total return	(2.78)%	(3.54)%	(3.53)%	(2.38)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Age 13 - 16 Years 529 Portfolio				
Total return	(1.84)%	(2.63)%	(2.55)%	(1.50)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Age 17+ Years 529 Portfolio				
Total return	(0.77)%	(1.51)%	(1.51)%	(0.34)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Objective-Based Allocations				
Franklin Corefolio 529 Portfolio				
Total return	(5.26)%	(6.00)%	(5.96)%	(4.88)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Franklin Founding Funds 529 Portfolio				
Total return	(4.85)%	(5.55)%	(5.55)%	-
Expense ratio ^c	0.50%	1.25%	1.25%	-
Franklin Growth Allocation 529 Portfolio				
Total return	(4.80)%	(5.55)%	(5.56)%	(4.41)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Franklin Growth & Income Allocation 529 Portfolio				
Total return	(3.03)%	(3.73)%	(3.78)%	(2.61)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Franklin Income Allocation 529 Portfolio				
Total return	(0.85)%	(1.50)%	(1.49)%	(0.37)%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%

^aTotal return does not reflect sales commissions or contingent deferred sales charges.

^bDoes not include expenses of the Underlying Funds in which the Portfolio invests.

^cExpense ratios are based on average net assets.

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Management's Discussion and Analysis (*unaudited*) (*continued*)

Financial Highlights (*continued*)

for the year ended June 30, 2016

	Class A ^{a,b}	Class B ^{a,b}	Class C ^{a,b}	Direct ^b
Individual Portfolios				
Franklin Growth 529 Portfolio				
Total return	(0.11)%	(0.86)%	(0.88)%	-
Expense ratio ^c	0.50%	1.25%	1.25%	-
Franklin Income 529 Portfolio				
Total return	(1.45)%	(2.14)%	(2.15)%	-
Expense ratio ^c	0.50%	1.25%	1.25%	-
Franklin Small-Mid Cap Growth 529 Portfolio				
Total return	(9.27)%	(9.99)%	(9.97)%	-
Expense ratio ^c	0.50%	1.25%	1.25%	-
Franklin Mutual Shares 529 Portfolio				
Total return	(2.53)%	(3.29)%	(3.27)%	-
Expense ratio ^c	0.50%	1.25%	1.25%	-
S&P 500 Index 529 Portfolio				
Total return	3.32%	2.52%	2.57%	3.73%
Expense ratio ^c	0.50%	1.25%	1.25%	0.10%
Templeton Growth 529 Portfolio				
Total return	(10.47)%	(11.18)%	(11.12)%	-
Expense ratio ^c	0.50%	1.25%	1.25%	-
Franklin Mutual Global Discovery 529 Portfolio				
Total return	(6.14)%	-	(6.84)%	-
Expense ratio ^c	0.50%	-	1.25%	-
Templeton Global Bond 529 Portfolio				
Total return	(4.70)%	-	(5.56)%	-
Expense ratio ^c	0.50%	-	1.25%	-
Franklin U.S. Government Money 529 Portfolio				
Total return	0.00%	0.00%	0.00%	0.00%
Expense ratio ^c	0.00%	0.00%	0.00%	0.00%

^aTotal return does not reflect sales commissions or contingent deferred sales charges.

^bDoes not include expenses of the Underlying Funds in which the Portfolio invests.

^cExpense ratios are based on average net assets.

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Combined Financial Statements

Combined Statement of Fiduciary Net Position

June 30, 2016

Assets:

Cash	\$	4,236,204
Investments, at fair value (Cost: \$4,285,778,775)		4,281,542,631
Dividends receivable		75,258
Receivable from investment securities sold		700,000
Receivable for shares sold		2,847,078
Total assets		<u>4,289,401,171</u>

Liabilities:

Accrued expenses		3,575,608
Payable for investment securities purchased		2,041,589
Payable for shares redeemed		1,617,141
Total liabilities		<u>7,234,338</u>

Fiduciary Net Position held in trust for Account Owners in the Program

\$ 4,282,166,833

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

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Combined Financial Statements *(continued)*

Combined Statement of Changes in Fiduciary Net Position for the year ended June 30, 2016

Additions:		
Subscriptions		\$ 1,187,551,701
Increase from investment operations:		
Dividend income	81,665,699	
Net Realized gain from sales of Underlying Funds	5,897,990	
Net Realized gain on distributions by Underlying Funds	111,552,622	
Net change in unrealized appreciation on investments in Underlying Funds	2,922,883	
Net increase in net position resulting from operations	<u>202,039,194</u>	
Total Additions		<u>1,389,590,895</u>
Deductions:		
Redemptions		1,064,376,890
Decrease from investment operations:		
Net Realized loss from sales of Underlying Funds	8,725,212	
Net change in unrealized depreciation on investments in Underlying Funds	307,889,421	
Program management fees (Note 2)	8,719,201	
Sales fees (Note 2)	14,985,113	
Net decrease in net position resulting from operations	<u>340,318,947</u>	
Total Deductions		<u>1,404,695,837</u>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program		(15,104,942)
Fiduciary Net Position - beginning of year		<u>4,297,271,775</u>
Fiduciary Net Position - end of year		<u>\$ 4,282,166,833</u>

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

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Notes to Combined Financial Statements

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Pursuant to a service agreement, Franklin Templeton Distributors, Inc. ("FTDI"), a wholly-owned subsidiary of Franklin Resources, Inc., serves as the Program Manager. FTDI provides, directly or through affiliates, certain distribution, investment management and administrative services relating to the Program. Franklin Mutual Advisers, LLC. ("Franklin Templeton"), an affiliate of FTDI, serves as the Investment Manager for the Program.

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

These combined financial statements provide the combined financial results of the Franklin Templeton Managed Investment Options (the "Portfolios") 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 Franklin Asset Allocations, Objective-Based Allocations, and Individual Portfolios. Within each Franklin Asset Allocations (Growth, Conservative or Moderate), contributions are allocated among four age bands, based on the age of the Beneficiary. Each Franklin Asset Allocation Investment Option invests in certain Franklin/Templeton/Mutual Series Mutual Funds and/or Exchange Traded Funds (ETFs) ("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. The portfolios under these investment options, grouped by type, are as follows:

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Notes to Combined Financial Statements (*continued*)

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

Franklin Growth Allocations

Newborn - 8 Years 529 Portfolio
Age 9 - 12 Years 529 Portfolio
Age 13 - 16 Years 529 Portfolio
Age 17+ Years 529 Portfolio

Franklin Conservative Allocations

Newborn - 8 Years 529 Portfolio
Age 9 - 12 Years 529 Portfolio
Age 13 - 16 Years 529 Portfolio
Age 17+ Years 529 Portfolio

Franklin Moderate Allocations

Newborn - 8 Years 529 Portfolio
Age 9 - 12 Years 529 Portfolio
Age 13 - 16 Years 529 Portfolio
Age 17+ Years 529 Portfolio

Objective-Based Allocations

Franklin Corefolio 529 Portfolio
Franklin Founding Funds 529 Portfolio
Franklin Growth Allocation 529 Portfolio
Franklin Growth & Income Allocation 529 Portfolio
Franklin Income Allocation 529 Portfolio

Individual Portfolios

Franklin Growth 529 Portfolio
Franklin Income 529 Portfolio
Franklin Small-Mid Cap Growth 529 Portfolio
Franklin Mutual Shares 529 Portfolio
S&P 500 Index 529 Portfolio
Templeton Growth 529 Portfolio
Franklin Mutual Global Discovery 529 Portfolio
Templeton Global Bond 529 Portfolio
*Franklin U.S. Government Money 529 Portfolio

**Effective November 1, 2015, Franklin Money 529 Portfolio was renamed to Franklin U.S. Government Money 529 Portfolio.*

The Franklin Growth, Moderate and Conservative Allocations and Objective-Based Allocations, excluding the Franklin 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 S&P 500 Index 529 Portfolio and the Franklin U.S. Government Money 529 Portfolio also offer four classes of Trust Shares. Franklin Mutual Global Discovery 529 Portfolio and Templeton Global Bond 529 Portfolio offer two classes: Class A and C. The remaining Individual Portfolios, as well as Franklin 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.

Effective April 1, 2012, the Program no longer offers Class B Shares, including to existing owners. Existing owners may exchange Class B Shares of any portfolio for Class B of any other portfolios to the extent permitted.

The following summarizes the Program's significant accounting policies.

a. Financial Instrument Valuation

The Portfolios' investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Portfolios calculate the net asset value (NAV) per share as of 4 p.m. Eastern time each day the New York Stock Exchange (NYSE) is open for trading. Investments in the open end mutual funds are valued at their closing NAV each trading day. Exchange traded funds (ETFs) 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.

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Notes to Combined Financial Statements (*continued*)

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

b. Income Tax

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

The Portfolios may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2016, the Portfolios have determined that no tax liability is required in its combined financial statements related to uncertain tax positions for any open tax years (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction's statute of limitation.

c. Security Transactions, Investment Income, 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-dividend date.

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

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class.

d. Accounting Estimates

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

e. Guarantees and Indemnifications

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

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Notes to Combined Financial Statements (continued)

2. MANAGEMENT AGREEMENTS

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

Investment Option	Total Program Management Fee
Class A, B, & C	0.25%
Direct Trust Shares	0.10%

The Program Manager and HESSA has set the current rate of the program management fee for the Franklin U.S. Government Money 529 Portfolio to zero for all share classes until further notice.

Except for the Franklin U.S. Government Money 529 Portfolio, the Portfolios pay an annual asset-based sales fee 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 of the Portfolios' shares.

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

3. INVESTMENTS

As of June 30, 2016, net unrealized depreciation of portfolio investments was \$4,236,144 consisting of gross unrealized appreciation of \$185,165,171 and gross unrealized depreciation of \$189,401,316. The value of the investments comprise 99.8% of the Portfolios' total assets.

Purchases and sales of Portfolio securities (excluding short term securities) for the year ended June 30, 2016, aggregated \$721,353,442 and \$459,026,701, respectively.

For a list of each Portfolio's investments at June 30, 2016, please see the Statement of Fiduciary Net Position for each Portfolio in the Supplemental Information.

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Notes to Combined Financial Statements (continued)

3. INVESTMENTS (continued)

As of June 30, 2016, the investments held by the Portfolios consist of the following:

	Units	Cost	Value
Open End Mutual Funds			
Franklin Flex Cap Growth Fund, Advisor Class	4,818,659	\$ 215,805,691	\$ 216,213,326
Franklin Growth Fund, Advisor Class	4,155,804	245,356,088	309,690,512
Franklin Growth Opportunities Fund, Advisor Class	5,656,667	172,527,480	181,748,669
Franklin Income Fund, Advisor Class	118,471,592	271,070,310	255,898,641
Franklin International Small Cap Growth Fund, Advisor Class	10,044,071	212,594,065	172,255,821
Franklin Mutual European Fund, Class Z	9,452,276	197,682,038	169,101,224
Franklin Mutual Shares Fund, Class Z	17,610,596	418,707,751	477,247,149
Franklin Rising Dividends Fund, Advisor Class	3,592,549	172,837,553	186,237,735
Franklin Small-Mid Cap Growth Fund, Advisor Class	6,635,237	238,969,555	229,181,075
Franklin Strategic Income Fund, Advisor Class	13,960,811	141,054,144	131,371,229
Franklin Total Return Fund, Advisor Class	20,417,255	204,002,247	203,151,688
Franklin U.S. Government Securities Fund, Advisor Class	40,886,251	270,562,386	261,263,144
Franklin Utilities Fund, Advisor Class	5,582,026	85,570,576	105,611,911
Mutual Global Discovery Fund, Class Z	319,385	10,327,766	9,402,697
Templeton Foreign Fund, Advisor Class	28,197,447	199,477,294	177,643,915
Templeton Global Bond Fund, Advisor Class	34,732,357	439,181,665	393,170,272
Templeton Growth Fund Inc., Advisor Class	8,961,430	191,853,699	190,430,381
Exchange Traded Funds			
Franklin Liberty Short Duration U.S. Government ETF	638,386	62,568,704	62,452,728
iShares Core S&P 500 ETF	744,800	143,088,609	156,929,360
Short Term Investment			
Institutional Fiduciary Trust Money Market Portfolio	392,541,154	392,541,154	392,541,154
		<u>\$ 4,285,778,775</u>	<u>\$ 4,281,542,631</u>

4. INVESTMENT RISKS

Certain investments are subject to a variety of investment risks based on the amount of risk in the Underlying Funds. GASB requires that entities disclose certain essential risk information about deposits and investments.

a. Credit Risk

Certain Underlying Funds invest in fixed-income securities. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. The Underlying Funds in which the Portfolios invest are not rated by any nationally recognized statistical rating organization.

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Notes to Combined Financial Statements (continued)

4. INVESTMENT RISKS (continued)

b. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure, the Portfolios' deposits and investments may not be returned. The Portfolios' investments consist of shares of the Underlying Funds, rather than individual securities and therefore are not subject to custodial credit risk under GASB Statement No. 40.

c. Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The exposure to interest rate risk is greater with Underlying Funds with longer average maturity. The Underlying Funds listed below have significant investments exposed to interest rate risk. At June 30, 2016, the average weighted maturities are as follows:

Investment	Value	Average Weighted Maturity
Open End Mutual Funds		
Franklin Income Fund, Advisor Class	\$ 255,898,641	7.0 years
Franklin Strategic Income Fund, Advisor Class	131,371,229	5.0 years
Franklin Total Return Fund, Advisor Class	203,151,688	7.5 years
Franklin U.S. Government Securities Fund, Advisor Class	261,263,144	4.0 years
Templeton Global Bond Fund, Advisor Class	393,170,272	3.3 years
Exchange Traded Funds		
Franklin Liberty Short Duration U.S. Government ETF	62,452,728	4.7 years

d. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments in foreign securities. The Portfolios do not have any direct investment in foreign securities. Certain Portfolios allocate assets to underlying mutual funds that are exposed to foreign currency risk. At June 30, 2016, the value of investments in underlying mutual funds that invest in foreign denominated investments are as follows:

Investment	Value
Franklin Growth Fund, Advisor Class	\$ 309,690,512
Franklin International Small Cap Growth Fund, Advisor Class	172,255,821
Franklin Mutual European Fund, Class Z	169,101,224
Franklin Mutual Shares Fund, Class Z	477,247,149
Franklin Strategic Income Fund, Advisor Class	131,371,229
Mutual Global Discovery Fund, Class Z	9,402,697
Templeton Foreign Fund, Advisor Class	177,643,915
Templeton Global Bond Fund, Advisor Class	393,170,268
Templeton Growth Fund Inc., Advisor Class	190,430,382

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Notes to Combined Financial Statements (*continued*)

5. FAIR VALUE MEASUREMENTS

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

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

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

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

At June 30, 2016, all of the Portfolio's investments in financial instruments carried at fair value were valued using Level 1 inputs.

SUPPLEMENTAL INFORMATION

The following information is presented for purposes of additional analysis and is not a required part of the basic combined financial statements of the New Jersey Better Educational Savings Trust Program, Franklin Templeton Managed Investment Options. It shows financial information relating to the Portfolios, which are included in the Program during the year ended June 30, 2016.

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Fiduciary Net Position

June 30, 2016

	Franklin Growth Allocations			
	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
Assets				
Investments, at fair value:				
Open End Mutual Funds				
Franklin Flex Cap Growth Fund, Advisor Class	\$ 40,815,795	\$ 45,337,612	\$ 27,318,925	\$ 10,948,827
Franklin Growth Fund, Advisor Class	42,375,208	50,222,076	31,111,982	12,528,720
Franklin Growth Opportunities Fund, Advisor Class	41,401,054	48,198,659	30,589,892	11,639,443
Franklin Income Fund, Advisor Class	-	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	38,852,802	47,358,499	28,389,638	11,320,241
Franklin Mutual European Fund, Class Z	40,457,835	43,086,721	27,738,320	11,714,265
Franklin Mutual Shares Fund, Class Z	63,832,269	73,004,688	40,120,673	17,079,366
Franklin Rising Dividends Fund, Advisor Class	43,005,500	51,797,932	29,082,999	11,896,523
Franklin Small-Mid Cap Growth Fund, Advisor Class	40,876,811	46,683,459	27,430,803	11,514,151
Franklin Strategic Income Fund, Advisor Class	-	16,149,306	30,194,665	36,792,626
Franklin Total Return Fund, Advisor Class	-	26,214,853	45,911,219	56,909,049
Franklin U.S. Government Securities Fund, Advisor Class	-	33,209,599	59,447,876	72,927,341
Franklin Utilities Fund, Advisor Class	24,064,906	28,698,114	16,701,516	7,524,835
Mutual Global Discovery Fund, Class Z	-	-	-	-
Templeton Foreign Fund, Advisor Class	42,368,873	46,179,980	29,314,348	12,034,287
Templeton Global Bond Fund, Advisor Class	-	49,438,964	89,024,647	110,632,699
Templeton Growth Fund Inc., Advisor Class	-	-	-	-
Subtotal	418,051,053	605,580,462	512,377,503	395,462,373
Exchange Traded Funds				
Franklin Liberty Short Duration U.S. Government ETF	-	8,061,411	14,684,735	17,264,880
iShares Core S&P 500 ETF	-	-	-	-
Subtotal	-	8,061,411	14,684,735	17,264,880
Short Term Investment				
Institutional Fiduciary Trust Money Market Portfolio	874,840	34,817,247	60,912,387	69,146,070
Total Investments	418,925,893	648,459,120	587,974,625	481,873,323
Cash				
Dividends receivable	-	9,714	17,696	20,805
Receivable from investment securities sold	-	-	-	-
Receivable from shares sold	342,558	125,679	292,961	144,971
Total Assets	419,268,451	648,594,513	588,285,282	482,039,099
Liabilities				
Accrued expenses	405,369	473,768	464,770	385,855
Payable for investment securities purchased	300,000	-	-	-
Payable for shares redeemed	143,137	50,002	43,753	467,650
Total Liabilities	848,506	523,770	508,523	853,505
Fiduciary Net Position held in trust for Account Owners in the Program				
	<u>\$ 418,419,945</u>	<u>\$ 648,070,743</u>	<u>\$ 587,776,759</u>	<u>\$ 481,185,594</u>
Computation of Net Position Value Class A:				
Net assets, at value	\$ 255,734,309	\$ 320,115,262	\$ 291,578,564	\$ 230,870,066
Shares outstanding	9,055,057	12,812,435	13,105,941	12,930,580
Net asset value per share	\$ 28.24	\$ 24.98	\$ 22.25	\$ 17.85
Maximum offering price per share (Net asset value per share / 94.25%)	\$ 29.97	\$ 26.51	\$ 23.61	\$ 18.94
(Net asset value per share / 95.75%)	-	-	-	-
Computation of Net Position Value Class B:				
Net assets, at value	\$ 11,691,031	\$ 23,068,895	\$ 18,506,201	\$ 13,066,475
Shares outstanding	457,974	1,027,154	932,246	803,048
Net asset value per share	\$ 25.53	\$ 22.46	\$ 19.85	\$ 16.27
Computation of Net Position Value Class C:				
Net assets, at value	\$ 64,346,696	\$ 87,382,939	\$ 104,695,685	\$ 113,934,339
Shares outstanding	2,487,158	3,835,737	5,268,902	6,877,266
Net asset value per share	\$ 25.87	\$ 22.78	\$ 19.87	\$ 16.57
Computation of Net Position Value Direct:				
Net assets, at value	\$ 86,647,909	\$ 217,503,647	\$ 172,996,308	\$ 123,314,714
Shares outstanding	2,938,530	8,335,218	7,488,774	6,409,871
Net asset value per share	\$ 29.49	\$ 26.09	\$ 23.10	\$ 19.24
Investments at cost	\$ 421,420,016	\$ 652,906,902	\$ 595,343,301	\$ 502,635,199

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Fiduciary Net Position (continued)

June 30, 2016

Franklin Conservative Allocations

	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
Assets				
Investments, at fair value:				
Open End Mutual Funds				
Franklin Flex Cap Growth Fund, Advisor Class	\$ 1,045,042	\$ 399,545	\$ -	\$ -
Franklin Growth Fund, Advisor Class	1,166,232	477,090	-	-
Franklin Growth Opportunities Fund, Advisor Class	1,147,282	443,198	-	-
Franklin Income Fund, Advisor Class	-	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	1,084,014	446,502	-	-
Franklin Mutual European Fund, Class Z	1,182,341	416,928	-	-
Franklin Mutual Shares Fund, Class Z	1,685,771	633,419	-	-
Franklin Rising Dividends Fund, Advisor Class	1,155,100	408,270	-	-
Franklin Small-Mid Cap Growth Fund, Advisor Class	1,086,734	405,178	-	-
Franklin Strategic Income Fund, Advisor Class	1,257,044	1,366,475	2,235,754	1,953,125
Franklin Total Return Fund, Advisor Class	1,862,409	2,044,385	3,549,623	2,896,579
Franklin U.S. Government Securities Fund, Advisor Class	2,300,428	2,666,780	4,501,083	3,847,654
Franklin Utilities Fund, Advisor Class	628,067	227,061	-	-
Mutual Global Discovery Fund, Class Z	-	-	-	-
Templeton Foreign Fund, Advisor Class	1,274,152	428,830	-	-
Templeton Global Bond Fund, Advisor Class	3,607,416	3,994,460	6,747,959	5,663,057
Templeton Growth Fund Inc., Advisor Class	-	-	-	-
Subtotal	<u>20,482,032</u>	<u>14,358,121</u>	<u>17,034,419</u>	<u>14,360,415</u>
Exchange Traded Funds				
Franklin Liberty Short Duration U.S. Government ETF	559,289	628,552	978,291	918,909
iShares Core S&P 500 ETF	-	-	-	-
Subtotal	<u>559,289</u>	<u>628,552</u>	<u>978,291</u>	<u>918,909</u>
Short Term Investment				
Institutional Fiduciary Trust Money Market Portfolio	2,339,676	2,650,263	4,540,423	22,605,202
Total Investments	<u>23,380,997</u>	<u>17,636,936</u>	<u>22,553,133</u>	<u>37,884,526</u>
Cash	161,258	93,693	195,598	-
Dividends receivable	674	757	1,179	1,107
Receivable from investment securities sold	-	-	-	-
Receivable from shares sold	28,264	30,752	32,988	45,546
Total Assets	<u>23,571,193</u>	<u>17,762,138</u>	<u>22,782,898</u>	<u>37,931,179</u>
Liabilities				
Accrued expenses	16,087	13,304	18,923	32,660
Payable for investment securities purchased	-	-	-	-
Payable for shares redeemed	-	-	23,920	123,783
Total Liabilities	<u>16,087</u>	<u>13,304</u>	<u>42,843</u>	<u>156,443</u>
Fiduciary Net Position held in trust for Account Owners in the Program	<u>\$ 23,555,106</u>	<u>\$ 17,748,834</u>	<u>\$ 22,740,055</u>	<u>\$ 37,774,736</u>
Computation of Net Position Value Class A:				
Net assets, at value	\$ 14,386,678	\$ 10,483,416	\$ 10,565,405	\$ 16,445,540
Shares outstanding	1,014,433	808,796	914,355	1,654,469
Net asset value per share	<u>\$ 14.18</u>	<u>\$ 12.96</u>	<u>\$ 11.56</u>	<u>\$ 9.94</u>
Maximum offering price per share (Net asset value per share / 94.25%)	<u>\$ 15.05</u>	<u>\$ 13.75</u>	<u>\$ 12.26</u>	<u>\$ 10.55</u>
(Net asset value per share / 95.75%)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Computation of Net Position Value Class B:				
Net assets, at value	\$ 237,260	\$ 236,062	\$ 270,863	\$ 233,510
Shares outstanding	17,531	19,070	24,556	24,614
Net asset value per share	<u>\$ 13.53</u>	<u>\$ 12.38</u>	<u>\$ 11.03</u>	<u>\$ 9.49</u>
Computation of Net Position Value Class C:				
Net assets, at value	\$ 3,326,680	\$ 3,257,131	\$ 6,015,980	\$ 12,159,122
Shares outstanding	245,965	263,498	545,251	1,282,275
Net asset value per share	<u>\$ 13.52</u>	<u>\$ 12.36</u>	<u>\$ 11.03</u>	<u>\$ 9.48</u>
Computation of Net Position Value Direct:				
Net assets, at value	\$ 5,604,487	\$ 3,772,227	\$ 5,887,808	\$ 8,936,564
Shares outstanding	384,576	283,211	496,867	876,468
Net asset value per share	<u>\$ 14.57</u>	<u>\$ 13.32</u>	<u>\$ 11.85</u>	<u>\$ 10.20</u>
Investments at cost	<u>\$ 24,335,907</u>	<u>\$ 18,461,956</u>	<u>\$ 23,847,382</u>	<u>\$ 38,777,396</u>

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Fiduciary Net Position (continued)

June 30, 2016

	Franklin Moderate Allocations			
	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
Assets				
Investments, at fair value:				
Open End Mutual Funds				
Franklin Flex Cap Growth Fund, Advisor Class	\$ 9,324,895	\$ 4,533,359	\$ 2,664,647	\$ -
Franklin Growth Fund, Advisor Class	10,027,087	5,186,323	3,083,720	-
Franklin Growth Opportunities Fund, Advisor Class	10,433,739	5,143,355	2,842,720	-
Franklin Income Fund, Advisor Class	-	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	9,312,659	4,746,047	2,768,902	-
Franklin Mutual European Fund, Class Z	9,166,033	4,846,843	2,920,279	-
Franklin Mutual Shares Fund, Class Z	14,284,162	7,260,690	3,987,673	-
Franklin Rising Dividends Fund, Advisor Class	9,945,347	4,945,609	2,996,851	-
Franklin Small-Mid Cap Growth Fund, Advisor Class	9,487,750	4,607,960	2,746,805	-
Franklin Strategic Income Fund, Advisor Class	3,424,034	5,151,691	9,069,689	8,939,406
Franklin Total Return Fund, Advisor Class	5,279,226	7,694,475	14,098,751	13,333,549
Franklin U.S. Government Securities Fund, Advisor Class	6,642,782	10,052,869	17,345,922	17,242,579
Franklin Utilities Fund, Advisor Class	5,842,660	2,907,892	1,622,953	-
Mutual Global Discovery Fund, Class Z	-	-	-	-
Templeton Foreign Fund, Advisor Class	9,676,565	5,113,924	3,147,800	-
Templeton Global Bond Fund, Advisor Class	10,057,229	14,934,111	26,965,506	25,808,910
Templeton Growth Fund Inc., Advisor Class	-	-	-	-
Subtotal	122,904,168	87,125,148	96,262,218	65,324,444
Exchange Traded Funds				
Franklin Liberty Short Duration U.S. Government ETF	1,605,278	2,325,006	4,331,677	3,890,761
iShares Core S&P 500 ETF	-	-	-	-
Subtotal	1,605,278	2,325,006	4,331,677	3,890,761
Short Term Investment				
Institutional Fiduciary Trust Money Market Portfolio	6,540,319	9,776,648	17,791,170	16,647,997
Total Investments	131,049,765	99,226,802	118,385,065	85,863,202
Cash				
Dividends receivable	1,152,748	-	764,123	-
Receivable from investment securities sold	1,934	2,802	5,220	4,689
Receivable from shares sold	151,058	14,370	68,690	66,874
Total Assets	132,355,505	99,243,974	119,223,098	85,934,765
Liabilities				
Accrued expenses	102,794	81,580	111,503	86,523
Payable for investment securities purchased	-	-	-	-
Payable for shares redeemed	13,356	44,272	-	40,508
Total Liabilities	116,150	125,852	111,503	127,031
Fiduciary Net Position held in trust for Account Owners in the Program	\$ 132,239,355	\$ 99,118,122	\$ 119,111,595	\$ 85,807,734
Computation of Net Position Value Class A:				
Net assets, at value	\$ 87,800,046	\$ 65,334,894	\$ 66,682,052	\$ 37,722,845
Shares outstanding	5,725,829	4,667,395	5,213,962	3,257,187
Net asset value per share	\$ 15.33	\$ 14.00	\$ 12.79	\$ 11.58
Maximum offering price per share (Net asset value per share / 94.25%)	\$ 16.27	\$ 14.85	\$ 13.57	\$ 12.29
(Net asset value per share / 95.75%)	-	-	-	-
Computation of Net Position Value Class B:				
Net assets, at value	\$ 1,670,198	\$ 1,506,594	\$ 1,700,708	\$ 857,810
Shares outstanding	114,161	112,776	139,157	77,554
Net asset value per share	\$ 14.63	\$ 13.36	\$ 12.22	\$ 11.06
Computation of Net Position Value Class C:				
Net assets, at value	\$ 23,083,763	\$ 20,023,255	\$ 35,463,326	\$ 35,511,625
Shares outstanding	1,580,771	1,496,840	2,905,128	3,210,783
Net asset value per share	\$ 14.60	\$ 13.38	\$ 12.21	\$ 11.06
Computation of Net Position Value Direct:				
Net assets, at value	\$ 19,685,348	\$ 12,253,379	\$ 15,265,509	\$ 11,715,453
Shares outstanding	1,251,936	853,491	1,161,916	985,255
Net asset value per share	\$ 15.72	\$ 14.36	\$ 13.14	\$ 11.89
Investments at cost	\$ 132,830,910	\$ 102,298,071	\$ 124,050,438	\$ 89,613,678

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Fiduciary Net Position (continued)

June 30, 2016

Objective-Based Allocation

	Franklin Corefolio 529 Portfolio	Franklin Founding Funds 529 Portfolio	Franklin Growth Allocation 529 Portfolio	Franklin Growth & Income Allocation 529 Portfolio	Franklin Income Allocation 529 Portfolio
Assets					
Investments, at fair value:					
Open End Mutual Funds					
Franklin Flex Cap Growth Fund, Advisor Class	\$ 45,534,185	\$ -	\$ 20,212,093	\$ 8,078,401	\$ -
Franklin Growth Fund, Advisor Class	45,755,861	-	21,370,470	8,920,802	-
Franklin Growth Opportunities Fund, Advisor Class	-	-	21,325,632	8,583,695	-
Franklin Income Fund, Advisor Class	-	81,706,615	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	-	-	19,922,250	8,054,267	-
Franklin Mutual European Fund, Class Z	-	-	20,804,653	6,767,006	-
Franklin Mutual Shares Fund, Class Z	46,062,716	82,008,158	32,372,655	11,632,740	-
Franklin Rising Dividends Fund, Advisor Class	-	-	21,986,965	9,016,639	-
Franklin Small-Mid Cap Growth Fund, Advisor Class	-	-	20,293,986	8,377,321	-
Franklin Strategic Income Fund, Advisor Class	-	-	-	8,083,411	6,754,003
Franklin Total Return Fund, Advisor Class	-	-	-	12,640,880	10,716,690
Franklin U.S. Government Securities Fund, Advisor Class	-	-	-	16,764,432	14,313,799
Franklin Utilities Fund, Advisor Class	-	-	12,419,970	4,973,937	-
Mutual Global Discovery Fund, Class Z	-	-	-	-	-
Templeton Foreign Fund, Advisor Class	-	-	21,238,438	6,866,718	-
Templeton Global Bond Fund, Advisor Class	-	-	-	23,732,004	19,758,261
Templeton Growth Fund Inc., Advisor Class	44,356,840	78,363,153	-	-	-
Subtotal	181,709,602	242,077,926	211,947,112	142,492,253	51,542,753
Exchange Traded Funds					
Franklin Liberty Short Duration U.S. Government ETF	-	-	-	4,046,896	3,157,043
iShares Core S&P 500 ETF	-	-	-	-	-
Subtotal	-	-	-	4,046,896	3,157,043
Short Term Investment					
Institutional Fiduciary Trust Money Market Portfolio	135,728	32,420	518,258	17,031,956	13,812,569
Total Investments	181,845,330	242,110,346	212,465,370	163,571,105	68,512,365
Cash					
Dividends receivable	-	-	-	-	-
Receivable from investment securities sold	300,000	400,000	-	4,877	3,804
Receivable from shares sold	52,236	89,797	43,221	50,468	39,155
Total Assets	182,197,566	242,600,143	212,508,591	163,626,450	68,555,324
Liabilities					
Accrued expenses	164,530	246,257	144,722	154,053	55,826
Payable for investment securities purchased	-	-	-	-	-
Payable for shares redeemed	47,831	161,031	57,454	114,058	42,521
Total Liabilities	212,361	407,288	202,176	268,111	98,347
Fiduciary Net Position held in trust for Account Owners in the Program					
	<u>\$ 181,985,205</u>	<u>\$ 242,192,855</u>	<u>\$ 212,306,415</u>	<u>\$ 163,358,339</u>	<u>\$ 68,456,977</u>
Computation of Net Position Value Class A:					
Net assets, at value	\$ 88,959,656	\$ 161,559,616	\$ 91,472,752	\$ 76,025,632	\$ 31,271,604
Shares outstanding	3,362,514	10,160,941	3,246,549	3,495,440	2,052,732
Net asset value per share	\$ 26.46	\$ 15.90	\$ 28.18	\$ 21.75	\$ 15.23
Maximum offering price per share					
(Net asset value per share / 94.25%)	\$ 28.07	\$ 16.87	\$ 29.89	\$ 23.08	-
(Net asset value per share / 95.75%)	-	-	-	-	\$ 15.91
Computation of Net Position Value Class B:					
Net assets, at value	\$ 3,936,250	\$ 7,637,077	\$ 3,278,669	\$ 2,868,264	\$ 1,130,282
Shares outstanding	167,336	521,538	128,421	146,240	81,976
Net asset value per share	\$ 23.52	\$ 14.64	\$ 25.53	\$ 19.61	\$ 13.79
Computation of Net Position Value Class C:					
Net assets, at value	\$ 35,482,672	\$ 72,996,162	\$ 32,766,823	\$ 41,299,857	\$ 15,503,421
Shares outstanding	1,480,222	4,989,423	1,278,338	2,134,968	1,120,587
Net asset value per share	\$ 23.97	\$ 14.63	\$ 25.63	\$ 19.34	\$ 13.84
Computation of Net Position Value Direct:					
Net assets, at value	\$ 53,606,628	\$ -	\$ 84,788,171	\$ 43,164,585	\$ 20,551,669
Shares outstanding	1,938,088	-	2,877,388	1,894,826	1,287,250
Net asset value per share	\$ 27.66	\$ -	\$ 29.47	\$ 22.78	\$ 15.97
Investments at cost	\$ 156,923,439	\$ 241,483,062	\$ 212,328,236	\$ 165,872,932	\$ 72,140,048

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Fiduciary Net Position (continued)

June 30, 2016

	Individual Portfolios				
	Franklin Growth 529 Portfolio	Franklin Income 529 Portfolio	Franklin Small-Mid Cap Growth 529 Portfolio	Franklin Mutual Shares 529 Portfolio	S&P 500 Index 529 Portfolio
Assets					
Investments, at fair value:					
Open End Mutual Funds					
Franklin Flex Cap Growth Fund, Advisor Class	\$ -	\$ -	\$ -	\$ -	\$ -
Franklin Growth Fund, Advisor Class	77,464,941	-	-	-	-
Franklin Growth Opportunities Fund, Advisor Class	-	-	-	-	-
Franklin Income Fund, Advisor Class	-	174,192,026	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	-	-	-	-	-
Franklin Mutual European Fund, Class Z	-	-	-	-	-
Franklin Mutual Shares Fund, Class Z	-	-	-	83,282,169	-
Franklin Rising Dividends Fund, Advisor Class	-	-	-	-	-
Franklin Small-Mid Cap Growth Fund, Advisor Class	-	-	55,670,117	-	-
Franklin Strategic Income Fund, Advisor Class	-	-	-	-	-
Franklin Total Return Fund, Advisor Class	-	-	-	-	-
Franklin U.S. Government Securities Fund, Advisor Class	-	-	-	-	-
Franklin Utilities Fund, Advisor Class	-	-	-	-	-
Mutual Global Discovery Fund, Class Z	-	-	-	-	-
Templeton Foreign Fund, Advisor Class	-	-	-	-	-
Templeton Global Bond Fund, Advisor Class	-	-	-	-	-
Templeton Growth Fund Inc., Advisor Class	-	-	-	-	-
Subtotal	<u>77,464,941</u>	<u>174,192,026</u>	<u>55,670,117</u>	<u>83,282,169</u>	<u>-</u>
Exchange Traded Funds					
Franklin Liberty Short Duration U.S. Government ETF	-	-	-	-	-
iShares Core S&P 500 ETF	-	-	-	-	156,929,360
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,929,360</u>
Short Term Investment					
Institutional Fiduciary Trust Money Market Portfolio	-	-	-	-	-
Total Investments	<u>77,464,941</u>	<u>174,192,026</u>	<u>55,670,117</u>	<u>83,282,169</u>	<u>156,929,360</u>
Cash					
Dividends receivable	-	-	-	-	1,827,030
Receivable from investment securities sold	-	-	-	-	-
Receivable from shares sold	60,636	158,853	20,076	14,513	403,181
Total Assets	<u>77,525,577</u>	<u>174,350,879</u>	<u>55,690,193</u>	<u>83,296,682</u>	<u>159,159,571</u>
Liabilities					
Accrued expenses	78,870	208,023	55,795	99,252	76,583
Payable for investment securities purchased	-	-	-	-	1,741,589
Payable for shares redeemed	513	30,674	4,664	26,157	16,638
Total Liabilities	<u>79,383</u>	<u>238,697</u>	<u>60,459</u>	<u>125,409</u>	<u>1,834,810</u>
Fiduciary Net Position held in trust for Account Owners in the Program					
	<u>\$ 77,446,194</u>	<u>\$ 174,112,182</u>	<u>\$ 55,629,734</u>	<u>\$ 83,171,273</u>	<u>\$ 157,324,761</u>
Computation of Net Position Value Class A:					
Net assets, at value	\$ 58,284,367	\$ 113,743,047	\$ 41,905,406	\$ 60,371,506	\$ 42,200,294
Shares outstanding	<u>2,227,258</u>	<u>4,632,646</u>	<u>1,310,094</u>	<u>2,375,326</u>	<u>1,507,251</u>
Net asset value per share	<u>\$ 26.17</u>	<u>\$ 24.55</u>	<u>\$ 31.99</u>	<u>\$ 25.42</u>	<u>\$ 28.00</u>
Maximum offering price per share					
(Net asset value per share / 94.25%)	<u>\$ 27.77</u>	<u>-</u>	<u>\$ 33.94</u>	<u>\$ 26.97</u>	<u>\$ 29.71</u>
(Net asset value per share / 95.75%)	<u>-</u>	<u>\$ 25.64</u>	<u>-</u>	<u>-</u>	<u>-</u>
Computation of Net Position Value Class B:					
Net assets, at value	\$ 1,701,333	\$ 3,367,585	\$ 1,811,131	\$ 2,413,834	\$ 1,751,333
Shares outstanding	<u>73,784</u>	<u>150,302</u>	<u>62,410</u>	<u>106,570</u>	<u>73,022</u>
Net asset value per share	<u>\$ 23.06</u>	<u>\$ 22.41</u>	<u>\$ 29.02</u>	<u>\$ 22.65</u>	<u>\$ 23.98</u>
Computation of Net Position Value Class C:					
Net assets, at value	\$ 17,460,495	\$ 57,001,550	\$ 11,913,196	\$ 20,385,933	\$ 16,936,037
Shares outstanding	<u>707,914</u>	<u>2,561,277</u>	<u>412,049</u>	<u>896,170</u>	<u>652,212</u>
Net asset value per share	<u>\$ 24.66</u>	<u>\$ 22.26</u>	<u>\$ 28.91</u>	<u>\$ 22.75</u>	<u>\$ 25.97</u>
Computation of Net Position Value Direct:					
Net assets, at value	\$ -	\$ -	\$ -	\$ -	\$ 96,437,098
Shares outstanding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,241,353</u>
Net asset value per share	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29.75</u>
Investments at cost	<u>\$ 56,739,355</u>	<u>\$ 182,363,805</u>	<u>\$ 59,817,567</u>	<u>\$ 73,588,413</u>	<u>\$ 143,088,609</u>

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Fiduciary Net Position (continued)

June 30, 2016

	Individual Portfolios (continued)				
	Templeton Growth 529 Portfolio	Franklin Mutual Global Discovery 529 Portfolio	Templeton Global Bond 529 Portfolio	Franklin U.S. Government Money 529 Portfolio	TOTAL
Assets					
Investments, at fair value:					
Open End Mutual Funds					
Franklin Flex Cap Growth Fund, Advisor Class	\$ -	\$ -	\$ -	\$ -	\$ 216,213,326
Franklin Growth Fund, Advisor Class	-	-	-	-	309,690,512
Franklin Growth Opportunities Fund, Advisor Class	-	-	-	-	181,748,669
Franklin Income Fund, Advisor Class	-	-	-	-	255,898,641
Franklin International Small Cap Growth Fund, Advisor Class	-	-	-	-	172,255,821
Franklin Mutual European Fund, Class Z	-	-	-	-	169,101,224
Franklin Mutual Shares Fund, Class Z	-	-	-	-	477,247,149
Franklin Rising Dividends Fund, Advisor Class	-	-	-	-	186,237,735
Franklin Small-Mid Cap Growth Fund, Advisor Class	-	-	-	-	229,181,075
Franklin Strategic Income Fund, Advisor Class	-	-	-	-	131,371,229
Franklin Total Return Fund, Advisor Class	-	-	-	-	203,151,688
Franklin U.S. Government Securities Fund, Advisor Class	-	-	-	-	261,263,144
Franklin Utilities Fund, Advisor Class	-	-	-	-	105,611,911
Mutual Global Discovery Fund, Class Z	-	9,402,697	-	-	9,402,697
Templeton Foreign Fund, Advisor Class	-	-	-	-	177,643,915
Templeton Global Bond Fund, Advisor Class	-	-	2,805,049	-	393,170,272
Templeton Growth Fund Inc., Advisor Class	67,710,388	-	-	-	190,430,381
Subtotal	<u>67,710,388</u>	<u>9,402,697</u>	<u>2,805,049</u>	<u>-</u>	<u>3,669,619,389</u>
Exchange Traded Funds					
Franklin Liberty Short Duration U.S. Government ETF	-	-	-	-	62,452,728
iShares Core S&P 500 ETF	-	-	-	-	156,929,360
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,382,088</u>
Short Term Investment					
Institutional Fiduciary Trust Money Market Portfolio	-	-	-	112,367,981	392,541,154
Total Investments	<u>67,710,388</u>	<u>9,402,697</u>	<u>2,805,049</u>	<u>112,367,981</u>	<u>4,281,542,631</u>
Cash					
Dividends receivable	-	-	-	41,754	4,236,204
Receivable from investment securities sold	-	-	-	-	75,258
Receivable from shares sold	2,802	34,019	28,244	505,166	700,000
Total Assets	<u>67,713,190</u>	<u>9,436,716</u>	<u>2,833,293</u>	<u>112,914,901</u>	<u>4,289,401,171</u>
Liabilities					
Accrued expenses	87,553	8,537	2,471	-	3,575,608
Payable for investment securities purchased	-	-	-	-	2,041,589
Payable for shares redeemed	27,700	14,218	13,851	109,450	1,617,141
Total Liabilities	<u>115,253</u>	<u>22,755</u>	<u>16,322</u>	<u>109,450</u>	<u>7,234,338</u>
Fiduciary Net Position held in trust for Account Owners in the Program					
	<u>\$ 67,597,937</u>	<u>\$ 9,413,961</u>	<u>\$ 2,816,971</u>	<u>\$ 112,805,451</u>	<u>\$ 4,282,166,833</u>
Computation of Net Position Value Class A:					
Net assets, at value	\$ 50,570,638	\$ 7,011,920	\$ 2,112,018	\$ 45,477,326	
Shares outstanding	2,292,130	705,751	226,730	45,477,225	
Net asset value per share	<u>\$ 22.06</u>	<u>\$ 9.94</u>	<u>\$ 9.32</u>	<u>\$ 1.00</u>	
Maximum offering price per share					
(Net asset value per share / 94.25%)	<u>\$ 23.41</u>	<u>\$ 10.54</u>	<u>-</u>	<u>-</u>	
(Net asset value per share / 95.75%)	<u>-</u>	<u>-</u>	<u>\$ 9.73</u>	<u>-</u>	
Computation of Net Position Value Class B:					
Net assets, at value	\$ 1,797,054	\$ -	\$ -	\$ 2,901,189	
Shares outstanding	90,811	-	-	2,901,183	
Net asset value per share	<u>\$ 19.79</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1.00</u>	
Computation of Net Position Value Class C:					
Net assets, at value	\$ 15,230,245	\$ 2,402,040	\$ 704,952	\$ 26,070,131	
Shares outstanding	777,874	245,032	76,800	26,069,939	
Net asset value per share	<u>\$ 19.58</u>	<u>\$ 9.80</u>	<u>\$ 9.18</u>	<u>\$ 1.00</u>	
Computation of Net Position Value Direct:					
Net assets, at value	\$ -	\$ -	\$ -	\$ 38,356,804	
Shares outstanding	-	-	-	38,356,789	
Net asset value per share	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1.00</u>	
Investments at cost	<u>\$ 69,251,434</u>	<u>\$ 10,327,766</u>	<u>\$ 2,964,972</u>	<u>\$ 112,367,981</u>	<u>\$ 4,285,778,775</u>

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Changes in Fiduciary Net Position

for the year ended June 30, 2016

	Franklin Growth Allocations			
	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
Additions:				
Subscriptions	\$ 97,601,603	\$ 196,374,611	\$ 214,630,524	\$ 174,411,532
Increase from investment operations:				
Dividend income	5,559,107	10,257,553	10,631,847	10,280,585
Net Realized gain from sales of Underlying Funds	1,208,899	-	-	-
Net Realized gain on distributions by Underlying Funds	20,109,320	22,675,377	13,195,704	5,559,808
Net change in unrealized appreciation on investments in Underlying Funds	-	-	-	-
Net increase in net position resulting from operations	<u>26,877,326</u>	<u>32,932,930</u>	<u>23,827,551</u>	<u>15,840,393</u>
Total Additions	<u>124,478,929</u>	<u>229,307,541</u>	<u>238,458,075</u>	<u>190,251,925</u>
Deductions:				
Redemptions	147,239,813	187,382,637	161,166,531	148,882,358
Decrease from investment operations:				
Net Realized loss from sales of Underlying Funds	-	1,293,941	1,107,975	2,011,614
Net change in unrealized depreciation on investments in Underlying Funds	47,378,540	52,660,689	35,300,050	19,821,813
Program management fees (Note 2)	978,619	1,286,933	1,147,204	932,896
Sales fees (Note 2)				
Class A	666,689	777,339	684,458	516,047
Class B	164,479	277,120	211,287	147,615
Class C	687,768	877,817	1,018,904	1,072,116
Net decrease in net position resulting from operations	<u>49,876,095</u>	<u>57,173,839</u>	<u>39,469,878</u>	<u>24,502,101</u>
Total Deductions	<u>197,115,908</u>	<u>244,556,476</u>	<u>200,636,409</u>	<u>173,384,459</u>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program	\$ (72,636,979)	\$ (15,248,935)	\$ 37,821,666	\$ 16,867,466
Fiduciary Net Position - beginning of year	491,056,924	663,319,678	549,955,093	464,318,128
Fiduciary Net Position - end of year	<u>\$ 418,419,945</u>	<u>\$ 648,070,743</u>	<u>\$ 587,776,759</u>	<u>\$ 481,185,594</u>

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Changes in Fiduciary Net Position (continued)

for the year ended June 30, 2016

Franklin Conservative Allocations

	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
Additions:				
Subscriptions	\$ 6,661,709	\$ 7,932,001	\$ 12,021,826	\$ 19,844,515
Increase from investment operations:				
Dividend income	451,528	382,006	593,930	434,982
Net Realized gain from sales of Underlying Funds	-	-	-	-
Net Realized gain on distributions by Underlying Funds	548,251	182,524	-	-
Net change in unrealized appreciation on investments in Underlying Funds	-	-	-	-
Net increase in net position resulting from operations	<u>999,779</u>	<u>564,530</u>	<u>593,930</u>	<u>434,982</u>
Total Additions	<u>7,661,488</u>	<u>8,496,531</u>	<u>12,615,756</u>	<u>20,279,497</u>
Deductions:				
Redemptions	5,102,130	5,133,845	10,482,837	13,247,104
Decrease from investment operations:				
Net Realized loss from sales of Underlying Funds	18,206	60,045	165,757	96,165
Net change in unrealized depreciation on investments in Underlying Funds	1,553,990	656,861	472,416	348,356
Program management fees (Note 2)	49,507	35,680	45,711	67,860
Sales fees (Note 2)				
Class A	34,844	23,046	23,484	33,324
Class B	2,539	2,749	3,075	2,455
Class C	34,571	33,670	61,798	103,794
Net decrease in net position resulting from operations	<u>1,693,657</u>	<u>812,051</u>	<u>772,241</u>	<u>651,954</u>
Total Deductions	<u>6,795,787</u>	<u>5,945,896</u>	<u>11,255,078</u>	<u>13,899,058</u>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program				
	\$ 865,701	\$ 2,550,635	\$ 1,360,678	\$ 6,380,439
Fiduciary Net Position - beginning of year	22,689,405	15,198,199	21,379,377	31,394,297
Fiduciary Net Position - end of year	<u>\$ 23,555,106</u>	<u>\$ 17,748,834</u>	<u>\$ 22,740,055</u>	<u>\$ 37,774,736</u>

New Jersey Better Educational Savings Trust Program
Franklin Templeton Managed Investment Options
 Supplemental Information

Schedules of Changes in Fiduciary Net Position *(continued)*
 for the year ended June 30, 2016

	Franklin Moderate Allocations			
	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
Additions:				
Subscriptions	\$ 33,641,626	\$ 39,622,815	\$ 46,661,673	\$ 40,395,836
Increase from investment operations:				
Dividend income	2,058,877	1,826,555	2,597,149	1,943,118
Net Realized gain from sales of Underlying Funds	-	-	-	-
Net Realized gain on distributions by Underlying Funds	4,536,691	2,234,395	1,429,684	-
Net change in unrealized appreciation on investments in Underlying Funds	-	-	-	-
Net increase in net position resulting from operations	<u>6,595,568</u>	<u>4,060,950</u>	<u>4,026,833</u>	<u>1,943,118</u>
Total Additions	<u>40,237,194</u>	<u>43,683,765</u>	<u>50,688,506</u>	<u>42,338,954</u>
Deductions:				
Redemptions	25,620,281	29,730,535	35,930,387	22,109,724
Decrease from investment operations:				
Net Realized loss from sales of Underlying Funds	475,597	286,821	388,448	386,626
Net change in unrealized depreciation on investments in Underlying Funds	10,161,870	5,708,804	5,092,093	1,565,281
Program management fees (Note 2)	295,249	218,409	261,998	163,365
Sales fees (Note 2)				
Class A	214,440	154,159	154,469	76,455
Class B	18,322	15,247	16,965	8,408
Class C	230,989	194,845	356,479	301,120
Net decrease in net position resulting from operations	<u>11,396,467</u>	<u>6,578,285</u>	<u>6,270,452</u>	<u>2,501,255</u>
Total Deductions	<u>37,016,748</u>	<u>36,308,820</u>	<u>42,200,839</u>	<u>24,610,979</u>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program	\$ 3,220,446	\$ 7,374,945	\$ 8,487,667	\$ 17,727,975
Fiduciary Net Position - beginning of year	129,018,909	91,743,177	110,623,928	68,079,759
Fiduciary Net Position - end of year	<u>\$ 132,239,355</u>	<u>\$ 99,118,122</u>	<u>\$ 119,111,595</u>	<u>\$ 85,807,734</u>

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Changes in Fiduciary Net Position (continued)

for the year ended June 30, 2016

Objective-Based Allocation

	Franklin Corefolio® 529 Portfolio	Franklin Founding Funds 529 Portfolio	Franklin Growth Allocation 529 Portfolio	Franklin Growth & Income Allocation 529 Portfolio	Franklin Income Allocation 529 Portfolio
Additions:					
Subscriptions	\$ 24,117,161	\$ 28,345,503	\$ 34,073,435	\$ 24,960,735	\$ 12,951,825
Increase from investment operations:					
Dividend income	2,249,073	7,906,698	2,626,880	3,156,840	1,831,434
Net Realized gain from sales of Underlying Funds	2,340,186	352,394	-	-	-
Net Realized gain on distributions by Underlying Funds	9,623,665	5,033,203	9,678,450	4,077,885	-
Net change in unrealized appreciation on investments in Underlying Funds	-	-	-	-	-
Net increase in net position resulting from operations	14,212,924	13,292,295	12,305,330	7,234,725	1,831,434
Total Additions	38,330,085	41,637,798	46,378,765	32,195,460	14,783,259
Deductions:					
Redemptions	27,037,100	39,521,797	31,327,845	27,332,511	14,708,344
Decrease from investment operations:					
Net Realized loss from sales of Underlying Funds	-	-	489,088	369,855	246,461
Net change in unrealized depreciation on investments in Underlying Funds	23,432,721	24,964,425	21,248,795	11,196,685	1,806,711
Program management fees (Note 2)	376,242	608,227	397,648	341,882	137,218
Sales fees (Note 2)					
Class A	219,906	399,069	220,140	186,743	74,752
Class B	48,925	95,024	38,527	33,929	14,075
Class C	361,449	741,027	330,625	412,936	155,680
Net decrease in net position resulting from operations	24,439,243	26,807,772	22,724,823	12,542,030	2,434,897
Total Deductions	51,476,343	66,329,569	54,052,668	39,874,541	17,143,241
Changes in Fiduciary Net Position held in trust for Account Owners in the Program	\$ (13,146,258)	\$ (24,691,771)	\$ (7,673,903)	\$ (7,679,081)	\$ (2,359,982)
Fiduciary Net Position - beginning of year	195,131,463	266,884,626	219,980,318	171,037,420	70,816,959
Fiduciary Net Position - end of year	\$ 181,985,205	\$ 242,192,855	\$ 212,306,415	\$ 163,358,339	\$ 68,456,977

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Changes in Fiduciary Net Position (continued)

for the year ended June 30, 2016

	Individual Portfolios				
	Franklin Growth 529 Portfolio	Franklin Income 529 Portfolio	Franklin Small-Mid Cap Growth 529 Portfolio	Franklin Mutual Shares 529 Portfolio	S&P 500 Index 529 Portfolio
Additions:					
Subscriptions	\$ 16,830,792	\$ 24,431,098	\$ 11,417,773	\$ 8,650,556	\$ 36,052,840
Increase from investment operations:					
Dividend income	669,311	9,737,819	-	1,733,594	3,194,848
Net Realized gain from sales of Underlying Funds	856,403	-	-	955,760	76,027
Net Realized gain on distributions by Underlying Funds	2,250,296	-	4,763,442	5,157,727	-
Net change in unrealized appreciation on investments in Underlying Funds	-	-	-	-	2,922,883
Net increase in net position resulting from operations	<u>3,776,010</u>	<u>9,737,819</u>	<u>4,763,442</u>	<u>7,847,081</u>	<u>6,193,758</u>
Total Additions	<u>20,606,802</u>	<u>34,168,917</u>	<u>16,181,215</u>	<u>16,497,637</u>	<u>42,246,598</u>
Deductions:					
Redemptions	9,897,328	31,995,948	9,910,795	13,628,058	18,389,237
Decrease from investment operations:					
Net Realized loss from sales of Underlying Funds	-	991,402	267,154	-	-
Net change in unrealized depreciation on investments in Underlying Funds	3,381,921	10,932,544	9,992,178	9,885,923	-
Program management fees (Note 2)	180,821	420,710	140,072	206,962	223,579
Sales fees (Note 2)					
Class A	134,386	270,474	103,497	148,734	92,231
Class B	21,440	39,897	24,464	28,729	21,127
Class C	164,516	560,679	121,820	203,891	152,684
Net decrease in net position resulting from operations	<u>3,883,084</u>	<u>13,215,706</u>	<u>10,649,185</u>	<u>10,474,239</u>	<u>489,621</u>
Total Deductions	<u>13,780,412</u>	<u>45,211,654</u>	<u>20,559,980</u>	<u>24,102,297</u>	<u>18,878,858</u>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program	\$ 6,826,390	\$ (11,042,737)	\$ (4,378,765)	\$ (7,604,660)	\$ 23,367,740
Fiduciary Net Position - beginning of year	70,619,804	185,154,919	60,008,499	90,775,933	133,957,021
Fiduciary Net Position - end of year	<u>\$ 77,446,194</u>	<u>\$ 174,112,182</u>	<u>\$ 55,629,734</u>	<u>\$ 83,171,273</u>	<u>\$ 157,324,761</u>

New Jersey Better Educational Savings Trust Program

Franklin Templeton Managed Investment Options

Supplemental Information

Schedules of Changes in Fiduciary Net Position (continued)

for the year ended June 30, 2016

	Individual Portfolios (continued)				TOTAL
	Templeton Growth 529 Portfolio	Franklin Mutual Global Discovery 529 Portfolio	Templeton Global Bond 529 Portfolio	Franklin U.S. Government Money 529 Portfolio	
Additions:					
Subscriptions	\$ 7,923,959	\$ 5,812,566	\$ 1,708,363	\$ 60,474,824	\$ 1,187,551,701
Increase from investment operations:					
Dividend income	1,351,612	124,371	65,982	-	81,665,699
Net Realized gain from sales of Underlying Funds	108,321	-	-	-	5,897,990
Net Realized gain on distributions by Underlying Funds	-	496,200	-	-	111,552,622
Net change in unrealized appreciation on investments in Underlying Funds	-	-	-	-	2,922,883
Net increase in net position resulting from operations	1,459,933	620,571	65,982	-	202,039,194
Total Additions	9,383,892	6,433,137	1,774,345	60,474,824	1,389,590,895
Deductions:					
Redemptions	12,006,912	1,097,786	402,454	35,092,593	1,064,376,890
Decrease from investment operations:					
Net Realized loss from sales of Underlying Funds	-	50,234	19,823	-	8,725,212
Net change in unrealized depreciation on investments in Underlying Funds	9,346,481	864,497	115,777	-	307,889,421
Program management fees (Note 2)	178,848	18,301	5,260	-	8,719,201
Sales fees (Note 2)					
Class A	131,782	13,698	4,127	-	5,358,293
Class B	25,541	-	-	-	1,261,939
Class C	162,516	18,599	4,588	-	8,364,881
Net decrease in net position resulting from operations	9,845,168	965,329	149,575	-	340,318,947
Total Deductions	21,852,080	2,063,115	552,029	35,092,593	1,404,695,837
Changes in Fiduciary Net Position held in trust for Account Owners in the Program	\$ (12,468,188)	\$ 4,370,022	\$ 1,222,316	\$ 25,382,231	\$ (15,104,942)
Fiduciary Net Position - beginning of year	80,066,125	5,043,939	1,594,655	87,423,220	4,297,271,775
Fiduciary Net Position - end of year	\$ 67,597,937	\$ 9,413,961	\$ 2,816,971	\$ 112,805,451	\$ 4,282,166,833