



SCHOLARSHARE

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CALIFORNIA'S 529 COLLEGE SAVINGS PLAN
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SCHOLARSHARE COLLEGE SAVINGS PLAN

Annual Report

June 30, 2016

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June 30, 2016

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Independent Auditor's Report

To the Trustee of the Golden State ScholarShare College Savings Trust:

We have audited the accompanying basic financial statements of the ScholarShare College Savings Plan (the "Plan"), which comprise the Statement of Fiduciary Net Position as of June 30, 2016 and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 our 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, we consider internal control relevant to the Plan'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 Plan'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 financial statements referred to above present fairly, in all material respects, the financial position of the ScholarShare College Savings Plan, at June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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 Governmental Accounting Standards Board who considers it to be an essential part of 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Plan's basic financial statements. The accompanying supplemental information of the Statements of Fiduciary Net Position on pages 14 through 20 and Statements of Changes in Fiduciary Net Position on pages 22 through 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

September 6, 2016

**SCHOLARSHARE COLLEGE SAVINGS PLAN
MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited)**

As plan manager of the Scholarshare College Savings Plan (the “Plan”), TIAA-CREF Tuition Financing, Inc. (“TFI”) offers readers of the Plan’s financial statements this discussion and analysis of the financial performance for the year ended June 30, 2016. Readers should consider the information presented in this section in conjunction with the Plan’s financial statements and notes to financial statements. The Plan is comprised of 19 investment portfolios (the “Portfolios”) in which account owners (“Account Owners”) may invest.

Financial Highlights

During the year ended June 30, 2016, the Portfolios within the Plan posted returns as follows:

| | | | |
|---|---------|--|---------|
| <u>Active Age-Based Portfolio:</u> | | <u>Passive Age-Based Portfolio:</u> | |
| Ages 0-4 | (0.84)% | Ages 0-4 | 0.73% |
| Ages 5-8 | (0.13) | Ages 5-8 | 1.38 |
| Ages 9-10 | 0.41 | Ages 9-10 | 1.87 |
| Ages 11-12 | 0.92 | Ages 11-12 | 2.25 |
| Ages 13-14 | 1.47 | Ages 13-14 | 2.81 |
| Age 15 | 1.69 | Age 15 | 2.93 |
| Age 16 | 1.74 | Age 16 | 2.67 |
| Age 17 | 1.56 | Age 17 | 2.40 |
| Ages 18 & Over | 1.45 | Ages 18 & Over | 2.12 |
| <u>Active Multi-Fund Portfolios:</u> | | <u>Passive Multi-Fund Portfolios:</u> | |
| Active Diversified Equity Portfolio | (2.12)% | Passive Diversified Equity Portfolio | (0.25)% |
| Active Growth Portfolio | (0.07) | Passive Growth Portfolio | 1.38 |
| Active Moderate Growth Portfolio | 1.60 | Passive Moderate Growth Portfolio | 2.74 |
| Active Conservative Portfolio | 2.35 | Passive Conservative Portfolio | 2.93 |
| Active International Equity Portfolio | (9.73) | Passive Diversified Fixed Income Portfolio | 4.89 |
| Active Diversified Fixed Income Portfolio | 3.74 | Index International Equity Portfolio | (9.68) |
| <u>Single Fund Portfolios:</u> | | <u>Single Fund Portfolios:</u> | |
| | | Social Choice Portfolio | 2.02% |
| | | Index Bond Portfolio | 5.95 |
| | | Index U.S. Large Cap Equity Portfolio | 3.89 |
| | | Index U.S. Equity Portfolio | 2.13 |
| | | Principal Plus Interest Portfolio | 1.14 |

The Plan received \$226.3 million in net contributions from Account Owners during the year ended June 30, 2016.

The Plan earned \$136.0 million of investment income and incurred \$3.9 million of operating expenses during the year ended June 30, 2016.

Overview of the Financial Statements

The Plan’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

This report consists of two parts: Management’s Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are composed of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain some of the information in the financial statements and provide more detailed information.

The Statement of Fiduciary Net Position presents information on the Plan’s assets and liabilities, with the difference between the two reported as net position as of June 30, 2016. This statement, along with all of the Plan’s financial statements, is prepared using the accrual basis of accounting. Contributions are recognized when enrollment in the Plan 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 Statement of Changes in Fiduciary Net Position presents information showing how the Plan’s assets changed during the most recent fiscal period. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

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

This report presents the operating results and financial status of the Plan, which the State of California reports as a fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

Financial Analysis

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

| | <u>2016</u> | <u>2015</u> |
|---------------------------|-------------------------|-------------------------|
| Investments | \$ 6,746,012,648 | \$ 6,426,303,136 |
| Cash | 2,619 | 716 |
| Receivables | 11,950,787 | 8,545,348 |
| Total Assets | 6,757,966,054 | 6,434,849,200 |
| Payables | 12,232,346 | 8,929,410 |
| Total Liabilities | 12,232,346 | 8,929,410 |
| Total Net Position | \$ 6,745,733,708 | \$ 6,425,919,790 |

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

Investments are approximately 100% of total net position, and consist of the Portfolios, each of which invests in varying percentages in multiple TIAA-CREF Funds, and/or other third-party mutual funds, or a funding agreement (“Funding Agreement”) issued by TIAA-CREF Life Insurance Company to the Board as the policy holder on behalf of the Plan. Receivables consist of securities sold, contributions, and accrued income. Liabilities consist mainly of payables for securities purchased, withdrawals, and accrued expenses.

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

| | <u>2016</u> | <u>2015</u> |
|--|--------------------------------|--------------------------------|
| Additions: | | |
| Subscriptions | \$ 3,152,699,627 | \$ 3,017,246,557 |
| Interest and dividends from underlying funds | 135,963,526 | 126,125,179 |
| Net increase in fair value of investments | - | 37,641,548 |
| Total Additions | <u>3,288,663,153</u> | <u>3,181,013,284</u> |
| Deductions: | | |
| Redemptions | (2,926,405,843) | (2,773,266,351) |
| Plan manager fee | (3,006,007) | (2,967,272) |
| Administrative fee | (926,990) | (864,454) |
| Net decrease in fair value of investments | (38,510,395) | - |
| Total Deductions | <u>(2,968,849,235)</u> | <u>(2,777,098,077)</u> |
| Changes in Net Position | <u>319,813,918</u> | <u>403,915,207</u> |
| Net position - beginning of year | 6,425,919,790 | 6,022,004,583 |
| Net position - end of year | <u>\$ 6,745,733,708</u> | <u>\$ 6,425,919,790</u> |

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS

| | | |
|---|----|----------------------|
| Cash | \$ | 2,619 |
| Investments, at value (Cost: \$6,143,692,818) | | 6,746,012,648 |
| Dividends and interest receivable | | 8,314,761 |
| Receivable from securities transactions | | 765,927 |
| Receivable from Plan units sold | | 2,870,099 |
| TOTAL ASSETS | | <u>6,757,966,054</u> |

LIABILITIES

| | | |
|-------------------------------------|--|-------------------|
| Accrued Plan manager fee | | 209,050 |
| Accrued Administrative fee | | 80,211 |
| Payable for securities transactions | | 10,441,637 |
| Payable for Plan units redeemed | | 1,501,448 |
| TOTAL LIABILITIES | | <u>12,232,346</u> |

NET POSITION

| | | |
|--|----|----------------------|
| Held in trust for Account Owners in the Plan | \$ | <u>6,745,733,708</u> |
|--|----|----------------------|

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS

Subscriptions \$ 3,152,699,627

Investment income:

Interest 3,173,656

Dividends 132,789,870

Total investment income 135,963,526

Total additions 3,288,663,153

DEDUCTIONS

Redemptions (2,926,405,843)

Plan manager fee (3,006,007)

Administrative fee (926,990)

Net decrease in fair value of investments (38,510,395)

Total deductions (2,968,849,235)

Changes in net position 319,813,918

Net position – beginning of year 6,425,919,790

Net position – end of year \$ 6,745,733,708

SCHOLARSHARE COLLEGE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Significant Accounting Policies

The ScholarShare College Savings Plan (“Plan”) was created by the State of California to encourage individuals to save for postsecondary education. The ScholarShare Investment Board (“Board”), as trustee of the Golden State ScholarShare College Savings Trust (“Trust”), implemented and administers the Plan. The responsibilities of the Board with respect to the plan include: making and entering into contracts necessary for the administration of the Trust and the Plan, approving the investment portfolios offered in the Plan, managing and operating the Plan, and adopting regulations for the administration of the Plan. TIAA-CREF Tuition Financing, Inc. (“TFI”), a wholly owned direct subsidiary of Teachers Insurance and Annuity Association of America (“TIAA”), and the Board have entered into a management agreement (“Management Agreement”) under which TFI provides certain services to the Plan. The Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code (“Code”). The Plan is currently the only qualified tuition program offered by the Board. Investment portfolios (the “Portfolios” or individually “Portfolio”) allocations and fees, as approved by the Board, are described in the current Disclosure Booklet for the Plan.

The assets in the Principal Plus Interest Portfolio are allocated to a funding agreement (“Funding Agreement”) issued by TIAA-CREF Life Insurance Company (“TIAA Life”), which is an affiliate of TFI, to the Board, as policyholder. The Funding Agreement provides for a return of principal plus a guaranteed rate of interest and allows for the possibility that additional interest may be credited as declared periodically by TIAA Life. In addition, certain other Portfolios also invest some percentage of their allocation to a separate TIAA Life Funding Agreement.

Teachers Advisors, Inc. (“Advisors”), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds (the “Funds”). As of December 31, 2015, TIAA-CREF Individual & Institutional Services, LLC provides underwriting and distribution services to the Plan.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (“GASB”) which may require the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Plan.

Investment income: Securities transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the underlying mutual funds are recorded on the ex-dividend date. Income distributions from underlying mutual funds are included in total investment income and gain distributions are included in net increase in fair value of investments. Realized gains and losses are based upon the specific identification method.

Income tax: No provision for federal income tax has been made. The Plan is designed to constitute a qualified tuition program under Section 529 of the Code and does not expect to have any unrelated business income subject to tax.

Units: The beneficial interests for each account owner (“Account Owner”) in the Portfolios are represented by Plan units. Subscriptions and redemptions are recorded upon receipt of Account Owner’s instructions in good order, based on the next determined net position value per unit (“Unit Value”). Unit Values for each Portfolio are determined at the close of business of the New York Stock Exchange. The Unit Value for financial reporting purposes may differ from the Unit Value for processing transactions. The Unit Value for financial reporting purposes includes security and shareholder transactions through the date of the report. There are no distributions of net investment gains or net investment income to the Portfolio’s Account Owners or beneficiaries.

Subscriptions and Redemptions: Subscriptions on the Statement of Changes in Fiduciary Net Position include any contributions to the Plan made by Account Owners and any exchanges within the Plan that result in a reinvestment of assets. Redemptions on the Statement of Changes in Fiduciary Net Position include any withdrawals from the Plan made by Account Owners and any exchanges within the Plan that result in a reinvestment of assets.

Note 2 – Valuation of Investments

Certain investments are valued at fair value utilizing various valuation methods. GASB establishes a hierarchy that prioritizes market inputs to fair valuation methods. The three levels of inputs are:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit spreads, etc.)
- Level 3 – significant unobservable inputs (including the Plan’s own assumptions in determining the fair value of investments)

SCHOLARSHARE COLLEGE SAVINGS PLAN NOTES TO FINANCIAL STATEMENTS (continued)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A description of the valuation techniques applied to the Plan's major categories of investments follows:

Investments in registered investment companies: These investments are valued at their published net asset value on the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

Funding Agreement: The Funding Agreements, to which the Principal Plus Interest Portfolio, Active Age-Based Portfolio, Passive Age-Based Portfolio, Active Conservative Portfolio and Passive Conservative Portfolio allocate assets, are considered a nonparticipating interest-earning investment contract and is accounted for at cost. Because the Funding Agreements are valued at cost, they are not included in the fair value hierarchy.

As of June 30, 2016, 100% of the value of mutual fund investments in the Plan were valued based on Level 1 inputs.

Note 3 – Plan Fees

Each Portfolio (with the exception of the Principal Plus Interest Portfolio) pays the Plan manager fee at an annual rate of 0.04% of the average daily net assets held by that Portfolio. In addition, Advisors is paid investment management fees on the underlying investments in the Funds.

Prior to June 1, 2016, the Plan manager was paid an annual Plan manager fee of 0.05% of the average daily net assets of each Portfolio (with the exception of the Principal Plus Interest Portfolio).

Certain Portfolios pay to the Board a fee equal to 0.05% of the average daily net assets held by such Portfolios to pay for expenses related to the administration of the Plan.

The Principal Plus Interest Portfolio does not pay a Plan manager fee or a Board administrative fee. TIAA Life, the issuer of the funding agreement in which this Investment Portfolio invests and an affiliate of TFI, makes payments to TFI as Plan manager. TIAA Life also pays the Board a fee, equal to 0.05% of the average daily net assets held by the Principal Plus Interest Portfolio.

SCHOLARSHARE COLLEGE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 – Investments

Cash deposits: Cash deposits at June 30, 2016 were covered by federal depository insurance coverage.

Investments: As of June 30, 2016, net unrealized appreciation (depreciation) of Portfolio investments was \$602,319,830 consisting of gross unrealized appreciation of \$652,453,861 and gross unrealized depreciation of \$(50,134,031).

As of June 30, 2016, the Plan's investments consist of the following:

| | <u>Units</u> | <u>Cost</u> | <u>Value</u> |
|--|--------------|-------------------------|-------------------------|
| TIAA-CREF Funds (Institutional Class): | | | |
| Bond Index Fund | 101,444,162 | \$ 1,094,871,993 | \$ 1,131,102,399 |
| Emerging Markets Equity Index Fund | 12,210,620 | 117,140,885 | 107,087,135 |
| Equity Index Fund | 92,444,752 | 1,083,971,725 | 1,443,987,028 |
| High-Yield Fund | 15,923,298 | 156,173,868 | 148,086,668 |
| Inflation-Linked Bond Fund | 22,478,945 | 264,145,007 | 262,554,085 |
| International Equity Index Fund | 28,826,641 | 460,565,168 | 469,585,985 |
| Real Estate Securities Fund | 14,708,452 | 181,597,211 | 235,923,575 |
| S&P 500 Index Fund | 10,843,929 | 198,142,527 | 255,916,728 |
| Small-Cap Equity Fund | 4,243,196 | 68,630,258 | 66,745,471 |
| Social Choice Equity Fund | 8,018,519 | 99,486,606 | 129,659,458 |
| Non-Proprietary Funds: | | | |
| DFA Emerging Markets Core Equity Portfolio | 2,910,329 | 54,205,516 | 49,795,730 |
| DFA Large Cap International Portfolio | 11,574,228 | 228,775,982 | 217,711,222 |
| MetWest Total Return Bond Fund | 31,284,343 | 339,271,887 | 343,814,925 |
| PIMCO Income Fund | 11,947,048 | 142,857,024 | 142,050,400 |
| PIMCO Real Return Fund | 12,247,510 | 139,619,773 | 135,947,361 |
| T. Rowe Price Inst. Floating Rate Fund | 6,423,802 | 64,741,743 | 63,531,406 |
| T. Rowe Price Inst. Large-Cap Growth Fund | 10,433,130 | 242,323,070 | 282,007,499 |
| T. Rowe Price Inst. Large-Cap Value Fund | 15,162,767 | 247,193,041 | 300,526,039 |
| TIAA-CREF Life Insurance Company: | | | |
| Funding Agreements | 671,963,760 | 959,979,534 | 959,979,534 |
| | | <u>\$ 6,143,692,818</u> | <u>\$ 6,746,012,648</u> |

Note 5 – Investment Risks

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

Custodial credit risk: Custodial credit risk is the risk that in the event of a failure, the Plan deposits and investments may not be returned. An Account Owner has an investment in a Portfolio and not a direct investment in any underlying mutual fund or other investment vehicle to which funds in that Portfolio may be allocated. Because of this ownership structure, the custodial credit risk is mitigated.

Investment Policy: The Plan does not have specific investment policies which address credit, interest rate, foreign currency or custodial credit risk. The Plan's Portfolios are managed based on specific investment objectives and strategies which are disclosed in the current Plan's Disclosure Booklet.

Credit risk: The underlying mutual funds investing primarily in fixed income securities are subject to credit risk. Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The underlying mutual funds do not carry a formal credit quality rating. The underlying Funding Agreement is a guaranteed insurance product issued by TIAA Life. TIAA Life had a Standard & Poor's credit rating of AA+ at June 30, 2016.

SCHOLARSHARE COLLEGE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (concluded)

Interest rate risk: Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. At June 30, 2016, the average maturities for the underlying fixed income mutual funds are as follows:

| <u>Investment</u> | <u>Value</u> | <u>Average Maturity</u> |
|--|-----------------|-------------------------|
| TIAA-CREF Funds (Institutional Class): | | |
| Bond Index Fund | \$1,131,102,399 | 7.39 years |
| High-Yield Fund | 148,086,668 | 7.69 years |
| Inflation-Linked Bond Fund | 262,554,085 | 5.97 years |
| Non-Proprietary Funds: | | |
| MetWest Total Return Bond Fund | 343,814,925 | 6.37 years |
| PIMCO Income Fund | 142,050,400 | 4.89 years |
| PIMCO Real Return Fund | 135,947,361 | 9.58 years |
| T. Rowe Price Institutional Floating Rate Fund | 63,531,406 | 5.15 years |

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

| <u>Investment</u> | <u>Value</u> |
|--|----------------|
| TIAA-CREF Funds (Institutional Class): | |
| Emerging Markets Equity Index Fund | \$ 107,087,135 |
| International Equity Index Fund | 469,585,985 |
| Non-Proprietary Funds: | |
| DFA Emerging Markets Core Equity Portfolio | 49,795,730 |
| DFA Large Cap International Portfolio | 217,711,222 |
| PIMCO Income Fund | 142,050,400 |

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 ScholarShare College Savings Plan Direct-Sold Plan (the "Plan"). It shows financial information relating to the investment portfolios, which are included in the Plan during the year ended June 30, 2016.

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2016**

Active Age-Based Portfolio

| | Ages 0-4 | Ages 5-8 | Ages 9-10 | Ages 11-12 | Ages 13-14 | Age 15 | Age 16 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| ASSETS | | | | | | | |
| Investments, at value: | | | | | | | |
| TIAA-CREF Funds (Institutional Class): | | | | | | | |
| Real Estate Securities Fund | \$ 6,894,356 | \$ 19,746,673 | \$ 11,529,145 | \$ 7,593,832 | \$ 5,920,748 | \$ 2,180,958 | \$ 1,854,564 |
| Small-Cap Equity Fund | 6,192,831 | 16,385,909 | 9,423,286 | 6,162,286 | 4,864,056 | 1,802,848 | 1,500,823 |
| SUBTOTAL | 13,087,187 | 36,132,582 | 20,952,431 | 13,756,118 | 10,784,804 | 3,983,806 | 3,355,387 |
| Non-Proprietary Funds: | | | | | | | |
| DFA Emerging Market Core Equity Portfolio | 4,214,275 | 9,433,418 | 6,932,415 | 4,159,177 | 3,261,933 | 1,175,983 | 999,435 |
| DFA Large Cap International Portfolio | 18,041,121 | 47,217,962 | 30,505,182 | 18,701,784 | 14,623,609 | 5,403,133 | 4,514,365 |
| MetWest Total Return Bond Fund | 11,085,230 | 49,553,596 | 46,289,952 | 44,507,873 | 51,183,872 | 24,552,136 | 21,941,553 |
| PIMCO Income Fund | 3,942,885 | 19,771,773 | 18,988,163 | 18,260,765 | 21,390,199 | 10,572,183 | 9,785,233 |
| PIMCO Real Return Fund | 4,312,959 | 21,437,807 | 19,420,307 | 17,421,322 | 20,242,169 | 8,767,827 | 8,239,805 |
| T. Rowe Price Inst. Floating Rate Fund | 1,417,116 | 8,371,718 | 8,613,027 | 8,083,402 | 9,408,341 | 4,638,976 | 4,295,463 |
| T. Rowe Price Inst. Large-Cap Growth Fund | 24,338,475 | 69,043,546 | 39,917,324 | 25,260,217 | 18,762,253 | 7,670,810 | 5,426,016 |
| T. Rowe Price Inst. Large-Cap Value Fund | 26,024,008 | 76,458,431 | 43,183,676 | 27,439,822 | 20,649,977 | 7,815,383 | 6,357,593 |
| SUBTOTAL | 93,376,069 | 301,288,251 | 213,850,046 | 163,834,362 | 159,522,353 | 70,596,431 | 61,559,463 |
| TIAA-CREF Life Insurance Company: | | | | | | | |
| Funding Agreement | — | — | — | — | — | 6,974,210 | 16,011,958 |
| TOTAL INVESTMENTS | 106,463,256 | 337,420,833 | 234,802,477 | 177,590,480 | 170,307,157 | 81,554,447 | 80,926,808 |
| Cash | 14 | 37 | — | — | — | — | — |
| Dividends and interest receivable | 327,848 | 950,238 | 676,167 | 487,459 | 455,682 | 200,171 | 188,008 |
| Receivable from securities transactions | — | — | — | — | 16,632 | — | — |
| Receivable from Plan units sold | 72,201 | 107,225 | 132,199 | 82,493 | 81,059 | 11,115 | 8,570 |
| TOTAL ASSETS | 106,863,319 | 338,478,333 | 235,610,843 | 178,160,432 | 170,860,530 | 81,765,733 | 81,123,386 |
| LIABILITIES | | | | | | | |
| Accrued Plan manager fee | 3,703 | 11,432 | 7,440 | 5,765 | 5,506 | 2,624 | 2,674 |
| Accrued administrative fee | 4,629 | 14,290 | 9,300 | 7,206 | 6,883 | 3,279 | 3,342 |
| Payable for securities transactions | 397,079 | 1,056,630 | 805,575 | 534,922 | 455,682 | 211,286 | 196,578 |
| Payable for Plan units redeemed | 2,885 | 790 | 2,790 | 35,000 | 97,691 | — | — |
| TOTAL LIABILITIES | 408,296 | 1,083,142 | 825,105 | 582,893 | 565,762 | 217,189 | 202,594 |
| NET POSITION | \$ 106,455,023 | \$ 337,395,191 | \$ 234,785,738 | \$ 177,577,539 | \$ 170,294,768 | \$ 81,548,544 | \$ 80,920,792 |
| UNITS OUTSTANDING | 6,921,694 | 22,479,934 | 16,070,156 | 12,516,469 | 12,340,982 | 6,166,792 | 6,293,683 |
| NET POSITION VALUE PER UNIT | \$15.38 | \$15.01 | \$14.61 | \$14.19 | \$13.80 | \$13.22 | \$12.86 |
| INVESTMENTS AT COST | \$ 108,962,527 | \$ 310,007,555 | \$ 221,440,943 | \$ 167,676,243 | \$ 162,777,595 | \$ 79,079,907 | \$ 79,247,129 |

| | Age 17 | Ages 18 & Over | Total |
|----|-------------------|-----------------------|-------------------------|
| \$ | 1,444,504 | \$ 2,700,194 | \$ 59,864,974 |
| | 1,183,749 | 2,207,978 | 49,723,766 |
| | <u>2,628,253</u> | <u>4,908,172</u> | <u>109,588,740</u> |
| | 776,695 | 1,541,279 | 32,494,610 |
| | 3,549,239 | 6,818,240 | 149,374,635 |
| | 17,171,603 | 33,891,112 | 300,176,927 |
| | 7,253,859 | 14,273,584 | 124,238,644 |
| | 6,229,150 | 12,774,770 | 118,846,116 |
| | 3,440,017 | 6,918,357 | 55,186,417 |
| | 5,260,263 | 10,405,328 | 206,084,232 |
| | 5,003,299 | 9,432,172 | 222,364,361 |
| | <u>48,684,125</u> | <u>96,054,842</u> | <u>1,208,765,942</u> |
| | 25,604,805 | 93,378,153 | 141,969,126 |
| | <u>76,917,183</u> | <u>194,341,167</u> | <u>1,460,323,808</u> |
| | — | 275 | 326 |
| | 152,443 | 332,436 | 3,770,452 |
| | — | 12,471 | 29,103 |
| | 38,145 | 52,180 | 585,187 |
| | <u>77,107,771</u> | <u>194,738,529</u> | <u>1,464,708,876</u> |
| | 2,412 | 6,000 | 47,556 |
| | 3,015 | 7,501 | 59,445 |
| | 170,246 | 332,436 | 4,160,434 |
| | 20,342 | 54,966 | 214,464 |
| | <u>196,015</u> | <u>400,903</u> | <u>4,481,899</u> |
| \$ | <u>76,911,756</u> | <u>\$ 194,337,626</u> | <u>\$ 1,460,226,977</u> |
| | <u>6,233,425</u> | <u>16,374,999</u> | |
| | <u>\$12.34</u> | <u>\$11.87</u> | |
| \$ | <u>75,389,384</u> | <u>\$ 194,373,703</u> | <u>\$ 1,398,954,986</u> |

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2016**

Passive Age-Based Portfolio

| | Ages 0-4 | Ages 5-8 | Ages 9-10 | Ages 11-12 | Ages 13-14 | Age 15 | Age 16 |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ASSETS | | | | | | | |
| Investments, at value: | | | | | | | |
| TIAA-CREF Funds (Institutional Class): | | | | | | | |
| Bond Index Fund | \$ 12,977,393 | \$ 64,944,239 | \$ 83,161,026 | \$ 162,283,725 | \$ 247,414,398 | \$ 125,260,701 | \$ 104,631,404 |
| Emerging Markets Equity Index Fund | 3,438,616 | 10,931,840 | 5,322,424 | 8,648,633 | 10,224,820 | 4,120,606 | 3,298,262 |
| Equity Index Fund | 50,464,219 | 139,155,841 | 114,908,064 | 153,100,674 | 153,170,391 | 59,685,554 | 47,097,495 |
| High-Yield Fund | 1,469,530 | 7,192,779 | 9,816,045 | 20,698,787 | 33,338,452 | 17,481,117 | 15,360,791 |
| Inflation-Linked Bond Fund | 3,717,293 | 16,150,712 | 21,451,040 | 33,374,455 | 56,216,942 | 30,054,246 | 26,416,535 |
| International Equity Index Fund | 18,773,439 | 42,824,689 | 37,424,203 | 49,721,708 | 52,014,401 | 20,263,267 | 16,255,957 |
| Real Estate Securities Fund | 6,434,254 | 18,655,668 | 16,040,440 | 19,042,622 | 21,046,813 | 8,107,481 | 6,434,972 |
| SUBTOTAL | 97,274,744 | 299,855,768 | 288,123,242 | 446,870,604 | 573,426,217 | 264,972,972 | 219,495,416 |
| TIAA-CREF Life Insurance Company: | | | | | | | |
| Funding Agreement | — | — | — | — | — | 25,200,449 | 53,257,429 |
| TOTAL INVESTMENTS | 97,274,744 | 299,855,768 | 288,123,242 | 446,870,604 | 573,426,217 | 290,173,421 | 272,752,845 |
| Cash | 16 | — | — | — | 2,000 | 100 | 25 |
| Dividends and interest receivable | 33,480 | 163,269 | 211,515 | 418,178 | 630,038 | 345,717 | 312,065 |
| Receivable from securities transactions | — | — | — | — | — | — | — |
| Receivable from Plan units sold | 105,665 | 242,421 | 182,426 | 73,009 | 171,607 | 129,985 | 16,195 |
| TOTAL ASSETS | 97,413,905 | 300,261,458 | 288,517,183 | 447,361,791 | 574,229,862 | 290,649,223 | 273,081,130 |
| LIABILITIES | | | | | | | |
| Accrued Plan manager fee | 3,346 | 10,143 | 9,720 | 14,991 | 18,707 | 9,503 | 8,658 |
| Payable for securities transactions | 139,162 | 391,214 | 384,781 | 489,405 | 775,052 | 475,502 | 327,052 |
| Payable for Plan units redeemed | — | 14,376 | 9,160 | 1,782 | 28,593 | 300 | 1,233 |
| TOTAL LIABILITIES | 142,508 | 415,733 | 403,661 | 506,178 | 822,352 | 485,305 | 336,943 |
| NET POSITION | \$ 97,271,397 | \$ 299,845,725 | \$ 288,113,522 | \$ 446,855,613 | \$ 573,407,510 | \$ 290,163,918 | \$ 272,744,187 |
| UNITS OUTSTANDING | 6,420,542 | 20,427,319 | 20,311,726 | 32,749,974 | 43,502,295 | 22,959,361 | 22,187,177 |
| NET POSITION VALUE PER UNIT | \$15.15 | \$14.68 | \$14.18 | \$13.64 | \$13.18 | \$12.64 | \$12.29 |
| INVESTMENTS AT COST | \$ 96,233,310 | \$ 265,981,131 | \$ 251,777,747 | \$ 392,481,274 | \$ 518,434,262 | \$ 270,080,557 | \$ 257,243,402 |

| <u>Age 17</u> | <u>Ages 18 & Over</u> | <u>Total</u> |
|-----------------------|-------------------------------|-------------------------|
| \$ 78,626,681 | \$ 158,056,501 | \$ 1,037,356,068 |
| 2,448,499 | 4,884,044 | 53,317,744 |
| 37,308,521 | 72,124,073 | 827,014,832 |
| 11,686,023 | 24,067,725 | 141,111,249 |
| 20,008,810 | 41,699,987 | 249,090,020 |
| 12,086,368 | 23,989,618 | 273,353,650 |
| 4,825,593 | 9,520,801 | 110,108,644 |
| <u>166,990,495</u> | <u>334,342,749</u> | <u>2,691,352,207</u> |
| 80,807,260 | 310,555,130 | 469,820,268 |
| <u>247,797,755</u> | <u>644,897,879</u> | <u>3,161,172,475</u> |
| — | 100 | 2,241 |
| 274,666 | 652,953 | 3,041,881 |
| — | 387,754 | 387,754 |
| 38,001 | 88,969 | 1,048,278 |
| <u>248,110,422</u> | <u>646,027,655</u> | <u>3,165,652,629</u> |
| 7,990 | 19,757 | 102,815 |
| 293,867 | 652,953 | 3,928,988 |
| 18,800 | 476,823 | 551,067 |
| <u>320,657</u> | <u>1,149,533</u> | <u>4,582,870</u> |
| <u>\$ 247,789,765</u> | <u>\$ 644,878,122</u> | <u>\$ 3,161,069,759</u> |
| <u>20,755,062</u> | <u>55,737,407</u> | |
| <u>\$11.94</u> | <u>\$11.57</u> | |
| <u>\$ 236,058,110</u> | <u>\$ 636,397,579</u> | <u>\$ 2,924,687,372</u> |

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2016**

Active Multi-Fund Investment Portfolios

| | Active Diversified Equity Portfolio | Active Growth Portfolio | Active Moderate Growth Portfolio | Active Conservative Portfolio | Active International Equity Portfolio | Active Diversified Fixed Income Portfolio | Total |
|---|--|--|---|--|--|--|-----------------------|
| ASSETS | | | | | | | |
| Investments, at value: | | | | | | | |
| TIAA-CREF Funds (Institutional Class): | | | | | | | |
| Real Estate Securities Fund | \$ 13,451,547 | \$ 6,266,846 | \$ 1,208,393 | \$ — | \$ — | \$ — | \$ 20,926,786 |
| Small-Cap Equity Fund | 10,960,372 | 5,084,283 | 977,050 | — | — | — | 17,021,705 |
| SUBTOTAL | 24,411,919 | 11,351,129 | 2,185,443 | — | — | — | 37,948,491 |
| Non-Proprietary Funds: | | | | | | | |
| DFA Emerging Market Core Equity Portfolio | 9,790,195 | 3,469,209 | 719,563 | — | 3,322,153 | — | 17,301,120 |
| DFA Large Cap International Portfolio | 36,319,846 | 15,783,541 | 3,078,796 | — | 13,154,404 | — | 68,336,587 |
| MetWest Total Return Bond Fund | — | 16,047,054 | 10,903,958 | 8,222,446 | — | 8,464,540 | 43,637,998 |
| PIMCO Income Fund | — | 6,483,360 | 4,414,783 | 3,434,002 | — | 3,479,611 | 17,811,756 |
| PIMCO Real Return Fund | — | 6,799,742 | 4,035,396 | 2,976,773 | — | 3,289,334 | 17,101,245 |
| T. Rowe Price Inst. Floating Rate Fund | — | 2,880,143 | 2,054,780 | 1,707,639 | — | 1,702,427 | 8,344,989 |
| T. Rowe Price Inst. Large-Cap Growth Fund | 50,096,411 | 21,902,039 | 3,924,817 | — | — | — | 75,923,267 |
| T. Rowe Price Inst. Large-Cap Value Fund | 49,495,770 | 24,001,269 | 4,664,639 | — | — | — | 78,161,678 |
| SUBTOTAL | 145,702,222 | 97,366,357 | 33,796,732 | 16,340,860 | 16,476,557 | 16,935,912 | 326,618,640 |
| TIAA-CREF Life Insurance Company: | | | | | | | |
| Funding Agreement | — | — | — | 15,563,787 | — | — | 15,563,787 |
| TOTAL INVESTMENTS | 170,114,141 | 108,717,486 | 35,982,175 | 31,904,647 | 16,476,557 | 16,935,912 | 380,130,918 |
| Dividends and interest receivable | 574,035 | 315,070 | 96,237 | 51,489 | 206,702 | 38,215 | 1,281,748 |
| Receivable from securities transactions | — | — | — | 10,649 | — | — | 10,649 |
| Receivable from Plan units sold | 152,211 | 23,669 | 7,057 | 42,641 | — | — | 225,578 |
| TOTAL ASSETS | 170,840,387 | 109,056,225 | 36,085,469 | 32,009,426 | 16,683,259 | 16,974,127 | 381,648,893 |
| LIABILITIES | | | | | | | |
| Accrued Plan manager fee | 5,568 | 3,530 | 1,169 | 1,042 | 537 | 549 | 12,395 |
| Accrued administrative fee | 6,961 | 4,412 | 1,461 | 1,302 | 672 | 687 | 15,495 |
| Payable for securities transactions | 725,623 | 336,905 | 103,292 | 51,489 | 206,699 | 38,215 | 1,462,223 |
| Payable for Plan units redeemed | 623 | 1,958 | — | 53,290 | — | — | 55,871 |
| TOTAL LIABILITIES | 738,775 | 346,805 | 105,922 | 107,123 | 207,908 | 39,451 | 1,545,984 |
| NET POSITION | \$ 170,101,612 | \$ 108,709,420 | \$ 35,979,547 | \$ 31,902,303 | \$ 16,475,351 | \$ 16,934,676 | \$ 380,102,909 |
| UNITS OUTSTANDING | 10,533,123 | 7,241,929 | 2,578,105 | 2,817,793 | 1,355,455 | 1,385,257 | |
| NET POSITION VALUE PER UNIT | \$16.15 | \$15.01 | \$13.96 | \$11.32 | \$12.15 | \$12.22 | |
| INVESTMENTS AT COST | \$ 147,921,874 | \$ 100,351,704 | \$ 35,745,085 | \$ 31,997,982 | \$ 18,058,138 | \$ 17,114,889 | \$ 351,189,672 |

Passive Multi-Fund Investment Portfolios

| | Passive Diversified Equity Portfolio | Passive Growth Portfolio | Passive Moderate Growth Portfolio | Passive Conservative Portfolio | Passive Diversified Fixed Income Portfolio | Index International Equity Portfolio | Total |
|---|--|--------------------------------|--|--------------------------------------|---|--|----------------|
| ASSETS | | | | | | | |
| Investments, at value: | | | | | | | |
| TIAA-CREF Funds (Institutional Class): | | | | | | | |
| Bond Index Fund | \$ — | \$ 18,372,046 | \$ 12,199,775 | \$ 11,181,159 | \$ 7,832,569 | \$ — | \$ 49,585,549 |
| Emerging Markets Equity Index Fund | 31,426,762 | 2,559,001 | 580,289 | — | — | 19,203,339 | 53,769,391 |
| Equity Index Fund | 327,360,831 | 38,785,190 | 7,959,784 | — | — | — | 374,105,805 |
| High-Yield Fund | — | 2,301,837 | 1,706,274 | 1,810,868 | 1,156,440 | — | 6,975,419 |
| Inflation-Linked Bond Fund | — | 5,247,196 | 3,228,993 | 2,872,140 | 2,115,736 | — | 13,464,065 |
| International Equity Index Fund | 111,383,481 | 12,431,991 | 2,547,517 | — | — | 69,869,346 | 196,232,335 |
| Real Estate Securities Fund | 39,114,126 | 4,932,571 | 976,474 | — | — | — | 45,023,171 |
| SUBTOTAL | 509,285,200 | 84,629,832 | 29,199,106 | 15,864,167 | 11,104,745 | 89,072,685 | 739,155,735 |
| TIAA-CREF Life Insurance Company: | | | | | | | |
| Funding Agreement | — | — | — | 14,663,316 | — | — | 14,663,316 |
| TOTAL INVESTMENTS | 509,285,200 | 84,629,832 | 29,199,106 | 30,527,483 | 11,104,745 | 89,072,685 | 753,819,051 |
| Cash | — | — | 40 | — | — | — | 40 |
| Dividends and interest receivable | — | 45,451 | 31,112 | 43,361 | 19,450 | — | 139,374 |
| Receivable from securities transactions | — | — | — | 300,872 | — | — | 300,872 |
| Receivable from Plan units sold | 96,993 | 8,810 | 4,859 | 6,997 | 117,916 | 49,702 | 285,277 |
| TOTAL ASSETS | 509,382,193 | 84,684,093 | 29,235,117 | 30,878,713 | 11,242,111 | 89,122,387 | 754,544,614 |
| LIABILITIES | | | | | | | |
| Accrued Plan manager fee | 16,572 | 2,731 | 944 | 1,004 | 344 | 2,911 | 24,506 |
| Payable for securities transactions | 36,969 | 49,060 | 36,011 | 43,361 | 137,366 | 23,033 | 325,800 |
| Payable for Plan units redeemed | 59,774 | 5,202 | — | 307,869 | — | 26,669 | 399,514 |
| TOTAL LIABILITIES | 113,315 | 56,993 | 36,955 | 352,234 | 137,710 | 52,613 | 749,820 |
| NET POSITION | \$ 509,268,878 | \$ 84,627,100 | \$ 29,198,162 | \$ 30,526,479 | \$ 11,104,401 | \$ 89,069,774 | \$ 753,794,794 |
| UNITS OUTSTANDING | 31,450,665 | 5,764,697 | 2,222,043 | 2,806,087 | 977,762 | 7,397,023 | |
| NET POSITION VALUE PER UNIT | \$16.19 | \$14.68 | \$13.14 | \$10.88 | \$11.36 | \$12.04 | |
| INVESTMENTS AT COST | \$ 383,808,959 | \$ 75,700,569 | \$ 28,461,590 | \$ 30,333,563 | \$ 10,927,927 | \$ 89,091,536 | \$ 618,324,144 |

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2016**

Single Fund Investment Portfolios

| | Social Choice Portfolio | Index Bond Portfolio | Index U.S. Large Cap Equity Portfolio | Index U.S. Equity Portfolio | Principal Plus Interest Portfolio | Total |
|---|------------------------------------|---------------------------------|--|--|--|-----------------------|
| ASSETS | | | | | | |
| Investments, at value: | | | | | | |
| TIAA-CREF Funds (Institutional Class): | | | | | | |
| Bond Index Fund | \$ — | \$ 44,160,782 | \$ — | \$ — | \$ — | \$ 44,160,782 |
| Equity Index Fund | — | — | — | 242,866,391 | — | 242,866,391 |
| S&P 500 Index Fund | — | — | 255,916,728 | — | — | 255,916,728 |
| Social Choice Equity Fund | 129,659,458 | — | — | — | — | 129,659,458 |
| SUBTOTAL | 129,659,458 | 44,160,782 | 255,916,728 | 242,866,391 | — | 672,603,359 |
| TIAA-CREF Life Insurance Company: | | | | | | |
| Funding Agreement | — | — | — | — | 317,963,037 | 317,963,037 |
| TOTAL INVESTMENTS | 129,659,458 | 44,160,782 | 255,916,728 | 242,866,391 | 317,963,037 | 990,566,396 |
| Cash | 6 | 6 | — | — | — | 12 |
| Dividends and interest receivable | — | 81,306 | — | — | — | 81,306 |
| Receivable from securities transactions | — | 14,722 | 22,827 | — | — | 37,549 |
| Receivable from Plan units sold | 61,771 | 10,767 | 31,932 | 203,190 | 418,119 | 725,779 |
| TOTAL ASSETS | 129,721,235 | 44,267,583 | 255,971,487 | 243,069,581 | 318,381,156 | 991,411,042 |
| LIABILITIES | | | | | | |
| Accrued Plan manager fee | 4,217 | 1,424 | 8,276 | 7,861 | — | 21,778 |
| Accrued administrative fee | 5,271 | — | — | — | — | 5,271 |
| Payable for securities transactions | 46,242 | 81,305 | — | 172,300 | 264,345 | 564,192 |
| Payable for Plan units redeemed | 15,515 | 25,600 | 54,753 | 30,890 | 153,774 | 280,532 |
| TOTAL LIABILITIES | 71,245 | 108,329 | 63,029 | 211,051 | 418,119 | 871,773 |
| NET POSITION | \$ 129,649,990 | \$ 44,159,254 | \$ 255,908,458 | \$ 242,858,530 | \$ 317,963,037 | \$ 990,539,269 |
| UNITS OUTSTANDING | 7,552,280 | 3,872,482 | 13,904,077 | 13,352,767 | 29,947,263 | |
| NET POSITION VALUE PER UNIT | \$17.17 | \$11.40 | \$18.41 | \$18.19 | \$10.62 | |
| INVESTMENTS AT COST | \$ 99,486,606 | \$ 42,858,976 | \$ 198,142,526 | \$ 192,085,499 | \$ 317,963,037 | \$ 850,536,644 |

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**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Active Age-Based Portfolio

| | Ages 0-4 | Ages 5-8 | Ages 9-10 | Ages 11-12 | Ages 13-14 | Age 15 | Age 16 |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| ADDITIONS | | | | | | | |
| Subscriptions | \$ 45,554,593 | \$ 101,931,081 | \$ 147,167,964 | \$ 104,322,381 | \$ 102,925,432 | \$ 85,700,306 | \$ 84,671,920 |
| Increase from investment operations: | | | | | | | |
| Dividends from underlying funds | 2,268,210 | 7,572,142 | 4,633,107 | 4,082,637 | 4,115,757 | 2,000,948 | 1,891,665 |
| Realized gain distributions from underlying funds | 3,111,563 | 8,818,591 | 4,091,582 | 3,053,799 | 2,487,200 | 1,049,749 | 817,909 |
| Net realized gain on investments in underlying fund shares | 2,832,627 | 12,022,263 | 1,406,018 | 434,019 | 269,304 | — | 205,314 |
| Net increase from investment operations | 8,212,400 | 28,412,996 | 10,130,707 | 7,570,455 | 6,872,261 | 3,050,697 | 2,914,888 |
| TOTAL ADDITIONS | \$ 53,766,993 | \$ 130,344,077 | \$ 157,298,671 | \$ 111,892,836 | \$ 109,797,693 | \$ 88,751,003 | \$ 87,586,808 |
| DEDUCTIONS | | | | | | | |
| Redemptions | \$ 55,151,074 | \$ 132,988,365 | \$ 89,122,567 | \$ 86,912,110 | \$ 82,283,246 | \$ 78,952,349 | \$ 76,517,813 |
| Expenses: | | | | | | | |
| Plan manager fee | 55,595 | 173,754 | 96,912 | 80,692 | 75,952 | 37,364 | 37,351 |
| Administrative fee | 56,520 | 176,612 | 98,772 | 82,133 | 77,329 | 38,019 | 38,020 |
| Total expenses | 112,115 | 350,366 | 195,684 | 162,825 | 153,281 | 75,383 | 75,371 |
| Net unrealized depreciation on underlying fund shares | 9,137,861 | 29,023,991 | 7,892,998 | 5,499,989 | 4,043,138 | 1,368,150 | 1,387,997 |
| Net realized loss on investments in underlying fund shares | — | — | — | — | — | 190,962 | — |
| TOTAL DEDUCTIONS | \$ 64,401,050 | \$ 162,362,722 | \$ 97,211,249 | \$ 92,574,924 | \$ 86,479,665 | \$ 80,586,844 | \$ 77,981,181 |
| NET POSITION | | | | | | | |
| Net increase (decrease) in fiduciary net position | (10,634,057) | (32,018,645) | 60,087,422 | 19,317,912 | 23,318,028 | 8,164,159 | 9,605,627 |
| Beginning of year | 117,089,080 | 369,413,836 | 174,698,316 | 158,259,627 | 146,976,740 | 73,384,385 | 71,315,165 |
| End of year | \$ 106,455,023 | \$ 337,395,191 | \$ 234,785,738 | \$ 177,577,539 | \$ 170,294,768 | \$ 81,548,544 | \$ 80,920,792 |

| Age 17 | Ages 18 & Over | Total |
|----------------------|-------------------------------|-------------------------|
| \$ 82,269,904 | \$ 87,651,087 | \$ 842,194,668 |
| 1,512,462 | 3,230,104 | 31,307,032 |
| 677,983 | 1,198,994 | 25,307,370 |
| 158,652 | 369,404 | 17,697,601 |
| 2,349,097 | 4,798,502 | 74,312,003 |
| <u>\$ 84,619,001</u> | <u>\$ 92,449,589</u> | <u>\$ 916,506,671</u> |
| | | |
| \$ 75,566,109 | \$ 61,804,607 | \$ 739,298,240 |
| 33,892 | 81,808 | 673,320 |
| 34,495 | 83,309 | 685,209 |
| 68,387 | 165,117 | 1,358,529 |
| 1,187,496 | 2,030,586 | 61,572,206 |
| — | — | 190,962 |
| <u>\$ 76,821,992</u> | <u>\$ 64,000,310</u> | <u>\$ 802,419,937</u> |
| | | |
| 7,797,009 | 28,449,279 | 114,086,734 |
| 69,114,747 | 165,888,347 | 1,346,140,243 |
| <u>\$ 76,911,756</u> | <u>\$ 194,337,626</u> | <u>\$ 1,460,226,977</u> |

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Passive Age-Based Portfolio

| | Ages 0-4 | Ages 5-8 | Ages 9-10 | Ages 11-12 | Ages 13-14 | Age 15 | Age 16 |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ADDITIONS | | | | | | | |
| Subscriptions | \$ 40,620,158 | \$ 89,116,633 | \$ 148,681,217 | \$ 227,286,867 | \$ 310,595,889 | \$ 293,605,794 | \$ 276,948,909 |
| Increase from investment operations: | | | | | | | |
| Dividends from underlying funds | 2,276,362 | 7,242,701 | 7,036,092 | 10,970,523 | 12,610,998 | 5,918,394 | 5,009,731 |
| Realized gain distributions from underlying funds | 943,507 | 2,713,731 | 2,333,225 | 3,069,184 | 2,943,149 | 1,142,066 | 873,460 |
| Net unrealized appreciation on underlying fund shares | — | — | — | — | — | 1,073,887 | 1,108,684 |
| Net realized gain on investments in underlying fund shares | 3,598,493 | 14,427,892 | 11,965,920 | 11,416,101 | 1,036,422 | 515,271 | 193,724 |
| Net increase from investment operations | 6,818,362 | 24,384,324 | 21,335,237 | 25,455,808 | 16,590,569 | 8,649,618 | 7,185,599 |
| TOTAL ADDITIONS | \$ 47,438,520 | \$ 113,500,957 | \$ 170,016,454 | \$ 252,742,675 | \$ 327,186,458 | \$ 302,255,412 | \$ 284,134,508 |
| DEDUCTIONS | | | | | | | |
| Redemptions | \$ 47,736,927 | \$ 128,683,383 | \$ 198,486,144 | \$ 284,740,717 | \$ 289,235,864 | \$ 267,925,636 | \$ 247,427,547 |
| Expenses: | | | | | | | |
| Plan manager fee | 49,035 | 155,164 | 151,345 | 231,605 | 267,632 | 132,722 | 119,891 |
| Total expenses | 49,035 | 155,164 | 151,345 | 231,605 | 267,632 | 132,722 | 119,891 |
| Net unrealized depreciation on underlying fund shares | 6,061,979 | 20,662,578 | 16,339,913 | 15,604,094 | 529,029 | — | — |
| TOTAL DEDUCTIONS | \$ 53,847,941 | \$ 149,501,125 | \$ 214,977,402 | \$ 300,576,416 | \$ 290,032,525 | \$ 268,058,358 | \$ 247,547,438 |
| NET POSITION | | | | | | | |
| Net increase (decrease) in fiduciary net position | (6,409,421) | (36,000,168) | (44,960,948) | (47,833,741) | 37,153,933 | 34,197,054 | 36,587,070 |
| Beginning of year | 103,680,818 | 335,845,893 | 333,074,470 | 494,689,354 | 536,253,577 | 255,966,864 | 236,157,117 |
| End of year | \$ 97,271,397 | \$ 299,845,725 | \$ 288,113,522 | \$ 446,855,613 | \$ 573,407,510 | \$ 290,163,918 | \$ 272,744,187 |

| Age 17 | Ages 18 & Over | Total |
|----------------|----------------|-----------------|
| \$ 255,877,857 | \$ 251,412,788 | \$1,894,146,112 |
| 4,256,979 | 9,466,693 | 64,788,473 |
| 686,319 | 1,277,613 | 15,982,254 |
| 591,474 | — | 2,774,045 |
| 591,595 | 3,173,351 | 46,918,769 |
| 6,126,367 | 13,917,657 | 130,463,541 |
| \$ 262,004,224 | \$ 265,330,445 | \$2,024,609,653 |

\$ 227,296,780 \$ 196,252,586 \$1,887,785,584

| | | |
|----------------|----------------|-----------------|
| 110,954 | 275,818 | 1,494,166 |
| 110,954 | 275,818 | 1,494,166 |
| — | 1,302,894 | 60,500,487 |
| \$ 227,407,734 | \$ 197,831,298 | \$1,949,780,237 |

| | | |
|----------------|----------------|-----------------|
| 34,596,490 | 67,499,147 | 74,829,416 |
| 213,193,275 | 577,378,975 | 3,086,240,343 |
| \$ 247,789,765 | \$ 644,878,122 | \$3,161,069,759 |

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Active Multi-Fund Investment Portfolios

| | Active Diversified Equity Portfolio | Active Growth Portfolio | Active Moderate Growth Portfolio | Active Conservative Portfolio | Active International Equity Portfolio | Active Diversified Fixed Income Portfolio | Total |
|--|--|--|---|--|--|--|----------------------|
| ADDITIONS | | | | | | | |
| Subscriptions | \$ 27,704,972 | \$ 23,483,380 | \$ 9,792,692 | \$ 8,467,060 | \$ 4,148,970 | \$4,136,790 | \$ 77,733,864 |
| Increase from investment operations: | | | | | | | |
| Dividends from underlying funds | 2,867,119 | 2,179,559 | 872,845 | 653,539 | 476,822 | 520,496 | 7,570,380 |
| Realized gain distributions from underlying funds | 5,162,134 | 2,406,429 | 526,631 | 83,319 | — | 88,310 | 8,266,823 |
| Net unrealized appreciation on underlying fund shares | — | — | — | 174,649 | — | 176,467 | 351,116 |
| Net realized gain on investments in underlying fund shares | 2,050,895 | 1,001,590 | 376,667 | — | — | — | 3,429,152 |
| Net increase from investment operations | 10,080,148 | 5,587,578 | 1,776,143 | 911,507 | 476,822 | 785,273 | 19,617,471 |
| TOTAL ADDITIONS | \$ 37,785,120 | \$ 29,070,958 | \$ 11,568,835 | \$ 9,378,567 | \$ 4,625,792 | \$4,922,063 | \$ 97,351,335 |
| DEDUCTIONS | | | | | | | |
| Redemptions | \$ 21,895,804 | \$ 12,477,153 | \$ 5,631,607 | \$ 5,409,635 | \$ 2,549,587 | \$3,422,890 | \$ 51,386,676 |
| Expenses: | | | | | | | |
| Plan manager fee | 81,032 | 49,316 | 16,072 | 14,574 | 7,771 | 7,807 | 176,572 |
| Administrative fee | 82,424 | 50,198 | 16,364 | 14,835 | 7,905 | 7,945 | 179,671 |
| Total expenses | 163,456 | 99,514 | 32,436 | 29,409 | 15,676 | 15,752 | 356,243 |
| Net unrealized depreciation on underlying fund shares | 13,500,650 | 5,221,740 | 1,134,493 | — | 2,063,319 | — | 21,920,202 |
| Net realized loss on investments in underlying fund shares | — | — | — | 154,027 | 4,585 | 158,677 | 317,289 |
| TOTAL DEDUCTIONS | \$ 35,559,910 | \$ 17,798,407 | \$ 6,798,536 | \$ 5,593,071 | \$ 4,633,167 | \$3,597,319 | \$ 73,980,410 |
| NET POSITION | | | | | | | |
| Net increase (decrease) in fiduciary net position | 2,225,210 | 11,272,551 | 4,770,299 | 3,785,496 | (7,375) | 1,324,744 | 23,370,925 |
| Beginning of year | 167,876,402 | 97,436,869 | 31,209,248 | 28,116,807 | 16,482,726 | 15,609,932 | 356,731,984 |
| End of year | \$ 170,101,612 | \$ 108,709,420 | \$ 35,979,547 | \$ 31,902,303 | \$ 16,475,351 | \$16,934,676 | \$ 380,102,909 |

Passive Multi-Fund Investment Portfolios

| | Passive Diversified Equity Portfolio | Passive Growth Portfolio | Passive Moderate Growth Portfolio | Passive Conservative Portfolio | Passive Diversified Fixed Income Portfolio | Index International Equity Portfolio | Total |
|--|--|--------------------------------|--|--------------------------------------|---|--|----------------|
| ADDITIONS | | | | | | | |
| Subscriptions | \$ 43,856,969 | \$ 17,566,698 | \$ 9,163,543 | \$ 7,639,719 | \$ 4,977,571 | \$ 14,232,388 | \$ 97,436,888 |
| Increase from investment operations: | | | | | | | |
| Dividends from underlying funds | 11,354,341 | 1,747,726 | 567,801 | 501,813 | 198,239 | 2,552,378 | 16,922,298 |
| Realized gain distributions from underlying funds | 5,536,412 | 638,588 | 131,151 | 16,150 | 9,050 | — | 6,331,351 |
| Net unrealized appreciation on underlying fund shares | — | — | — | 375,687 | 293,519 | — | 669,206 |
| Net realized gain on investments in underlying fund shares | 12,035,380 | 712,333 | 181,415 | — | — | 942,641 | 13,871,769 |
| Net increase from investment operations | 28,926,133 | 3,098,647 | 880,367 | 893,650 | 500,808 | 3,495,019 | 37,794,624 |
| TOTAL ADDITIONS | \$ 72,783,102 | \$ 20,665,345 | \$ 10,043,910 | \$ 8,533,369 | \$ 5,478,379 | \$ 17,727,407 | \$ 135,231,512 |
| DEDUCTIONS | | | | | | | |
| Redemptions | \$ 63,344,200 | \$ 10,494,542 | \$ 5,026,766 | \$ 7,019,979 | \$ 1,896,934 | \$ 12,720,335 | \$ 100,502,756 |
| Expenses: | | | | | | | |
| Plan manager fee | 245,922 | 38,125 | 12,305 | 14,332 | 4,197 | 44,249 | 359,130 |
| Total expenses | 245,922 | 38,125 | 12,305 | 14,332 | 4,197 | 44,249 | 359,130 |
| Net unrealized depreciation on underlying fund shares | 30,026,975 | 1,698,415 | 108,151 | — | — | 12,869,804 | 44,703,345 |
| Net realized loss on investments in underlying fund shares | — | — | — | 12,837 | 50,572 | — | 63,409 |
| TOTAL DEDUCTIONS | \$ 93,617,097 | \$ 12,231,082 | \$ 5,147,222 | \$ 7,047,148 | \$ 1,951,703 | \$ 25,634,388 | \$ 145,628,640 |
| NET POSITION | | | | | | | |
| Net increase (decrease) in fiduciary net position | (20,833,995) | 8,434,263 | 4,896,688 | 1,486,221 | 3,526,676 | (7,906,981) | (10,397,128) |
| Beginning of year | 530,102,873 | 76,192,837 | 24,301,474 | 29,040,258 | 7,577,725 | 96,976,755 | 764,191,922 |
| End of year | \$ 509,268,878 | \$ 84,627,100 | \$ 29,198,162 | \$ 30,526,479 | \$ 11,104,401 | \$ 89,069,774 | \$ 753,794,794 |

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Single Fund Investment Portfolios

| | Social Choice Portfolio | Index Bond Portfolio | Index U.S. Large Cap Equity Portfolio | Index U.S. Equity Portfolio | Principal Plus Interest Portfolio | Total |
|--|------------------------------------|---------------------------------|--|--|--|-----------------------|
| ADDITIONS | | | | | | |
| Subscriptions | \$ 12,407,785 | \$ 11,352,418 | \$ 58,733,567 | \$ 55,404,347 | \$ 103,289,978 | \$ 241,188,095 |
| Increase from investment operations: | | | | | | |
| Interest | — | — | — | — | 3,173,656 | 3,173,656 |
| Dividends from underlying funds | 2,256,089 | 920,220 | 4,525,705 | 4,499,673 | — | 12,201,687 |
| Realized gain distributions from underlying funds | 4,112,054 | 61,414 | 1,433,987 | 2,753,607 | — | 8,361,062 |
| Net unrealized appreciation on underlying fund shares | — | 1,359,551 | 2,377,679 | — | — | 3,737,230 |
| Net realized gain on investments in underlying fund shares | 2,361,710 | 43,030 | 1,911,010 | 2,686,834 | — | 7,002,584 |
| Net increase from investment operations | 8,729,853 | 2,384,215 | 10,248,381 | 9,940,114 | 3,173,656 | 34,476,219 |
| TOTAL ADDITIONS | \$ 21,137,638 | \$ 13,736,633 | \$ 68,981,948 | \$ 65,344,461 | \$ 106,463,634 | \$ 275,664,314 |
| DEDUCTIONS | | | | | | |
| Redemptions | \$ 14,355,350 | \$ 8,143,734 | \$ 28,049,731 | \$ 31,945,677 | \$ 64,938,095 | \$ 147,432,587 |
| Expenses: | | | | | | |
| Plan manager fee | 61,056 | 19,663 | 112,343 | 109,757 | — | 302,819 |
| Administrative fee | 62,110 | — | — | — | — | 62,110 |
| Total expenses | 123,166 | 19,663 | 112,343 | 109,757 | — | 364,929 |
| Net unrealized depreciation on underlying fund shares | 5,950,818 | — | — | 3,992,009 | — | 9,942,827 |
| TOTAL DEDUCTIONS | \$ 20,429,334 | \$ 8,163,397 | \$ 28,162,074 | \$ 36,047,443 | \$ 64,938,095 | \$ 157,740,343 |
| NET POSITION | | | | | | |
| Net increase in fiduciary net position | 708,304 | 5,573,236 | 40,819,874 | 29,297,018 | 41,525,539 | 117,923,971 |
| Beginning of year | 128,941,686 | 38,586,018 | 215,088,584 | 213,561,512 | 276,437,498 | 872,615,298 |
| End of year | \$ 129,649,990 | \$ 44,159,254 | \$ 255,908,458 | \$ 242,858,530 | \$ 317,963,037 | \$ 990,539,269 |



Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Trustee of the Golden State ScholarShare College Savings Trust:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the ScholarShare College Savings Plan (the “Plan”), which comprise the Statement of Fiduciary Net Position as of June 30, 2016, and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 6, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

September 6, 2016