

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

**Combined Financial Statements**  
June 30, 2017



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

## Combined Financial Statements and Supplemental Information

Year ended June 30, 2017

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Ernst & Young LLP  
200 Clarendon Street  
Boston, MA  
02116  
Tel: +1 617 266 2000  
Fax: +1 617 266 5843  
ey.com

## **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, 2017, 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, 2017, 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, 2017, 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*

September 27, 2017

# 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, 2017 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, 2017. 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, 2017. 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 year ended June 30, 2017. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in a future period.

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

# 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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Investments	\$ 4,868,413,276	\$ 4,281,542,631
Cash	4,436,414	4,236,204
Receivables	2,533,859	3,622,336
Total Assets	<u>4,875,383,549</u>	<u>4,289,401,171</u>
Payables	<u>7,170,224</u>	<u>7,234,338</u>
Total Liabilities	<u>7,170,224</u>	<u>7,234,338</u>
Total Net Position held in trust for Account Owners in the Program	<u>\$ 4,868,213,325</u>	<u>\$ 4,282,166,833</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 99.9% 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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Additions:		
Subscriptions	\$ 1,265,529,850	\$ 1,187,551,701
Net increase in net position resulting from operations	<u>574,698,499</u>	<u>202,039,194</u>
Total Additions	<u>1,840,228,349</u>	<u>1,389,590,895</u>
Deductions:		
Redemptions	1,218,753,372	1,064,376,890
Net decrease in net position resulting from operations	<u>35,428,485</u>	<u>340,318,947</u>
Total Deductions	<u>1,254,181,857</u>	<u>1,404,695,837</u>
Changes in Net Position held in trust for Account		
Owners in the Program	<u>586,046,492</u>	<u>(15,104,942)</u>
Net position - beginning of year	<u>4,282,166,833</u>	<u>4,297,271,775</u>
Net position - end of year	<u>\$ 4,868,213,325</u>	<u>\$ 4,282,166,833</u>

The Franklin Templeton Options received \$46.8 million in net subscriptions from Account Owners during the year ended June 30, 2017.

The Franklin Templeton Options earned \$72.6 million of investment income and incurred \$25.2 million of operating expenses during the year ended June 30, 2017.

# 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, 2017

	Class A <sup>a</sup>	Class B <sup>a</sup>	Class C <sup>a</sup>	Direct Class
<b>Franklin Asset Allocations - Growth</b>				
Newborn - 8 Years 529 Portfolio				
Total return	18.38%	17.47%	17.47%	18.82%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Age 9 - 12 Years 529 Portfolio				
Total return	14.05%	13.18%	13.17%	14.49%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Age 13 - 16 Years 529 Portfolio				
Total return	10.29%	9.47%	9.46%	10.74%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Age 17+ Years 529 Portfolio				
Total return	6.67%	5.84%	5.79%	7.02%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
<b>Franklin Asset Allocations - Conservative</b>				
Newborn - 8 Years 529 Portfolio				
Total return	10.16%	9.39%	9.39%	10.64%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Age 9 - 12 Years 529 Portfolio				
Total return	6.40%	5.57%	5.58%	6.83%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Age 13 - 16 Years 529 Portfolio				
Total return	2.77%	1.99%	1.99%	3.21%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Age 17+ Years 529 Portfolio				
Total return	1.21%	0.42%	0.53%	1.57%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%

<sup>a</sup>Total return does not reflect sales commissions or contingent deferred sales charges.

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

<sup>c</sup>Expense ratios are based on average daily 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, 2017

	Class A <sup>a</sup>	Class B <sup>a</sup>	Class C <sup>a</sup>	Direct Class
<b>Franklin Asset Allocations - Moderate</b>				
Newborn - 8 Years 529 Portfolio				
Total return	14.02%	13.12%	13.15%	14.50%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Age 9 - 12 Years 529 Portfolio				
Total return	10.29%	9.43%	9.49%	10.72%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Age 13 - 16 Years 529 Portfolio				
Total return	6.33%	5.56%	5.57%	6.77%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Age 17+ Years 529 Portfolio				
Total return	2.85%	2.08%	2.08%	3.28%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
<b>Objective-Based Allocations</b>				
Franklin Corefolio® 529 Portfolio				
Total return	20.37%	19.52%	19.52%	20.90%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Franklin Founding Funds 529 Portfolio				
Total return	17.86%	17.01%	16.95%	-
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	-
Franklin Growth Allocation 529 Portfolio				
Total return	18.24%	17.35%	17.36%	18.70%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Franklin Growth & Income Allocation 529 Portfolio				
Total return	10.21%	9.38%	9.41%	10.62%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Franklin Income Allocation 529 Portfolio				
Total return	2.76%	1.96%	1.95%	3.13%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%

<sup>a</sup>Total return does not reflect sales commissions or contingent deferred sales charges.

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

<sup>c</sup>Expense ratios are based on average daily 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, 2017

	Class A <sup>a</sup>	Class B <sup>a</sup>	Class C <sup>a</sup>	Direct Class
<b>Individual Portfolios</b>				
Franklin Growth 529 Portfolio				
Total return	21.32%	20.42%	20.44%	-
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	-
Franklin Income 529 Portfolio				
Total return	12.83%	11.96%	11.95%	-
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	-
Franklin Small-Mid Cap Growth 529 Portfolio				
Total return	15.88%	15.06%	15.05%	-
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	-
Franklin Mutual Shares 529 Portfolio				
Total return	16.64%	15.81%	15.78%	-
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	-
S&P 500 Index 529 Portfolio				
Total return	17.14%	16.31%	16.33%	17.65%
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	0.10%
Templeton Growth 529 Portfolio				
Total return	24.43%	23.45%	23.49%	-
Expense ratio <sup>bc</sup>	0.50%	1.25%	1.25%	-
Franklin Mutual Global Discovery 529 Portfolio				
Total return	19.32%	-	18.47%	-
Expense ratio <sup>bc</sup>	0.50%	-	1.25%	-
Templeton Global Bond 529 Portfolio				
Total return	9.87%	-	9.15%	-
Expense ratio <sup>bc</sup>	0.50%	-	1.25%	-
Franklin U.S. Government Money 529 Portfolio				
Total return	0.00%	0.00%	0.00%	0.00%
Expense ratio <sup>bc</sup>	0.00%	0.00%	0.00%	0.00%

<sup>a</sup>Total return does not reflect sales commissions or contingent deferred sales charges.

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

<sup>c</sup>Expense ratios are based on average daily 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, 2017

Assets:

Cash	\$	4,436,414
Investments, at fair value (Cost: \$4,464,736,841)		4,868,413,276
Dividends receivable		117,349
Receivable for shares sold		2,416,510
Total assets		<u>4,875,383,549</u>

Liabilities:

Accrued expenses		3,946,574
Payable for investment securities purchased		1,050,164
Payable for shares redeemed		2,173,486
Total liabilities		<u>7,170,224</u>

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

\$ 4,868,213,325

*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, 2017

Additions:	
Subscriptions	\$ 1,265,529,850
Increase from investment operations:	
Dividend income distributions by Underlying Funds	72,604,195
Realized gain from sales of Underlying Funds	21,701,184
Capital gain distributions by Underlying Funds	72,480,541
Net change in unrealized appreciation on investments in Underlying Funds	407,912,579
Net increase in net position resulting from operations	<u>574,698,499</u>
Total Additions	<u>1,840,228,349</u>
Deductions:	
Redemptions	1,218,753,372
Decrease from investment operations:	
Realized loss from sales of Underlying Funds	10,205,395
Program management fees (Note 2)	9,492,579
Sales fees (Note 2)	15,730,511
Net decrease in net position resulting from operations	<u>35,428,485</u>
Total Deductions	<u>1,254,181,857</u>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program	586,046,492
Fiduciary Net Position - beginning of year	4,282,166,833
Fiduciary Net Position - end of year	<u>\$ 4,868,213,325</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 Mutual"), 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 Program's combined financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

These combined financial statements provide the combined financial results of the 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 Franklin Mutual. 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 Asset Allocations - Growth

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

##### Franklin Asset Allocations - Conservative

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

##### Franklin Asset Allocations - Moderate

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

The Franklin Growth, Conservative and Moderate 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 Class. 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 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.

Under compliance policies and procedures approved by Franklin Mutual, the Program's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The VC provides administration and oversight of the Program's valuation policies and procedures. Among other things,

# 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)*

##### a. Financial Instrument Valuation *(continued)*

these procedures allow the Program to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

##### 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, 2017, 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. Underlying Fund Transactions, Investment Income, Expenses

Underlying Fund transactions are accounted for on trade date. Realized gains and losses on Underlying Fund 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. 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.

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:

<b>Investment Option</b>	<b>Total Program Management Fee</b>
Class A, B, & C	0.25%
Direct Class	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 administrative services for the Program. Franklin Templeton Investor Services, LLC, ("FTI"), an affiliate of FTDI and FTS, performs transfer agency services for the Program. No fees are paid by the Portfolios for administrative or transfer agency services.

#### 3. INVESTMENTS

As of June 30, 2017, net unrealized appreciation of portfolio investments was \$403,676,435 consisting of gross unrealized appreciation of \$437,433,256 and gross unrealized depreciation of \$33,756,821. The value of the investments comprise 99.9% of the Portfolios' total assets.

Purchases and sales of Underlying Funds (excluding short term securities) for the year ended June 30, 2017, aggregated \$884,327,115 and \$767,441,247, respectively.

For a list of each Portfolio's investments at June 30, 2017, 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, 2017, the investments held by the Portfolios consist of the following:

	Units	Cost	Value
Open End Mutual Funds			
Franklin Growth Fund, Advisor Class	5,290,960	\$ 341,208,667	\$ 461,742,026
Franklin Growth Opportunities Fund, Advisor Class	9,304,894	294,214,081	352,004,160
Franklin Income Fund, Advisor Class	122,784,225	280,710,003	284,859,403
Franklin International Small Cap Growth Fund, Advisor Class	9,558,947	195,431,528	190,796,572
Franklin Mutual European Fund, Class Z	8,453,727	174,958,062	173,977,719
Franklin Mutual Shares Fund, Class Z	17,707,190	430,118,642	526,965,957
Franklin Rising Dividends Fund, Advisor Class	3,539,803	172,360,186	199,644,873
Franklin Small-Mid Cap Growth Fund, Advisor Class	6,815,635	244,995,100	258,448,883
Franklin Strategic Income Fund, Advisor Class	22,863,472	226,097,498	225,205,202
Franklin Total Return Fund, Advisor Class	29,309,202	292,065,934	288,109,449
Franklin U.S. Government Securities Fund, Advisor Class	45,936,042	300,798,815	282,506,661
Franklin Utilities Fund, Advisor Class	5,464,066	85,625,031	103,544,050
Mutual Global Discovery Fund, Class Z	488,063	15,697,864	16,208,586
Templeton Foreign Fund, Advisor Class	24,106,390	170,377,252	184,413,891
Templeton Global Bond Fund, Advisor Class	26,299,078	322,277,846	320,059,794
Templeton Growth Fund Inc., Advisor Class	8,501,647	182,614,471	222,063,043
Exchange Traded Funds			
Franklin Liberty Short Duration U.S. Government ETF	689,886	67,527,872	66,601,594
Franklin LibertyQ Emerging Markets ETF	1,959,600	54,147,848	58,827,191
iShares Core S&P 500 ETF	837,000	164,810,089	203,734,170
Short Term Investment			
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.09%	448,700,052	448,700,052	448,700,052
		<u>\$ 4,464,736,841</u>	<u>\$ 4,868,413,276</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, 2017, the average weighted maturities are as follows:

Investment	Value	Average Weighted Maturity
Open End Mutual Funds		
Franklin Income Fund, Advisor Class	\$ 284,859,403	4.2 years
Franklin Strategic Income Fund, Advisor Class	225,205,202	5.7 years
Franklin Total Return Fund, Advisor Class	288,109,449	8.0 years
Franklin U.S. Government Securities Fund, Advisor Class	282,506,661	5.7 years
Templeton Global Bond Fund, Advisor Class	320,059,794	3.8 years
Exchange Traded Funds		
Franklin Liberty Short Duration U.S. Government ETF	66,601,594	4.0 years
	<u>\$ 1,467,342,103</u>	

##### 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, 2017, the value of investments in underlying mutual funds that invest in foreign denominated investments are as follows:

Investment	Value
Franklin Growth Fund, Advisor Class	\$ 461,742,026
Franklin International Small Cap Growth Fund, Advisor Class	190,796,572
Franklin Mutual European Fund, Class Z	173,977,719
Franklin Mutual Shares Fund, Class Z	526,965,957
Franklin Strategic Income Fund, Advisor Class	225,205,202
Mutual Global Discovery Fund, Class Z	16,208,586
Templeton Foreign Fund, Advisor Class	184,413,891
Templeton Global Bond Fund, Advisor Class	320,059,794
Templeton Growth Fund Inc., Advisor Class	222,063,043
	<u>\$ 2,321,432,790</u>

# 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, 2017, all of the Portfolio's investments in financial instruments carried at fair value were valued using Level 1 inputs.

#### 6. SUBSEQUENT EVENTS

The Program has evaluated subsequent events through September 27, 2017, the date the financial statements were available to be issued, and determined that disclosure of the following is necessary:

Effective on July 10, 2017, the Program has begun offering Advisor Class Trust Shares.

### **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 were included in the Program during the year ended June 30, 2017.

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

Schedules of Fiduciary Net Position  
June 30, 2017

**Franklin Asset Allocations - Growth**

	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
<b>Assets</b>				
Investments, at fair value:				
Open End Mutual Funds				
Franklin Growth Fund, Advisor Class	\$ 64,796,230	\$ 79,419,116	\$ 57,672,865	\$ 21,729,066
Franklin Growth Opportunities Fund, Advisor Class	65,089,840	76,643,504	55,684,335	20,414,104
Franklin Income Fund, Advisor Class	-	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	41,025,080	48,950,624	35,584,791	12,876,050
Franklin Mutual European Fund, Class Z	38,755,875	41,838,150	32,628,165	12,521,291
Franklin Mutual Shares Fund, Class Z	64,565,127	77,161,213	51,458,289	19,845,684
Franklin Rising Dividends Fund, Advisor Class	42,935,082	52,791,626	35,998,253	13,344,088
Franklin Small-Mid Cap Growth Fund, Advisor Class	42,233,038	48,979,054	34,957,018	13,289,824
Franklin Strategic Income Fund, Advisor Class	-	25,501,347	55,557,868	62,396,677
Franklin Total Return Fund, Advisor Class	-	32,650,808	71,117,137	79,750,986
Franklin U.S. Government Securities Fund, Advisor Class	-	31,877,014	69,143,990	77,912,597
Franklin Utilities Fund, Advisor Class	20,940,910	26,636,294	18,837,138	7,699,980
Mutual Global Discovery Fund, Class Z	-	-	-	-
Templeton Foreign Fund, Advisor Class	38,685,566	46,448,818	35,852,217	13,314,203
Templeton Global Bond Fund, Advisor Class	-	35,777,618	77,930,762	87,509,725
Templeton Growth Fund Inc., Advisor Class	-	-	-	-
Subtotal	<u>419,026,748</u>	<u>624,675,186</u>	<u>632,422,828</u>	<u>442,614,275</u>
Exchange Traded Funds				
Franklin Liberty Short Duration U.S. Government ETF	-	7,684,874	16,953,003	18,215,167
Franklin LibertyQ Emerging Markets ETF	12,836,552	14,838,886	10,714,139	4,112,738
iShares Core S&P 500 ETF	-	-	-	-
Subtotal	<u>12,836,552</u>	<u>22,523,760</u>	<u>27,667,142</u>	<u>22,327,905</u>
Short Term Investment				
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.09%	950,407	36,875,345	75,611,571	78,076,559
Total Investments	<u>432,813,707</u>	<u>684,074,291</u>	<u>735,701,541</u>	<u>543,018,739</u>
Cash	-	-	-	-
Dividends receivable	-	13,540	29,871	32,094
Receivable from shares sold	300,884	177,751	86,331	179,511
Total Assets	<u>433,114,591</u>	<u>684,265,582</u>	<u>735,817,743</u>	<u>543,230,344</u>
<b>Liabilities</b>				
Accrued expenses	407,347	505,910	538,313	427,002
Payable for investment securities purchased	-	-	-	-
Payable for shares redeemed	21,944	57,585	105,996	429,168
Total Liabilities	<u>429,291</u>	<u>563,495</u>	<u>644,309</u>	<u>856,170</u>
Fiduciary Net Position held in trust for Account Owners in the Program	<u>\$ 432,685,300</u>	<u>\$ 683,702,087</u>	<u>\$ 735,173,434</u>	<u>\$ 542,374,174</u>
<b>Net Position Value Class A:</b>				
Net assets, at value	\$ 274,983,820	\$ 360,069,439	\$ 365,171,727	\$ 271,039,986
Shares outstanding	8,226,370	12,638,311	14,883,280	14,237,843
Net asset value per share	<u>\$ 33.43</u>	<u>\$ 28.49</u>	<u>\$ 24.54</u>	<u>\$ 19.04</u>
Maximum offering price per share (Net asset value per share / 94.25%)	<u>\$ 35.47</u>	<u>\$ 30.23</u>	<u>\$ 26.03</u>	<u>\$ 20.20</u>
(Net asset value per share / 95.75%)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position Value Class B:</b>				
Net assets, at value	\$ 6,353,614	\$ 16,110,027	\$ 14,516,261	\$ 10,360,950
Shares outstanding	211,871	633,790	668,067	601,753
Net asset value per share	<u>\$ 29.99</u>	<u>\$ 25.42</u>	<u>\$ 21.73</u>	<u>\$ 17.22</u>
<b>Net Position Value Class C:</b>				
Net assets, at value	\$ 63,266,457	\$ 94,234,007	\$ 118,649,997	\$ 121,856,201
Shares outstanding	2,081,493	3,654,796	5,455,179	6,950,877
Net asset value per share	<u>\$ 30.39</u>	<u>\$ 25.78</u>	<u>\$ 21.75</u>	<u>\$ 17.53</u>
<b>Net Position Value Direct:</b>				
Net assets, at value	\$ 88,081,410	\$ 213,288,614	\$ 236,835,449	\$ 139,117,039
Shares outstanding	2,513,597	7,139,753	9,259,213	6,755,249
Net asset value per share	<u>\$ 35.04</u>	<u>\$ 29.87</u>	<u>\$ 25.58</u>	<u>\$ 20.59</u>
Investments at cost	<u>\$ 386,158,959</u>	<u>\$ 623,810,081</u>	<u>\$ 692,492,729</u>	<u>\$ 535,882,526</u>

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

# New Jersey Better Educational Savings Trust Program

## Franklin Templeton Managed Investment Options

### Supplemental Information

#### Schedules of Fiduciary Net Position (continued)

June 30, 2017

#### Franklin Asset Allocations - Conservative

	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
<b>Assets</b>				
Investments, at fair value:				
Open End Mutual Funds				
Franklin Growth Fund, Advisor Class	\$ 1,984,160	\$ 777,769	\$ -	\$ -
Franklin Growth Opportunities Fund, Advisor Class	1,913,735	730,039	-	-
Franklin Income Fund, Advisor Class	-	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	1,171,636	503,483	-	-
Franklin Mutual European Fund, Class Z	1,195,487	441,768	-	-
Franklin Mutual Shares Fund, Class Z	1,858,357	731,728	-	-
Franklin Rising Dividends Fund, Advisor Class	1,228,318	454,536	-	-
Franklin Small-Mid Cap Growth Fund, Advisor Class	1,189,111	464,425	-	-
Franklin Strategic Income Fund, Advisor Class	1,946,010	2,223,238	4,411,118	3,306,259
Franklin Total Return Fund, Advisor Class	2,490,941	2,846,650	5,642,386	4,231,934
Franklin U.S. Government Securities Fund, Advisor Class	2,358,446	2,781,109	5,562,749	4,274,070
Franklin Utilities Fund, Advisor Class	607,571	230,366	-	-
Mutual Global Discovery Fund, Class Z	-	-	-	-
Templeton Foreign Fund, Advisor Class	1,336,039	472,222	-	-
Templeton Global Bond Fund, Advisor Class	2,731,946	3,118,296	6,191,441	4,636,603
Templeton Growth Fund Inc., Advisor Class	-	-	-	-
Subtotal	22,011,757	15,775,629	21,807,694	16,448,866
Exchange Traded Funds				
Franklin Liberty Short Duration U.S. Government ETF	571,227	629,924	1,168,134	1,003,340
Franklin LibertyQ Emerging Markets ETF	348,232	135,090	-	-
iShares Core S&P 500 ETF	-	-	-	-
Subtotal	919,459	765,014	1,168,134	1,003,340
Short Term Investment				
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.09%	2,549,547	2,937,556	5,745,604	26,392,909
Total Investments	25,480,763	19,478,199	28,721,432	43,845,115
Cash	26,088	100,467	14,404	-
Dividends receivable	1,006	1,110	2,058	1,768
Receivable from shares sold	7,873	52,712	51,878	43,765
Total Assets	25,515,730	19,632,488	28,789,772	43,890,648
<b>Liabilities</b>				
Accrued expenses	17,161	13,403	21,469	36,430
Payable for investment securities purchased	-	-	-	-
Payable for shares redeemed	-	-	11,056	41,509
Total Liabilities	17,161	13,403	32,525	77,939
Fiduciary Net Position held in trust for Account Owners in the Program	\$ 25,498,569	\$ 19,619,085	\$ 28,757,247	\$ 43,812,709
<b>Net Position Value Class A:</b>				
Net assets, at value	\$ 14,571,726	\$ 12,168,907	\$ 13,532,393	\$ 20,658,950
Shares outstanding	932,720	882,470	1,139,546	2,053,168
Net asset value per share	\$ 15.62	\$ 13.79	\$ 11.88	\$ 10.06
Maximum offering price per share (Net asset value per share / 94.25%)	\$ 16.58	\$ 14.63	\$ 12.60	\$ 10.68
(Net asset value per share / 95.75%)	-	-	-	-
<b>Net Position Value Class B:</b>				
Net assets, at value	\$ 245,255	\$ 165,531	\$ 284,340	\$ 153,700
Shares outstanding	16,574	12,664	25,270	16,123
Net asset value per share	\$ 14.80	\$ 13.07	\$ 11.25	\$ 9.53
<b>Net Position Value Class C:</b>				
Net assets, at value	\$ 3,718,610	\$ 2,661,786	\$ 6,362,763	\$ 12,577,628
Shares outstanding	251,473	203,898	565,353	1,320,328
Net asset value per share	\$ 14.79	\$ 13.05	\$ 11.25	\$ 9.53
<b>Net Position Value Direct:</b>				
Net assets, at value	\$ 6,962,979	\$ 4,622,862	\$ 8,577,752	\$ 10,422,432
Shares outstanding	432,003	324,947	701,510	1,005,853
Net asset value per share	\$ 16.12	\$ 14.23	\$ 12.23	\$ 10.36
Investments at cost	\$ 24,554,555	\$ 19,281,682	\$ 29,322,759	\$ 44,214,901

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

# New Jersey Better Educational Savings Trust Program

## Franklin Templeton Managed Investment Options

### Supplemental Information

#### Schedules of Fiduciary Net Position (continued)

June 30, 2017

#### Franklin Asset Allocations - Moderate

	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
<b>Assets</b>				
Investments, at fair value:				
Open End Mutual Funds				
Franklin Growth Fund, Advisor Class	\$ 17,454,035	\$ 9,107,947	\$ 5,362,003	\$ -
Franklin Growth Opportunities Fund, Advisor Class	16,846,712	8,790,860	5,037,100	-
Franklin Income Fund, Advisor Class	-	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	10,364,771	5,469,436	3,413,522	-
Franklin Mutual European Fund, Class Z	9,581,109	5,256,324	3,135,706	-
Franklin Mutual Shares Fund, Class Z	16,257,451	8,561,898	3,394,385	-
Franklin Rising Dividends Fund, Advisor Class	10,915,092	5,623,732	3,256,129	-
Franklin Small-Mid Cap Growth Fund, Advisor Class	10,720,049	5,395,117	3,341,776	-
Franklin Strategic Income Fund, Advisor Class	5,517,665	8,884,992	15,483,355	16,550,264
Franklin Total Return Fund, Advisor Class	7,062,011	11,373,490	19,819,748	21,135,612
Franklin U.S. Government Securities Fund, Advisor Class	7,014,580	10,971,711	18,760,307	20,986,417
Franklin Utilities Fund, Advisor Class	5,840,002	3,012,045	3,075,186	-
Mutual Global Discovery Fund, Class Z	-	-	-	-
Templeton Foreign Fund, Advisor Class	10,480,440	5,739,734	3,186,695	-
Templeton Global Bond Fund, Advisor Class	7,743,886	12,462,126	21,724,881	23,190,510
Templeton Growth Fund Inc., Advisor Class	-	-	-	-
Subtotal	135,797,803	100,649,412	108,990,793	81,862,803
Exchange Traded Funds				
Franklin Liberty Short Duration U.S. Government ETF	1,671,011	2,458,488	4,573,872	4,631,120
Franklin LibertyQ Emerging Markets ETF	3,221,146	1,687,124	990,660	-
iShares Core S&P 500 ETF	-	-	-	-
Subtotal	4,892,157	4,145,612	5,564,532	4,631,120
Short Term Investment				
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.09%	7,449,778	11,707,023	20,416,037	20,914,228
Total Investments	148,139,738	116,502,047	134,971,362	107,408,151
Cash	1,017,413	601,690	1,146,777	-
Dividends receivable	2,944	4,332	8,059	8,160
Receivable from shares sold	113,140	121,000	145,004	79,362
Total Assets	149,273,235	117,229,069	136,271,202	107,495,673
<b>Liabilities</b>				
Accrued expenses	111,941	93,580	119,628	107,972
Payable for investment securities purchased	-	-	-	-
Payable for shares redeemed	12,952	12,964	162,204	66,253
Total Liabilities	124,893	106,544	281,832	174,225
Fiduciary Net Position held in trust for Account Owners in the Program	\$ 149,148,342	\$ 117,122,525	\$ 135,989,370	\$ 107,321,448
<b>Net Position Value Class A:</b>				
Net assets, at value	\$ 99,142,689	\$ 76,867,811	\$ 79,656,558	\$ 49,939,644
Shares outstanding	5,671,343	4,979,617	5,856,120	4,192,415
Net asset value per share	\$ 17.48	\$ 15.44	\$ 13.60	\$ 11.91
Maximum offering price per share (Net asset value per share / 94.25%)	\$ 18.55	\$ 16.38	\$ 14.43	\$ 12.64
(Net asset value per share / 95.75%)	-	-	-	-
<b>Net Position Value Class B:</b>				
Net assets, at value	\$ 1,396,602	\$ 1,257,600	\$ 1,536,695	\$ 1,022,196
Shares outstanding	84,376	86,002	119,097	90,519
Net asset value per share	\$ 16.55	\$ 14.62	\$ 12.90	\$ 11.29
<b>Net Position Value Class C:</b>				
Net assets, at value	\$ 23,754,200	\$ 22,686,008	\$ 35,313,443	\$ 41,454,339
Shares outstanding	1,437,705	1,549,001	2,739,855	3,671,510
Net asset value per share	\$ 16.52	\$ 14.65	\$ 12.89	\$ 11.29
<b>Net Position Value Direct:</b>				
Net assets, at value	\$ 24,854,851	\$ 16,311,106	\$ 19,482,675	\$ 14,905,268
Shares outstanding	1,381,090	1,026,023	1,388,675	1,213,866
Net asset value per share	\$ 18.00	\$ 15.90	\$ 14.03	\$ 12.28
Investments at cost	\$ 136,113,711	\$ 111,279,029	\$ 134,185,881	\$ 108,549,705

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

# New Jersey Better Educational Savings Trust Program

## Franklin Templeton Managed Investment Options Supplemental Information

### Schedules of Fiduciary Net Position (continued)

June 30, 2017

#### 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
<b>Assets</b>					
Investments, at fair value:					
Open End Mutual Funds					
Franklin Growth Fund, Advisor Class	\$ 51,967,378	\$ -	\$ 36,006,926	\$ 13,722,410	\$ -
Franklin Growth Opportunities Fund, Advisor Class	51,596,153	-	36,010,046	13,247,732	-
Franklin Income Fund, Advisor Class	-	88,884,002	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	-	-	22,969,177	8,468,002	-
Franklin Mutual European Fund, Class Z	-	-	21,945,215	6,678,629	-
Franklin Mutual Shares Fund, Class Z	50,360,340	89,417,426	36,164,926	12,504,984	-
Franklin Rising Dividends Fund, Advisor Class	-	-	23,747,159	9,350,858	-
Franklin Small-Mid Cap Growth Fund, Advisor Class	-	-	23,982,710	8,942,697	-
Franklin Strategic Income Fund, Advisor Class	-	-	-	12,917,251	10,509,158
Franklin Total Return Fund, Advisor Class	-	-	-	16,534,292	13,453,454
Franklin U.S. Government Securities Fund, Advisor Class	-	-	-	16,984,066	13,879,605
Franklin Utilities Fund, Advisor Class	-	-	11,964,922	4,699,636	-
Mutual Global Discovery Fund, Class Z	-	-	-	-	-
Templeton Foreign Fund, Advisor Class	-	-	21,867,911	7,030,046	-
Templeton Global Bond Fund, Advisor Class	-	-	-	18,116,615	14,737,889
Templeton Growth Fund Inc., Advisor Class	52,072,789	91,194,200	-	-	-
Subtotal	205,996,660	269,495,628	234,658,992	149,197,218	52,580,106
Exchange Traded Funds					
Franklin Liberty Short Duration U.S. Government ETF	-	-	-	4,070,802	2,970,632
Franklin LibertyQ Emerging Markets ETF	-	-	7,393,926	2,548,698	-
iShares Core S&P 500 ETF	-	-	-	-	-
Subtotal	-	-	7,393,926	6,619,500	2,970,632
Short Term Investment					
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.09%	662,782	415,209	886,427	17,509,615	13,984,468
Total Investments	206,659,442	269,910,837	242,939,345	173,326,333	69,535,206
Cash					
Dividends receivable	-	-	-	7,173	5,234
Receivable from shares sold	122,473	78,158	89,873	162,121	35,759
Total Assets	206,781,915	269,988,995	243,029,218	173,495,627	69,576,199
<b>Liabilities</b>					
Accrued expenses	179,684	270,989	161,618	161,124	53,729
Payable for investment securities purchased	-	-	-	-	-
Payable for shares redeemed	104,561	188,124	276,269	245,288	18,796
Total Liabilities	284,245	459,113	437,887	406,412	72,525
Fiduciary Net Position held in trust for Account Owners in the Program					
	\$ 206,497,670	\$ 269,529,882	\$ 242,591,331	\$ 173,089,215	\$ 69,503,674
<b>Net Position Value Class A:</b>					
Net assets, at value	\$ 103,773,136	\$ 184,581,505	\$ 108,603,736	\$ 83,428,149	\$ 31,469,946
Shares outstanding	3,257,803	9,850,205	3,259,830	3,480,945	2,010,788
Net asset value per share	\$ 31.85	\$ 18.74	\$ 33.32	\$ 23.97	\$ 15.65
Maximum offering price per share					
(Net asset value per share / 94.25%)	\$ 33.80	\$ 19.88	\$ 35.35	\$ 25.43	-
(Net asset value per share / 95.75%)	-	-	-	-	\$ 16.35
<b>Net Position Value Class B:</b>					
Net assets, at value	\$ 2,900,548	\$ 5,655,476	\$ 2,676,614	\$ 1,973,939	\$ 747,124
Shares outstanding	103,176	330,174	89,331	92,023	53,139
Net asset value per share	\$ 28.11	\$ 17.13	\$ 29.96	\$ 21.45	\$ 14.06
<b>Net Position Value Class C:</b>					
Net assets, at value	\$ 39,194,056	\$ 79,292,901	\$ 36,259,831	\$ 42,680,559	\$ 14,317,592
Shares outstanding	1,368,156	4,633,667	1,205,349	2,017,333	1,014,878
Net asset value per share	\$ 28.65	\$ 17.11	\$ 30.08	\$ 21.16	\$ 14.11
<b>Net Position Value Direct:</b>					
Net assets, at value	\$ 60,629,931	\$ -	\$ 95,051,150	\$ 45,006,568	\$ 22,969,013
Shares outstanding	1,813,280	-	2,717,088	1,785,798	1,394,731
Net asset value per share	\$ 33.44	\$ -	\$ 34.98	\$ 25.20	\$ 16.47
Investments at cost					
	\$ 154,409,758	\$ 239,014,000	\$ 214,975,980	\$ 163,360,913	\$ 71,161,672

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

# New Jersey Better Educational Savings Trust Program

## Franklin Templeton Managed Investment Options

### Supplemental Information

#### Schedules of Fiduciary Net Position (continued)

June 30, 2017

	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
<b>Assets</b>					
Investments, at fair value:					
Open End Mutual Funds					
Franklin Growth Fund, Advisor Class	\$ 101,742,121	\$ -	\$ -	\$ -	\$ -
Franklin Growth Opportunities Fund, Advisor Class	-	-	-	-	-
Franklin Income Fund, Advisor Class	-	195,975,401	-	-	-
Franklin International Small Cap Growth Fund, Advisor Class	-	-	-	-	-
Franklin Mutual European Fund, Class Z	-	-	-	-	-
Franklin Mutual Shares Fund, Class Z	-	-	-	94,684,149	-
Franklin Rising Dividends Fund, Advisor Class	-	-	-	-	-
Franklin Small-Mid Cap Growth Fund, Advisor Class	-	-	64,944,064	-	-
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>101,742,121</u>	<u>195,975,401</u>	<u>64,944,064</u>	<u>94,684,149</u>	<u>-</u>
Exchange Traded Funds					
Franklin Liberty Short Duration U.S. Government ETF	-	-	-	-	-
Franklin LibertyQ Emerging Markets ETF	-	-	-	-	-
iShares Core S&P 500 ETF	-	-	-	-	203,734,170
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,734,170</u>
Short Term Investment					
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.09%	-	-	-	-	-
Total Investments	<u>101,742,121</u>	<u>195,975,401</u>	<u>64,944,064</u>	<u>94,684,149</u>	<u>203,734,170</u>
Cash	-	-	-	-	1,507,361
Dividends receivable	-	-	-	-	-
Receivable from shares sold	81,268	78,254	10,628	57,302	183,555
Total Assets	<u>101,823,389</u>	<u>196,053,655</u>	<u>64,954,692</u>	<u>94,741,451</u>	<u>205,425,086</u>
<b>Liabilities</b>					
Accrued expenses	100,756	230,625	63,463	110,420	100,858
Payable for investment securities purchased	-	-	-	-	1,050,164
Payable for shares redeemed	34,040	137,494	24,363	47,116	75,181
Total Liabilities	<u>134,796</u>	<u>368,119</u>	<u>87,826</u>	<u>157,536</u>	<u>1,226,203</u>
Fiduciary Net Position held in trust for Account Owners in the Program	<u>\$ 101,688,593</u>	<u>\$ 195,685,536</u>	<u>\$ 64,866,866</u>	<u>\$ 94,583,915</u>	<u>\$ 204,198,883</u>
<b>Net Position Value Class A:</b>					
Net assets, at value	\$ 77,453,359	\$ 132,023,334	\$ 50,056,849	\$ 70,009,944	\$ 57,168,307
Shares outstanding	2,439,291	4,765,892	1,350,224	2,360,899	1,743,054
Net asset value per share	<u>\$ 31.75</u>	<u>\$ 27.70</u>	<u>\$ 37.07</u>	<u>\$ 29.65</u>	<u>\$ 32.80</u>
Maximum offering price per share	-	-	-	-	-
(Net asset value per share / 94.25%)	<u>\$ 33.69</u>	<u>-</u>	<u>\$ 39.33</u>	<u>\$ 31.46</u>	<u>\$ 34.80</u>
(Net asset value per share / 95.75%)	<u>-</u>	<u>\$ 28.93</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position Value Class B:</b>					
Net assets, at value	\$ 1,686,884	\$ 2,469,749	\$ 1,367,213	\$ 1,651,834	\$ 1,235,991
Shares outstanding	60,745	98,435	40,951	62,974	44,316
Net asset value per share	<u>\$ 27.77</u>	<u>\$ 25.09</u>	<u>\$ 33.39</u>	<u>\$ 26.23</u>	<u>\$ 27.89</u>
<b>Net Position Value Class C:</b>					
Net assets, at value	\$ 22,548,350	\$ 61,192,452	\$ 13,442,803	\$ 22,922,137	\$ 23,830,835
Shares outstanding	759,115	2,455,305	404,153	870,092	788,871
Net asset value per share	<u>\$ 29.70</u>	<u>\$ 24.92</u>	<u>\$ 33.26</u>	<u>\$ 26.34</u>	<u>\$ 30.21</u>
<b>Net Position Value Direct:</b>					
Net assets, at value	\$ -	\$ -	\$ -	\$ -	\$ 121,963,750
Shares outstanding	-	-	-	-	3,485,014
Net asset value per share	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35.00</u>
Investments at cost	<u>\$ 68,072,684</u>	<u>\$ 191,041,460</u>	<u>\$ 63,243,920</u>	<u>\$ 77,564,578</u>	<u>\$ 164,810,089</u>

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

# New Jersey Better Educational Savings Trust Program

## Franklin Templeton Managed Investment Options

### Supplemental Information

#### Schedules of Fiduciary Net Position (continued)

June 30, 2017

#### 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
<b>Assets</b>					
Investments, at fair value:					
Open End Mutual Funds					
Franklin Growth Fund, Advisor Class	\$ -	\$ -	\$ -	\$ -	\$ 461,742,026
Franklin Growth Opportunities Fund, Advisor Class	-	-	-	-	352,004,160
Franklin Income Fund, Advisor Class	-	-	-	-	284,859,403
Franklin International Small Cap Growth Fund, Advisor Class	-	-	-	-	199,796,572
Franklin Mutual European Fund, Class Z	-	-	-	-	173,977,719
Franklin Mutual Shares Fund, Class Z	-	-	-	-	526,965,957
Franklin Rising Dividends Fund, Advisor Class	-	-	-	-	199,644,873
Franklin Small-Mid Cap Growth Fund, Advisor Class	-	-	-	-	258,448,883
Franklin Strategic Income Fund, Advisor Class	-	-	-	-	225,205,202
Franklin Total Return Fund, Advisor Class	-	-	-	-	288,109,449
Franklin U.S. Government Securities Fund, Advisor Class	-	-	-	-	282,506,661
Franklin Utilities Fund, Advisor Class	-	-	-	-	103,544,050
Mutual Global Discovery Fund, Class Z	-	16,208,586	-	-	16,208,586
Templeton Foreign Fund, Advisor Class	-	-	-	-	184,413,891
Templeton Global Bond Fund, Advisor Class	-	-	4,187,496	-	320,059,794
Templeton Growth Fund Inc., Advisor Class	78,796,054	-	-	-	222,063,043
Subtotal	78,796,054	16,208,586	4,187,496	-	4,090,550,269
Exchange Traded Funds					
Franklin Liberty Short Duration U.S. Government ETF	-	-	-	-	66,601,594
Franklin LibertyQ Emerging Markets ETF	-	-	-	-	58,827,191
iShares Core S&P 500 ETF	-	-	-	-	203,734,170
Subtotal	-	-	-	-	329,162,955
Short Term Investment					
<sup>a</sup> Institutional Fiduciary Trust Money Market Portfolio, 0.09%	-	-	-	125,614,987	448,700,052
Total Investments	78,796,054	16,208,586	4,187,496	125,614,987	4,868,413,276
Cash	-	-	-	22,214	4,436,414
Dividends receivable	-	-	-	-	117,349
Receivable from shares sold	33,994	36,188	48	87,678	2,416,510
Total Assets	78,830,048	16,244,774	4,187,544	125,724,879	4,875,383,549
<b>Liabilities</b>					
Accrued expenses	94,935	14,355	3,862	-	3,946,574
Payable for investment securities purchased	-	-	-	-	1,050,164
Payable for shares redeemed	28,697	30,758	-	41,168	2,173,486
Total Liabilities	123,632	45,113	3,862	41,168	7,170,224
Fiduciary Net Position held in trust for Account Owners in the Program	\$ 78,706,416	\$ 16,199,661	\$ 4,183,682	\$ 125,683,711	\$ 4,868,213,325
<b>Net Position Value Class A:</b>					
Net assets, at value	\$ 60,195,179	\$ 12,469,251	\$ 3,125,651	\$ 52,013,441	
Shares outstanding	2,193,246	1,051,308	305,244	51,935,573	
Net asset value per share	\$ 27.45	\$ 11.86	\$ 10.24	\$ 1.00	
Maximum offering price per share					
(Net asset value per share / 94.25%)	\$ 29.12	\$ 12.58	-	-	
(Net asset value per share / 95.75%)	-	-	\$ 10.69	-	
<b>Net Position Value Class B:</b>					
Net assets, at value	\$ 1,307,723	\$ -	\$ -	\$ 1,716,283	
Shares outstanding	53,522	-	-	1,713,740	
Net asset value per share	\$ 24.43	\$ -	\$ -	\$ 1.00	
<b>Net Position Value Class C:</b>					
Net assets, at value	\$ 17,203,514	\$ 3,730,409	\$ 1,058,031	\$ 25,415,980	
Shares outstanding	711,600	321,203	105,604	25,378,345	
Net asset value per share	\$ 24.18	\$ 11.61	\$ 10.02	\$ 1.00	
<b>Net Position Value Direct:</b>					
Net assets, at value	\$ -	\$ -	\$ -	\$ 46,535,998	
Shares outstanding	-	-	-	46,467,525	
Net asset value per share	\$ -	\$ -	\$ -	\$ 1.00	
Investments at cost	\$ 65,880,837	\$ 15,697,864	\$ 4,041,581	\$ 125,614,987	\$ 4,464,736,841

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

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, 2017

**Franklin Asset Allocations - Growth**

	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
<b>Additions:</b>				
Subscriptions	\$ 87,703,398	\$ 191,132,660	\$ 266,874,594	\$ 192,552,365
<b>Increase from investment operations:</b>				
Dividend income distributions by Underlying Funds	5,557,297	8,920,551	9,223,435	6,860,699
Realized gain from sales of Underlying Funds	8,345,124	3,806,188	-	-
Capital gain distributions by Underlying Funds	12,377,107	14,469,344	9,238,698	3,422,617
Net change in unrealized appreciation on investments in Underlying Funds	49,148,871	64,711,992	50,577,488	27,898,089
Net increase in net position resulting from operations	<u>75,428,399</u>	<u>91,908,075</u>	<u>69,039,621</u>	<u>38,181,405</u>
Total Additions	<u>163,131,797</u>	<u>283,040,735</u>	<u>335,914,215</u>	<u>230,733,770</u>
<b>Deductions:</b>				
Redemptions	146,511,474	244,087,547	183,432,240	161,469,185
<b>Decrease from investment operations:</b>				
Realized loss from sales of Underlying Funds	-	-	1,656,997	5,225,454
Program management fees (Note 2)	945,022	1,352,088	1,337,683	1,023,201
Sales fees (Note 2)				
Class A	672,248	855,465	817,000	591,612
Class B	89,995	199,512	166,095	111,399
Class C	647,703	914,779	1,107,525	1,124,339
Net decrease in net position resulting from operations	<u>2,354,968</u>	<u>3,321,844</u>	<u>5,085,300</u>	<u>8,076,005</u>
Total Deductions	<u>148,866,442</u>	<u>247,409,391</u>	<u>188,517,540</u>	<u>169,545,190</u>
<b>Changes in Fiduciary Net Position held in trust for Account Owners in the Program</b>	<b>\$ 14,265,355</b>	<b>\$ 35,631,344</b>	<b>\$ 147,396,675</b>	<b>\$ 61,188,580</b>
Fiduciary Net Position - beginning of year	<u>418,419,945</u>	<u>648,070,743</u>	<u>587,776,759</u>	<u>481,185,594</u>
Fiduciary Net Position - end of year	<u>\$ 432,685,300</u>	<u>\$ 683,702,087</u>	<u>\$ 735,173,434</u>	<u>\$ 542,374,174</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, 2017

**Franklin Asset Allocations - Conservative**

	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
<b>Additions:</b>				
Subscriptions	\$ 5,576,681	\$ 9,553,502	\$ 15,759,208	\$ 20,839,425
<b>Increase from investment operations:</b>				
Dividend income distributions by Underlying Funds	335,924	271,794	393,415	325,140
Realized gain from sales of Underlying Funds	-	-	-	-
Capital gain distributions by Underlying Funds	343,446	139,290	-	-
Net change in unrealized appreciation on investments in Underlying Funds	1,881,118	1,021,537	692,922	523,084
Net increase in net position resulting from operations	<u>2,560,488</u>	<u>1,432,621</u>	<u>1,086,337</u>	<u>848,224</u>
Total Additions	<u>8,137,169</u>	<u>10,986,123</u>	<u>16,845,545</u>	<u>21,687,649</u>
<b>Deductions:</b>				
Redemptions	6,044,008	8,887,869	10,435,139	15,214,708
<b>Decrease from investment operations:</b>				
Realized loss from sales of Underlying Funds	22,842	125,374	242,972	185,290
Program management fees (Note 2)	52,091	41,255	54,834	83,873
Sales fees (Note 2)				
Class A	35,983	28,618	31,719	44,323
Class B	2,512	2,047	2,632	1,971
Class C	36,270	30,709	61,057	119,511
Net decrease in net position resulting from operations	<u>149,698</u>	<u>228,003</u>	<u>393,214</u>	<u>434,968</u>
Total Deductions	<u>6,193,706</u>	<u>9,115,872</u>	<u>10,828,353</u>	<u>15,649,676</u>
<b>Changes in Fiduciary Net Position held in trust for Account Owners in the Program</b>	<b>\$ 1,943,463</b>	<b>\$ 1,870,251</b>	<b>\$ 6,017,192</b>	<b>\$ 6,037,973</b>
Fiduciary Net Position - beginning of year	<u>23,555,106</u>	<u>17,748,834</u>	<u>22,740,055</u>	<u>37,774,736</u>
Fiduciary Net Position - end of year	<u>\$ 25,498,569</u>	<u>\$ 19,619,085</u>	<u>\$ 28,757,247</u>	<u>\$ 43,812,709</u>

New Jersey Better Educational Savings Trust Program  
**Franklin Templeton Managed Investment Options**  
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Schedules of Changes in Fiduciary Net Position *(continued)*  
for the year ended June 30, 2017

**Franklin Asset Allocations - Moderate**

	Newborn - 8 years 529 Portfolio	Age 9 - 12 years 529 Portfolio	Age 13 - 16 years 529 Portfolio	Age 17+ years 529 Portfolio
<b>Additions:</b>				
Subscriptions	\$ 33,305,057	\$ 44,737,870	\$ 52,392,172	\$ 47,916,237
<b>Increase from investment operations:</b>				
Dividend income distributions by Underlying Funds	1,921,467	1,499,890	1,807,415	1,412,825
Realized gain from sales of Underlying Funds	826,431	-	-	-
Capital gain distributions by Underlying Funds	3,055,582	1,515,795	847,164	-
Net change in unrealized appreciation on investments in Underlying Funds	<u>13,807,172</u>	<u>8,294,287</u>	<u>6,450,854</u>	<u>2,608,922</u>
Net increase in net position resulting from operations	<u>19,610,652</u>	<u>11,309,972</u>	<u>9,105,433</u>	<u>4,021,747</u>
Total Additions	<u>52,915,709</u>	<u>56,047,842</u>	<u>61,497,605</u>	<u>51,937,984</u>
<b>Deductions:</b>				
Redemptions	35,188,476	37,203,291	43,149,568	28,733,699
<b>Decrease from investment operations:</b>				
Realized loss from sales of Underlying Funds	-	186,005	622,044	995,008
Program management fees (Note 2)	324,038	248,942	292,721	211,780
Sales fees (Note 2)				
Class A	237,133	178,141	182,705	104,099
Class B	16,117	14,791	16,494	8,860
Class C	<u>240,958</u>	<u>212,269</u>	<u>356,298</u>	<u>370,824</u>
Net decrease in net position resulting from operations	<u>818,246</u>	<u>840,148</u>	<u>1,470,262</u>	<u>1,690,571</u>
Total Deductions	<u>36,006,722</u>	<u>38,043,439</u>	<u>44,619,830</u>	<u>30,424,270</u>
<b>Changes in Fiduciary Net Position held in trust for Account Owners in the Program</b>	<b>\$ 16,908,987</b>	<b>\$ 18,004,403</b>	<b>\$ 16,877,775</b>	<b>\$ 21,513,714</b>
Fiduciary Net Position - beginning of year	<u>132,239,355</u>	<u>99,118,122</u>	<u>119,111,595</u>	<u>85,807,734</u>
Fiduciary Net Position - end of year	<u>\$ 149,148,342</u>	<u>\$ 117,122,525</u>	<u>\$ 135,989,370</u>	<u>\$ 107,321,448</u>

New Jersey Better Educational Savings Trust Program  
**Franklin Templeton Managed Investment Options**  
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Schedules of Changes in Fiduciary Net Position *(continued)*  
for the year ended June 30, 2017

**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
<b>Additions:</b>					
Subscriptions	\$ 21,193,464	\$ 26,638,137	\$ 30,418,085	\$ 22,203,053	\$ 12,322,854
<b>Increase from investment operations:</b>					
Dividend income distributions by Underlying Funds	2,162,278	7,848,367	2,930,351	2,263,363	987,559
Realized gain from sales of Underlying Funds	2,604,596	1,323,564	1,433,469	-	-
Capital gain distributions by Underlying Funds	4,356,525	3,615,255	6,419,380	2,426,102	-
Net change in unrealized appreciation on investments in Underlying Funds	<u>27,327,793</u>	<u>30,269,553</u>	<u>27,826,231</u>	<u>12,267,247</u>	<u>2,001,217</u>
Net increase in net position resulting from operations	<u>36,451,192</u>	<u>43,056,739</u>	<u>38,609,431</u>	<u>16,956,712</u>	<u>2,988,776</u>
Total Additions	<u>57,644,656</u>	<u>69,694,876</u>	<u>69,027,516</u>	<u>39,159,765</u>	<u>15,311,630</u>
<b>Deductions:</b>					
Redemptions	32,095,280	40,449,772	37,703,223	28,416,674	13,092,393
<b>Decrease from investment operations:</b>					
Realized loss from sales of Underlying Funds	-	-	-	27,830	800,274
Program management fees (Note 2)	395,509	642,551	426,697	349,511	138,707
Sales fees (Note 2)					
Class A	238,086	434,697	246,734	196,754	78,141
Class B	34,461	66,297	29,296	23,440	9,337
Class C	368,855	764,532	336,650	414,680	146,081
Net decrease in net position resulting from operations	<u>1,036,911</u>	<u>1,908,077</u>	<u>1,039,377</u>	<u>1,012,215</u>	<u>1,172,540</u>
Total Deductions	<u>33,132,191</u>	<u>42,357,849</u>	<u>38,742,600</u>	<u>29,428,889</u>	<u>14,264,933</u>
<b>Changes in Fiduciary Net Position held in trust for Account Owners in the Program</b>	<b>\$ 24,512,465</b>	<b>\$ 27,337,027</b>	<b>\$ 30,284,916</b>	<b>\$ 9,730,876</b>	<b>\$ 1,046,697</b>
Fiduciary Net Position - beginning of year	<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>
Fiduciary Net Position - end of year	<u>\$ 206,497,670</u>	<u>\$ 269,529,882</u>	<u>\$ 242,591,331</u>	<u>\$ 173,089,215</u>	<u>\$ 69,503,674</u>

New Jersey Better Educational Savings Trust Program  
**Franklin Templeton Managed Investment Options**  
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Schedules of Changes in Fiduciary Net Position *(continued)*  
for the year ended June 30, 2017

	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	\$ 20,267,750	\$ 26,334,641	\$ 10,462,087	\$ 10,440,105	\$ 43,213,484
Increase from investment operations:					
Dividend income distributions by Underlying Funds	653,750	10,018,149	-	1,934,249	3,614,233
Realized gain from sales of Underlying Funds	1,504,485	-	-	867,596	537,562
Capital gain distributions by Underlying Funds	2,687,892	-	3,339,267	3,764,490	-
Net change in unrealized appreciation on investments in Underlying Funds	<u>12,943,851</u>	<u>13,105,720</u>	<u>5,847,594</u>	<u>7,425,815</u>	<u>25,083,330</u>
Net increase in net position resulting from operations	<u>17,789,978</u>	<u>23,123,869</u>	<u>9,186,861</u>	<u>13,992,150</u>	<u>29,235,125</u>
Total Additions	<u>38,057,728</u>	<u>49,458,510</u>	<u>19,648,948</u>	<u>24,432,255</u>	<u>72,448,609</u>
Deductions:					
Redemptions	13,205,034	26,455,905	9,930,338	12,395,098	24,938,394
Decrease from investment operations:					
Realized loss from sales of Underlying Funds	-	28,295	76,002	-	-
Program management fees (Note 2)	222,874	466,559	149,365	223,196	288,782
Sales fees (Note 2)					
Class A	168,111	310,615	113,791	163,805	125,828
Class B	17,039	29,821	16,169	20,041	15,437
Class C	<u>202,271</u>	<u>593,961</u>	<u>126,151</u>	<u>217,473</u>	<u>206,046</u>
Net decrease in net position resulting from operations	<u>610,295</u>	<u>1,429,251</u>	<u>481,478</u>	<u>624,515</u>	<u>636,093</u>
Total Deductions	<u>13,815,329</u>	<u>27,885,156</u>	<u>10,411,816</u>	<u>13,019,613</u>	<u>25,574,487</u>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program					
	\$ 24,242,399	\$ 21,573,354	\$ 9,237,132	\$ 11,412,642	\$ 46,874,122
Fiduciary Net Position - beginning 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>
Fiduciary Net Position - end of year	<u>\$ 101,688,593</u>	<u>\$ 195,685,536</u>	<u>\$ 64,866,866</u>	<u>\$ 94,583,915</u>	<u>\$ 204,198,883</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, 2017

**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
<b>Additions:</b>					
Subscriptions	\$ 7,487,220	\$ 6,369,250	\$ 1,714,916	\$ 58,121,635	<b>\$ 1,265,529,850</b>
<b>Increase from investment operations:</b>					
Dividend income distributions by Underlying Funds	1,195,237	256,898	21,699	188,210	<b>72,604,195</b>
Realized gain from sales of Underlying Funds	450,763	-	1,406	-	<b>21,701,184</b>
Capital gain distributions by Underlying Funds	-	462,587	-	-	<b>72,480,541</b>
Net change in unrealized appreciation on investments in Underlying Funds	14,456,263	1,435,791	305,838	-	<b>407,912,579</b>
Net increase in net position resulting from operations	16,102,263	2,155,276	328,943	188,210	<b>574,698,499</b>
Total Additions	<u>23,589,483</u>	<u>8,524,526</u>	<u>2,043,859</u>	<u>58,309,845</u>	<u><b>1,840,228,349</b></u>
<b>Deductions:</b>					
Redemptions	11,986,275	1,642,655	653,542	45,431,585	<b>1,218,753,372</b>
<b>Decrease from investment operations:</b>					
Realized loss from sales of Underlying Funds	-	11,008	-	-	<b>10,205,395</b>
Program management fees (Note 2)	181,552	31,151	8,597	-	<b>9,492,579</b>
Sales fees (Note 2)					
Class A	137,625	23,595	6,477	-	<b>6,023,305</b>
Class B	15,751	-	-	-	<b>909,514</b>
Class C	159,801	30,417	8,532	-	<b>8,797,692</b>
Net decrease in net position resulting from operations	494,729	96,171	23,606	-	<b>35,428,485</b>
Total Deductions	<u>12,481,004</u>	<u>1,738,826</u>	<u>677,148</u>	<u>45,431,585</u>	<u><b>1,254,181,857</b></u>
<b>Changes in Fiduciary Net Position held in trust for Account Owners in the Program</b>					
	\$ 11,108,479	\$ 6,785,700	\$ 1,366,711	\$ 12,878,260	<b>\$ 586,046,492</b>
Fiduciary Net Position - beginning of year	67,597,937	9,413,961	2,816,971	112,805,451	<b>4,282,166,833</b>
Fiduciary Net Position - end of year	<u>\$ 78,706,416</u>	<u>\$ 16,199,661</u>	<u>\$ 4,183,682</u>	<u>\$ 125,683,711</u>	<u><b>\$ 4,868,213,325</b></u>