

COMBINED FINANCIAL STATEMENTS

# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST PROGRAM

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

June 30, 2024



FRANKLIN  
TEMPLETON



# Combined Financial Statements and Supplemental Information

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

### Opinion

We have audited the accompanying combined financial statements, which comprise the combined statement of fiduciary net position of the New Jersey Better Educational Savings Trust Program - New Jersey Department of Treasury, Division of Investment Managed Investment Options (the "Trust") as of June 30, 2024, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust at June 30, 2024, and the results of its operations and changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **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 are presented to supplement the financial statements. Such information, although not a part of the 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 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Supplemental Information including the statement of investments – NJBEST Pooled Equity Fund, the schedule of each portfolio's fiduciary net position as of June 30, 2024, and the schedule of changes in each portfolio's fiduciary net position indicated therein are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. 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*

## Management's Discussion and Analysis

The New Jersey Better Educational Savings Trust Program ("Program") includes investment portfolios managed by the New Jersey Department of Treasury, Division of Investment ("Division of Investment") for accounts open prior to March 17, 2003 and portfolios managed by Franklin Templeton for accounts opened after March 17, 2003. The financial data for the Program for the year ended June 30, 2024 is contained in two separate audited financial reports: 1) the New Jersey Department of Treasury, Division of Investment Managed Investment Options (the "Division of Investment Options") and 2) the Franklin Templeton Managed Investments Options.

These financial statements pertain solely to the Division of Investment Options and offer readers of the financial statements this discussion and analysis of the financial performance for the year ended June 30, 2024. Readers should consider the information presented in this section in conjunction with the combined financial statements and notes to combined financial statements. The Division of Investment Options consist of six (6) investment portfolios (the "Portfolios") in which account owners ("Account Owners") may invest.

### Financial Highlights

During the year ended June 30, 2024, the Portfolios within the Division of Investment Options posted returns below. The expense ratio for all Portfolios within the Division of Investment Options is 0.40% per annum based on the average daily net assets of each portfolio.

	<b>Single Class</b>
NJ Best Trust A	9.50%
NJ Best Trust B	9.51%
NJ Best Trust C	9.76%
NJ Best Trust D	10.95%
NJ Best Trust E	18.34%
NJ Best Better Educational Saving Trust	15.23%

### Overview of the Combined Financial Statements

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

The Combined Statement of Fiduciary Net Position presents information on the Division of Investment Options' assets and liabilities, with the difference between the two reported as net position as of June 30, 2024. This statement, along with all of the Division of Investment Options combined financial statements, is prepared using the accrual basis of accounting. Contributions are recognized when enrollment in the Division of Investment Options is finalized; all subsequent subscriptions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided regardless of when cash is disbursed.

The Combined Statement of Changes in Fiduciary Net Position presents information showing how the Division of Investment Options' assets changed during the year ended June 30, 2024. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in a future period.

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

## Financial Analysis

The following are condensed Combined Statements of Fiduciary Net Position as of June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Investments	\$ 106,156,506	\$ 113,386,843
Receivables	2,517	233,756
Total assets	<u>106,159,023</u>	<u>113,620,599</u>
Payables	53,569	63,618
Total liabilities	<u>53,569</u>	<u>63,618</u>
Fiduciary Net Position held in trust for Account Owners in the Program	<u>\$ 106,105,454</u>	<u>\$ 113,556,981</u>

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

The investments in the six (6) Portfolios of the Division of Investment Options comprise 100.0% of total assets. Other assets consist of receivables for shares sold and accrued income. Liabilities consist of payables for shares redeemed and accrued expenses.

The following are condensed Combined Statements of Changes in Fiduciary Net Position for the years ended June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
<b>Additions:</b>		
Subscriptions	\$ 7,761,045	\$ 5,986,961
Net increase (decrease) in Fiduciary Net Positions resulting from operations	15,300,186	10,851,381
<b>Total additions</b>	<b>23,061,231</b>	<b>16,838,342</b>
<b>Deductions:</b>		
Redemptions	30,512,758	36,930,928
<b>Total deductions</b>	<b>30,512,758</b>	<b>36,930,928</b>
Changes in Fiduciary Net Position held in trust for Account Owners in the Program	(7,451,527)	(20,092,586)
Fiduciary Net Position - beginning of year	113,556,981	133,649,567
Fiduciary Net Position - end of year	<b>\$ 106,105,454</b>	<b>\$ 113,556,981</b>

The Division of Investment Options paid \$22.8 million in net redemptions to Account Owners during the year ended June 30, 2024.

The Division of Investment Options earned \$2.7 million of investment income and incurred \$0.4 million of Program management fees during the year ended June 30, 2024.



# Combined Financial Statements

## Combined Statement of Fiduciary Net Position

June 30, 2024

**Assets:**

Investments, at fair value (Cost: \$84,737,740)	\$	106,156,506
Receivable from Plan shares sold		2,517
Total Assets		<u>106,159,023</u>

**Liabilities:**

Accrued expenses		32,422
Payable for Plan shares redeemed		21,147
Total liabilities		<u>53,569</u>

Fiduciary net position held in trust for Account Owners in the Program	\$	<u>106,105,454</u>
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*The accompanying notes are an integral part of these combined financial statements.*

**Combined Statement of Changes in Fiduciary Net Position**  
 for the year ended June 30, 2024

Additions:	
Subscriptions	\$ 7,761,045
Investment earnings:	
Dividend income	1,688,015
Interest income	990,683
Net realized gain (loss) from sales of investments	32,297,827
Net change in unrealized appreciation (depreciation) on investments	(19,253,899)
Total investment earnings (losses)	<u>15,722,626</u>
Investment costs:	
Program management fees (Note 2)	(422,440)
Total investment costs	<u>(422,440)</u>
Net investment earnings (losses)	<u>15,300,186</u>
Total additions	<u>23,061,231</u>
Deductions:	
Redemptions	30,512,758
Total deductions	<u>30,512,758</u>
Changes in fiduciary net position held in trust for Account Owners in the Program	(7,451,527)
Fiduciary net position - beginning of year	113,556,981
Fiduciary net position - end of year	<u>\$ 106,105,454</u>

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

# Notes to Combined Financial Statements

## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Pursuant to a service agreement, Franklin Distributors, LLC (FD, LLC) (formerly Franklin Templeton Distributors, Inc.), a wholly-owned subsidiary of Franklin Resources, Inc. serves as the Program Manager. FD, LLC provides, directly, or through affiliates, 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:

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

The Following summarizes the Program’s significant accounting policies.

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

### a. Financial Instrument Valuation

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

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

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

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.

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

### b. Income Taxes

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

The Portfolios may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2024, the Portfolios have determined that no tax liability is required in its combined financial statements related to uncertain tax positions for any open tax years, (or expected to be taken in future tax returns). Open tax years are those that remain subject to examination and are based on the statute of limitation in each jurisdiction which the fund invests.

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

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

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

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

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

### **d. Accounting Estimates**

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

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

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

## **2. MANAGEMENT AGREEMENTS**

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

Franklin Templeton Services, LLC ("FTS") an affiliate of FD, LLC, provides administrative services for the Program. Franklin Templeton Investor Services, LLC ("FTIS"), an affiliate of FD, LLC 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, 2024, net unrealized appreciation of portfolio investments was \$21,418,766 consisting of gross unrealized appreciation of \$21,657,200 and gross unrealized depreciation of \$238,434.

Purchases and sales of Portfolio securities (excluding short term securities) for the year ended June 30, 2024, aggregated \$37,966,800 and \$57,862,979, respectively.

For a list of each Portfolio's investments at June 30, 2024, please see the Schedule of Fiduciary Net Position for each Portfolio in the Supplemental Information.

### 3. INVESTMENTS (continued)

As of June 30, 2024, the investments held by the Portfolios consisted of the following:

	<u>Shares</u>	<u>Cost</u>	<u>Value</u>
Equity			
NJBEST Pooled Equity Fund	502,620	\$6,517,423	\$28,174,623
Exchange Traded Fund			
iShares Broad USD Investment Grade Corporate Bond ETF	698,945	35,332,463	35,094,029
Short Term Investment			
<sup>a</sup> State of New Jersey Cash Management Fund, 5.35%	42,887,854	42,887,854	42,887,854
		<u>\$84,737,740</u>	<u>\$106,156,506</u>

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

### 4. INVESTMENT RISKS

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

#### a. Interest Rate Risk

Interest rate risk is the risk that the value of bond investments will decrease as a result of a rise in interest rates. The exposure to interest rate risk is greater with Underlying Funds invested in bonds with longer average maturities. At June 30, 2024, the Underlying Fund below discloses average weighted maturity to quantify interest rate risk. The following instruments were held by the Portfolios at June 30, 2024, were exposed to interest rate risk:

<u>Investment</u>	<u>Value</u>	<u>Average Weighted Maturity</u>
Exchange Traded Fund		
iShares Broad USD Investment Grade Corporate Bond ETF	\$35,094,029	10.1 years
Short Term Investment		
<sup>a</sup> State of New Jersey Cash Management Fund, 5.35%	42,887,854	0.15 years

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

#### b. Custodial Credit Risk

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

### 5. 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

## 5. FAIR VALUE MEASUREMENTS (continued)

- 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.

At June 30, 2024, the Portfolios' investments in the NJBEST Pooled Equity Fund and the State of New Jersey Cash Management Fund were fair valued at their closing NAV. Fair value guidance under GASB allows for a practical expedient when NAV is used to measure fair value. Accordingly, when this approach is used, those fair values are not considered part of the fair value hierarchy. The Portfolios' remaining investment in financial instruments carried at fair value was valued using Level 1 inputs.

## 6. NEW ACCOUNTING PRONOUNCEMENTS

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103 Financial Reporting Model Improvements, the objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating the impact, if any, of applying this statement.

In December 2023, GASB issued Statement No. 102 Certain Risk Disclosures, the objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating the impact, if any, of applying this statement.

## 7. SUBSEQUENT EVENTS

The Program has evaluated subsequent events through September 13, 2024, the date the financial statements were available to be issued, and determined no events have occurred that require disclosure.

### **SUPPLEMENTAL INFORMATION**

The following information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the New Jersey Better Educational Savings Trust Program, New Jersey Department of Treasury, Division of Investment Managed Investment Options. It shows financial information relating to the investment Portfolios, which were included in the Program during the year ended June 30, 2024.



# Supplemental Information

## Schedules of Fiduciary Net Position June 30, 2024

	NJ Best Trust A	NJ Best Trust B	NJ Best Trust C	NJ Best Trust D
<b>Assets:</b>				
Investments, at fair value:				
Equity				
NJBEST Pooled Equity Fund . . . . .	\$ 476,347	\$ 1,028,980	\$ 4,823,137	\$ 6,915,125
Exchange Traded Fund				
iShares Broad USD Investment Grade Corporate Bond ETF . . . . .	451,890	1,004,200	4,769,950	6,846,134
Short Term Investment				
*State of New Jersey Cash Management Fund, 5.35% . . . . .	259,593	522,573	2,433,603	3,332,183
Total Investments. . . . .	<u>1,187,830</u>	<u>2,555,753</u>	<u>12,026,690</u>	<u>17,093,442</u>
Receivable from Plan shares sold . . . . .	—	—	25	10
Total assets. . . . .	<u>1,187,830</u>	<u>2,555,753</u>	<u>12,026,715</u>	<u>17,093,452</u>
<b>Liabilities:</b>				
Accrued expenses . . . . .	350	757	3,543	5,085
Payable for Plan shares redeemed . . . . .	—	—	—	948
Total liabilities . . . . .	<u>350</u>	<u>757</u>	<u>3,543</u>	<u>6,033</u>
Fiduciary net position held in trust for Account Owners in the Program . . . . .	<u>\$ 1,187,480</u>	<u>\$ 2,554,996</u>	<u>\$ 12,023,172</u>	<u>\$ 17,087,419</u>
Shares outstanding . . . . .	57,246	106,640	445,711	575,788
Net asset value per share . . . . .	<u>\$ 20.74</u>	<u>\$ 23.96</u>	<u>\$ 26.98</u>	<u>\$ 29.68</u>
Investments at cost . . . . .	<u>\$ 912,305</u>	<u>\$ 1,940,610</u>	<u>\$ 9,180,647</u>	<u>\$ 11,876,901</u>

\*The rate shown is the average annualized monthly rate of return at year end.

**Schedules of Fiduciary Net Position** (continued)  
 June 30, 2024

	NJ Best Trust E	NJ Better Educational Saving Trust	Total
<b>Assets:</b>			
Investments, at fair value:			
Equity			
NJBEST Pooled Equity Fund . . . . .	\$ 14,318,036	\$ 612,998	\$ 28,174,623
Exchange Traded Fund			
iShares Broad USD Investment Grade Corporate Bond ETF . . . . .	21,431,887	589,968	35,094,029
Short Term Investment			
<sup>a</sup> State of New Jersey Cash Management Fund, 5.35% . . . . .	\$ 36,017,500	\$ 322,402	\$ 42,887,854
Total Investments. . . . .	71,767,423	1,525,368	106,156,506
Receivable from Plan shares sold . . . . .	2,482	—	2,517
Total assets. . . . .	<u>71,769,905</u>	<u>1,525,368</u>	<u>106,159,023</u>
<b>Liabilities:</b>			
Accrued expenses . . . . .	22,239	448	32,422
Payable for Plan shares redeemed . . . . .	20,199	—	21,147
Total liabilities . . . . .	<u>42,438</u>	<u>448</u>	<u>53,569</u>
Fiduciary net position held in trust for Account Owners in the Program . . . . .	<u>\$ 71,727,467</u>	<u>\$ 1,524,920</u>	<u>\$ 106,105,454</u>
Shares outstanding . . . . .	2,039,919	47,299	
Net asset value per share . . . . .	<u>\$ 35.16</u>	<u>\$ 32.24</u>	
Investments at cost . . . . .	<u>\$ 59,811,602</u>	<u>\$ 1,015,675</u>	<u>\$ 84,737,740</u>

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

## Supplemental Information

### Schedules of Changes in Fiduciary Net Position

For the year ended June 30, 2024

	NJ Best Trust A	NJ Best Trust B	NJ Best Trust C
<b>Additions:</b>			
Subscriptions . . . . .	\$ 131,423	\$ 104,399	\$ 693,757
<b>Investment earnings:</b>			
Dividend income . . . . .	45,481	98,889	407,748
Interest income . . . . .	—	—	52,897
Net realized gain (loss) from sales of investments . . . . .	(7)	(2)	(128,473)
Net change in unrealized appreciation (depreciation) on investments . . . . .	64,103	138,507	805,473
Total investment earnings (losses) . . . . .	109,577	237,394	1,137,645
<b>Investment costs:</b>			
Program management fees (Note 2) . . . . .	(4,599)	(9,990)	(47,023)
Total investment costs . . . . .	(4,599)	(9,990)	(47,023)
Net investment earnings (losses) . . . . .	104,978	227,404	1,090,622
Total additions . . . . .	236,401	331,803	1,784,379
<b>Deductions:</b>			
Redemptions . . . . .	172,511	284,431	1,661,804
Total deductions . . . . .	172,511	284,431	1,661,804
Changes in fiduciary net position held in trust for Account Owners in the Program . . . . .	\$ 63,890	\$ 47,372	\$ 122,575
Fiduciary net position - beginning of year . . . . .	1,123,590	2,507,624	11,900,597
Fiduciary net position - end of year . . . . .	<u>\$ 1,187,480</u>	<u>\$ 2,554,996</u>	<u>\$ 12,023,172</u>

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

For the year ended June 30, 2024

	NJ Best Trust D	NJ Best Trust E	NJ Better Educational Saving Trust
<b>Additions:</b>			
Subscriptions . . . . .	\$ 474,084	\$ 6,233,801	\$ 123,581
<b>Investment earnings:</b>			
Dividend income . . . . .	558,920	541,670	35,307
Interest income . . . . .	56,629	881,157	—
Net realized gain (loss) from sales of investments . . . . .	(128,427)	32,339,129	215,607
Net change in unrealized appreciation (depreciation) on investments . . . . .	1,349,569	(21,569,363)	(42,188)
Total investment earnings (losses) . . . . .	<u>1,836,691</u>	<u>12,192,593</u>	<u>208,726</u>
<b>Investment costs:</b>			
Program management fees (Note 2) . . . . .	(68,231)	(286,917)	(5,680)
Total investment costs . . . . .	<u>(68,231)</u>	<u>(286,917)</u>	<u>(5,680)</u>
Net investment earnings (losses) . . . . .	<u>1,768,460</u>	<u>11,905,676</u>	<u>203,046</u>
Total additions . . . . .	<u>2,242,544</u>	<u>18,139,477</u>	<u>326,627</u>
<b>Deductions:</b>			
Redemptions . . . . .	2,557,864	25,643,233	192,915
Total deductions . . . . .	<u>2,557,864</u>	<u>25,643,233</u>	<u>192,915</u>
Changes in fiduciary net position held in trust for Account Owners in the Program . . . . .	\$ (315,320)	\$ (7,503,756)	\$ 133,712
Fiduciary net position - beginning of year . . . . .	17,402,739	79,231,223	1,391,208
Fiduciary net position - end of year . . . . .	<u>\$ 17,087,419</u>	<u>\$ 71,727,467</u>	<u>\$ 1,524,920</u>

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

For the year ended June 30, 2024

	Total
Additions:	
Subscriptions . . . . .	\$ 7,761,045
Investment earnings:	
Dividend income . . . . .	1,688,015
Interest income . . . . .	990,683
Net realized gain (loss) from sales of investments . . . . .	32,297,827
Net change in unrealized appreciation (depreciation) on investments . . . . .	(19,253,899)
Total investment earnings (losses) . . . . .	15,722,626
Investment costs:	
Program management fees (Note 2) . . . . .	(422,440)
Total investment costs . . . . .	(422,440)
Net investment earnings (losses) . . . . .	15,300,186
Total additions . . . . .	23,061,231
Deductions:	
Redemptions . . . . .	30,512,758
Total deductions . . . . .	30,512,758
Changes in fiduciary net position held in trust for Account Owners in the Program . . . . .	\$ (7,451,527)
Fiduciary net position - beginning of year . . . . .	113,556,981
Fiduciary net position - end of year . . . . .	\$ 106,105,454

## Supplemental Information

### NJBest Pooled Equity Fund

Statement of Investments, June 30, 2024

	Shares	Value
<b>Common Stocks 99.0%</b>		
<b>Aerospace &amp; Defense 3.0%</b>		
Boeing Co. (The) .....	349	\$63,521
General Dynamics Corp.....	326	94,586
General Electric Co. ....	1,006	159,924
Howmet Aerospace, Inc. ....	404	31,362
Lockheed Martin Corp. ....	221	103,229
Northrop Grumman Corp. ....	280	122,066
RTX Corp. ....	1,845	185,220
Textron, Inc. ....	1,080	92,729
		852,637
<b>Air Freight &amp; Logistics 0.2%</b>		
United Parcel Service, Inc., B .....	440	60,214
<b>Automobiles 0.5%</b>		
Ford Motor Co. ....	5,812	72,883
Tesla, Inc. ....	405	80,141
		153,024
<b>Banks 5.0%</b>		
Bank of America Corp. ....	6,297	250,432
Citigroup, Inc. ....	1,389	88,146
JPMorgan Chase & Co.....	3,017	610,218
PNC Financial Services Group, Inc. (The) .....	696	108,214
US Bancorp .....	3,414	135,536
Wells Fargo & Co.....	3,398	201,807
		1,394,353
<b>Beverages 0.7%</b>		
Coca-Cola Co. (The).....	3,028	192,732
<b>Biotechnology 1.5%</b>		
AbbVie, Inc. ....	574	98,452
Amgen, Inc. ....	372	116,231
Biogen, Inc. ....	172	39,873
Gilead Sciences, Inc. ....	758	52,006
GRAIL, Inc.....	16	249
Newamsterdam Pharma Co. NV .....	1,398	26,856
Vertex Pharmaceuticals, Inc. ....	52	24,373
Viking Therapeutics, Inc.....	1,267	67,164
		425,204
<b>Broadline Retail 4.3%</b>		
Amazon.com, Inc.....	5,858	1,132,059
eBay, Inc. ....	1,357	72,898
		1,204,957
<b>Building Products 0.2%</b>		
Carrier Global Corp. ....	938	59,169
<b>Capital Markets 1.0%</b>		
Charles Schwab Corp. (The).....	906	66,763
Goldman Sachs Group, Inc. (The).....	445	201,283
		268,046
<b>Chemicals 1.8%</b>		
Air Products and Chemicals, Inc.....	624	161,023

	Shares	Value
<b>Common Stocks 99.0%</b> (continued)		
<b>Chemicals</b> (continued)		
Corteva, Inc. ....	1,227	\$66,184
DuPont de Nemours, Inc. ....	1,018	81,939
Ecolab, Inc. ....	212	50,456
Linde plc. ....	136	59,678
PPG Industries, Inc. ....	356	44,817
Sherwin-Williams Co. (The) ....	143	42,676
		506,773
<b>Commercial Services &amp; Supplies 0.5%</b>		
Republic Services, Inc., A ....	124	24,098
Veralto Corp. ....	133	12,697
Waste Management, Inc. ....	499	106,457
		143,252
<b>Communications Equipment 0.6%</b>		
Cisco Systems, Inc. ....	3,686	175,122
<b>Consumer Finance 0.8%</b>		
American Express Co. ....	657	152,129
Discover Financial Services ....	488	63,835
		215,964
<b>Consumer Staples Distribution &amp; Retail 2.5%</b>		
Costco Wholesale Corp. ....	319	271,147
Dollar General Corp. ....	355	46,942
Target Corp. ....	564	83,495
Walmart, Inc. ....	4,650	314,851
		716,435
<b>Diversified Telecommunication Services 0.9%</b>		
AT&T, Inc. ....	5,923	113,189
Verizon Communications, Inc. ....	3,254	134,195
		247,384
<b>Electric Utilities 2.1%</b>		
Constellation Energy Corp. ....	537	107,545
Exelon Corp. ....	1,801	62,333
NextEra Energy, Inc. ....	2,398	169,802
NRG Energy, Inc. ....	310	24,137
PPL Corp. ....	941	26,019
Southern Co. (The) ....	1,722	133,575
Xcel Energy, Inc. ....	1,094	58,430
		581,841
<b>Electrical Equipment 0.3%</b>		
GE Vernova, Inc. ....	322	55,226
Rockwell Automation, Inc. ....	70	19,270
		74,496
<b>Energy Equipment &amp; Services 0.2%</b>		
Schlumberger NV ....	1,178	55,578
<b>Entertainment 1.4%</b>		
Netflix, Inc. ....	178	120,129
Walt Disney Co. (The) ....	2,077	206,225
Warner Bros Discovery, Inc. ....	10,212	75,977
		402,331

	Shares	Value
<b>Common Stocks 99.0%</b> (continued)		
<b>Financial Services 3.2%</b>		
Berkshire Hathaway, Inc., B. . . . .	972	\$395,410
Fidelity National Information Services, Inc. . . . .	361	27,205
Fiserv, Inc. . . . .	365	54,400
Mastercard, Inc., A . . . . .	377	166,317
PayPal Holdings, Inc. . . . .	958	55,593
Visa, Inc., A. . . . .	758	198,952
		<u>897,877</u>
<b>Food Products 0.6%</b>		
Mondelez International, Inc., A. . . . .	1,448	94,757
Tyson Foods, Inc., A . . . . .	1,439	82,225
		<u>176,982</u>
<b>Ground Transportation 0.6%</b>		
Norfolk Southern Corp. . . . .	261	56,034
Union Pacific Corp. . . . .	493	111,546
		<u>167,580</u>
<b>Health Care Equipment &amp; Supplies 1.8%</b>		
Abbott Laboratories. . . . .	791	82,193
Becton Dickinson & Co. . . . .	353	82,499
Boston Scientific Corp. . . . .	1,607	123,755
GE HealthCare Technologies, Inc. . . . .	804	62,648
Medtronic plc . . . . .	1,146	90,202
Stryker Corp. . . . .	206	70,091
		<u>511,388</u>
<b>Health Care Providers &amp; Services 2.7%</b>		
Cencora, Inc. . . . .	401	90,345
Cigna Group (The) . . . . .	302	99,832
CVS Health Corp. . . . .	996	58,824
Elevance Health, Inc. . . . .	221	119,751
HCA Healthcare, Inc. . . . .	161	51,726
Humana, Inc. . . . .	192	71,741
McKesson Corp. . . . .	151	88,190
UnitedHealth Group, Inc. . . . .	366	186,389
		<u>766,798</u>
<b>Health Care REITs 0.3%</b>		
Alexandria Real Estate Equities, Inc. . . . .	479	56,029
American Healthcare REIT, Inc. . . . .	2,419	35,341
		<u>91,370</u>
<b>Hotels, Restaurants &amp; Leisure 2.4%</b>		
Airbnb, Inc., A . . . . .	636	96,437
Booking Holdings, Inc. . . . .	28	110,922
Chipotle Mexican Grill, Inc., A . . . . .	1,050	65,782
Hilton Worldwide Holdings, Inc. . . . .	219	47,786
McDonald's Corp. . . . .	713	181,701
Starbucks Corp. . . . .	340	26,469
Wynn Resorts Ltd. . . . .	820	73,390
Yum! Brands, Inc. . . . .	574	76,032
		<u>678,519</u>
<b>Household Products 1.2%</b>		
Procter & Gamble Co. (The) . . . . .	2,102	346,662



	Shares	Value
<b>Common Stocks 99.0%</b> (continued)		
<b>Industrial Conglomerates 0.5%</b>		
Honeywell International, Inc. ....	667	\$142,431
<b>Industrial REITs 0.4%</b>		
Prologis, Inc. ....	955	107,256
<b>Insurance 1.4%</b>		
Allstate Corp. (The) ....	418	66,738
Aon plc, A. ....	403	118,313
Marsh & McLennan Cos., Inc. ....	102	21,493
MetLife, Inc. ....	775	54,397
Progressive Corp. (The) ....	698	144,982
		405,923
<b>Interactive Media &amp; Services 7.0%</b>		
Alphabet, Inc., A. ....	5,143	936,797
Alphabet, Inc., C. ....	1,923	352,717
Meta Platforms, Inc., A. ....	1,366	688,765
		1,978,279
<b>IT Services 0.9%</b>		
Accenture plc, A. ....	381	115,599
International Business Machines Corp. ....	721	124,697
		240,296
<b>Life Sciences Tools &amp; Services 0.6%</b>		
Danaher Corp. ....	243	60,713
Illumina, Inc. ....	97	10,125
Thermo Fisher Scientific, Inc. ....	163	90,139
		160,977
<b>Machinery 1.7%</b>		
Caterpillar, Inc. ....	647	215,516
Deere & Co. ....	345	128,902
Ingersoll Rand, Inc. ....	685	62,226
Parker-Hannifin Corp. ....	156	78,906
		485,550
<b>Media 0.7%</b>		
Comcast Corp., A. ....	5,338	209,036
<b>Metals &amp; Mining 0.3%</b>		
Freeport-McMoRan, Inc. ....	1,435	69,741
<b>Multi-Utilities 0.2%</b>		
Dominion Energy, Inc. ....	1,054	51,646
<b>Oil, Gas &amp; Consumable Fuels 3.9%</b>		
Cenovus Energy, Inc. ....	2,888	56,778
Chevron Corp. ....	876	137,024
ConocoPhillips ....	1,087	124,331
Exxon Mobil Corp. ....	3,370	387,954
Hess Corp. ....	357	52,665
Kinder Morgan, Inc. ....	1,873	37,217
Marathon Petroleum Corp. ....	552	95,761
Murphy Oil Corp. ....	343	14,145
Occidental Petroleum Corp. ....	630	39,709
Phillips 66. ....	669	94,443
Williams Cos., Inc. (The) ....	1,406	59,755
		1,099,782

	Shares	Value
<b>Common Stocks 99.0%</b> (continued)		
<b>Passenger Airlines 0.1%</b>		
Southwest Airlines Co. ....	1,336	\$38,223
<b>Personal Care Products 0.4%</b>		
Kenvue, Inc. ....	6,560	119,261
<b>Pharmaceuticals 6.4%</b>		
AstraZeneca plc, ADR. ....	692	53,969
Bristol-Myers Squibb Co. ....	3,849	159,849
Chugai Pharmaceutical Co. Ltd., ADR. ....	1,747	31,044
Daiichi Sankyo Co. Ltd., ADR. ....	1,923	66,420
Eisai Co. Ltd., ADR. ....	2,578	26,528
Eli Lilly & Co. ....	629	569,484
Johnson & Johnson. ....	1,941	283,697
Merck & Co., Inc. ....	2,605	322,499
Novo Nordisk A/S, ADR. ....	425	60,665
Pfizer, Inc. ....	3,636	101,735
Roche Holding AG, ADR. ....	1,624	56,304
Teligent, Inc. ....	8,370	—
Zoetis, Inc., A. ....	437	75,758
		<u>1,807,952</u>
<b>Professional Services 0.2%</b>		
Automatic Data Processing, Inc. ....	250	59,673
<b>Real Estate Management &amp; Development 0.1%</b>		
Howard Hughes Holdings, Inc. ....	409	26,511
<b>Retail REITs 0.2%</b>		
Regency Centers Corp. ....	831	51,688
<b>Semiconductors &amp; Semiconductor Equipment 12.2%</b>		
Advanced Micro Devices, Inc. ....	1,501	243,477
Applied Materials, Inc. ....	798	188,320
Broadcom, Inc. ....	194	311,473
Intel Corp. ....	1,223	37,876
KLA Corp. ....	199	164,077
Lam Research Corp. ....	173	184,219
Microchip Technology, Inc. ....	329	30,104
Micron Technology, Inc. ....	1,262	165,991
NVIDIA Corp. ....	13,923	1,720,047
QUALCOMM, Inc. ....	1,065	212,127
Taiwan Semiconductor Manufacturing Co. Ltd., ADR. ....	560	97,334
Texas Instruments, Inc. ....	414	80,535
		<u>3,435,580</u>
<b>Software 9.1%</b>		
Adobe, Inc. ....	185	102,775
Intuit, Inc. ....	124	81,494
Microsoft Corp. ....	4,709	2,104,688
Oracle Corp. ....	1,365	192,738
Salesforce, Inc. ....	354	91,013
		<u>2,572,708</u>
<b>Specialized REITs 0.9%</b>		
American Tower Corp. ....	526	102,244
Equinix, Inc. ....	115	87,009
Public Storage. ....	257	73,926
		<u>263,179</u>

	Shares	Value
<b>Common Stocks 99.0%</b> (continued)		
<b>Specialty Retail 2.0%</b>		
AutoZone, Inc. ....	23	\$68,174
Home Depot, Inc. (The) .....	646	222,379
Lowe's Cos., Inc. ....	658	145,063
TJX Cos., Inc. (The) .....	1,210	133,221
		<u>568,837</u>
<b>Technology Hardware, Storage &amp; Peripherals 7.7%</b>		
Apple, Inc. ....	9,936	2,092,720
Dell Technologies, Inc., C .....	525	72,403
		<u>2,165,123</u>
<b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>		
NIKE, Inc., B. ....	593	44,694
<b>Tobacco 0.7%</b>		
Altria Group, Inc. ....	1,073	48,875
Philip Morris International, Inc. ....	1,349	136,694
		<u>185,569</u>
<b>Trading Companies &amp; Distributors 0.5%</b>		
United Rentals, Inc. ....	218	140,987
<b>Wireless Telecommunication Services 0.4%</b>		
T-Mobile US, Inc. ....	636	112,050
<b>Total Common Stocks (Cost \$15,691,305)</b> .....		<u><b>27,909,640</b></u>
<b>Investments In Underlying Funds 0.9%</b>		
<b>Money Market Funds 0.9%</b>		
<sup>a</sup> State of New Jersey Cash Management Fund, 5.35% .....	245,164	245,164
<b>Total Investments In Underlying Funds (Cost \$245,164)</b> .....		<u><b>245,164</b></u>
	<u><b>Warrants</b></u>	
<b>Warrants 0.0%<sup>†</sup></b>		
<b>Health Care Providers &amp; Services 0.0%<sup>†</sup></b>		
Option Care Health, Inc., 6/30/25 .....	2,850	3,912
		<u>3,912</u>
<b>Total Warrants (Cost \$5,225)</b> .....		<u><b>3,912</b></u>
<b>Total Long Term Investments (Cost \$15,941,694)</b> .....		<u><b>28,158,716</b></u>
<b>Total Investments (Cost \$15,941,694) 99.9%</b> .....		<u><b>\$28,158,716</b></u>
<b>Other Assets, less Liabilities 0.1%</b> .....		<u><b>15,907</b></u>
<b>Net Assets 100.0%</b> .....		<u><b>\$28,174,623</b></u>

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

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