

New Jersey Better Educational Savings Trust Program
New Jersey Division of Investments Managed Investment Options

Combined Financial Statements
June 30, 2017



New Jersey Better Educational Savings Trust Program

New Jersey Division of Investments Managed Investment Options

Combined Financial Statements and Supplemental Information

Year ended June 30, 2017

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Report of Independent Auditors

To the Trustees of

New Jersey Better Educational Savings Trust Program - New Jersey Division of Investments Managed Investment Options:

We have audited the accompanying combined financial statements, which are comprised of the combined statement of fiduciary net position of the New Jersey Better Educational Savings Trust Program - New Jersey Division of Investments 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 - New Jersey Division of Investments 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 6 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

New Jersey Division of Investments 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 ("Division of Investments") for accounts open prior to March 17, 2003 and portfolios managed by Franklin Templeton Investments 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 (the "Division of Investments Options") and 2) the Franklin Templeton Managed Investments Options.

These financial statements pertain solely to the Division of Investments 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 Division of Investments Options consist of six (6) investment portfolios (the "Portfolios") in which account owners ("Account Owners") may invest.

Financial Highlights

During the year ended June 30, 2017, the Portfolios within the Program posted returns as follows:

NJ Best Trust A	3.64%
NJ Best Trust B	4.59%
NJ Best Trust C	5.18%
NJ Best Trust D	7.70%
NJ Best Trust E	7.72%
NJ Best Better Educational Saving Trust	9.15%

Overview of the Combined Financial Statements

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

The Combined Statement of Fiduciary Net Position presents information on the Division of Investments 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 Division of Investments Options combined financial statements, is prepared using the accrual basis of accounting. Contributions are recognized when enrollment in the Division of Investments Options is 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 Division of Investments 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

New Jersey Division of Investments 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	\$ 352,553,714	\$ 371,965,700
Receivables	330,856	400,180
Total Assets	<u>352,884,570</u>	<u>372,365,880</u>
Payables	<u>318,820</u>	<u>249,560</u>
Total Liabilities	<u>318,820</u>	<u>249,560</u>
Total Net Position held in trust for Account Owners in the Program	<u>\$ 352,565,750</u>	<u>\$ 372,116,320</u>

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

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

New Jersey Better Educational Savings Trust Program

New Jersey Division of Investments 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	\$ 21,833,317	\$ 22,028,288
Net increase in net position resulting from operations	<u>40,233,526</u>	<u>2,446,637</u>
Total Additions	<u>62,066,843</u>	<u>24,474,925</u>
Deductions:		
Redemptions	67,794,437	59,338,028
Net decrease in net position resulting from operations	<u>13,822,976</u>	<u>8,464,647</u>
Total Deductions	<u>81,617,413</u>	<u>67,802,675</u>
Changes in Net Position held in trust for Account		
Owners in the Program	<u>(19,550,570)</u>	<u>(43,327,750)</u>
Net position - beginning of year	<u>372,116,320</u>	<u>415,444,070</u>
Net position - end of year	<u>\$ 352,565,750</u>	<u>\$ 372,116,320</u>

The Division of Investments Options paid \$46.0 million in net redemptions to Account Owners during the year ended June 30, 2017.

The Division of Investments Options earned \$2.7 million of investment income and incurred \$1.4 million of operating expenses during the year ended June 30, 2017.

New Jersey Better Educational Savings Trust Program

New Jersey Division of Investments Managed Investment Options

Combined Financial Statements

Combined Statement of Fiduciary Net Position

June 30, 2017

Assets:

Investments, at fair value (Cost: \$272,160,474)	\$ 352,553,714
Interest and dividend receivable	295,676
Receivable from Plan shares sold	<u>35,180</u>
Total assets	<u>352,884,570</u>

Liabilities:

Accrued expenses	116,203
Payable for Plan shares redeemed	<u>202,617</u>
Total liabilities	<u>318,820</u>

Fiduciary Net Position held in trust for Account Owners in the Program	<u><u>\$ 352,565,750</u></u>
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The accompanying notes are an integral part of these combined financial statements.

New Jersey Better Educational Savings Trust Program

New Jersey Division of Investments Managed Investment Options

Combined Financial Statements *(continued)*

Combined Statement of Changes in Fiduciary Net Position

for the year ended June 30, 2017

Additions:	
Subscriptions	\$ 21,833,317
Increase from investment operations:	
Dividend income	1,111,125
Interest income	1,547,663
Net realized gain from sale of investments	37,546,251
Net change in unrealized appreciation on investments	28,487
Net increase in net position resulting from operations	<u>40,233,526</u>
Total Additions	<u>62,066,843</u>
Deductions:	
Redemptions	67,794,437
Decrease from investment operations:	
Net change in unrealized depreciation on investments	12,387,833
Program management fees (Note 2)	1,435,143
Net decrease in net position resulting from operations	<u>13,822,976</u>
Total Deductions	<u>81,617,413</u>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program	(19,550,570)
Fiduciary Net Position - beginning of year	<u>372,116,320</u>
Fiduciary Net Position - end of year	<u>\$ 352,565,750</u>

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

New Jersey Better Educational Savings Trust Program

New Jersey Division of Investments 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 and the various plans included in the Program.

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

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

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

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

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

For information regarding the Franklin Templeton Managed Investment Options, including those within the Franklin Templeton 529 College Savings Plan, please see the combined financial statements entitled "New Jersey Better Educational Savings Trust Program – Franklin Templeton Managed Investment Options" or refer to the Investor

New Jersey Better Educational Savings Trust Program

New Jersey Division of Investments Managed Investment Options

Notes to Combined Financial Statements *(continued)*

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

Handbook for either the Franklin Templeton 529 College Savings Plan (for investors who invest through a financial advisor) or the NJBEST 529 College Savings Plan (for New Jersey residents investing without a financial advisor).

The Following summarizes the Program's significant accounting policies.

a. Financial Instrument Valuation

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

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities. Investments in non-registered money market funds and managed equity accounts are valued at the closing NAV.

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

The Program has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

New Jersey Better Educational Savings Trust Program

New Jersey Division of Investments Managed Investment Options

Notes to Combined Financial Statements *(continued)*

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

b. Income Taxes

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

The Division of Investment Options 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 Division of Investment Options have determined that no tax liability is required in its combined financial statements related to uncertain tax positions for any open tax years, (or expected to be taken in future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction's statute of limitation.

c. Security Transactions, Investment Income and Expenses

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

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

d. Accounting Estimates

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

e. Guarantees and Indemnifications

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

New Jersey Better Educational Savings Trust Program

New Jersey Division of Investments Managed Investment Options

Notes to Combined Financial Statements (continued)

2. MANAGEMENT AGREEMENTS

The Division of Investment Options pays a total program management fee of 0.40% based on the average daily net assets of each portfolio.

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

3. INVESTMENTS

At June 30, 2017, net unrealized appreciation of portfolio investments was \$80,393,240 consisting of gross unrealized appreciation of \$80,393,240 and gross unrealized depreciation of \$0.

Purchases and sales of Portfolio securities (excluding short term securities) for the year ended June 30, 2017 aggregated \$0 and \$68,738,691, 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.

As of June 30, 2017, the investments held by the Portfolios consisted of the following:

	Shares	Cost	Value
Equity			
NJBEST Pooled Equity Fund	4,853,061	\$ 41,727,934	\$ 118,369,647
		Principal Amount	
Fixed Income			
Duke Energy Corp., senior note, 6.25%, 6/15/18	\$ 3,000,000	2,956,143	3,127,830
Time Warner Inc., 6.50%, 11/15/36	3,000,000	2,113,138	3,706,023
U.S. Treasury Bonds,			
7.25%, 8/15/22	1,235,000	1,336,861	1,555,642
6.25%, 8/15/23	1,100,000	1,172,912	1,368,748
6.00%, 2/15/26	1,000,000	1,000,544	1,296,445
U.S. Treasury Notes, Index Linked,			
1.625%, 1/15/18	7,002,502	7,014,267	7,036,715
2.375%, 1/15/25	\$ 11,673,940	12,049,506	13,303,495
		Shares	
Short Term Investment			
State of New Jersey Cash Management Fund, 0.92%	202,789,169	202,789,169	202,789,169
		<u>\$ 272,160,474</u>	<u>\$ 352,553,714</u>

4. INVESTMENT RISKS

Certain investments are subject to a variety of investment risks. GASB requires that entities disclose certain essential risk information about deposits and investments. All of the Plan's Portfolios are held by a custodian in the Program's name.

New Jersey Better Educational Savings Trust Program

New Jersey Division of Investments Managed Investment Options

Notes to Combined Financial Statements (continued)

4. INVESTMENT RISKS (continued)

a. Interest Rate and Credit Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The following instruments were held by the Division of Investment Options at June 30, 2017 were exposed to interest rate and credit risk:

Investment	Value	Credit Rating
Fixed Income		
Duke Energy Corp., senior note, 6.25%, 6/15/18	\$ 3,127,830	BBB+
Time Warner Inc., 6.50%, 11/15/36	3,706,023	BBB
U.S. Treasury Bonds,		
7.25%, 8/15/22	1,555,642	AA+
6.25%, 8/15/23	1,368,748	AA+
6.00%, 2/15/26	1,296,445	AA+
U.S. Treasury Notes, Index Linked,		
1.625%, 1/15/18	7,036,715	AA+
2.375%, 1/15/25	13,303,495	AA+

Investment	Value	Average Maturity
Short Term Investment		
State of New Jersey Cash Management Fund, 0.92%	202,789,169	0.20 years

b. Custodial Credit Risk

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

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 Program has 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 2 inputs.

SUPPLEMENTAL INFORMATION

The following information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the New Jersey Better Educational Savings Trust Program, New Jersey Division of Investments Managed Investment Options. It shows financial information relating to the investment Portfolios, which were included in the Program during the year ended June 30, 2017.

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

Schedules of Fiduciary Net Position
June 30, 2017

	NJ BEST Portfolio A	NJ BEST Portfolio B	NJ BEST Portfolio C	NJ BEST Portfolio D
Assets				
Investments, at fair value:				
Equity				
NJBEST Pooled Equity Fund	\$ 211,593	\$ 735,720	\$ 4,134,660	\$ 18,493,522
Fixed Income				
Duke Energy Corp., senior note, 6.25%, 6/15/18	-	-	1,042,610	1,042,610
Time Warner Inc., 6.50%, 11/15/36	-	-	1,235,341	1,235,341
U.S. Treasury Bonds,				
7.25%, 8/15/22	-	-	-	629,815
6.25%, 8/15/23	-	-	-	746,590
6.00%, 2/15/26	-	-	-	-
U.S. Treasury Notes, Index Linked,				
1.625%, 1/15/18	-	-	-	7,036,715
2.375%, 1/15/25	-	-	-	-
Subtotal	-	-	2,277,951	10,691,071
Short Term Investment				
^a State of New Jersey Cash Management Fund, 0.92%	765,720	2,777,727	12,778,941	39,546,526
Total Investments	977,313	3,513,447	19,191,552	68,731,119
Interest receivable	-	-	11,083	91,290
Receivable from Plan shares sold	50	405	880	11,199
Total Assets	977,363	3,513,852	19,203,515	68,833,608
Liabilities				
Accrued expenses	332	1,148	6,340	22,707
Payable for Plan shares redeemed	-	-	150	114,840
Total Liabilities	332	1,148	6,490	137,547
Fiduciary Net Position held in trust for Account Owners in the Program				
	\$ 977,031	\$ 3,512,704	\$ 19,197,025	\$ 68,696,061
Shares Outstanding	61,278	192,583	944,972	3,191,178
Net Position Value per Share	\$ 15.94	\$ 18.24	\$ 20.31	\$ 21.53
Investments at cost	\$ 822,923	\$ 2,985,799	\$ 15,968,967	\$ 55,578,971

^aThe rate shown is the annualized seven-day yield at period end.

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

Schedules of Fiduciary Net Position (continued)

June 30, 2017

	NJ BEST Portfolio E	NJ Better Educational Savings Portfolio	TOTAL
Assets			
Investments, at fair value:			
Equity			
NJBEST Pooled Equity Fund	\$ 92,884,724	\$ 1,909,428	\$ 118,369,647
Fixed Income			
Duke Energy Corp., senior note, 6.25%, 6/15/18	1,042,610	-	3,127,830
Time Warner Inc., 6.50%, 11/15/36	1,235,341	-	3,706,023
U.S. Treasury Bonds,			
7.25%, 8/15/22	925,827	-	1,555,642
6.25%, 8/15/23	622,158	-	1,368,748
6.00%, 2/15/26	1,296,445	-	1,296,445
U.S. Treasury Notes, Index Linked,			
1.625%, 1/15/18	-	-	7,036,715
2.375%, 1/15/25	13,303,495	-	13,303,495
Subtotal	<u>18,425,876</u>	<u>-</u>	<u>31,394,898</u>
Short Term Investment			
^a State of New Jersey Cash Management Fund, 0.92%	144,288,619	2,631,636	202,789,169
Total Investments	<u>255,599,219</u>	<u>4,541,064</u>	<u>352,553,714</u>
Interest receivable	193,303	-	295,676
Receivable from Plan shares sold	22,266	380	35,180
Total Assets	<u>255,814,788</u>	<u>4,541,444</u>	<u>352,884,570</u>
Liabilities			
Accrued expenses	84,180	1,496	116,203
Payable for Plan shares redeemed	<u>87,627</u>	<u>-</u>	<u>202,617</u>
Total Liabilities	<u>171,807</u>	<u>1,496</u>	<u>318,820</u>
Fiduciary Net Position held in trust for Account Owners in the Program	<u>\$ 255,642,981</u>	<u>\$ 4,539,948</u>	<u>\$ 352,565,750</u>
Shares Outstanding	<u>11,377,774</u>	<u>222,656</u>	
Net Position Value per Share	<u>\$ 22.47</u>	<u>\$ 20.39</u>	
Investments at cost	<u>\$ 193,461,722</u>	<u>\$ 3,342,092</u>	<u>\$ 272,160,474</u>

^aThe rate shown is the annualized seven-day yield at period end.

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Schedules of Changes in Fiduciary Net Position
for the year ended June 30, 2017

	NJ BEST Portfolio A	NJ BEST Portfolio B	NJ BEST Portfolio C	NJ BEST Portfolio D
Additions:				
Subscriptions	\$ 39,445	\$ 266,287	\$ 1,288,177	\$ 6,449,899
Increase from investment operations:				
Dividend income	4,947	16,591	77,175	207,126
Interest income	-	-	146,430	530,446
Net realized gain from sale of investments	7,377	225,014	1,665,040	15,785,115
Net change in unrealized appreciation on investments	28,487	-	-	-
Net increase in net position resulting from operations	40,811	241,605	1,888,645	16,522,687
Total Additions	80,256	507,892	3,176,822	22,972,586
Deductions:				
Redemptions	104,444	614,485	5,274,560	37,378,982
Decrease from investment operations:				
Net change in unrealized depreciation on investments	-	64,552	755,401	10,196,123
Program management fees (Note 2)	4,048	14,306	81,310	307,598
Net decrease in net position resulting from operations	4,048	78,858	836,711	10,503,721
Total Deductions	108,492	693,343	6,111,271	47,882,703
Changes in Net Position held in trust for Account				
Owners in the Program	(28,236)	(185,451)	(2,934,449)	(24,910,117)
Net Position - beginning of year	1,005,267	3,698,155	22,131,474	93,606,178
Net Position - end of year	\$ 977,031	\$ 3,512,704	\$ 19,197,025	\$ 68,696,061

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Schedules of Changes in Fiduciary Net Position (continued)

for the year ended June 30, 2017

	NJ BEST Portfolio E	NJ Better Educational Savings Portfolio	TOTAL
Additions:			
Subscriptions	\$ 13,544,897	\$ 244,612	\$ 21,833,317
Increase from investment operations:			
Dividend income	790,387	14,899	1,111,125
Interest income	870,787	-	1,547,663
Net realized gain from sale of investments	19,260,940	602,765	37,546,251
Net change in unrealized appreciation on investments	-	-	28,487
Net increase in net position resulting from operations	20,922,114	617,664	40,233,526
Total Additions	34,467,011	862,276	62,066,843
Deductions:			
Redemptions	22,837,771	1,584,195	67,794,437
Decrease from investment operations:			
Net change in unrealized depreciation on investments	1,205,256	166,501	12,387,833
Program management fees (Note 2)	1,008,787	19,094	1,435,143
Net decrease in net position resulting from operations	2,214,043	185,595	13,822,976
Total Deductions	25,051,814	1,769,790	81,617,413
Changes in Net Position held in trust for Account			
Owners in the Program	9,415,197	(907,514)	(19,550,570)
Net Position - beginning of period	246,227,784	5,447,462	372,116,320
Net Position - end of period	<u>\$ 255,642,981</u>	<u>\$ 4,539,948</u>	<u>\$ 352,565,750</u>

New Jersey Better Educational Savings Trust Program
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NJBest Pooled Equity Fund
Statement of Investments, June 30, 2017

	SHARES	VALUE
Common Stocks 98.2%		
Aerospace & Defense 2.0%		
Arconic Inc.	20,000	\$ 453,000
The Boeing Co.	3,000	593,250
Cubic Corp.	10,000	463,000
Lockheed Martin Corp.	2,000	555,220
L3 Technologies Inc.	2,000	334,160
		<u>2,398,630</u>
Air Freight & Logistics 1.0%		
Atlas Air Worldwide Holdings Inc.	14,000	730,100
United Parcel Service Inc., B	4,500	497,655
		<u>1,227,755</u>
Airlines 2.0%		
Alaska Air Group Inc.	6,000	538,560
Delta Air Lines Inc.	6,000	322,440
Hawaiian Holdings Inc.	11,000	516,450
Southwest Airlines Co.	10,000	621,400
Spirit Airlines Inc.	7,000	361,550
		<u>2,360,400</u>
Auto Components 0.7%		
Cooper Tire & Rubber Co.	13,000	469,300
LCI Industries	4,000	409,600
		<u>878,900</u>
Automobiles 1.4%		
General Motors Co.	20,000	698,600
Harley-Davidson Inc.	9,000	486,180
Thor Industries Inc.	5,000	522,600
		<u>1,707,380</u>
Banks 7.4%		
Bank of America Corp.	94,000	2,280,440
Citigroup Inc.	15,000	1,003,200
JPMorgan Chase & Co.	31,000	2,833,400
KeyCorp	13,000	243,620
SVB Financial Group	3,000	527,370
Wells Fargo & Co.	33,000	1,828,530
		<u>8,716,560</u>
Beverages 0.4%		
Monster Beverage Corp.	9,000	447,120
Biotechnology 3.0%		
AbbVie Inc.	8,000	580,080
Alkermes PLC	7,000	405,790
Amgen Inc.	4,200	723,366
Biogen Inc.	3,000	814,080
Celgene Corp.	5,000	649,350
Gilead Sciences Inc.	6,000	424,680
		<u>3,597,346</u>
Building Products 0.4%		
Patrick Industries Inc.	7,000	509,950

New Jersey Better Educational Savings Trust Program
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NJBest Pooled Equity Fund (continued)
Statement of Investments, June 30, 2017

	SHARES	VALUE
Common Stocks (continued)		
Capital Markets 2.0%		
Blackstone Group LP	11,000	\$ 366,850
The Goldman Sachs Group Inc.	3,500	776,650
GSV Capital Corp.	170,000	737,800
Morgan Stanley	10,000	445,600
		<u>2,326,900</u>
Chemicals 2.2%		
Albemarle Corp.	7,000	738,780
The Dow Chemical Co.	12,000	756,840
Koppers Holdings Inc.	15,000	542,250
Monsanto Co.	5,000	591,800
		<u>2,629,670</u>
Communications Equipment 1.1%		
Cisco Systems Inc.	26,000	813,800
Oclaro Inc.	28,000	261,520
Palo Alto Networks Inc.	2,000	267,620
		<u>1,342,940</u>
Construction & Engineering 1.7%		
AECOM	17,000	549,610
Great Lakes Dredge & Dock Corp.	80,000	344,000
KBR Inc.	32,000	487,040
Limbach Holdings Inc.	50,000	599,500
		<u>1,980,150</u>
Construction Materials 1.1%		
Martin Marietta Materials Inc.	3,800	845,804
US Concrete Inc.	6,000	471,300
		<u>1,317,104</u>
Consumer Finance 0.9%		
Capital One Financial Corp.	6,000	495,720
Synchrony Financial	17,000	506,940
		<u>1,002,660</u>
Containers & Packaging 0.4%		
WestRock Co.	9,000	509,940
Distributors 0.3%		
Core-Mark Holding Co. Inc.	10,000	330,600
Diversified Consumer Services 0.3%		
Voya Financial Inc.	10,000	368,900
Diversified Telecommunication Services 2.1%		
AT&T Inc.	38,000	1,433,740
Verizon Communications Inc.	23,000	1,027,180
		<u>2,460,920</u>
Electrical Equipment, Instruments & Component 1.1%		
FirstEnergy Corp.	14,000	408,240
NextEra Energy Inc.	6,000	840,780
		<u>1,249,020</u>
Electric Utilities 0.3%		
Acuity Brands Inc.	2,000	406,560

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NJBest Pooled Equity Fund (continued)

Statement of Investments, June 30, 2017

	SHARES	VALUE
Common Stocks (continued)		
Energy Equipment & Services 0.4%		
Baker Hughes Inc.	8,000	\$ 436,080
Equity Real Estate Investment Trusts 1.9%		
CoreCivic Inc.	12,000	330,960
Crown Castle International Corp.	10,000	1,001,800
EPR Properties	7,000	503,090
Kimco Realty Corp.	25,000	458,750
		<u>2,294,600</u>
Food & Staples Retailing 0.4%		
Rite Aid Corp.	90,000	265,500
Village Super Market Inc., A	10,000	259,200
		<u>524,700</u>
Food Products 2.6%		
Calavo Growers Inc.	6,000	414,300
Campbell Soup Co.	8,000	417,200
Hain Celestial Group Inc.	22,000	854,040
Inventure Foods Inc.	110,000	474,100
Limoneira Co.	38,000	897,940
		<u>3,057,580</u>
Health Care Equipment & Supplies 0.5%		
Chembio Diagnostics Inc.	32,000	193,600
NxStage Medical Inc.	18,000	451,260
		<u>644,860</u>
Health Care Providers & Services 1.5%		
Acadia Healthcare Co. Inc.,	11,000	543,180
Auxilio Inc.	54,000	246,240
BioScrip Inc., cvt. pfd., A	495	49,227
Tenet Healthcare Corp.	18,000	348,120
UnitedHealth Group Inc.	3,000	556,260
		<u>1,743,027</u>
Hotels, Restaurants & Leisure 1.6%		
Dunkin' Brands Group Inc.	9,000	496,080
MGM Resorts International	5,000	156,450
Royal Caribbean Cruises Ltd.	4,400	480,612
SeaWorld Entertainment Inc.	34,000	553,180
Las Vegas Sands Corp.	4,000	255,560
		<u>1,941,882</u>
Household Durables 0.9%		
PulteGroup Inc.	20,000	490,600
Skyline Corp.	38,000	228,760
Toll Brothers Inc.	10,000	395,100
		<u>1,114,460</u>
Household Products 1.5%		
Colgate-Palmolive Co.	6,000	444,780
Kimberly-Clark Corp.	3,000	387,330
Orchids Paper Products Co.	24,000	310,800
The Procter & Gamble Co.	7,000	610,050
		<u>1,752,960</u>

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NJBest Pooled Equity Fund (continued)
Statement of Investments, June 30, 2017

	SHARES	VALUE
Common Stocks (continued)		
Industrial Conglomerates 1.7%		
Carlisle Cos. Inc.	5,000	\$ 477,000
General Electric Co.	56,000	1,512,560
		<u>1,989,560</u>
Insurance 2.1%		
Genworth Financial Inc., A	100,000	377,000
Lincoln National Corp.	10,000	675,800
Patriot National Inc.	130,000	275,600
Prudential Financial Inc.	10,500	1,135,470
		<u>2,463,870</u>
Internet & Catalog Retail 3.3%		
Amazon.com Inc.	3,100	3,000,800
Groupon Inc., A	120,000	460,800
Netflix Inc.	3,000	448,230
		<u>3,909,830</u>
Internet Software & Services 7.4%		
Alphabet Inc., C	4,000	3,634,920
ComScore Inc.	20,000	525,000
Facebook Inc., A	24,000	3,623,520
Nutanix Inc., A	18,000	362,700
Synacor Inc.	122,000	445,300
Twitter Inc.	8,000	142,960
		<u>8,734,400</u>
Information Technology Services 1.5%		
International Business Machines Corp.	4,000	615,320
Visa Inc., A	12,000	1,125,360
		<u>1,740,680</u>
Life Sciences Tools & Services 0.3%		
Illumina Inc.	2,000	347,040
Machinery 1.8%		
Astec Industries Inc.	12,000	666,120
Harsco Corp.	21,000	338,100
Rexnord Corp.	16,000	372,000
Titan International Inc.	23,000	276,230
Watts Water Technologies Inc., A	8,000	505,600
		<u>2,158,050</u>
Media 5.6%		
Comcast Corp., A	24,000	934,080
DISH Network Corp., A	4,000	251,040
Emmis Communications Corp., A	60,000	172,800
Entravision Communications Corp., A	60,000	396,000
Eros International PLC	62,000	709,900
National CineMedia Inc.	64,000	474,880
Time Inc.	20,000	287,000
Time Warner Inc.	14,000	1,405,740
The Walt Disney Co.	17,000	1,806,250
WideOpenWest Inc.	10,000	174,000
		<u>6,611,690</u>

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NJBest Pooled Equity Fund (continued)

Statement of Investments, June 30, 2017

	SHARES	VALUE
Common Stocks (continued)		
Metals & Mining 1.2%		
Freeport-McMoRan Inc.	30,000	\$ 360,300
Hecla Mining Co.	80,000	408,000
Real Industry Inc.	60,000	174,000
United States Steel Corp.	20,000	442,800
		<u>1,385,100</u>
Multiline Retail 0.3%		
Macy's Inc.	16,000	371,840
Oil, Gas & Consumable Fuels 5.5%		
Apache Corp.	12,000	575,160
Cheniere Energy Inc.	11,000	535,810
ConocoPhillips	14,000	615,440
Exxon Mobil Corp.	29,000	2,341,170
HollyFrontier Corp.	15,000	412,050
Kinder Morgan Inc.	32,000	613,120
ONEOK Inc.	11,000	573,760
Range Resources Corp.	20,000	463,400
Southwestern Energy Co.	70,000	425,600
		<u>6,555,510</u>
Personal Products 0.4%		
Avon Products Inc.	110,000	418,000
Pharmaceuticals 6.5%		
Allergan PLC	3,000	729,270
Bristol-Myers Squibb Co.	14,000	780,080
Egalet Corp.	104,000	246,480
Eli Lilly & Co.	6,000	493,800
Johnson & Johnson	20,000	2,645,800
Mallinckrodt PLC	7,000	313,670
Merck & Co. Inc.	16,000	1,025,440
Pfizer Inc.	34,000	1,142,060
Teligent Inc.	40,000	366,000
		<u>7,742,600</u>
Real Estate Management & Development 0.2%		
The St. Joe Co.	12,000	225,000
Road & Rail 0.5%		
Avis Budget Group Inc.	12,000	327,240
Hertz Global Holdings Inc.	24,000	276,000
		<u>603,240</u>
Semiconductors & Semiconductor Equipment 3.1%		
Advanced Micro Devices Inc.	21,000	262,080
Applied Materials Inc.	4,000	165,240
Broadcom Ltd.	2,400	559,320
CyberOptics Corp.	16,000	330,400
Cypress Semiconductor Corp.	30,000	409,500
Intel Corp.	8,000	269,920
Kulicke and Soffa Industries Inc.	27,000	513,540
NVIDIA Corp.	2,500	361,400

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NJBest Pooled Equity Fund (continued)

Statement of Investments, June 30, 2017

	SHARES	VALUE
Common Stocks (continued)		
Semiconductors & Semiconductor Equipment (continued)		
Qorvo Inc.	7,000	\$ 443,240
QUALCOMM Inc.	6,000	331,320
		<u>3,645,960</u>
Software 4.3%		
Activision Blizzard Inc.	10,000	575,700
Imageware Systems Inc.	90,000	90,000
Microsoft Corp.	52,000	3,584,360
PTC Inc.	11,000	606,320
RealPage Inc.	6,000	215,700
		<u>5,072,080</u>
Specialty Retail 1.0%		
GameStop Corp., A	24,000	518,640
The Home Depot Inc.	3,000	460,200
TravelCenters of America LLC	46,000	188,600
		<u>1,167,440</u>
Technology Hardware Storage & Peripheral 4.1%		
Apple Inc.	27,000	3,888,540
Cray Inc.	14,000	257,600
Western Digital Corp.	8,000	708,800
		<u>4,854,940</u>
Textiles, Apparel & Luxury Goods 0.2%		
Sequential Brands Group Inc.	62,000	247,380
Tobacco 1.6%		
Altria Group Inc.	13,000	968,110
Philip Morris International Inc.	8,000	939,600
		<u>1,907,710</u>
Trading Companies & Distributors 1.4%		
Fortress Transportation and Infrastructure Investors LLC	42,000	669,480
HD Supply Holdings Inc.	15,000	459,450
United Rentals Inc.	5,000	563,550
		<u>1,692,480</u>
Water Utilities 0.6%		
Consolidated Water Co. Ltd.	56,000	694,400
Wireless Telecommunication Services 0.4%		
Sprint Corp.	50,000	410,500
		<u>410,500</u>
Total Common Stocks (Cost \$103,993,404) 98.2%		<u>116,228,853</u>
Warrants 0.0%†		
Health Care Providers & Services 0.0%†		
BioScrip Inc., wts., A, 9/09/25	1,425	204
BioScrip Inc., wts., B, 9/09/25	1,425	89
Total Warrants (Cost \$5,225) 0.0%†		<u>293</u>

New Jersey Better Educational Savings Trust Program
 New Jersey Division of Investments Managed Investment Options
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NJBest Pooled Equity Fund *(continued)*
 Statement of Investments, June 30, 2017

	SHARES	VALUE
Short Term Investments (Cost \$1,177,220) 1.0%		
^a State of New Jersey Cash Management Fund, 0.92%	1,177,220	\$ 1,177,220
Total Investments (Cost \$105,175,849) 99.2%		117,406,366
Other Assets, less Liabilities 0.8%		963,281
Net Assets 100.0%		\$ 118,369,647

[†] Rounds to less than 0.1% of net assets.

^a The rate shown is the annualized seven-day yield at period end.