

FINAL DRAFT - FOR COMMITTEE ACCEPTANCE

DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST

FINANCIAL STATEMENTS

DECEMBER 31, 2021

FINAL DRAFT - FOR COMMITTEE ACCEPTANCE

DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST

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INDEPENDENT AUDITOR'S REPORT

(to be determined)

State of Delaware Plans Management Board
Trustee of the Delaware Qualified Tuition Savings Plan Trust
Dover, Delaware

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Delaware Qualified Tuition Savings Plan Trust, Dover, Delaware, which comprise the statement of fiduciary net position as of December 31, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Delaware Qualified Tuition Savings Plan Trust, Dover, Delaware, as of December 31, 2021, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Delaware Qualified Tuition Savings Plan Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Delaware Qualified Tuition Savings Plan Trust's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted

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Trustee of the Delaware Qualified Tuition Savings Plan Trust

in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Delaware Qualified Tuition Savings Plan Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delaware Qualified Tuition Savings Plan Trust's ability to continue as a going concern for a reasonable period of time.

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

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Trustee of the Delaware Qualified Tuition Savings Plan Trust

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 and 5 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Delaware Qualified Tuition Savings Plan Trust's basic financial statements. The statements of fiduciary net position by portfolio and statements of changes in fiduciary net position by portfolio are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements of fiduciary net position by portfolio and statements of changes in fiduciary net position by portfolio are the responsibility of management and were derived from and relate 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 statements of fiduciary net position by portfolio and statements of changes in fiduciary net position by portfolio are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated (to be determined), on our consideration of the Delaware Qualified Tuition Savings Plan Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of 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 Delaware Qualified Tuition Savings Plan Trust's internal control over financial reporting and compliance.

BARBACANE, THORNTON & COMPANY LLP

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DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

This discussion and analysis of the financial performance of the Delaware Qualified Tuition Savings Plan Trust ("the Trust") provides an overview of the Trust's financial activities for the years ended December 31, 2021, 2020, and 2019. Please read this section in conjunction with the Trust's financial statements, which follow this section.

Financial Highlights

- Fiduciary net position increased by \$19 million during 2021 from \$730 million at December 31, 2020 to \$749 million at December 31, 2021. This increase was primarily due to a net investment income of \$53 million. Fiduciary net position increased by \$44 million during 2020 from \$686 million at December 31, 2019 to \$730 million at December 31, 2020. This increase was primarily due to a net investment income of \$69 million.
- Subscriptions were \$119 million, \$120 million, and \$243 million for the years ended December 31, 2021, 2020, and 2019, respectively.
- Net investment income decreased to a gain of \$53 million in 2021 from a gain of \$69 million in 2020. Net investment income was a gain of \$94 million in 2019. Fluctuations in income are primarily due to fluctuations in the financial market from year to year.
- Redemptions were \$153 million, \$145 million, and \$277 million for the years ended December 31, 2021, 2020, and 2019, respectively. The increase in 2021 is primarily due to increased amount of individuals receiving distributions. Fluctuations in the amount of redemptions from year to year are otherwise due to changes in the number of participants and beneficiaries receiving eligible distributions as well as the size of their account balances. There were approximately 6,000, 5,300, and 5,500 individuals who received a distribution from the Trust during the years ended December 31, 2021, 2020, and 2019, respectively.
- Investment expenses were \$3,772,644, \$3,574,564, and \$1,751,894 for the years ended December 31, 2021, 2020, and 2019, respectively. Fluctuations generally relate to fluctuations in investment balances since fees are charged as a percentage of assets.

Overview of the Financial Statements

This financial report consists of the statement of fiduciary net position and the statement of changes in fiduciary net position. These statements provide information about the financial position and activities of the Trust as a whole. The notes to financial statements provide additional information that is essential to a full understanding of the financial statements.

The following analysis focuses on fiduciary net position (Table 1) and changes in fiduciary net position (Table 2):

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DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
DECEMBER 31, 2021

Table 1
Fiduciary Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$757,474,459	\$737,647,934	\$694,767,369
Total Liabilities	<u>8,720,558</u>	<u>7,873,847</u>	<u>8,846,705</u>
Net Position	<u>\$748,753,901</u>	<u>\$729,774,087</u>	<u>\$685,920,664</u>

Investments make up more than 99 percent of total net position and consist of 36 investment portfolios in 2021, 2020, and 2019, each of which is invested in one or more underlying mutual funds. Net position represents cumulative contributions from participants plus net increases/decreases from investment earnings less redemptions and expenses. Liabilities consist of payables for securities purchased, payables for reinvestment of net investment income, and payables for accrued expenses.

Table 2
Changes in Fiduciary Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Additions	\$172,800,148	\$189,692,562	\$337,450,755
Total Deductions	<u>153,820,334</u>	<u>145,839,139</u>	<u>277,765,064</u>
Change in Net Position	<u>\$ 18,979,814</u>	<u>\$ 43,853,423</u>	<u>\$ 59,685,691</u>

Financial Contact

The Trust's financial statements are designed to present users with a general overview of the Trust's finances and to demonstrate the trustee's accountability. If you have questions about the report or need additional financial information, contact the State of Delaware Plans Management Board at 820 Silver Lake Boulevard, Dover, Delaware 19904-2464.

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DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST STATEMENT OF FIDUCIARY NET POSITION DECEMBER 31, 2021

ASSETS	
Cash	\$ 1,422,907
Investments at fair value	<u>747,649,460</u>
Receivable:	
Capital shares	810,055
Securities sold	7,204,286
Accrued dividends	<u>387,751</u>
	<u>8,402,092</u>
TOTAL ASSETS	<u>757,474,459</u>
LIABILITIES	
Capital shares payable	1,164,737
Securities purchased payable	7,238,803
Administrative and management fee payable	<u>317,018</u>
TOTAL LIABILITIES	<u>8,720,558</u>
NET POSITION	<u>\$ 748,753,901</u>

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

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DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2021

ADDITIONS	
Subscriptions	<u>\$ 119,436,030</u>
Investment income:	
Net increase in fair value of investments	24,425,765
Interest and dividends	32,395,887
Less: investments expenses	<u>(3,772,644)</u>
Total Investment Income	<u>53,049,008</u>
Other income	<u>315,110</u>
TOTAL ADDITIONS	<u>172,800,148</u>
DEDUCTIONS	
Redemptions	153,453,617
Administrative expenses	<u>366,717</u>
TOTAL DEDUCTIONS	<u>153,820,334</u>
CHANGE IN FIDUCIARY NET POSITION	18,979,814
NET POSITION BEGINNING OF YEAR	<u>729,774,087</u>
NET POSITION END OF YEAR	<u><u>\$ 748,753,901</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

General

The following description of the Delaware Qualified Tuition Savings Plan Trust (“the Trust”) provides only general information. Participants should refer to the Plan Fact Kit found at <https://www.fidelity.com/go/529-delaware/overview> and may also find additional information and details at <https://treasurer.delaware.gov/education-savings-plan/>.

The Trust was established April 16, 1998 and restated March 6, 2018 by the Delaware Qualified Tuition Savings Board (subsequently changed to the Plans Management Board (“the Board”)), as trustees, to carry out the purposes of the Delaware College Investment Plan (“the Plan”). The Plan was created by the State of Delaware General Assembly under State of Delaware Title 14, Chapter 34, pursuant to Internal Revenue Code (IRC) Section 529 to allow residents of Delaware and other states to make contributions to accounts established for the purpose of meeting qualified education expenses of designated beneficiaries of such accounts. The Board serves as a trustee of the Trust, administers the Plan, and is authorized to establish investment policies, select investment managers and the program manager, adopts regulations, and provides for the performance of other functions necessary for the operation of the Plan. The Board is composed of 11 members, including the State Treasurer, Secretary of Finance, Director of Office of Management and Budget, Insurance Commissioner, Secretary of Education, two state employees designated by the Governor, and four public members.

Account owners can choose among 36 portfolios, grouped based on strategies, including age-based, static, individual fund portfolios, and a bank deposit portfolio. Age-based portfolios are designed considering a beneficiary’s year of birth and the approximate year the beneficiary is anticipated to start college. Static portfolios have investment objectives with corresponding target class allocations that do not change over time. Individual fund portfolios have the same investment objective as the underlying mutual fund in which they invest. The bank deposit portfolio seeks the preservation of principal.

These financial statements provide the combined financial results of the Fidelity-designed investment options (“Portfolios”) offered to account owners under the Plan. The supplemental information provides the financial results of the individual Portfolios.

Plan assets are held for the benefit of account owners and their designated beneficiaries in the Trust.

Plan Administration

Fidelity Management and Research Company LLC and Fidelity Brokerage Services LLC (“the Program Managers”) and the Board have entered into a management and administrative services agreement in which the Program Managers will provide services, including investment management services, in order to meet the administrative and investment obligations of the Trust.

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DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF ACCOUNTING

The Plan prepares its financial statements in conformity with applicable pronouncements of the Governmental Accounting Standards Board ("GASB"). The Plan's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America applicable to special-purpose governments engaged in fiduciary activities. Under this method of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investment portfolios are reported at fair value. Fair value is the price that should be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The portfolios are crafted as investment pools with individual underlying investment allocations based on the strategy of the portfolio.

Investments in the underlying investments are valued each business day at the closing net asset value per share of each underlying investment determined as of the close of the New York Stock Exchange on the day of valuation. Net realized and unrealized gains and losses are reported as net appreciation or depreciation in fair value of investments in the statements of changes in fiduciary net position. Purchases and sales of underlying investment shares are recorded on a trade date basis. Dividend income and any capital gain distributions are recorded on the ex-dividend date as an accrual and are automatically reinvested in additional shares of the respective underlying investment.

Cash

Cash represents amounts deposited into a PNC account used to pay trust expenses.

Subscriptions and Redemptions

Subscriptions on the statements of changes in fiduciary net position include any contributions to the Trust made by account owners and any exchanges within the Trust that result in a reinvestment of assets. Redemptions on the statements of changes in fiduciary net position include any withdrawals from the Trust made by account owners and any exchanges within the Trust that result in a reinvestment of assets.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF ACCOUNTING (cont'd)

Individuals that have properly executed a participation agreement with the Plan may establish an account to which cash contributions may be made, subject to certain account balance limitations. Account owners may elect to invest their contributions in one or more portfolios, including age-based portfolios, target risk portfolios, individual portfolios, and an interest-bearing deposit account. The age-based portfolios allow account owners to choose a predetermined investment strategy based on the beneficiary's expected date of college enrollment. Over time, assets will transition from a heavier weight in equities in earlier years to more conservative investments in fixed-income securities and cash as the beneficiary approaches college enrollment. The target risk portfolios seek to meet a specific investment goal and risk tolerance. The risk profile of each target risk portfolio will be fixed over time. The individual portfolios are structured for exposure to a single type of asset class.

In addition to the various portfolios, account owners investing in age-based portfolios and target risk portfolios must select whether their portfolios will invest in Fidelity Funds, Fidelity Index Funds, and/or Fidelity Blend Funds. Fidelity Funds invest in a variety of equity, fixed income, or money market funds that coincide with the portfolio's investment objective. Index mutual funds invest in stocks or bonds that make a portfolio constructed to match or track the components of a financial market index. Fidelity Blend Funds invest in a combination of investments that coincide with the portfolio's investment objective and investments that match or track the components of a financial market index. The Fidelity Blend Funds option is only available for age-based portfolios, while the Fidelity Funds and Fidelity Index Funds are available for both age-based portfolios and target risk portfolios.

Contributions by a participant are evidenced through the issuance of units in a particular portfolio. Although money contributed to the Plan is invested in portfolio options that hold mutual funds, the Plan units themselves are not direct investments in the mutual funds. The units issued by the Trust are not insured by the Federal Deposit Insurance Corporation (FDIC), Fidelity, or the State of Delaware, nor have they been registered with the Securities and Exchange Commission or any state commission. Although the account owners can direct the portfolio options in which their contributions are invested, they cannot direct the selection or allocation of the underlying investments comprising each portfolio option.

Unit Valuation

Each account owner's full and/or fractional interest in a portfolio option is evidenced by a unit. The net position value of a unit in a portfolio option is calculated daily based on the fair market value of the underlying investments, adjusted for the effects of such transactions as accrued administrative fees, contributions and withdrawal requests that have been approved but have not yet been processed, and investment income that has not been reinvested in the underlying investments. The value of any individual account is determined by multiplying the number of units in a portfolio attributable to that account holder by the net position value per unit of that portfolio.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF ACCOUNTING (cont'd)

State of Delaware Title 14, Chapter 34, Subchapter 12 charges the Board with implementing and maintaining the Plan. The Board has entered into a management and services agreement with Fidelity Management and Research Company LLC and Fidelity Brokerage Services LLC to provide administration, marketing services, and management services for the Plan.

NOTE 3 INVESTMENTS

The underlying investment allocations as of December 31, 2021, were as follows:

	<u>Units</u>	<u>Value</u>
Fidelity 500 Index	\$ 299,314	\$ 49,486,191
Fidelity Cash Reserves	15,887,491	15,887,491
Fidelity Global EX U.S.	2,001,643	30,144,744
Fidelity Intermediate Treasury	358,737	4,003,518
Fidelity Total Market Index	2,828,290	45,139,508
Fidelity Series All-Sector Equity	240,460	2,861,474
Fidelity Series Blue Chip Growth	308,050	5,067,423
Fidelity Series Bond Index Fund	4,353,866	45,367,284
Fidelity Series Canada	399,979	5,811,695
Fidelity Series Commodity Strategy	2,140,454	8,754,457
Fidelity Series Corporate Bond	48,071	529,262
Fidelity Series Emerging Markets	335,641	3,527,587
Fidelity Series Emerging Markets Debt	248,771	2,256,353
Fidelity Series Emerging Markets Debt Local Currency	79,873	754,001
Fidelity Series Emerging Markets Opportunity	1,534,398	32,253,046
Fidelity Series Floating Rate High Income	48,554	449,610
Fidelity Series Global EX U.S. Index	466,868	7,142,012
Fidelity Series Government Bond Index	66,640	705,051
Fidelity Series Growth Company	558,982	11,408,823
Fidelity Series High Income	289,802	2,764,711
Fidelity Series Inflation-Protected Bond	2,176,786	23,030,396
Fidelity Series International Growth	778,069	14,876,679
Fidelity Series International Index	14,211	174,085
Fidelity Series International Small Cap	211,956	4,533,739
Fidelity Series International Value	1,332,663	14,885,842
Fidelity Series Intrinsic Opportunities	596,905	11,782,905
Fidelity Series Investment Grade Bond	10,453,083	121,464,824
Fidelity Series Investment Grade Securitized	50,638	521,065

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DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 INVESTMENTS (cont'd)

(cont'd)	<u>Units</u>	<u>Value</u>
Fidelity Series 0-5 Year Inflation-Protected Bond Index	4,837,499	48,616,865
Fidelity Series Large Cap Growth Index	19,123	370,030
Fidelity Series Large Cap Stock	531,942	10,671,279
Fidelity Series Large Cap Value Index	294,146	4,576,912
Fidelity Series Long-Term Treasury Bond	2,101,684	17,906,348
Fidelity Series Opportunistic Insights	284,304	5,896,465
Fidelity Series Overseas	1,032,995	14,875,128
Fidelity Series Real Estate Income	141,584	1,660,780
Fidelity Series Short-Term Credit	1,731,817	17,352,806
Fidelity Series Small Cap Discovery	90,190	1,285,208
Fidelity Series Small Cap Opportunities	298,579	4,454,799
Fidelity Series Stock Selector Large Cap Value	620,161	8,719,464
Fidelity Series Total Market Index	174,466	23,343,662
Fidelity Series Treasury Bill Index	2,033,532	20,335,320
Fidelity Series Value Discovery	421,384	6,982,333
Fidelity Series 5+ Year Inflation-Protected Bond Index	745,899	7,555,957
Fidelity Series International Developed Markets Bond	1,064,187	10,460,958
Fidelity Series Government Money Market	65,576,201	65,576,201
Wells Fargo Bank FDIC Insured Deposit Account	11,425,169	11,425,169
		<u>\$747,649,460</u>

NOTE 4 FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 FAIR VALUE MEASUREMENT (cont'd)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Underlying Registered Investment Companies of the Portfolios

Underlying registered investment companies of the Portfolios are valued at the daily closing price as reported by the fund. Mutual funds held in each portfolio are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds are deemed to be actively traded. The Portfolios are Level 2 investments comprised of mutual funds quoted in active markets as enumerated below. Those values constitute the significant other observable inputs at which the Portfolios are valued.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Trust's assets at fair value as of December 31:

	December 31, 2021			Totals
	Level 1	Level 2	Level 3	
Registered investment companies	\$682,073,259	\$ -	\$ -	\$682,073,259
Money market funds	65,576,201	-	-	65,576,201
Total Investments, at Fair Value	<u>\$747,649,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$747,649,460</u>

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DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 INVESTMENT RISK

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of fiduciary net position.

Credit Risk

Certain underlying investments invest in bonds issued by corporations and the U.S. government and its agencies and instrumentalities. The Plan may be indirectly exposed to credit risk, which is the risk that a bond issuer will fail to pay interest and principal when due as a result of adverse market or economic conditions. The underlying investments in which the Trust invests are not rated as to credit quality by a nationally recognized statistical rating organization.

Concentration of Credit Risk

This is the risk of loss attributed to a portfolio being exposed to securities of a single country, region, industry, structure, or size. Its performance may be unduly affected by factors common to the type of securities included.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the applicable portfolios using the effective duration methodology, which is widely used in the management of fixed income portfolios, because it quantifies to a much greater degree, the risk of interest rate changes. As of December 31, 2021, the underlying mutual funds exposed to interest rate risk were as follows:

	<u>Value</u>	<u>Average Duration</u>
Fidelity Intermediate Treasury Bond	\$ 4,003,518	6.45 years
Fidelity Series Bond Index Fund	45,367,284	6.35 years
Fidelity Series Corporate Bond	529,262	7.27 years
Fidelity Series Emerging Markets Debt	2,556,353	5.54 years
Fidelity Series Emerging Markets Debt Local Currency	754,001	4.60 years
Fidelity Series Floating Rate High Income	449,610	0.24 years
Fidelity Series Government Bond Index	705,051	6.25 years
Fidelity Series High Income	2,764,711	4.25 years
Fidelity Series Inflation-Protected Bond	23,030,396	6.98 years
Fidelity Series International Developed Markets Bond	10,460,958	8.49 years
Fidelity Series Investment Grade Bond	121,464,824	6.32 years

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 INVESTMENT RISK (cont'd)

	<u>Value</u>	<u>Average Duration</u>
(cont'd)		
Fidelity Series Investment Grade Securitized	521,065	5.69 years
Fidelity Series Long-Term Treasury Bond	17,906,348	17.19 years
Fidelity Series Real Estate Income	1,660,780	2.78 years
Fidelity Series Short-Term Credit Bond	17,352,806	1.75 years
Fidelity Series Treasury Bill Index	20,335,320	0.27 years
	<u>\$269,862,287</u>	

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure, the portfolios' deposits and investments may not be returned. The portfolios' investments consist of shares in the underlying investments rather than individual securities and, therefore, are not exposed to custodial credit risk. The Trust's cash balance held by PNC was insured by the FDIC up to \$250,000 as of December 31, 2021. The uninsured balance of cash as of December 31, 2021, was \$1,172,907.

Investments are held in a trust account for the benefit of the Plan. As a result, the investments of the Plan are not exposed to custodial credit risk.

Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The portfolios do not have any direct investment in foreign securities. Certain portfolios allocate assets to underlying mutual funds that are exposed to foreign currency risk. As of December 31, 2021, the value of investments in underlying mutual funds that invest in foreign denominated investments were as follows:

	<u>Value</u>
Fidelity Global EX U.S.	\$ 30,144,744
Fidelity Series Canada	5,811,695
Fidelity Series Emerging Markets	3,527,587
Fidelity Series Emerging Markets Debt	2,256,353
Fidelity Series Emerging Markets Debt Local Currency	754,001
Fidelity Series Emerging Markets Opportunity	32,253,046
Fidelity Series Global EX U.S. Index Fund	30,144,744
Fidelity Global EX U.S. Index Fund	7,142,012

FINAL DRAFT - FOR COMMITTEE ACCEPTANCE

DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 INVESTMENT RISK (cont'd)

	<u>Value</u>
(cont'd)	
Fidelity Series International Growth	14,876,679
Fidelity Series International Index	174,085
Fidelity Series International Small Cap	4,533,739
Fidelity Series International Value	14,885,846
Fidelity Series Overseas	14,875,128
	<u>\$161,379,659</u>

NOTE 6 FEES AND EXPENSES

Fees

The Trustee has entered into a management and administrative services agreement with Fidelity Brokerage Services LLC ("FBS") to provide administrative, recordkeeping, distribution, and marketing services to the Trust. According to this agreement and a related investment advisory agreement with Fidelity Management & Research Company LLC ("FMRCo"), an investment adviser registered under the Investment Advisers Act of 1940 that provides investment management services to the Trust, a management and administration fee is charged to the Portfolios at an annual rate based on the net assets of each Portfolio. The management and administration fee has up to four components: a program manager fee that is paid to FMRCo, a bank administration fee that is paid to FBS, a fee that is paid to the Trustee (a state fee), and a portfolio management fee that is paid to FMRCo.

For Fidelity Fund portfolios that invest in underlying actively managed funds, the program manager fee is charged at an annual rate of .15 percent. For Fidelity Index Portfolios that invest in underlying index funds, the program manager fee is charged at an annual rate of .08 percent. For Fidelity Blend Portfolios that invest in a combination of actively managed funds and index funds, the program manager fee is charged at an annual rate of .10 percent. For the Delaware Bank Deposit Portfolio, the program manager fee is charged at an annual rate ranging from .00 percent to .05 percent, depending on the daily federal funds target rate.

The bank administration fee paid to Fidelity for its administration services in connection with the Delaware Bank Deposit Portfolio is charged at an annual rate ranging from .00 percent to .40 percent, depending on the daily federal funds target rate. The bank administration fee is charged only to the Bank Deposit Portfolio.

For Fidelity Fund Portfolios that invest in underlying actively managed funds, the state fee is charged at an annual rate of .05 percent. For Fidelity Index Portfolios that invest in underlying

FINAL DRAFT - FOR COMMITTEE ACCEPTANCE

DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 FEES AND EXPENSES (cont'd)

index funds, the state fee is charged at an annual rate of .01 percent. For Fidelity Blend Portfolios that invest in a combination of actively managed funds and index funds, the state fee is charged at an annual rate of .04 percent. For the Delaware Bank Deposit Portfolio, the state fee is charged at an annual rate of .05 percent.

For Fidelity Fund Portfolios that invest in underlying actively managed funds, the portfolio management fee ranges from .30 percent to .79 percent. For Fidelity Index Portfolios that invest in underlying index funds, the portfolio management fee ranges from .02 percent to .05 percent. For Fidelity Blend Portfolios that invest in a combination of actively managed funds and index funds, the portfolio management fee ranges from .28 percent to .49 percent. The portfolio management fee for age-based Fidelity Fund Portfolios and Fidelity Blend Portfolios is reduced annually until the portfolio's asset allocation aligns and merges with the college portfolio.

NOTE 7 RELATED-PARTY TRANSACTIONS

Two State of Delaware employees are required to serve on the Plan's Management Board.

Four members of the public are required to serve on the Plan's Management Board.

Employees of the State of Delaware, Office of State Treasurer, and Plans Management Board may participate in the Plan.

NOTE 8 INCOME TAXES

The Plan has been designed to comply with the requirements for treatment as a qualified tuition program under Section 529 of the IRC and is exempt from federal and state income tax. Therefore, no provision for income tax is required.

Account owners may request withdrawals for qualified or nonqualified expenses. It is the responsibility of the account owner to determine whether the withdrawal is for qualified or nonqualified purposes and to calculate the applicable amount of federal or state tax, or penalties for withdrawals, if any.

NOTE 9 SUBSEQUENT EVENTS

The Plan has evaluated subsequent events for recognition or disclosure through the date the financial statements were available to be issued.

FINAL DRAFT - FOR COMMITTEE ACCEPTANCE

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
SUPPLEMENTARY INFORMATION**

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Funds Portfolios				
	Delaware College Portfolio	Delaware Portfolio 2021	Delaware Portfolio 2024	Delaware Portfolio 2027	Delaware Portfolio 2030
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments at fair value	<u>104,453,230</u>	<u>118,422,365</u>	<u>80,677,121</u>	<u>42,743,317</u>	<u>26,396,644</u>
Receivable:					
Capital shares	4,694	6,184	11,112	13,404	6,345
Securities sold	917,627	927,354	736,826	383,430	259,992
Accrued dividends	78,342	87,654	62,081	29,703	15,357
Total Receivables	<u>1,000,663</u>	<u>1,021,192</u>	<u>810,019</u>	<u>426,537</u>	<u>281,694</u>
TOTAL ASSETS	<u>105,453,893</u>	<u>119,443,557</u>	<u>81,487,140</u>	<u>43,169,854</u>	<u>26,678,338</u>
LIABILITIES					
Capital shares payable	272,108	176,055	5,928	6,793	-
Securities purchased payable	728,593	845,154	804,093	419,743	281,687
Administrative and management fee payable	57,798	66,660	49,043	27,972	18,288
TOTAL LIABILITIES	<u>1,058,499</u>	<u>1,087,869</u>	<u>859,064</u>	<u>454,508</u>	<u>299,975</u>
NET POSITION	<u>\$ 104,395,394</u>	<u>\$ 118,355,688</u>	<u>\$ 80,628,076</u>	<u>\$ 42,715,346</u>	<u>\$ 26,378,363</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Funds Portfolios			Total Age- Based Fidelity Fund Portfolios
	Delaware Portfolio 2033	Delaware Portfolio 2036	Delaware Portfolio 2039	
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments at fair value	<u>13,211,493</u>	<u>8,160,320</u>	<u>2,174,581</u>	<u>396,239,071</u>
Receivable:				
Capital shares	3,335	3,760	425	49,259
Securities sold	93,569	81,651	13,971	3,414,420
Accrued dividends	5,893	2,297	128	281,455
Total Receivables	<u>102,797</u>	<u>87,708</u>	<u>14,524</u>	<u>3,745,134</u>
TOTAL ASSETS	<u>13,314,290</u>	<u>8,248,028</u>	<u>2,189,105</u>	<u>399,984,205</u>
LIABILITIES				
Capital shares payable	-	-	-	460,884
Securities purchased payable	102,797	87,706	14,525	3,284,298
Administrative and management fee payable	9,581	6,095	1,684	237,121
TOTAL LIABILITIES	<u>112,378</u>	<u>93,801</u>	<u>16,209</u>	<u>3,982,303</u>
NET POSITION	<u>\$ 13,201,912</u>	<u>\$ 8,154,227</u>	<u>\$ 2,172,896</u>	<u>\$ 396,001,902</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Index Funds Portfolios				
	Delaware College Portfolio	Delaware Portfolio 2021	Delaware Portfolio 2024	Delaware Portfolio 2027	Delaware Portfolio 2030
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments at fair value	<u>13,453,292</u>	<u>20,700,352</u>	<u>30,083,615</u>	<u>24,923,686</u>	<u>14,279,982</u>
Receivable:					
Capital shares	30,100	48,482	6,335	7,730	2,548
Securities sold	422,942	619,491	769,941	590,547	315,295
Accrued dividends	8,420	12,878	20,279	15,489	7,600
Total Receivables	<u>461,462</u>	<u>680,851</u>	<u>796,555</u>	<u>613,766</u>	<u>325,443</u>
TOTAL ASSETS	<u>13,914,754</u>	<u>21,381,203</u>	<u>30,880,170</u>	<u>25,537,452</u>	<u>14,605,425</u>
LIABILITIES					
Capital shares payable	48,561	41,250	30,353	-	2,000
Securities purchased payable	413,157	639,990	766,818	614,230	323,666
Administrative and management fee payable	1,634	2,497	3,569	2,927	1,663
TOTAL LIABILITIES	<u>463,352</u>	<u>683,737</u>	<u>800,740</u>	<u>617,157</u>	<u>327,329</u>
NET POSITION	<u>\$ 13,451,402</u>	<u>\$ 20,697,466</u>	<u>\$ 30,079,430</u>	<u>\$ 24,920,295</u>	<u>\$ 14,278,096</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Index Funds Portfolios			Total Age- Based Fidelity Fund Portfolios
	Delaware Portfolio 2033	Delaware Portfolio 2036	Delaware Portfolio 2039	
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments at fair value	<u>11,666,632</u>	<u>6,138,170</u>	<u>2,318,347</u>	<u>123,564,076</u>
Receivable:				
Capital shares	4,691	3,150	10,705	113,741
Securities sold	168,432	59,720	2,728	2,949,096
Accrued dividends	4,922	1,796	236	71,620
Total Receivables	<u>178,045</u>	<u>64,666</u>	<u>13,669</u>	<u>3,134,457</u>
TOTAL ASSETS	<u>11,844,677</u>	<u>6,202,836</u>	<u>2,332,016</u>	<u>126,698,533</u>
LIABILITIES				
Capital shares payable	1,499	-	-	123,663
Securities purchased payable	176,687	64,717	13,317	3,012,582
Administrative and management fee payable	1,348	711	267	14,616
TOTAL LIABILITIES	<u>179,534</u>	<u>65,428</u>	<u>13,584</u>	<u>3,150,861</u>
NET POSITION	<u>\$ 11,665,143</u>	<u>\$ 6,137,408</u>	<u>\$ 2,318,432</u>	<u>\$ 123,547,672</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Blend Funds Portfolios				
	Delaware College Portfolio	Delaware Portfolio 2021	Delaware Portfolio 2024	Delaware Portfolio 2027	Delaware Portfolio 2030
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments at fair value	542,486	1,717,744	2,237,335	1,490,361	901,166
Receivable:					
Capital shares	100	10,000	72	2,005	15,275
Securities sold	9,927	8,043	20,459	13,129	2,411
Accrued dividends	346	1,080	1,509	895	413
Total Receivables	10,373	19,123	22,040	16,029	18,099
TOTAL ASSETS	552,859	1,736,867	2,259,375	1,506,390	919,265
LIABILITIES					
Capital shares payable	7,737	-	-	-	-
Securities purchased payable	2,644	19,144	22,068	16,046	18,106
Administrative and management fee payable	184	588	856	608	351
TOTAL LIABILITIES	10,565	19,732	22,924	16,654	18,457
NET POSITION	\$ 542,294	\$ 1,717,135	\$ 2,236,451	\$ 1,489,736	\$ 900,808

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Blend Funds Portfolios			Total Age- Based Fidelity Fund Portfolios
	Delaware Portfolio 2033	Delaware Portfolio 2036	Delaware Portfolio 2039	
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments at fair value	1,088,744	1,964,226	1,128,019	11,070,081
Receivable:				
Capital shares	4,220	370	830	32,872
Securities sold	5,639	20,950	6,913	87,471
Accrued dividends	407	475	64	5,189
Total Receivables	10,266	21,795	7,807	125,532
TOTAL ASSETS	1,099,010	1,986,021	1,135,826	11,195,613
LIABILITIES				
Capital shares payable	-	-	-	7,737
Securities purchased payable	10,273	21,801	7,807	117,889
Administrative and management fee payable	475	864	523	4,449
TOTAL LIABILITIES	10,748	22,665	8,330	130,075
NET POSITION	\$ 1,088,262	\$ 1,963,356	\$ 1,127,496	\$ 11,065,538

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Target Risk Fidelity Funds Portfolios			Total Target Risk Fidelity Fund Portfolios
	Delaware Conservative Growth Portfolio	Delaware Moderate Growth Portfolio	Delaware Aggressive Growth Portfolio	
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments at fair value	<u>6,736,510</u>	<u>19,663,268</u>	<u>39,395,926</u>	<u>65,795,704</u>
Receivable:				
Capital shares	2,165	60,126	275,216	337,507
Securities sold	61,964	141,437	13,063	216,464
Accrued dividends	4,969	9,154	-	14,123
Total Receivables	<u>69,098</u>	<u>210,717</u>	<u>288,279</u>	<u>568,094</u>
TOTAL ASSETS	<u>6,805,608</u>	<u>19,873,985</u>	<u>39,684,205</u>	<u>66,363,798</u>
LIABILITIES				
Capital shares payable	5,829	44,042	103,059	152,930
Securities purchased payable	63,272	166,670	185,216	415,158
Administrative and management fee payable	2,961	14,451	32,324	49,736
TOTAL LIABILITIES	<u>72,062</u>	<u>225,163</u>	<u>320,599</u>	<u>617,824</u>
NET POSITION	<u>\$ 6,733,546</u>	<u>\$ 19,648,822</u>	<u>\$ 39,363,606</u>	<u>\$ 65,745,974</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Target Risk Fidelity Index Funds Portfolios			Total Target Risk Fidelity Fund Portfolios
	Delaware Conservative Growth Portfolio	Delaware Moderate Growth Portfolio	Delaware Aggressive Growth Portfolio	
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments at fair value	<u>5,638,440</u>	<u>14,229,252</u>	<u>19,899,464</u>	<u>39,767,156</u>
Receivable:				
Capital shares	12,334	8,900	22,198	43,432
Securities sold	105,869	148,803	-	254,672
Accrued dividends	2,985	5,748	-	8,733
Total Receivables	<u>121,188</u>	<u>163,451</u>	<u>22,198</u>	<u>306,837</u>
TOTAL ASSETS	<u>5,759,628</u>	<u>14,392,703</u>	<u>19,921,662</u>	<u>40,073,993</u>
LIABILITIES				
Capital shares payable	2,097	3,368	21,483	26,948
Securities purchased payable	119,177	160,252	718	280,147
Administrative and management fee payable	637	1,574	2,156	4,367
TOTAL LIABILITIES	<u>121,911</u>	<u>165,194</u>	<u>24,357</u>	<u>311,462</u>
NET POSITION	<u>\$ 5,637,717</u>	<u>\$ 14,227,509</u>	<u>\$ 19,897,305</u>	<u>\$ 39,762,531</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Individual Funds Portfolios				
	Delaware Money Market Portfolio	Delaware Intermediate Treasury Index Portfolio	Delaware International Index Portfolio	Delaware Fidelity 500 Index Portfolio	Delaware Total Market Index Portfolio
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments at fair value	<u>15,887,491</u>	<u>3,999,915</u>	<u>7,138,409</u>	<u>49,482,563</u>	<u>23,340,123</u>
Receivable:					
Capital shares	28,057	1,340	1,200	148,797	2,698
Securities sold	230,931	3	-	-	51,229
Accrued dividends	1,016	4,270	-	-	-
Total Receivables	<u>260,004</u>	<u>5,613</u>	<u>1,200</u>	<u>148,797</u>	<u>53,927</u>
TOTAL ASSETS	<u>16,147,495</u>	<u>4,005,528</u>	<u>7,139,609</u>	<u>49,631,360</u>	<u>23,394,050</u>
LIABILITIES					
Capital shares payable	258,989	-	-	42,380	53,927
Securities purchased payable	142	5,759	1,195	106,416	-
Administrative and management fee payable	-	317	539	3,650	1,742
TOTAL LIABILITIES	<u>259,131</u>	<u>6,076</u>	<u>1,734</u>	<u>152,446</u>	<u>55,669</u>
NET POSITION	<u>\$ 15,888,364</u>	<u>\$ 3,999,452</u>	<u>\$ 7,137,875</u>	<u>\$ 49,478,914</u>	<u>\$ 23,338,381</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Individual Funds</u> <u>Total Individual</u> <u>Fund Portfolios</u>	<u>Interest-bearing</u> <u>Bank Deposit</u> <u>Fund</u>	<u>Administrative</u> <u>Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ -	\$ -	\$ 1,422,907	\$ 1,422,907
Investments at fair value	<u>99,848,501</u>	<u>11,364,871</u>	<u>-</u>	<u>747,649,460</u>
Receivable:				
Capital shares	182,092	51,152	-	810,055
Securities sold	282,163	-	-	7,204,286
Accrued dividends	5,286	1,345	-	387,751
Total Receivables	<u>469,541</u>	<u>52,497</u>	<u>-</u>	<u>8,402,092</u>
TOTAL ASSETS	<u>100,318,042</u>	<u>11,417,368</u>	<u>1,422,907</u>	<u>757,474,459</u>
LIABILITIES				
Capital shares payable	355,296	37,279	-	1,164,737
Securities purchased payable	113,512	15,217	-	7,238,803
Administrative and management fee payable	6,248	481	-	317,018
TOTAL LIABILITIES	<u>475,056</u>	<u>52,977</u>	<u>-</u>	<u>8,720,558</u>
NET POSITION	<u>\$ 99,842,986</u>	<u>\$ 11,364,391</u>	<u>\$ 1,422,907</u>	<u>\$ 748,753,901</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Funds Portfolios				
	Delaware College Portfolio	Delaware Portfolio 2021	Delaware Portfolio 2024	Delaware Portfolio 2027	Delaware Portfolio 2030
ADDITIONS					
Subscriptions	\$ 9,779,658	\$ 9,678,389	\$ 7,260,322	\$ 4,917,400	\$ 3,107,706
Investment income (loss):					
Net increase/(decrease) in fair value of investments	(780,432)	(847,229)	(95,996)	163,409	280,842
Interest and dividends	4,446,234	4,834,576	4,337,919	2,889,403	2,135,994
Less: investments expenses, net of reductions	(772,381)	(832,181)	(563,545)	(311,939)	(203,983)
Total Investment Income (Loss)	2,893,421	3,155,166	3,678,378	2,740,873	2,212,853
Other income	-	-	-	-	-
TOTAL ADDITIONS	12,673,079	12,833,555	10,938,700	7,658,273	5,320,559
DEDUCTIONS					
Redemptions	45,847,201	25,554,872	5,069,489	1,454,002	666,797
Administrative expenses	-	-	-	-	-
TOTAL DEDUCTIONS	45,847,201	25,554,872	5,069,489	1,454,002	666,797
CHANGE IN FIDUCIARY NET POSITION	(33,174,122)	(12,721,317)	5,869,211	6,204,271	4,653,762
NET POSITION, BEGINNING OF YEAR	137,569,516	131,077,005	74,758,865	36,511,075	21,724,601
NET POSITION, END OF YEAR	\$ 104,395,394	\$ 118,355,688	\$ 80,628,076	\$ 42,715,346	\$ 26,378,363

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Funds Portfolios			Total Age- Based Fidelity Fund Portfolios
	Delaware Portfolio 2033	Delaware Portfolio 2036	Delaware Portfolio 2039	
ADDITIONS				
Subscriptions	\$ 2,152,416	\$ 2,234,846	\$ 1,594,199	\$ 40,724,936
Investment income (loss):				
Net increase/(decrease) in fair value of investments	151,694	104,890	(50,131)	(1,072,953)
Interest and dividends	1,245,605	835,484	232,669	20,957,884
Less: investments expenses, net of reductions	(103,041)	(62,845)	(13,059)	(2,862,974)
Total Investment Income (Loss)	<u>1,294,258</u>	<u>877,529</u>	<u>169,479</u>	<u>17,021,957</u>
Other income	-	-	-	-
TOTAL ADDITIONS	<u>3,446,674</u>	<u>3,112,375</u>	<u>1,763,678</u>	<u>57,746,893</u>
DEDUCTIONS				
Redemptions	294,640	120,689	272,539	79,280,229
Administrative expenses	-	-	-	-
TOTAL DEDUCTIONS	<u>294,640</u>	<u>120,689</u>	<u>272,539</u>	<u>79,280,229</u>
CHANGE IN FIDUCIARY NET POSITION	3,152,034	2,991,686	1,491,139	(21,533,336)
NET POSITION, BEGINNING OF YEAR	<u>10,049,878</u>	<u>5,162,541</u>	<u>681,757</u>	<u>417,535,238</u>
NET POSITION, END OF YEAR	<u>\$ 13,201,912</u>	<u>\$ 8,154,227</u>	<u>\$ 2,172,896</u>	<u>\$ 396,001,902</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Index Funds Portfolios				
	Delaware College Portfolio	Delaware Portfolio 2021	Delaware Portfolio 2024	Delaware Portfolio 2027	Delaware Portfolio 2030
ADDITIONS					
Subscriptions	\$ 1,912,792	\$ 3,176,198	\$ 3,961,313	\$ 3,785,810	\$ 2,517,905
Investment income (loss):					
Net increase/(decrease) in fair value of investments	159,832	250,013	831,366	1,157,174	888,547
Interest and dividends	209,045	311,435	500,648	433,054	253,773
Less: investments expenses, net of reductions	(21,281)	(30,714)	(40,417)	(32,730)	(17,956)
Total Investment Income (Loss)	<u>347,596</u>	<u>530,734</u>	<u>1,291,597</u>	<u>1,557,498</u>	<u>1,124,364</u>
Other income	-	-	-	-	-
TOTAL ADDITIONS	<u>2,260,388</u>	<u>3,706,932</u>	<u>5,252,910</u>	<u>5,343,308</u>	<u>3,642,269</u>
DEDUCTIONS					
Redemptions	5,383,678	5,023,702	1,712,596	1,822,899	437,067
Administrative expenses	-	-	-	-	-
TOTAL DEDUCTIONS	<u>5,383,678</u>	<u>5,023,702</u>	<u>1,712,596</u>	<u>1,822,899</u>	<u>437,067</u>
CHANGE IN FIDUCIARY NET POSITION	(3,123,290)	(1,316,770)	3,540,314	3,520,409	3,205,202
NET POSITION, BEGINNING OF YEAR	<u>16,574,692</u>	<u>22,014,236</u>	<u>26,539,116</u>	<u>21,399,886</u>	<u>11,072,894</u>
NET POSITION, END OF YEAR	<u>\$ 13,451,402</u>	<u>\$ 20,697,466</u>	<u>\$ 30,079,430</u>	<u>\$ 24,920,295</u>	<u>\$ 14,278,096</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Index Funds Portfolios			Total Age-Based Fidelity Index Fund Portfolios
	Delaware Portfolio 2033	Delaware Portfolio 2036	Delaware Portfolio 2039	
ADDITIONS				
Subscriptions	\$ 2,161,862	\$ 1,523,235	\$ 1,713,869	\$ 20,752,984
Investment income (loss):				
Net increase/(decrease) in fair value of investments	906,314	581,048	113,564	4,887,858
Interest and dividends	213,938	111,284	40,179	2,073,356
Less: investments expenses, net of reductions	(14,304)	(7,480)	(1,688)	(166,570)
Total Investment Income (Loss)	1,105,948	684,852	152,055	6,794,644
Other income	-	-	-	-
TOTAL ADDITIONS	3,267,810	2,208,087	1,865,924	27,547,628
DEDUCTIONS				
Redemptions	326,152	378,352	94,548	15,178,994
Administrative expenses	-	-	-	-
TOTAL DEDUCTIONS	326,152	378,352	94,548	15,178,994
CHANGE IN FIDUCIARY NET POSITION	2,941,658	1,829,735	1,771,376	12,368,634
NET POSITION, BEGINNING OF YEAR	8,723,485	4,307,673	547,056	111,179,038
NET POSITION, END OF YEAR	\$ 11,665,143	\$ 6,137,408	\$ 2,318,432	\$ 123,547,672

DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021

	Age-Based Fidelity Blend Funds Portfolios				
	Delaware College Portfolio	Delaware Portfolio 2021	Delaware Portfolio 2024	Delaware Portfolio 2027	Delaware Portfolio 2030
ADDITIONS					
Subscriptions	\$ 309,845	\$ 1,293,346	\$ 1,251,410	\$ 818,015	\$ 546,198
Investment income (loss):					
Net increase/(decrease) in fair value of investments	(4,702)	(23,092)	(15,836)	(148)	6,754
Interest and dividends	19,397	54,602	92,746	76,801	49,024
Less: investments expenses, net of reductions	(2,282)	(5,192)	(7,757)	(5,592)	(3,243)
Total Investment Income (Loss)	12,413	26,318	69,153	71,061	52,535
Other income	-	-	-	-	-
TOTAL ADDITIONS	<u>322,258</u>	<u>1,319,664</u>	<u>1,320,563</u>	<u>889,076</u>	<u>598,733</u>
DEDUCTIONS					
Redemptions	336,045	357,329	61,452	160,100	58,886
Administrative expenses	-	-	-	-	-
TOTAL DEDUCTIONS	<u>336,045</u>	<u>357,329</u>	<u>61,452</u>	<u>160,100</u>	<u>58,886</u>
CHANGE IN FIDUCIARY NET POSITION	(13,787)	962,335	1,259,111	728,976	539,847
NET POSITION, BEGINNING OF YEAR	<u>556,081</u>	<u>754,800</u>	<u>977,340</u>	<u>760,760</u>	<u>360,961</u>
NET POSITION, END OF YEAR	<u>\$ 542,294</u>	<u>\$ 1,717,135</u>	<u>\$ 2,236,451</u>	<u>\$ 1,489,736</u>	<u>\$ 900,808</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Age-Based Fidelity Blend Funds Portfolios			Total Age-Based Fidelity Blend Fund Portfolios
	Delaware Portfolio 2033	Delaware Portfolio 2036	Delaware Portfolio 2039	
ADDITIONS				
Subscriptions	\$ 592,348	\$ 1,029,967	\$ 758,207	6,599,336
Investment income (loss):				
Net increase/(decrease) in fair value of investments	8,017	64,399	9,985	45,377
Interest and dividends	73,132	140,876	88,319	594,897
Less: investments expenses, net of reductions	(4,251)	(8,451)	(4,280)	(41,048)
Total Investment Income (Loss)	76,898	196,824	94,024	599,226
Other income	-	-	-	-
TOTAL ADDITIONS	669,246	1,226,791	852,231	7,198,562
DEDUCTIONS				
Redemptions	12,692	361,480	24,405	1,372,389
Administrative expenses	-	-	-	-
TOTAL DEDUCTIONS	12,692	361,480	24,405	1,372,389
CHANGE IN FIDUCIARY NET POSITION	656,554	865,311	827,826	5,826,173
NET POSITION, BEGINNING OF YEAR	431,708	1,098,045	299,670	5,239,365
NET POSITION, END OF YEAR	\$ 1,088,262	\$ 1,963,356	\$ 1,127,496	\$ 11,065,538

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Target Risk Fidelity Funds Portfolios			Total Target Risk Fidelity Fund Portfolios
	Delaware Conservative Growth Portfolio	Delaware Moderate Growth Portfolio	Delaware Aggressive Growth Portfolio	
ADDITIONS				
Subscriptions	\$ 1,722,900	\$ 3,024,475	\$ 6,014,731	\$ 10,762,106
Investment income (loss):				
Net increase/(decrease) in fair value of investments	(51,537)	531,944	1,913,956	2,394,363
Interest and dividends	105,053	1,883,657	4,929,974	6,918,684
Less: investments expenses, net of reductions	(36,121)	(169,647)	(386,374)	(592,142)
Total Investment Income (Loss)	17,395	2,245,954	6,457,556	8,720,905
Other income	-	-	-	-
TOTAL ADDITIONS	1,740,295	5,270,429	12,472,287	19,483,011
DEDUCTIONS				
Redemptions	2,577,094	3,911,411	8,430,080	14,918,585
Administrative expenses	-	-	-	-
TOTAL DEDUCTIONS	2,577,094	3,911,411	8,430,080	14,918,585
CHANGE IN FIDUCIARY NET POSITION	(836,799)	1,359,018	4,042,207	4,564,426
NET POSITION, BEGINNING OF YEAR	7,570,345	18,289,804	35,321,399	61,181,548
NET POSITION, END OF YEAR	\$ 6,733,546	\$ 19,648,822	\$ 39,363,606	\$ 65,745,974

DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021

	Target Risk Fidelity Index Funds Portfolios			Total Target Risk Fidelity Index Fund Portfolios
	Delaware Conservative Growth Portfolio	Delaware Moderate Growth Portfolio	Delaware Aggressive Growth Portfolio	
ADDITIONS				
Subscriptions	\$ 1,504,951	\$ 2,866,976	\$ 3,544,340	\$ 7,916,267
Investment income (loss):				
Net increase/(decrease) in fair value of investments	(69,092)	1,247,213	2,662,173	3,840,294
Interest and dividends	61,996	277,991	385,172	725,159
Less: investments expenses, net of reductions	(7,967)	(17,631)	(24,172)	(49,770)
Total Investment Income (Loss)	<u>(15,063)</u>	<u>1,507,573</u>	<u>3,023,173</u>	<u>4,515,683</u>
Other income	-	-	-	-
TOTAL ADDITIONS	<u>1,489,888</u>	<u>4,374,549</u>	<u>6,567,513</u>	<u>12,431,950</u>
DEDUCTIONS				
Redemptions	2,426,055	2,427,173	3,305,967	8,159,195
Administrative expenses	-	-	-	-
TOTAL DEDUCTIONS	<u>2,426,055</u>	<u>2,427,173</u>	<u>3,305,967</u>	<u>8,159,195</u>
CHANGE IN FIDUCIARY NET POSITION	(936,167)	1,947,376	3,261,546	4,272,755
NET POSITION, BEGINNING OF YEAR	<u>6,573,884</u>	<u>12,280,133</u>	<u>16,635,759</u>	<u>35,489,776</u>
NET POSITION, END OF YEAR	<u>\$ 5,637,717</u>	<u>\$ 14,227,509</u>	<u>\$ 19,897,305</u>	<u>\$ 39,762,531</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Individual Funds Portfolios				Delaware Total Market Index Portfolio
	Delaware Money Market Portfolio	Delaware Intermediate Treasury Index Portfolio	Delaware International Index Portfolio	Delaware Fidelity 500 Index Portfolio	
ADDITIONS					
Subscriptions	\$ 5,648,531	\$ 1,061,459	\$ 2,035,200	\$ 12,785,529	\$ 4,755,037
Investment income (loss):					
Net increase/(decrease) in fair value of investments	-	(257,299)	326,887	9,952,961	4,308,277
Interest and dividends	1,819	87,753	181,243	576,597	262,187
Less: investments expenses, net of reductions	524	(4,108)	(6,315)	(37,742)	(18,324)
Total Investment Income (Loss)	<u>2,343</u>	<u>(173,654)</u>	<u>501,815</u>	<u>10,491,816</u>	<u>4,552,140</u>
Other income	-				
TOTAL ADDITIONS	<u>5,650,874</u>	<u>887,805</u>	<u>2,537,015</u>	<u>23,277,345</u>	<u>9,307,177</u>
DEDUCTIONS					
Redemptions	10,323,128	3,557,021	1,446,717	9,362,442	3,258,793
Administrative expenses	-	-	-	-	-
TOTAL DEDUCTIONS	<u>10,323,128</u>	<u>3,557,021</u>	<u>1,446,717</u>	<u>9,362,442</u>	<u>3,258,793</u>
CHANGE IN FIDUCIARY NET POSITION	(4,672,254)	(2,669,216)	1,090,298	13,914,903	6,048,384
NET POSITION, BEGINNING OF YEAR	<u>20,560,618</u>	<u>6,668,668</u>	<u>6,047,577</u>	<u>35,564,011</u>	<u>17,289,997</u>
NET POSITION, END OF YEAR	<u>\$ 15,888,364</u>	<u>\$ 3,999,452</u>	<u>\$ 7,137,875</u>	<u>\$ 49,478,914</u>	<u>\$ 23,338,381</u>

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Individual Funds Portfolios <u>Total Individual Fund Portfolios</u>	Interest-bearing Bank Deposit Fund <u>Fund</u>	Administrative Fund <u>Fund</u>	<u>Total</u>
ADDITIONS				
Subscriptions	\$ 26,285,756	\$ 6,394,645	\$ -	\$ 119,436,030
Investment income (loss):				
Net increase/(decrease) in fair value of investments	14,330,826	-	-	24,425,765
Interest and dividends	1,109,599	16,308	-	32,395,887
Less: investments expenses, net of reductions	(65,965)	5,825	-	(3,772,644)
Total Investment Income (Loss)	<u>15,374,460</u>	<u>22,133</u>	<u>-</u>	<u>53,049,008</u>
Other income	<u>-</u>	<u>-</u>	315,110	<u>315,110</u>
TOTAL ADDITIONS	<u>41,660,216</u>	<u>6,416,778</u>	<u>315,110</u>	<u>172,800,148</u>
DEDUCTIONS				
Redemptions	27,948,101	6,596,124	-	153,453,617
Administrative expenses	<u>-</u>	<u>11,950</u>	<u>354,767</u>	<u>366,717</u>
TOTAL DEDUCTIONS	<u>27,948,101</u>	<u>6,608,074</u>	<u>354,767</u>	<u>153,820,334</u>
CHANGE IN FIDUCIARY NET POSITION	13,712,115	(191,296)	(39,657)	18,979,814
NET POSITION, BEGINNING OF YEAR	<u>86,130,871</u>	<u>11,555,687</u>	<u>1,462,564</u>	<u>729,774,087</u>
NET POSITION, END OF YEAR	<u>\$ 99,842,986</u>	<u>\$ 11,364,391</u>	<u>\$ 1,422,907</u>	<u>\$ 748,753,901</u>

FINAL DRAFT - FOR COMMITTEE ACCEPTANCE

**DELAWARE QUALIFIED TUITION SAVINGS PLAN TRUST
OTHER REPORT**

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 be determined)

State of Delaware Plans Management Board
Trustee of the Delaware Qualified Tuition Savings Plan Trust
Dover, Delaware

We have audited, in accordance with the 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 Delaware Qualified Tuition Savings Plan Trust ("the Trust"), Dover, Delaware, which comprise the statement of fiduciary net position as of December 31, 2021, 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 (to be determined).

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust'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 Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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.

FINAL DRAFT - FOR COMMITTEE ACCEPTANCE

State of Delaware Plans Management Board
Trustee of the Delaware Qualified Tuition Savings Plan Trust

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 Trust'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.

BARBACANE, THORNTON & COMPANY LLP