



SCHOLARSHARE COLLEGE SAVINGS PLAN

Annual Report

June 30, 2018

**SCHOLARSHARE COLLEGE SAVINGS PLAN
INDEX**

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Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the ScholarShare College Savings Plan (the "Plan"), which comprise the statement of fiduciary net position as of June 30, 2018 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditors' 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, as of June 30, 2018, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

The accompanying management's discussion and analysis on pages 4 through 5 are required by accounting principles generally accepted in the United States of America 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 collectively 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 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. The 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 August 30, 2018 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

August 30, 2018

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, 2018. 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, 2018, the Portfolios within the Plan posted returns as follows:

<u>Active Age-Based Portfolio:</u>		<u>Passive Age-Based Portfolio:</u>	
Ages 0-4	11.91%	Ages 0-4	9.64%
Ages 5-8	10.54	Ages 5-8	8.52
Ages 9-10	9.12	Ages 9-10	7.32
Ages 11-12	7.86	Ages 11-12	6.05
Ages 13-14	6.51	Ages 13-14	4.80
Age 15	5.43	Age 15	3.88
Age 16	4.79	Age 16	3.48
Age 17	3.96	Age 17	3.13
Ages 18 & Over	3.29	Ages 18 & Over	2.58
 <u>Active Multi-Fund Portfolios:</u>		 <u>Passive Multi-Fund Portfolios:</u>	
Active Diversified Equity Portfolio	14.25%	Passive Diversified Equity Portfolio	11.90%
Active Growth Portfolio	10.40	Passive Growth Portfolio	8.41
Active Moderate Growth Portfolio	6.76	Passive Moderate Growth Portfolio	4.88
Active Conservative Portfolio	1.21	Passive Conservative Portfolio	0.64
Active International Equity Portfolio	6.84	Passive Diversified Fixed Income Portfolio	0.00
Active Diversified Fixed Income Portfolio	1.11	Index International Equity Portfolio	7.09
		 <u>Single Fund Portfolios:</u>	
		Social Choice Portfolio	13.54%
		Index Bond Portfolio	(0.71)
		Index U.S. Large Cap Equity Portfolio	14.25
		Index U.S. Equity Portfolio	14.72
		Principal Plus Interest Portfolio	1.40

The Plan received \$312.2 million in net subscriptions from Account Owners during the year ended June 30, 2018.

The Plan earned \$170.7 million of investment income, incurred \$3.6 million of operating expenses and had a net increase in fair value of investments of \$386.6 million during the year ended June 30, 2018.

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 comprised of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain the information in the financial statements and provide more detailed information. The measurement focus of economic resources is where a set of financial statements report all inflows, outflows and balances effecting an entity's net position.

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, 2018. This statement, along with all of the Plan's financial statements, is prepared using the accrual

basis of accounting. Subscriptions 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 year. Changes in net position are reported as soon as the underlying event giving rise to the current 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.

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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Investments	\$ 8,590,274,081	\$ 7,724,084,334
Receivables	15,917,694	23,766,435
Total Assets	<u>8,606,191,775</u>	<u>7,747,850,769</u>
Payables	16,551,917	23,993,767
Total Liabilities	<u>16,551,917</u>	<u>23,993,767</u>
Total Net Position	<u>\$ 8,589,639,858</u>	<u>\$ 7,723,857,002</u>

Net position represents total subscriptions from Account Owners, plus the net increases (decreases) from operations, less redemptions 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, subscriptions, and accrued income. Liabilities consist mainly of payables for securities purchased, redemptions, and accrued expenses.

Changes in net position - The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Additions:		
Subscriptions	\$ 4,122,551,996	\$ 3,565,027,699
Investment Income	170,666,843	147,036,104
Net increase in fair value of investments	386,611,064	571,701,707
Total Additions	<u>4,679,829,903</u>	<u>4,283,765,510</u>
Deductions:		
Redemptions	(3,810,401,760)	(3,302,233,180)
Plan manager fee	(2,353,200)	(2,335,884)
Administrative fee	(1,292,087)	(1,073,152)
Total Deductions	<u>(3,814,047,047)</u>	<u>(3,305,642,216)</u>
Changes in Net Position	865,782,856	978,123,294
Net position - beginning of year	7,723,857,002	6,745,733,708
Net position - end of year	<u>\$ 8,589,639,858</u>	<u>\$ 7,723,857,002</u>

SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

ASSETS

Investments, at value (Cost: \$7,539,075,269)	\$	8,590,274,081
Dividends and interest receivable		12,415,924
Receivable from securities transactions		914,925
Receivable from Plan units sold		2,586,693
Other		152
TOTAL ASSETS		<u>8,606,191,775</u>

LIABILITIES

Overdraft payable		61,295
Accrued Plan manager fee		409,898
Accrued Administrative fee		227,608
Payable for securities transactions		14,052,107
Payable for Plan units redeemed		1,801,009
TOTAL LIABILITIES		<u>16,551,917</u>

NET POSITION

Held in trust for Account Owners in the Plan	\$	<u>8,589,639,858</u>
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See notes to financial statements

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

ADDITIONS

Subscriptions	\$ 4,122,551,996
Investment income:	
Interest	13,757,354
Dividends	156,909,489
Total investment income	<u>170,666,843</u>
Net increase in fair value of investments	<u>386,611,064</u>
Total additions	<u>4,679,829,903</u>

DEDUCTIONS

Redemptions	(3,810,401,760)
Plan manager fee	(2,353,200)
Administrative fee	(1,292,087)
Total deductions	<u>(3,814,047,047)</u>
Changes in net position	865,782,856
Net position – beginning of year	<u>7,723,857,002</u>
Net position – end of year	<u><u>\$ 8,589,639,858</u></u>

See notes to financial statements

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, LLC (“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”). TIAA-CREF Individual & Institutional Services, LLC (“Services”), a wholly owned, direct subsidiary of TIAA, serves as the primary distributor and underwriter for the Plan and provides certain underwriting and distribution services in furtherance of TFI’s marketing plan for the Plan. Services is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority.

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 recorded. 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 subscriptions 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 redemptions from the Plan made by Account Owners and any exchanges within the Plan that result in a withdrawal and subsequent reinvestment of assets.

SCHOLARSHARE COLLEGE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 – Valuation of Investments

Fair value measurements are grouped categorically into three levels, as defined by the GASB. The levels are defined as follows:

- 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)

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

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 0.03% 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.

The Active Age-Based portfolios, Active Multi-Fund portfolios and Social Choice portfolio 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.

These amounts are reflected in the expenses on the Statement of Changes in Fiduciary Net Position.

Note 4 – Investments

Cash deposits: Cash deposits at June 30, 2018 were covered by federal depository insurance coverage.

Investments: As of June 30, 2018, net unrealized appreciation (depreciation) of Portfolio investments was \$1,051,198,812 consisting of gross unrealized appreciation of \$1,116,821,978 and gross unrealized depreciation of \$65,623,166.

SCHOLARSHARE COLLEGE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (continued)

As of June 30, 2018, 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	118,439,061	\$	1,278,060,685	\$	1,243,610,140
Emerging Markets Equity Index Fund	12,547,440		123,048,437		140,531,331
Equity Index Fund	85,906,142		1,194,277,751		1,742,176,563
High-Yield Fund	18,130,677		176,930,427		172,966,655
Inflation-Linked Bond Fund	27,626,599		319,547,466		311,628,040
International Equity Index Fund	31,433,497		535,727,727		618,296,891
Real Estate Securities Fund	16,389,051		222,152,895		256,324,761
S&P 500 Index Fund	13,675,432		282,800,713		415,459,620
Small-Cap Equity Fund	5,188,008		89,791,802		103,656,390
Social Choice Equity Fund	8,769,344		118,638,744		172,405,304
DFA Emerging Markets Core Equity Portfolio (Institutional)	3,347,790		64,872,031		70,872,715
DFA Large Cap International Portfolio (Institutional Class)	14,595,017		303,896,932		335,831,341
MetWest Total Return Bond Fund (Institutional Class)	48,213,296		482,948,998		471,043,902
PIMCO Income Fund (Institutional Class)	15,845,218		191,649,530		189,984,160
PIMCO Real Return Fund (Institutional Class)	15,700,302		175,195,435		170,505,279
T. Rowe Price Inst. Floating Rate Fund (Institutional Class)	8,539,548		85,854,630		84,883,104
T. Rowe Price Inst. Large-Cap Growth Fund (Institutional)	10,161,269		297,815,874		420,270,081
T. Rowe Price Inst. Large-Cap Value Fund (Institutional Class)	17,269,307		325,994,526		399,957,138
TIAA-CREF Life Insurance Company:					
Funding Agreements	908,764,042		1,269,870,666		1,269,870,666
			<u>\$ 7,539,075,269</u>		<u>\$ 8,590,274,081</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, unregistered and are held by a custodian in the Plan's name.

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 Plan's current Disclosure Booklet.

Custodial credit risk: Custodial credit risk represents the potential inability of a custodian to return Direct Plan deposits and investments in the event of a failure. An Account Owner has an investment in a Portfolio and not a direct investment in any 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.

Credit risk: The 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 mutual funds do not carry a formal credit quality rating. The 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, 2018.

SCHOLARSHARE COLLEGE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (concluded)

Interest rate risk: Interest rate risk represents exposure to changes in the fair value of investments due to volatility in interest rates. At June 30, 2018, the average maturities for the fixed income mutual funds are as follows:

<u>Investment</u>	<u>Value</u>	<u>Weighted Average Maturity</u>
TIAA-CREF Funds (Institutional Class):		
Bond Index Fund	\$ 1,243,610,140	8.30 years
High-Yield Fund	172,966,655	6.60 years
Inflation-Linked Bond Fund	311,628,040	5.47 years
MetWest Total Return Bond Fund (Institutional Class)	471,043,902	7.57 years
PIMCO Income Fund (Institutional Class)	189,984,160	5.57 years
PIMCO Real Return Fund (Institutional Class)	170,505,279	6.90 years
T. Rowe Price Institutional Floating Rate Fund (Institutional Class)	84,883,104	5.64 years

Foreign currency risk: Foreign currency risk represents exposure to changes in the fair value of investments due to volatility in exchange rates. The Plan does not have any direct investment in foreign securities. Certain Plan Portfolios allocate assets to mutual funds that are exposed to foreign currency risk. At June 30, 2018, the value of investments in 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	\$ 140,531,331
International Equity Index Fund	618,296,891
DFA Emerging Markets Core Equity Portfolio (Institutional Class)	70,872,715
DFA Large Cap International Portfolio (Institutional Class)	335,831,341
PIMCO Income Fund (Institutional Class)	189,984,160

Note 6 - Guarantees and Indemnifications

Under the Plan's organizational documents, each officer, employee or other agent of the Plan (including TFI) is indemnified against certain liabilities that may arise out of performance of their duties to the Plan. Additionally, in the normal course of business, the Plan enters into contracts that contain a variety of indemnification clauses. The Plan's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Plan that have not yet occurred. However, the Plan has not had prior claims or losses pursuant to these contracts, and management expects the risk of loss to be remote.

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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 (the “Plan”). It shows financial information relating to the investment portfolios, which are included in the Plan during the year ended June 30, 2018.

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

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:							
Real Estate Securities Fund	\$ 6,499,407	\$ 17,218,113	\$ 13,340,086	\$ 12,654,513	\$ 8,072,595	\$ 2,980,344	\$ 2,458,631
Small-Cap Equity Fund	8,174,036	19,843,415	14,650,771	13,019,860	8,631,150	3,194,885	2,598,264
SUBTOTAL	14,673,443	37,061,528	27,990,857	25,674,373	16,703,745	6,175,229	5,056,895
DFA Emerging Market Core Equity Portfolio	4,586,469	8,397,581	9,696,390	8,839,771	5,534,091	1,987,904	1,633,492
DFA Large Cap International Portfolio	22,283,874	59,027,673	42,457,648	38,741,026	24,408,428	8,981,613	7,288,490
MetWest Total Return Bond Fund	12,602,578	52,771,746	59,498,187	81,917,203	72,710,770	35,321,549	31,054,120
PIMCO Income Fund	3,711,564	17,076,258	22,690,705	32,418,956	30,629,322	15,127,686	13,610,369
PIMCO Real Return Fund	3,681,952	16,913,524	21,090,821	29,708,177	27,216,257	12,200,732	11,028,008
T. Rowe Price Inst. Floating Rate Fund	1,193,280	6,625,198	10,085,720	14,851,041	13,605,452	6,720,183	6,019,790
T. Rowe Price Inst. Large-Cap Growth Fund	30,939,485	77,871,499	61,134,455	53,281,583	32,999,362	12,428,756	8,322,657
T. Rowe Price Inst. Large-Cap Value Fund	29,145,683	67,207,938	58,497,001	52,294,496	32,816,092	12,352,476	9,848,877
SUBTOTAL	108,144,885	305,891,417	285,150,927	312,052,253	239,919,774	105,120,899	88,805,803
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	—	—	9,800,900	21,055,610
TOTAL INVESTMENTS	122,818,328	342,952,945	313,141,784	337,726,626	256,623,519	121,097,028	114,918,308
Cash	603	1,199	645	275	—	1,000	—
Dividends and interest receivable	396,471	1,152,451	1,009,346	1,083,843	838,064	375,567	331,238
Receivable from securities transactions	—	—	—	7,928	—	—	—
Receivable from Plan units sold	72,916	106,727	53,104	56,769	51,241	33,200	31,763
Other	37	—	16	—	—	—	—
TOTAL ASSETS	123,288,355	344,213,322	314,204,895	338,875,441	257,512,824	121,506,795	115,281,309
LIABILITIES							
Accrued Plan manager fee	6,654	17,914	16,197	16,330	12,681	6,063	5,552
Accrued administrative fee	11,091	29,857	26,996	27,217	21,135	10,105	9,253
Payable for securities transactions	469,740	1,259,377	1,063,062	1,083,843	862,173	409,267	362,001
Payable for Plan units redeemed	250	1,000	33	64,972	27,132	—	—
TOTAL LIABILITIES	487,735	1,308,148	1,106,288	1,192,362	923,121	425,435	376,806
NET POSITION	\$ 122,800,620	\$ 342,905,174	\$ 313,098,607	\$ 337,683,079	\$ 256,589,703	\$ 121,081,360	\$ 114,904,503
UNITS OUTSTANDING	6,052,700	17,771,393	17,218,749	19,675,969	15,845,857	7,992,689	7,959,496
NET POSITION VALUE PER UNIT	\$ 20.29	\$ 19.30	\$ 18.18	\$ 17.16	\$ 16.19	\$ 15.15	\$ 14.44
INVESTMENTS AT COST	\$ 112,570,746	\$ 304,287,692	\$ 277,203,102	\$ 308,902,742	\$ 235,878,307	\$ 114,310,106	\$ 110,496,179

	Age 17	Ages 18 & Over	Total
\$	1,877,918	\$ 3,751,780	\$ 68,853,387
	2,006,859	3,923,435	76,042,675
	3,884,777	7,675,215	144,896,062
	1,250,296	2,604,800	44,530,794
	5,610,799	11,417,449	220,217,000
	21,595,943	46,435,319	413,907,415
	9,982,698	21,080,261	166,327,819
	8,188,167	18,188,820	148,216,458
	4,684,185	10,113,477	73,898,326
	7,368,766	15,413,949	299,760,512
	7,574,539	15,099,335	284,836,437
	66,255,393	140,353,410	1,651,694,761
	35,475,803	135,413,554	201,745,867
	105,615,973	283,442,179	1,998,336,690
	300	—	4,022
	268,366	611,825	6,067,171
	5,721	157,532	171,181
	49,430	42,082	497,232
	—	—	53
	105,939,790	284,253,618	2,005,076,349
	5,181	13,244	99,816
	8,635	22,073	166,362
	268,366	611,825	6,389,654
	55,451	199,614	348,452
	337,633	846,756	7,004,284
\$	105,602,157	\$ 283,406,862	\$ 1,998,072,065
	7,737,212	21,996,348	
\$	13.65	\$ 12.88	
\$	101,931,700	\$ 278,960,199	\$ 1,844,540,773

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

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:							
Bond Index Fund	\$ 23,447,047	\$ 62,262,191	\$ 77,400,884	\$ 138,342,298	\$ 231,439,241	\$ 148,064,441	\$ 126,651,221
Emerging Markets Equity Index Fund	6,510,442	12,215,905	11,219,530	7,777,518	11,986,764	6,108,261	5,112,906
Equity Index Fund	85,872,845	145,215,108	111,197,192	131,929,890	154,612,255	72,425,455	57,454,508
High-Yield Fund	2,501,822	6,670,089	8,750,691	17,742,112	33,909,368	22,237,330	20,040,695
Inflation-Linked Bond Fund	5,355,011	13,204,126	16,735,162	34,221,338	63,141,903	40,402,813	38,409,200
International Equity Index Fund	31,990,497	55,386,220	38,439,392	48,638,202	59,819,239	28,584,219	23,715,444
Real Estate Securities Fund	9,461,830	17,749,092	14,828,124	16,486,949	20,974,837	9,684,898	7,871,269
SUBTOTAL	165,139,494	312,702,731	278,570,975	395,138,307	575,883,607	327,507,417	279,255,243
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	—	—	29,527,280	63,230,716
TOTAL INVESTMENTS	165,139,494	312,702,731	278,570,975	395,138,307	575,883,607	357,034,697	342,485,959
Cash	75	600	200	618	340	—	382
Dividends and interest receivable	60,969	176,526	219,275	404,598	694,906	470,489	440,397
Receivable from securities transactions	—	—	—	—	—	27,077	—
Receivable from Plan units sold	154,744	126,806	93,299	286,299	88,564	36,772	25,892
TOTAL ASSETS	165,355,282	313,006,663	278,883,749	395,829,822	576,667,417	357,569,035	342,952,630
LIABILITIES							
Overdraft payable	—	—	—	—	—	974	—
Accrued Plan manager fee	8,617	16,298	14,373	20,538	29,790	18,048	16,956
Payable for securities transactions	215,128	303,569	290,345	688,969	782,880	470,489	455,571
Payable for Plan units redeemed	660	363	22,330	2,546	—	62,874	10,500
TOTAL LIABILITIES	224,405	320,230	327,048	712,053	812,670	552,385	483,027
NET POSITION	\$ 165,130,877	\$ 312,686,433	\$ 278,556,701	\$ 395,117,769	\$ 575,854,747	\$ 357,016,650	\$ 342,469,603
UNITS OUTSTANDING	8,692,983	17,417,951	16,513,954	25,060,637	38,795,792	25,668,833	25,575,013
NET POSITION VALUE PER UNIT	\$ 19.00	\$ 17.95	\$ 16.87	\$ 15.77	\$ 14.84	\$ 13.91	\$ 13.39
INVESTMENTS AT COST	\$ 153,893,302	\$ 275,469,004	\$ 240,889,705	\$ 347,723,985	\$ 516,347,902	\$ 332,824,137	\$ 323,857,386

Age 17	Ages 18 & Over	Total
\$ 107,201,304	\$ 202,922,963	\$ 1,117,731,590
4,133,022	8,158,230	73,222,578
45,617,766	98,080,475	902,405,494
16,567,547	34,179,689	162,599,343
26,470,243	55,434,771	293,374,567
19,016,198	37,560,623	343,150,034
6,328,540	12,524,469	115,910,008
225,334,620	448,861,220	3,008,393,614
113,263,504	428,971,153	634,992,653
338,598,124	877,832,373	3,643,386,267
—	115	2,330
437,456	1,001,932	3,906,548
93,321	458,393	578,791
42,467	217,494	1,072,337
339,171,368	879,510,307	3,648,946,273
69,665	—	70,639
16,950	40,585	182,155
437,456	1,001,932	4,646,339
66,123	676,052	841,448
590,194	1,718,569	5,740,581
\$ 338,581,174	\$ 877,791,738	\$ 3,643,205,692
26,320,455	71,297,546	
\$ 12.86	\$ 12.31	
\$ 326,711,928	\$ 865,419,388	\$ 3,383,136,737

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

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:							
Real Estate Securities Fund	\$ 16,357,309	\$ 7,910,588	\$ 1,667,394	\$ —	\$ —	\$ —	\$ 25,935,291
Small-Cap Equity Fund	17,475,387	8,395,506	1,742,822	—	—	—	27,613,715
SUBTOTAL	33,832,696	16,306,094	3,410,216	—	—	—	53,549,006
DFA Emerging Market Core Equity Portfolio	13,815,719	5,306,761	1,195,737	—	6,023,704	—	26,341,921
DFA Large Cap International Portfolio	59,760,868	26,468,307	5,111,321	—	24,273,845	—	115,614,341
MetWest Total Return Bond Fund	—	22,355,307	15,653,303	8,559,125	—	10,568,752	57,136,487
PIMCO Income Fund	—	8,518,048	6,369,948	3,990,659	—	4,777,686	23,656,341
PIMCO Real Return Fund	—	8,196,558	6,673,817	3,190,322	—	4,228,124	22,288,821
T. Rowe Price Inst. Floating Rate Fund	—	3,777,532	2,964,346	1,941,495	—	2,301,405	10,984,778
T. Rowe Price Inst. Large-Cap Growth Fund	78,170,611	35,289,352	7,049,606	—	—	—	120,509,569
T. Rowe Price Inst. Large-Cap Value Fund	74,341,291	34,759,097	6,020,313	—	—	—	115,120,701
SUBTOTAL	226,088,489	144,670,962	51,038,391	17,681,601	30,297,549	21,875,967	491,652,959
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	16,609,787	—	—	16,609,787
TOTAL INVESTMENTS	259,921,185	160,977,056	54,448,607	34,291,388	30,297,549	21,875,967	561,811,752
Cash	38	997	—	130	—	—	1,165
Dividends and interest receivable	875,138	525,565	181,733	77,651	357,959	74,563	2,092,609
Receivable from securities transactions	—	22,851	1,125	—	9,957	12,978	46,911
Receivable from Plan units sold	112,593	59,889	19,892	9,173	11,038	2,547	215,132
Other	93	—	—	—	6	—	99
TOTAL ASSETS	260,909,047	161,586,358	54,651,357	34,378,342	30,676,509	21,966,055	564,167,668
LIABILITIES							
Accrued Plan manager fee	12,981	8,038	2,707	1,702	1,572	1,086	28,086
Accrued administrative fee	21,634	13,397	4,512	2,836	2,621	1,811	46,811
Payable for securities transactions	925,645	525,565	181,733	85,459	357,959	74,563	2,150,924
Payable for Plan units redeemed	62,124	83,737	21,004	1,495	20,983	15,525	204,868
TOTAL LIABILITIES	1,022,384	630,737	209,956	91,492	383,135	92,985	2,430,689
NET POSITION	\$ 259,886,663	\$ 160,955,621	\$ 54,441,401	\$ 34,286,850	\$ 30,293,374	\$ 21,873,070	\$ 561,736,979
UNITS OUTSTANDING	11,573,523	8,375,098	3,312,597	2,936,642	1,937,780	1,722,192	
NET POSITION VALUE PER UNIT	\$ 22.46	\$ 19.22	\$ 16.43	\$ 11.68	\$ 15.63	\$ 12.70	
INVESTMENTS AT COST	\$ 201,735,156	\$ 137,325,640	\$ 52,060,670	\$ 34,740,967	\$ 28,561,146	\$ 22,385,349	\$ 476,808,928

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:							
Bond Index Fund	\$ —	\$ 25,252,244	\$ 20,200,915	\$ 13,686,836	\$ 11,043,715	\$ —	\$ 70,183,710
Emerging Markets Equity Index Fund	37,299,774	4,204,420	1,171,923	—	—	24,632,636	67,308,753
Equity Index Fund	378,130,401	55,765,916	13,551,608	—	—	—	447,447,925
High-Yield Fund	—	3,180,414	2,920,993	2,453,613	1,812,292	—	10,367,312
Inflation-Linked Bond Fund	—	6,360,839	5,154,592	3,652,577	3,085,465	—	18,253,473
International Equity Index Fund	142,375,711	21,477,966	4,882,260	—	—	106,410,920	275,146,857
Real Estate Securities Fund	37,732,954	6,346,468	1,546,653	—	—	—	45,626,075
SUBTOTAL	595,538,840	122,588,267	49,428,944	19,793,026	15,941,472	131,043,556	934,334,105
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	18,827,583	—	—	18,827,583
TOTAL INVESTMENTS	595,538,840	122,588,267	49,428,944	38,620,609	15,941,472	131,043,556	953,161,688
Cash	—	80	—	—	—	38	118
Dividends and interest receivable	—	70,875	58,321	62,140	33,231	—	224,567
Receivable from securities transactions	55,642	—	—	—	29,010	—	84,652
Receivable from Plan units sold	101,324	33,946	67,954	3,715	6,208	25,389	238,536
TOTAL ASSETS	595,695,806	122,693,168	49,555,219	38,686,464	16,009,921	131,068,983	953,709,561
LIABILITIES							
Accrued Plan manager fee	30,110	6,104	2,447	1,928	795	6,755	48,139
Payable for securities transactions	—	103,386	124,375	65,854	33,231	19,648	346,494
Payable for Plan units redeemed	156,966	1,515	1,900	—	35,218	5,779	201,378
TOTAL LIABILITIES	187,076	111,005	128,722	67,782	69,244	32,182	596,011
NET POSITION	\$ 595,508,730	\$ 122,582,163	\$ 49,426,497	\$ 38,618,682	\$ 15,940,677	\$ 131,036,801	\$ 953,113,550
UNITS OUTSTANDING	27,891,168	6,845,267	3,334,666	3,494,399	1,393,310	8,424,025	
NET POSITION VALUE PER UNIT	\$ 21.35	\$ 17.91	\$ 14.82	\$ 11.05	\$ 11.44	\$ 15.56	
INVESTMENTS AT COST	\$ 386,933,491	\$ 105,056,037	\$ 47,291,227	\$ 39,218,978	\$ 16,360,846	\$ 113,879,214	\$ 708,739,793

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

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:						
Bond Index Fund	\$ —	\$ 55,694,840	\$ —	\$ —	\$ —	\$ 55,694,840
Equity Index Fund	—	—	—	392,323,144	—	392,323,144
S&P 500 Index Fund	—	—	415,459,620	—	—	415,459,620
Social Choice Equity Fund	172,405,304	—	—	—	—	172,405,304
SUBTOTAL	172,405,304	55,694,840	415,459,620	392,323,144	—	1,035,882,908
TIAA-CREF Life Insurance Company:						
Funding Agreement	—	—	—	—	397,694,776	397,694,776
TOTAL INVESTMENTS	172,405,304	55,694,840	415,459,620	392,323,144	397,694,776	1,433,577,684
Cash	1,294	—	415	—	—	1,709
Dividends and interest receivable	—	125,029	—	—	—	125,029
Receivable from securities transactions	—	19,419	—	—	13,971	33,390
Receivable from Plan units sold	78,841	13,301	271,835	109,627	89,852	563,456
TOTAL ASSETS	172,485,439	55,852,589	415,731,870	392,432,771	397,798,599	1,434,301,268
LIABILITIES						
Accrued Plan manager fee	8,661	2,810	20,686	19,545	—	51,702
Accrued administrative fee	14,435	—	—	—	—	14,435
Payable for securities transactions	61,655	125,029	249,318	82,694	—	518,696
Payable for Plan units redeemed	18,480	32,720	22,907	26,933	103,823	204,863
TOTAL LIABILITIES	103,231	160,559	292,911	129,172	103,823	789,696
NET POSITION	\$ 172,382,208	\$ 55,692,030	\$ 415,438,959	\$ 392,303,599	\$ 397,694,776	\$ 1,433,511,572
UNITS OUTSTANDING	7,447,827	4,944,046	16,771,082	15,874,821	36,588,153	
NET POSITION VALUE PER UNIT	\$ 23.15	\$ 11.26	\$ 24.77	\$ 24.71	\$ 10.87	
INVESTMENTS AT COST	\$ 118,638,744	\$ 57,442,424	\$ 282,800,713	\$ 269,272,381	\$ 397,694,776	\$ 1,125,849,038

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**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 45,632,710	\$ 107,004,704	\$ 168,109,581	\$ 214,506,127	\$ 156,033,142	\$ 130,158,770	\$ 123,711,973
Increase from investment operations:							
Interest	—	—	—	—	—	112,120	237,038
Dividends from underlying funds	2,282,423	6,829,027	6,785,174	6,745,015	5,980,459	2,723,598	2,318,892
Realized gain distributions from underlying funds	5,094,584	11,883,312	8,842,654	6,303,783	4,325,809	1,630,301	1,395,104
Net unrealized appreciation on underlying fund shares	—	—	—	2,590,186	1,089,742	—	—
Net realized gain on investments in underlying fund shares	9,023,479	21,875,775	17,287,374	4,775,559	3,106,292	1,381,314	1,408,006
Net increase from investment operations	16,400,486	40,588,114	32,915,202	20,414,543	14,502,302	5,847,333	5,359,040
TOTAL ADDITIONS	\$ 62,033,196	\$ 147,592,818	\$ 201,024,783	\$ 234,920,670	\$ 170,535,444	\$ 136,006,103	\$ 129,071,013
DEDUCTIONS							
Redemptions	\$ 60,320,625	\$ 143,372,916	\$ 193,001,160	\$ 134,711,361	\$ 127,876,021	\$ 115,130,695	\$ 109,437,315
Expenses:							
Plan manager fee	39,624	106,935	96,745	86,552	71,383	33,669	31,301
Administrative fee	66,040	178,224	161,242	144,253	118,971	56,114	52,169
Total expenses	105,664	285,159	257,987	230,805	190,354	89,783	83,470
Net unrealized depreciation on underlying fund shares	1,499,814	4,491,549	4,600,238	—	—	83,522	582,784
TOTAL DEDUCTIONS	\$ 61,926,103	\$ 148,149,624	\$ 197,859,385	\$ 134,942,166	\$ 128,066,375	\$ 115,304,000	\$ 110,103,569
NET POSITION							
Net increase in fiduciary net position	107,093	(556,806)	3,165,398	99,978,504	42,469,069	20,702,103	18,967,444
Beginning of year	122,693,527	343,461,980	309,933,209	237,704,575	214,120,634	100,379,257	95,937,059
End of year	\$ 122,800,620	\$ 342,905,174	\$ 313,098,607	\$ 337,683,079	\$ 256,589,703	\$ 121,081,360	\$ 114,904,503

Ages 17	Ages 18 & Over	Total
\$ 114,787,536	\$ 122,850,253	\$ 1,182,794,796
414,311	1,437,977	2,201,446
1,776,238	3,459,455	38,900,281
1,004,454	1,825,800	42,305,801
367,704	532,592	4,580,224
228,485	734,874	59,821,158
3,791,192	7,990,698	147,808,910
\$ 118,578,728	\$ 130,840,951	\$ 1,330,603,706

\$ 105,925,518	\$ 84,849,780	\$ 1,074,625,391
29,728	72,949	568,886
49,546	121,582	948,141
79,274	194,531	1,517,027
—	—	11,257,907
\$ 106,004,792	\$ 85,044,311	\$ 1,087,400,325

12,573,936	45,796,640	243,203,381
93,028,221	237,610,222	1,754,868,684
\$ 105,602,157	\$ 283,406,862	\$ 1,998,072,065

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 87,328,555	\$ 112,876,548	\$ 160,443,890	\$ 216,448,275	\$ 309,916,875	\$ 375,807,002	\$ 360,679,505
Increase from investment operations:							
Interest	—	—	—	—	—	351,870	754,743
Dividends from underlying funds	3,125,252	7,158,985	6,590,987	10,125,757	14,971,780	8,036,467	6,908,251
Realized gain distributions from underlying funds	890,121	1,883,695	1,523,409	1,831,548	2,181,094	965,536	795,774
Net unrealized appreciation on underlying fund shares	625,515	—	—	—	—	—	—
Net realized gain on investments in underlying fund shares	7,898,063	22,574,978	16,163,757	22,583,813	23,096,316	5,612,679	5,216,115
Net increase from investment operations	12,538,951	31,617,658	24,278,153	34,541,118	40,249,190	14,966,552	13,674,883
TOTAL ADDITIONS	\$ 99,867,506	\$ 144,494,206	\$ 184,722,043	\$ 250,989,393	\$ 350,166,065	\$ 390,773,554	\$ 374,354,388
DEDUCTIONS							
Redemptions	\$ 55,244,279	\$ 130,830,079	\$ 182,803,170	\$ 269,168,246	\$ 369,096,917	\$ 347,592,343	\$ 347,353,392
Expenses:							
Plan manager fee	44,802	96,123	86,111	126,203	182,851	103,167	98,969
Total expenses	44,802	96,123	86,111	126,203	182,851	103,167	98,969
Net unrealized depreciation on underlying fund shares	—	5,567,212	3,983,547	9,406,956	11,293,939	2,232,575	2,441,503
TOTAL DEDUCTIONS	\$ 55,289,081	\$ 136,493,414	\$ 186,872,828	\$ 278,701,405	\$ 380,573,707	\$ 349,928,085	\$ 349,893,864
NET POSITION							
Net increase in fiduciary net position	44,578,425	8,000,792	(2,150,785)	(27,712,012)	(30,407,642)	40,845,469	24,460,524
Beginning of year	120,552,452	304,685,641	280,707,486	422,829,781	606,262,389	316,171,181	318,009,079
End of year	\$ 165,130,877	\$ 312,686,433	\$ 278,556,701	\$ 395,117,769	\$ 575,854,747	\$ 357,016,650	\$ 342,469,603

Ages 17	Ages 18 & Over	Total
\$ 358,728,220	\$ 358,866,716	\$ 2,341,095,586
1,328,752	4,594,256	7,029,621
5,467,337	9,918,602	72,303,418
618,427	1,099,990	11,789,594
—	—	625,515
5,169,658	3,590,317	111,905,696
12,584,174	19,203,165	203,653,844
\$ 371,312,394	\$ 378,069,881	\$ 2,544,749,430

\$ 325,476,156 \$ 251,214,646 \$ 2,278,779,228

96,016	227,870	1,062,112
96,016	227,870	1,062,112
3,013,920	9,605	37,949,257
\$ 328,586,092	\$ 251,452,121	\$ 2,317,790,597

42,726,302	126,617,760	226,958,833
295,854,872	751,173,978	3,416,246,859
\$ 338,581,174	\$ 877,791,738	\$ 3,643,205,692

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 49,733,757	\$ 33,320,267	\$ 15,536,967	\$ 9,090,087	\$ 9,973,224	\$ 7,420,697	\$ 125,074,999
Increase from investment operations:							
Interest	—	—	—	199,657	—	—	199,657
Dividends from underlying funds	3,461,834	2,923,496	1,241,346	583,969	737,717	710,568	9,658,930
Realized gain distributions from underlying funds	10,348,072	4,779,567	961,597	—	—	—	16,089,236
Net unrealized appreciation on underlying fund shares	8,511,550	2,111,551	—	—	335,698	—	10,958,799
Net realized gain on investments in underlying fund shares	8,259,370	4,554,148	1,042,590	—	468,141	—	14,324,249
Net increase from investment operations	30,580,826	14,368,762	3,245,533	783,626	1,541,556	710,568	51,230,871
TOTAL ADDITIONS	\$ 80,314,583	\$ 47,689,029	\$ 18,782,500	\$ 9,873,713	\$ 11,514,780	\$ 8,131,265	\$ 176,305,870
DEDUCTIONS							
Redemptions	\$ 30,720,490	\$ 21,435,387	\$ 7,188,583	\$ 7,232,801	\$ 4,647,837	\$ 5,542,754	\$ 76,767,852
Expenses:							
Plan manager fee	71,747	45,012	14,846	10,000	8,686	6,333	156,624
Administrative fee	119,578	75,020	24,744	16,667	14,476	10,555	261,040
Total expenses	191,325	120,032	39,590	26,667	23,162	16,888	417,664
Net unrealized depreciation on underlying fund shares	—	—	126,173	244,465	—	250,144	620,782
Net realized loss on investments in underlying fund shares	—	—	—	135,025	—	212,797	347,822
TOTAL DEDUCTIONS	\$ 30,911,815	\$ 21,555,419	\$ 7,354,346	\$ 7,638,958	\$ 4,670,999	\$ 6,022,583	\$ 78,154,120
NET POSITION							
Net increase in fiduciary net position	49,402,768	26,133,610	11,428,154	2,234,755	6,843,781	2,108,682	98,151,750
Beginning of year	210,483,895	134,822,011	43,013,247	32,052,095	23,449,593	19,764,388	463,585,229
End of year	\$ 259,886,663	\$ 160,955,621	\$ 54,441,401	\$ 34,286,850	\$ 30,293,374	\$ 21,873,070	\$ 561,736,979

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	\$ 55,215,534	\$ 27,165,289	\$ 17,387,695	\$ 13,322,389	\$ 6,988,821	\$ 30,805,421	\$ 150,885,149
Increase from investment operations:							
Interest	—	—	—	220,321	—	—	220,321
Dividends from underlying funds	11,505,453	2,574,200	1,090,392	546,366	437,468	3,179,425	19,333,304
Realized gain distributions from underlying funds	4,163,454	630,818	146,003	4,577	3,717	—	4,948,569
Net unrealized appreciation on underlying fund shares	22,077,834	2,020,093	137,963	—	—	1,857,714	26,093,604
Net realized gain on investments in underlying fund shares	27,722,061	3,764,012	616,691	—	—	2,266,791	34,369,555
Net increase from investment operations	65,468,802	8,989,123	1,991,049	771,264	441,185	7,303,930	84,965,353
TOTAL ADDITIONS	<u>\$ 120,684,336</u>	<u>\$ 36,154,412</u>	<u>\$ 19,378,744</u>	<u>\$ 14,093,653</u>	<u>\$ 7,430,006</u>	<u>\$ 38,109,351</u>	<u>\$ 235,850,502</u>
DEDUCTIONS							
Redemptions	\$ 89,485,269	\$ 19,120,314	\$ 8,642,234	\$ 8,413,283	\$ 4,921,023	\$ 17,935,874	\$ 148,517,997
Expenses:							
Plan manager fee	176,580	34,553	13,379	10,988	4,577	38,061	278,138
Total expenses	176,580	34,553	13,379	10,988	4,577	38,061	278,138
Net unrealized depreciation on underlying fund shares	—	—	—	525,477	390,039	—	915,516
Net realized loss on investments in underlying fund shares	—	—	—	20,841	56,549	—	77,390
TOTAL DEDUCTIONS	<u>\$ 89,661,849</u>	<u>\$ 19,154,867</u>	<u>\$ 8,655,613</u>	<u>\$ 8,970,589</u>	<u>\$ 5,372,188</u>	<u>\$ 17,973,935</u>	<u>\$ 149,789,041</u>
NET POSITION							
Net increase in fiduciary net position	31,022,487	16,999,545	10,723,131	5,123,064	2,057,818	20,135,416	86,061,461
Beginning of year	564,486,243	105,582,618	38,703,366	33,495,618	13,882,859	110,901,385	867,052,089
End of year	<u>\$ 595,508,730</u>	<u>\$ 122,582,163</u>	<u>\$ 49,426,497</u>	<u>\$ 38,618,682</u>	<u>\$ 15,940,677</u>	<u>\$ 131,036,801</u>	<u>\$ 953,113,550</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 20,017,306	\$ 16,977,298	\$ 82,130,128	\$ 70,607,087	\$ 132,969,647	\$ 322,701,466
Increase from investment operations:						
Interest	—	—	—	—	4,106,309	4,106,309
Dividends from underlying funds	2,612,514	1,360,740	6,725,046	6,015,256	—	16,713,556
Realized gain distributions from underlying funds	3,853,977	18,642	1,327,039	1,825,719	—	7,025,377
Net unrealized appreciation on underlying fund shares	10,806,201	—	36,871,908	34,494,727	—	82,172,836
Net realized gain on investments in underlying fund shares	3,519,937	—	3,202,533	5,816,378	—	12,538,848
Net increase from investment operations	20,792,629	1,379,382	48,126,526	48,152,080	4,106,309	122,556,926
TOTAL ADDITIONS	\$ 40,809,935	\$ 18,356,680	\$ 130,256,654	\$ 118,759,167	\$ 137,075,956	\$ 445,258,392
DEDUCTIONS						
Redemptions	\$ 21,880,820	\$ 11,685,421	\$ 45,036,065	\$ 50,255,023	\$ 102,853,963	\$ 231,711,292
Expenses:						
Plan manager fee	49,744	16,218	113,220	108,258	—	287,440
Administrative fee	82,906	—	—	—	—	82,906
Total expenses	132,650	16,218	113,220	108,258	—	370,346
Net unrealized depreciation on underlying fund shares	—	1,743,914	—	—	—	1,743,914
Net realized loss on investments in underlying fund shares	—	25,409	—	—	—	25,409
TOTAL DEDUCTIONS	\$ 22,013,470	\$ 13,470,962	\$ 45,149,285	\$ 50,363,281	\$ 102,853,963	\$ 233,850,961
NET POSITION						
Net increase in fiduciary net position	18,796,465	4,885,718	85,107,369	68,395,886	34,221,993	211,407,431
Beginning of year	153,585,743	50,806,312	330,331,590	323,907,713	363,472,783	1,222,104,141
End of year	\$ 172,382,208	\$ 55,692,030	\$ 415,438,959	\$ 392,303,599	\$ 397,694,776	\$ 1,433,511,572



Report of Independent Auditors 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 financial statements of the ScholarShare College Savings Plan (the "Plan"), which comprise the statement of fiduciary net position as of June 30, 2018, 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 August 30, 2018.

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 entity'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, contracts and grant agreements, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

August 30, 2018