

COMBINED FINANCIAL STATEMENTS

# NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST PROGRAM

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

Annual Report

June 30, 2025



**FRANKLIN  
TEMPLETON**

**NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST PROGRAM  
INVESTMENT OPTIONS MANAGED BY NEW JERSEY DEPARTMENT OF THE TREASURY,  
DIVISION OF INVESTMENT**

**ANNUAL REPORT**

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## **Report of Independent Auditors**

To the Trustees of  
New Jersey Better Educational Savings Trust Program – Investment Options Managed by New Jersey Department of Treasury,  
Division of Investment

### **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 – Investment Options Managed by New Jersey Department of Treasury, Division of Investment (the Trust) as of June 30, 2025, 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, 2025, 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.



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**Auditor’s Responsibilities for the Audit of the Financial Statements (*Continued*)**

- 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 3 through 5 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.

*Ernst & Young LLP*

September 26, 2025

## Management’s Discussion and Analysis (Unaudited)

The New Jersey Better Educational Savings Trust Program (Program) is an educational savings program offered by the State of New Jersey, organized and operated in accordance with Section 529 of the Internal Revenue Code. The Program includes two distinct plans – the NJBEST 529 College Savings Plan (NJBEST Plan) and the Franklin Templeton 529 College Savings Plan (Franklin Templeton Plan). The NJBEST Plan is only available to New Jersey residents (or their beneficiaries) and Franklin Templeton employees (or their immediate family members), provided they invest without the assistance of a financial professional. The Franklin Templeton Plan is offered nationwide. While each plan has its own program description and distribution structure, both plans offer a range of common investment portfolios (Franklin Templeton Managed Investment Options) that may invest in underlying assets, including mutual funds, exchange-traded funds (ETFs), and/or institutional separate accounts. The Franklin Templeton Managed Investment Options are structured with multiple share classes, allowing both the NJBEST Plan and the Franklin Templeton Plan to access common investment strategies while maintaining distinct fee and administrative features. However, some options are exclusive to a specific plan. These underlying investments are selected by the Program’s investment manager, Franklin Mutual Advisers, LLC, an affiliate of Franklin Templeton Distributors, Inc. (FD), the Program Manager, and are approved by the New Jersey Higher Education Student Assistance Authority (HESAA). The New Jersey Department of the Treasury, Division of Investment, serves as investment manager for certain other investment options (the Treasury Managed Investment Options) that are part of the NJBEST Plan, but are no longer available to new investors.

This report includes the combined financial information of the Treasury Managed Investment Options as of and for the year ended June 30, 2025. Combined financial information of the Franklin Templeton Managed Investment Options as of and for the year ended June 30, 2025, is provided in a separate report.

The Treasury Managed Investment Options include the following portfolios:

<u>Portfolio Name</u>	<u>Account Open Date</u>	<u>Eligible Birth Year</u>
NJBEST Better Educational Savings Portfolio	Prior to July 1, 2000	All birth years
NJBEST Portfolio A	July 1, 2000 - March 17, 2003	1985 and prior
NJBEST Portfolio B	July 1, 2000 - March 17, 2003	1986 - 1989
NJBEST Portfolio C	July 1, 2000 - March 17, 2003	1990 - 1993
NJBEST Portfolio D	July 1, 2000 - March 17, 2003	1994 - 1997
NJBEST Portfolio E	July 1, 2000 - March 17, 2003	1998 - 2003

The following Management’s Discussion and Analysis is intended to provide readers an objective discussion of the combined financial statements of the Treasury Managed Investment Options as of and for the year ended June 30, 2025. This discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board (GASB), provides a highly summarized overview of the combined financial position and changes therein of the Treasury Managed Investment Options. Readers should refer to the combined financial statements and notes to the combined financial statements, which are included on pages 6 through 12.

\* \* \* \* \*

### Financial Highlights

The following tables summarize returns (net of fees) posted by each of the Treasury Managed Investment Options during the fiscal years ended June 30, 2025 and 2024, at their respective net asset values (NAV):

	<u>Year Ended June 30, 2025</u>	<u>Year Ended June 30, 2024</u>
NJBEST Better Educational Savings Portfolio	9.27%	15.23%
NJBEST Portfolio A	9.35%	9.50%
NJBEST Portfolio B	9.22%	9.51%
NJBEST Portfolio C	9.38%	9.76%
NJBEST Portfolio D	9.50%	10.95%
NJBEST Portfolio E	7.37%	18.34%

No assurance is provided on the information in Management’s Discussion and Analysis.

## Management’s Discussion and Analysis (Unaudited) (Continued)

### Financial Highlights (Continued)

The following highlight some of the Treasury Managed Investment Options’ key financial results for the years presented:

- At June 30, 2024, the combined fiduciary net position in the Treasury Managed Investment Options totaled \$106.1 million. During the year ended June 30, 2025, combined fiduciary net position decreased \$12.7 million, or 12%, resulting in a combined total fiduciary net position of \$93.4 million at June 30, 2025.
- During the year ended June 30, 2025, withdrawals and exchanges out exceeded contributions and exchanges in by \$20.4 million. During the year ended June 30, 2024, withdrawals and exchanges out exceeded contributions and exchanges in by \$22.8 million.
- During the year ended June 30, 2025, the Treasury Managed Investment Options experienced net investment income of \$8.1 million. For the year ended June 30, 2024, the Treasury Managed Investment Options experienced net investment income of \$15.7 million.

### Overview of the Combined Financial Statements

This report includes the Combined Statement of Fiduciary Net Position, the Combined Statement of Changes in Fiduciary Net Position and the related Notes to the Combined Financial Statements of the Treasury Managed Investment Options. The Combined Statement of Fiduciary Net Position presents information on the aggregated amounts of assets and liabilities of the Treasury Managed Investment Options, with the difference between them representing net position held in trust for account owners and their beneficiaries. The Combined Statement of Changes in Fiduciary Net Position shows how the combined fiduciary net position changed during the reporting period. The Notes to the Combined Financial Statements provide additional explanatory information about the amounts presented in the combined financial statements. It is essential that readers of this report consider the information in the Notes to the Combined Financial Statements to obtain a full understanding of the amounts presented in the combined financial statements.

The combined financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) prescribed by the Governmental Accounting Standards Board (GASB). Accordingly, the combined financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Investments are reported at fair value, and all investment transactions are recorded on a trade-date basis. Realized and unrealized gains and losses, as well as dividends, capital gain distributions and interest income, are reported as “net investment income (loss)” on the Combined Statement of Changes in Fiduciary Net Position. Contributions are generally recognized when they are received, and withdrawals are recognized when the withdrawal request has been received and approved for payment. Administrative fees are recognized when the related services are provided, regardless of when cash is paid.

### Financial Analysis

#### Fiduciary Net Position

The following condensed Combined Statements of Fiduciary Net Position provide a “snapshot” of the combined financial position of the Treasury Managed Investment Options:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Total assets	\$ 93,511,354	\$ 106,159,023
Total liabilities	<u>131,071</u>	<u>53,569</u>
Fiduciary net position held in trust for account owners and beneficiaries	<u>\$ 93,380,283</u>	<u>\$ 106,105,454</u>

No assurance is provided on the information in Management’s Discussion and Analysis.

## Management's Discussion and Analysis (Unaudited) (Continued)

### Financial Analysis (Continued)

#### Fiduciary Net Position (Continued)

The reported balance of fiduciary net position held in trust for account owners and their beneficiaries represents the cumulative total of contributions to the Treasury Managed Investment Options, increased (decreased) by net investment income (loss) experienced by the underlying assets in the Treasury Managed Investment Options, and decreased by withdrawals and administrative fees.

Investments of the Treasury Managed Investment Options, which totaled \$93.3 million and \$106.2 million at June 30, 2025, and June 30, 2024, respectively, include common stock held in the NJBEST Pooled Equity Fund (a separately managed account), the iShares iBoxx\$ Investment Grade Corporate Bond Exchange Traded Fund (ETF) and the State of New Jersey Cash Management Fund, which is a short-term investment fund (STIF).

Other assets generally include amounts to be invested or distributed on behalf of account owners and their beneficiaries, receivables for proceeds from investment sales transactions and dividends receivable. Liabilities generally include accrued administrative fees, payables to settle investment purchase transactions and payables for withdrawals approved but not yet paid.

#### Changes in Fiduciary Net Position

The following condensed Combined Statements of Changes in Fiduciary Net Position summarize how the combined amount of net position held in trust for account owners and their beneficiaries changed during the years presented:

	<u>Year Ended</u> <u>June 30, 2025</u>	<u>Year Ended</u> <u>June 30, 2024</u>
Net withdrawals and exchanges out	\$ (20,385,554)	\$ (22,751,713)
Net investment income	8,053,863	15,722,626
Administrative fees	(393,480)	(422,440)
Net decrease	(12,725,171)	(7,451,527)
Fiduciary net position held in trust for account owners and beneficiaries, beginning of year	<u>106,105,454</u>	<u>113,556,981</u>
Fiduciary net position held in trust for account owners and beneficiaries, end of year	<u>\$ 93,380,283</u>	<u>\$ 106,105,454</u>

No assurance is provided on the information in Management's Discussion and Analysis.

## Combined Statement of Fiduciary Net Position

June 30, 2025

### ASSETS

Cash	\$	196,265
Investments		93,298,800
Dividends receivable		16,289
<b>Total Assets</b>		<u>93,511,354</u>

### LIABILITIES

Withdrawals payable		100,579
Accrued administrative fees		30,492
<b>Total Liabilities</b>		<u>131,071</u>

### FIDUCIARY NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES

\$ 93,380,283

See accompanying Notes to the Combined Financial Statements.

## Combined Statement of Changes in Fiduciary Net Position

July 1, 2024 through June 30, 2025

<b>ADDITIONS</b>	
Contributions	\$ 2,546,460
Exchanges in	3,768,391
Investment income:	
Dividends and interest	2,663,716
Net increase in the fair value of investments	<u>5,390,147</u>
Net investment income	<u>8,053,863</u>
<b>Total Additions</b>	<u>14,368,714</u>
<b>DEDUCTIONS</b>	
Withdrawals	17,081,446
Exchanges out	9,618,959
Administrative fees	<u>393,480</u>
<b>Total Deductions</b>	<u>27,093,885</u>
<b>NET DECREASE</b>	(12,725,171)
<b>FIDUCIARY NET POSITION HELD IN TRUST</b>	
<b>FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<u>106,105,454</u>
<b>FIDUCIARY NET POSITION HELD IN TRUST</b>	
<b>FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u><u>\$ 93,380,283</u></u>

See accompanying Notes to the Combined Financial Statements.

## Notes to the Combined Financial Statements

### NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS

#### (a) General

The New Jersey Better Educational Savings Trust Program (Program) is an educational savings program offered by the State of New Jersey (the State), organized and operated in accordance with Section 529 of the Internal Revenue Code. The Program includes two distinct plans – the NJBEST 529 College Savings Plan (NJBEST Plan) and the Franklin Templeton 529 College Savings Plan (Franklin Templeton Plan). The NJBEST Plan is only available to New Jersey residents (or their beneficiaries) and Franklin Templeton employees (or their immediate family members), provided they invest without the assistance of a financial professional. The Franklin Templeton Plan is offered nationwide. While each plan has its own program description and distribution structure, both plans offer a range of common investment portfolios (Franklin Templeton Managed Investment Options) that may invest in underlying assets, including mutual funds, exchange-traded funds (ETFs), and/or institutional separate accounts. The Franklin Templeton Managed Investment Options are structured with multiple share classes, allowing both the NJBEST Plan and the Franklin Templeton Plan to access common investment strategies while maintaining distinct fee and administrative features. However, some options are exclusive to a specific plan. These underlying investments are selected by the Program’s investment manager, Franklin Mutual Advisers, LLC, an affiliate of Franklin Templeton Distributors, Inc. (FD), the Program Manager, and are approved by the New Jersey Higher Education Student Assistance Authority (HESAA). The New Jersey Department of the Treasury, Division of Investment, serves as investment manager for certain other investment options (the Treasury Managed Investment Options) that are part of the NJBEST Plan, but are no longer available to new investors.

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The Treasury Managed Investment Options include the following portfolios:

Portfolio Name	Account Open Date	Eligible Birth Year
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NJBEST Portfolio D	July 1, 2000 - March 17, 2003	1994 - 1997
NJBEST Portfolio E	July 1, 2000 - March 17, 2003	1998 - 2003

These combined financial statements report only the combined financial position and changes therein of the Treasury Managed Investment Options and do not include any information related to the Franklin Templeton Managed Options. These combined financial statements are not intended to and do not present a complete representation of the financial statements of the NJBEST Plan or the Program as a whole.

#### (b) Administration

FD, in its role as Program Manager, may contract with other service providers to perform participant recordkeeping, fund accounting and other necessary services for the Program.

The Bank of New York Mellon Corporation (BNY) is the custody agent for the Program. Ascensus College Savings Recordkeeping Services, LLC is responsible for recordkeeping and certain administrative services.

## Notes to the Combined Financial Statements (*Continued*)

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Presentation and Accounting

The Program and the education savings plans offered under the Program are included in the reporting entity of the State as a private-purpose trust fund, which is a type of fiduciary fund, as defined by the Governmental Accounting Standards Board (GASB). Fiduciary funds are used to report assets held in a trustee or agency capacity for others that cannot be used to support a government's own programs. In accordance with U.S. generally accepted accounting principles (U.S. GAAP) relevant to fiduciary funds prescribed by the GASB, the combined financial statements of the Treasury Managed Investment Options are prepared using the flow of economic resources measurement focus and the accrual basis 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.

#### (b) Income Taxes

The Program has been designed to comply with the requirements for treatment as a qualified tuition program under Section 529. As such, the Program and the education savings plans offered under the Program are exempt from federal and state income tax. The Program has not engaged in any unrelated activities that would generate income subject to tax.

#### (c) Estimates

The preparation of the combined financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

#### (d) Investments and Investment Transactions

Investments include equity securities maintained in a separate managed equity portfolio referred to as "the NJBEST Pooled Equity Fund," the iShares iBoxx\$ Investment Grade Corporate Bond Exchange Traded Fund (ETF) and the State of New Jersey Cash Management Fund, which is a short-term investment fund (STIF).

Investments in common stock and the ETF are reported at fair value. Equity securities and ETFs listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sell price or the official closing price of the day. Over-the-counter securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Investments in the STIF are valued at net asset value (NAV).

Accounting standards categorize fair value measurements according to a hierarchy that is based on valuation inputs that are used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable. The inputs or methodologies used for valuing investments are not necessarily an indication of risk. The fair values of equity securities and the ETF are determined using Level 1 inputs.

The STIF invests in high-quality, short-duration money market instruments. The STIF is reported at NAV per share as a practical expedient, as it does not have a readily determinable fair value. Investments valued at NAV are excluded from the fair value hierarchy. The NAV is calculated daily, and shares are redeemable on a same-day basis with no redemption restrictions or notice period. There are no unfunded commitments associated with this investment.

Purchases and sales are recorded on a trade-date basis. Realized gains and losses are determined on an average cost basis. Net realized and unrealized gains (losses) are included in "net investment income (loss)" on the Combined Statement of Changes in Fiduciary Net Position. Dividends are recorded on the ex-dividend date, and interest is accrued as it is earned.

#### (e) Cash and Cash Equivalents

Cash and cash equivalents generally include contributions received from account owners that have not yet been invested and/or redemption proceeds from the sales of investments necessary to satisfy withdrawal requests that have not yet been distributed in accordance with account owners' instructions.

## Notes to the Combined Financial Statements (*Continued*)

### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

#### **(f) Contributions**

Individuals or entities meeting eligibility requirements that have properly executed a participation agreement with the NJBEST Plan may establish an account to which cash contributions may be made, subject to certain minimum contribution requirements and limitations on the aggregate amount of contributions. The Treasury Managed Investment Options are closed to new accounts; however, account owners with accounts established in the Treasury Managed Investment Options prior to March 17, 2003, may continue to make contributions to their accounts. Contributions received prior to the close of the New York Stock Exchange are recorded as increases in fiduciary net position on the date they are received, provided that all related documentation is found to be in good order.

In exchange for contributions to the Program, account owners receive full and/or fractional interests, or "Trust Shares", issued by the trust in which Program assets are held. These Trust Shares are municipal fund securities. Although contributions to the investment option portfolios are ultimately invested in investment securities or the short-term cash management fund, the Trust Shares themselves are not direct investments in the underlying investment securities or the short-term cash management fund. The Trust Shares are not insured by the FDIC or the State, nor have they been registered with the Securities and Exchange Commission or any state commission.

In addition, although account owners can select the investment option portfolios in which their contributions are invested, they cannot direct the selection or allocation of investments composing each investment option portfolio.

#### **(g) Withdrawals**

Account owners may request withdrawals for qualified or non-qualified expenses. It is the responsibility of the account owner to determine whether or not the withdrawal is for qualified higher educational expenses and to calculate the applicable amount of federal or state tax or penalties for non-qualified withdrawals, if any. Withdrawals are recorded as deductions from fiduciary net position on the date the withdrawal request is found to be in good order.

#### **(h) Exchanges**

Subject to certain limitations and restrictions, account owners may generally direct that their account balance be reinvested in one or more different investment option portfolios twice per calendar year. Transfers of funds between investment option portfolios are referred to as "exchanges."

#### **(i) Trust Share Valuation**

Each account owner's full and/or fractional interest in an investment option portfolio is evidenced by a Trust Share. The net asset value of a Trust Share is calculated daily based on the fair value investments held in an investment option portfolio, adjusted for the effects of such transactions as accrued administrative fees and accrued investment income. The value of any individual account is determined by multiplying the number of Trust Shares in an investment option portfolio attributable to that account owner by the net asset value per Trust Share of that investment option portfolio.

#### **(j) Indemnification**

Neither the Program, the Program Manager, the State nor any other person or entity, indemnifies any account owner or designated beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of the Program, the Program Manager, the State or any other person or entity acting on behalf of the Program. The Program, the Program Manager and the State have entered into contracts related to the operation and administration of the Program that contain a variety of representations and warranties that provide general indemnifications. The maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Program, the Program Manager, the State or other persons or entities acting on behalf of the Program that have not yet occurred. However, the Program, the Program Manager and the State have not experienced any prior claims or losses pursuant to these contracts, and the risk of loss is expected to be remote.

## Notes to the Combined Financial Statements *(Continued)*

### NOTE 3: INVESTMENTS

#### (a) Investments by Type

Program assets are invested in accordance with an Investment Policy developed by HSEAA, with approval by the State Investment Council, which is the entity responsible for oversight of the Division of Investment. The Investment Policy sets forth investment objectives, permitted investments, asset allocation strategies and performance monitoring requirements applicable to all education savings options offered under the Program. The overarching objective is to provide account owners with a range of investment option portfolios, allowing for diverse levels of risk tolerance, return expectations and time horizons. Permissible broad asset classes include domestic equity, non-domestic equity, fixed-income (which may include global or international fixed-income) and cash equivalents. There are no provisions of the Investment Policy that specifically address credit risk, interest rate risk or concentrations of credit risk.

At June 30, 2025, investments held in the Treasury Managed Investment Options are as follows:

Common Stock, at fair value	\$	8,843,914
ETF, at fair value		35,953,729
STIF (4.52% annualized monthly rate), at NAV		<u>48,501,157</u>
<b>Total Investments</b>	<b>\$</b>	<b><u>93,298,800</u></b>

#### (b) Investment Risk

The Treasury Managed Investment Options' investments are exposed to interest rate, market and credit risk, and it is at least reasonably possible that changes in their fair values could occur in the near term, materially affecting account owner balances and the amounts reported in the Treasury Managed Investment Options' combined financial statements.

U.S. GAAP requires that certain disclosures be made related to the Treasury Managed Investment Options' investment policy and its exposure to credit risk, interest rate risk and foreign currency risk, which are included in the paragraphs that follow.

#### Custodial Credit Risk

Custodial credit is the risk that, in the event of the failure of the counterparty, the Program will not be able to recover the value of an investment that is in the possession of an outside party. The investments in the Treasury Managed Investment Options are not exposed to custodial credit risk as they are held in a segregated trust account with the custodian in the name of the NJBEST Plan.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment in the iShares Broad USD Investment Grade Corporate Bond ETF indirectly exposes the Treasury Managed Investment Options to credit risk through its investment in debt securities. This ETF is not rated as to credit quality by a nationally recognized statistical rating organization.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment in the iShares Broad USD Investment Grade Corporate Bond ETF indirectly exposes the Treasury Managed Investment Options to interest rate risk through its investment in debt securities. Average maturity, which is a measure of interest rate risk, is the average length of time until fixed-income securities held by a fund reach maturity and will be repaid, taking into consideration the possibility that the issuer may call a bond before its maturity date. In general, the longer the average maturity, the more the ETF's share price will fluctuate in response to changes in interest rates. The weighted average maturity of the iShares Broad USD Investment Grade Corporate Bond ETF at June 30, 2025 is 9.92 years.

## Notes to the Combined Financial Statements *(Continued)*

### **NOTE 4: ADMINISTRATIVE FEES AND OTHER EXPENSES**

#### **(a) Administrative Fees**

Administrative fees consist solely of Program management fees, which are accrued daily and calculated based on the net position attributable to each investment option portfolio.

#### **(b) Other Administrative Expenses**

Expenses related to management of certain underlying investment securities reduce the amount of income available for distribution to the Treasury Managed Investment Options. These expenses are not direct expenses paid from Treasury Managed Investment Options' assets and are not reported as expenses in the accompanying combined financial statements.