



**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**BASIC FINANCIAL STATEMENTS**  
and  
**SUPPLEMENTARY INFORMATION**  
June 30, 2022  
(With Independent Auditor's Report Thereon)

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**TABLE OF CONTENTS**

	<u>Pages</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1 – 3
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)</b>	7 – 13
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Fiduciary Net Position	15
Statement of Changes in Fiduciary Net Position	15
Notes to Financial Statements	17 – 32
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Fiduciary Net Position by Investment Option	34 – 37
Schedule of Changes in Fiduciary Net Position by Investment Option	38 – 41
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	43 – 44



## INDEPENDENT AUDITOR'S REPORT

Commonwealth of Pennsylvania Treasury Department (Program Manager) and  
Ascensus College Savings Recordkeeping Services, LLC (Recordkeeping and Servicing Agent)  
Pennsylvania 529 Investment Plan

### Report on the Audit of the Basic Financial Statements

#### **Opinion**

We have audited the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the **Pennsylvania 529 Investment Plan** (the Investment Plan) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Investment Plan's basic financial statements.

In our opinion, the basic financial statements present fairly, in all material respects, the fiduciary net position of the Investment Plan as of June 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. 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 Basic Financial Statements* section of our report. We are required to be independent of the Investment Plan 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.

#### **Emphasis of Matter – Other**

As disclosed in Note 1, the Investment Plan is a fiduciary fund of the Commonwealth of Pennsylvania and is one of two savings options offered by the Commonwealth of Pennsylvania through the Pennsylvania Tuition Account Program, also known as the Pennsylvania 529 College and Career Savings Program (the Program). These basic financial statements present only the activities and balances attributable to the Investment Plan and do not purport to, and do not, present fairly the fiduciary net position or changes in fiduciary net position of the Program or any other fiduciary funds of the Commonwealth of Pennsylvania as of and for the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

## **Report on the Audit of the Basic Financial Statements (*Continued*)**

### ***Responsibilities of Management for the Basic Financial Statements***

Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Investment Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the basic 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 U.S. GAAS and *Government Auditing Standards* 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 basic financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic 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 basic 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 Investment Plan'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 basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Investment Plan'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.

Commonwealth of Pennsylvania Treasury Department (Program Manager) and  
Ascensus College Savings Recordkeeping Services, LLC (Recordkeeping and Servicing Agent)  
Pennsylvania 529 Investment Plan

## **Report on the Audit of the Basic Financial Statements (*Continued*)**

### ***Required Supplementary Information***

U.S. GAAP require that management's discussion and analysis on pages 7 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board as it is considered 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 U.S. GAAS, 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 Investment Plan's basic financial statements. The schedules of fiduciary net position and changes in fiduciary net position by investment option on pages 34 through 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules 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. The information in these schedules 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 U.S. GAAS. In our opinion, the information in these schedules is 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 August 31, 2022 on our consideration of the Investment Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Investment Plan's internal control over financial reporting and compliance.



Little Rock, Arkansas  
August 31, 2022

*(This page intentionally left blank)*

**Management's Discussion and Analysis**  
(Unaudited)

*(This page intentionally left blank)*



**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2022 and 2021

This management's discussion and analysis is intended to provide readers an objective discussion of the basic financial statements of the Pennsylvania 529 Investment Plan (the Investment Plan) as of and for the years ended June 30, 2022 and 2021. This discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board (GASB), is intended to provide a highly summarized overview of the Investment Plan's assets, liabilities, fiduciary net position and changes in fiduciary net position and should be read in conjunction with the Investment Plan's financial statements and notes thereto, which are included on pages 15 through 32. In addition, readers may find useful the supplementary information on pages 34 through 41, which include information about the investment options offered to account owners.

\* \* \* \* \*

In 1992, the General Assembly of the Commonwealth of Pennsylvania enacted the Tuition Account Program and College Savings Bond Act, which was amended in 2000 (the Act). As amended, the Act requires the Commonwealth of Pennsylvania Treasury Department (the Department) to establish two plans for postsecondary educational savings and administer them as qualified tuition programs pursuant to Section 529 of the Internal Revenue Code of 1986, as amended (the Code). Section 529 of the Code permits states, state agencies and eligible educational institutions to sponsor tax-advantaged programs intended to help individuals and families save for the future costs of higher education and for tuition in connection with enrollment or attendance at an elementary or secondary public, private or religious school.

Pursuant to the Act, the Tuition Account Program, also known as the Pennsylvania 529 College and Career Savings Program (the Program), was created. The Program consists of two savings options, the Guaranteed Savings Plan and the Investment Plan. This management's discussion and analysis, as well as the accompanying basic financial statements and supplementary information, pertain only to the Investment Plan.

By law, the Department is responsible for overall administration of the Investment Plan. The Department serves as Program Manager for the Investment Plan and is responsible for establishing investment guidelines, choosing the underlying mutual funds that compose the various investment options offered to account owners, providing customer service to account owners and performing all marketing functions. The Department is authorized to contract with service providers to perform recordkeeping and other administrative duties and to provide investment management services for the Investment Plan. Pursuant to the Commonwealth of Pennsylvania TAP Agreement, Ascensus College Savings Recordkeeping Services, LLC (ACSR) serves as the recordkeeping and servicing agent for the Investment Plan. The Vanguard Group, Inc. (Vanguard) provides investment management and investment option accounting services.

**Financial Highlights**

The following highlight some of the Investment Plan's key financial results:

- At June 30, 2022 and 2021, the Investment Plan's fiduciary net position totaled \$4.1 billion and \$4.4 billion, respectively. Fiduciary net position decreased \$313.3 million, or 7.1%, from June 30, 2021, to June 30, 2022.



# Pennsylvania 529 Investment Plan

(A Fiduciary Fund of the Commonwealth of Pennsylvania)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2022 and 2021

### Financial Highlights (*Continued*)

- During the years ended June 30, 2022 and 2021, contributions exceeded withdrawals by \$233.9 million and \$251.1 million, respectively. Contributions for the year ended June 30, 2022, totaled \$563.2 million, an increase of \$52.6 million, or 10.3%, over 2021 contributions. Withdrawals for the year ended June 30, 2022, totaled \$329.3 million, an increase of \$69.8 million, or 26.9%, over 2021 withdrawals.
- Administrative fees totaled \$8.2 million and \$7.4 million for the years ended June 30, 2022 and 2021, respectively. These fees, which are based on the Investment Plan's fiduciary net position, are paid to the Department, ACSR and Vanguard for performing oversight, administrative and investment duties.
- For the year ended June 30, 2022, the Investment Plan experienced a net investment loss of \$539.0 million, resulting from the net decrease in the fair value of investments of \$751.1 million, somewhat offset by dividends and interest totaling \$212.1 million. For the year ended June 30, 2021, net investment income totaled \$749.3 million, resulting from the net increase in the fair value of investments of \$551.5 million and dividends and interest totaling \$197.8 million.
- The number of active accounts has increased from 155,016 at June 30, 2021, to 166,565 at June 30, 2022. The average active account balance has decreased from approximately \$28,300 at June 30, 2021, to approximately \$24,500 at June 30, 2022.

### Overview of the Basic Financial Statements

The Investment Plan's basic financial statements comprise the statement of fiduciary net position, the statement of changes in fiduciary net position and the related notes to the financial statements. The statement of fiduciary net position presents information on the Investment Plan's assets and liabilities, with the difference between them representing net position held in trust for account owners and their beneficiaries. The statement of changes in fiduciary net position shows how the Investment Plan's fiduciary net position changed during the year. The notes to the financial statements provide additional explanatory information about the amounts presented in the financial statements. It is essential that readers of this report consider the information in the notes to obtain a full understanding of the Investment Plan's financial statements.

The Investment Plan is included in the financial reporting entity of the Commonwealth of Pennsylvania as a fiduciary fund. Assets are held in trust or agency capacity for account owners and beneficiaries and cannot be used to support other governmental programs.



**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2022 and 2021

**Overview of the Basic Financial Statements (Continued)**

The Investment Plan's basic financial statements are prepared in accordance with accounting and financial reporting standards for governmental entities set forth by the GASB. As required under generally accepted accounting principles applicable to fiduciary fund types, the Investment Plan's basic financial statements are prepared using the accrual basis of accounting. Mutual funds are reported at fair value, and investment contracts are reported at contract value. All investment transactions are recorded on a trade-date basis. Realized and unrealized gains and losses are reported as "net increase (decrease) in the fair value of investments" on the statement of changes in fiduciary net position. Dividends and capital gain distributions are recorded on the ex-dividend date rather than when they are received. Contributions are recognized when they are received, provided enrollment in the Investment Plan has been successfully completed, and withdrawals are recognized when the withdrawal request has been received and approved for payment. Administrative fees are recognized in the period when the related services are provided, regardless of when cash is paid.

**Financial Analysis**

Fiduciary Net Position

The following condensed statements of fiduciary net position provide a "snapshot" of the overall financial position of the Investment Plan:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total assets	\$ 4,080,430,779	\$ 4,394,641,705
Total liabilities	<u>3,290,270</u>	<u>4,176,197</u>
Net position held in trust for account owners and beneficiaries	<u>\$ 4,077,140,509</u>	<u>\$ 4,390,465,508</u>

The reported balance of net position held in trust for account owners and their beneficiaries represents the cumulative total of contributions since the Investment Plan's inception, increased (decreased) by net investment income (loss), and decreased by withdrawals and administrative fees.

Investments, which totaled \$4.1 billion and \$4.4 billion at June 30, 2022 and 2021, respectively, represent over 99% of the Investment Plan's total assets. Account owners are able to direct investment of their contributions into one or more investment options, each of which is invested in one or more Vanguard mutual funds and/or investment contracts (the Underlying Funds) in accordance with a predetermined asset allocation strategy approved by the Department.



# Pennsylvania 529 Investment Plan

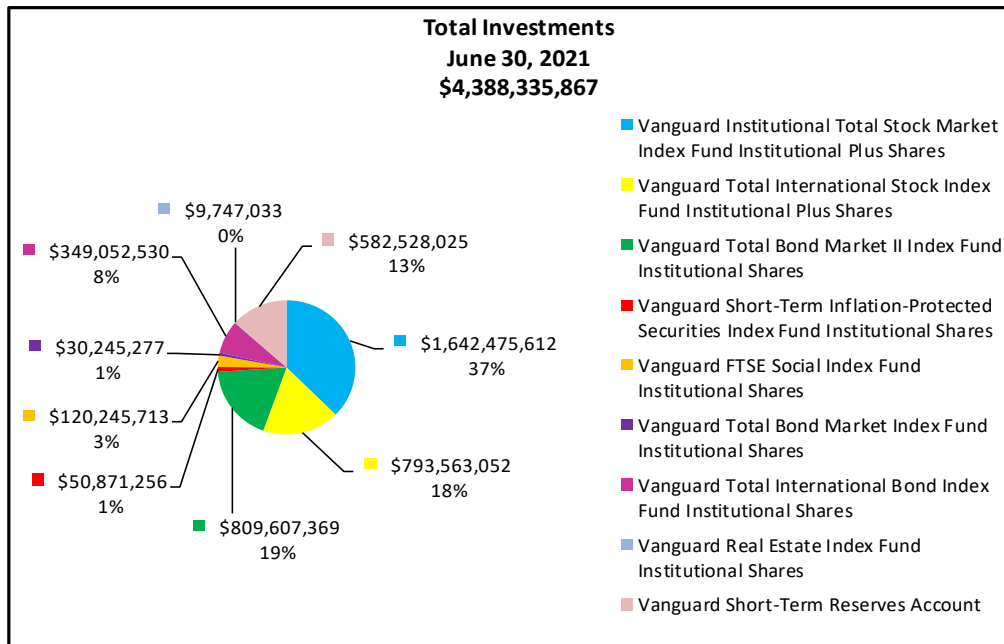
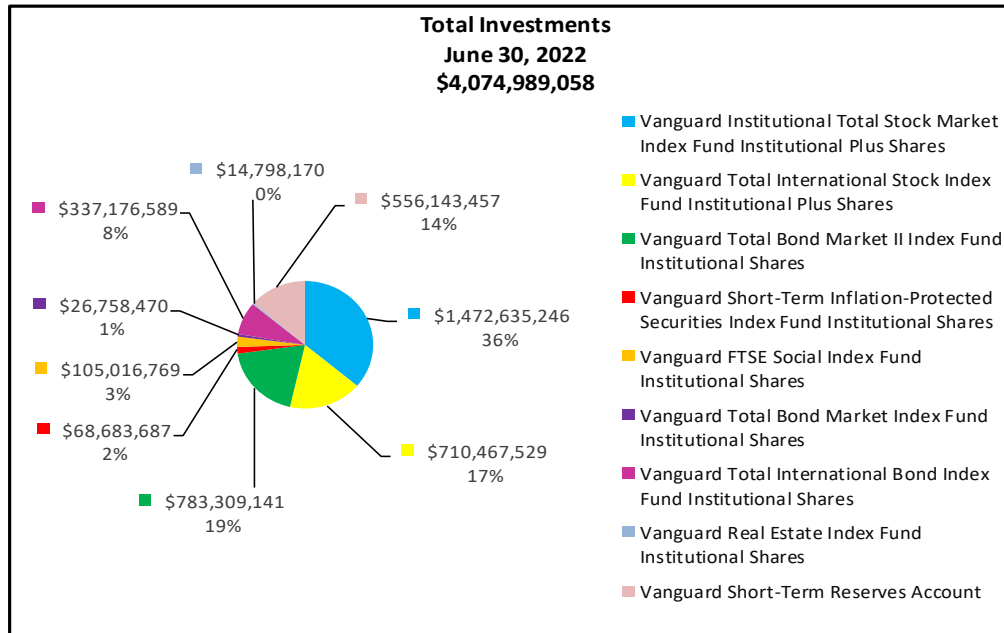
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2022 and 2021

### Financial Analysis (Continued)

#### Fiduciary Net Position (Continued)

At June 30, 2022 and 2021, the Investment Plan's Underlying Funds are as follows:



**Note:** Percentages are stated as a percent of total investment value. A percentage of zero represents less than 0.5% of investment value.



**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2022 and 2021

**Financial Analysis (Continued)**

Fiduciary Net Position (Continued)

Other assets, which totaled \$5.4 million and \$6.3 million at June 30, 2022 and 2021, respectively, comprise amounts to be invested or distributed on behalf of account owners and their beneficiaries and receivables for proceeds from Underlying Fund sales transactions. The Investment Plan's liabilities, which totaled \$3.3 million and \$4.2 million at June 30, 2022 and 2021, respectively, comprise accrued administrative fees, payables for withdrawals approved but not yet paid and payables for Underlying Fund purchase transactions.

Changes in Fiduciary Net Position

The following condensed statements of changes in fiduciary net position summarize how the Investment Plan's net position held in trust for account owners and their beneficiaries changed during the years presented:

	Year Ended June 30, 2022	Year Ended June 30, 2021
Contributions	\$ 563,186,812	\$ 510,561,839
Net investment (loss) income	(539,018,911)	749,364,857
Withdrawals	(329,301,627)	(259,491,174)
Administrative fees	(8,191,273)	(7,438,152)
Net (decrease) increase	(313,324,999)	992,997,370
Net position held in trust for account owners and beneficiaries, beginning of year	4,390,465,508	3,397,468,138
Net position held in trust for account owners and beneficiaries, end of year	\$ 4,077,140,509	\$ 4,390,465,508

**Investment Commentary**

The following section provides a brief description of each of the Investment Plan's investments. More complete information can be found in the *PA 529 Investment Plan IP Disclosure Statement* or in each mutual fund's prospectus and annual report.

The Vanguard Institutional Total Stock Market Index Fund Institutional Plus Share Class is passively managed, using index sampling. This fund invests in large-, mid- and small-capitalization stocks diversified across growth and value investment styles and seeks to track the performance of the CRSP US Total Market Index. This fund experienced returns of (14.20%) and 44.35% for the years ended June 30, 2022 and 2021, respectively. The share price of this fund decreased from \$84.71 at June 30, 2021, to \$66.77 at June 30, 2022.



# Pennsylvania 529 Investment Plan

(A Fiduciary Fund of the Commonwealth of Pennsylvania)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2022 and 2021

### Investment Commentary (*Continued*)

The Vanguard Total International Stock Index Fund Institutional Plus Share Class is passively managed and seeks to track the performance of the FTSE Global All Cap ex US Index. This fund provides broad exposure across developed and emerging non-US equity markets. This fund experienced returns of (18.91%) and 36.55% for the years ended June 30, 2022 and 2021, respectively. The share price of this fund decreased from \$140.96 at June 30, 2021, to \$110.51 at June 30, 2022.

The Vanguard Total Bond Market II Index Fund Institutional Share Class is passively managed, using index sampling and seeks to track the performance of the Barclays Capital US Aggregate Float Adjusted Index. This fund provides broadly diversified exposure to the entire US investment grade bond market and is intermediate in duration. This fund experienced returns of (10.38%) and (0.42%) for the years ended June 30, 2022 and 2021, respectively. The share price of this fund decreased from \$11.16 at June 30, 2021, to \$9.79 at June 30, 2022.

The Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Share Class employs an index investment approach designed to track the performance of the Barclays US Treasury Inflation-Protected Securities (TIPS) 0-5 Year Index. This index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the US Treasury with remaining maturities of less than five years. This fund experienced returns of 0.99% and 5.92% for the years ended June 30, 2022 and 2021, respectively. The share price of this fund decreased from \$26.05 at June 30, 2021, to \$24.81 at June 30, 2022.

The Vanguard FTSE Social Index Fund Institutional Share Class employs an indexing investment approach and is composed primarily of large- and mid-cap stocks that have been screened for certain social and environmental criteria, seeking to track the performance of the FTSE4Good US Select Index. This fund experienced returns of (15.11%) and 42.11% for the years ended June 30, 2022 and 2021, respectively. The share price of this fund decreased from \$30.11 at June 30, 2021, to \$25.28 at June 30, 2022.

The Vanguard Total Bond Market Index Fund Institutional Share Class is passively managed, using index sampling and seeks to track the performance of the Barclays Capital US Aggregate Float Adjusted Index. This fund provides broadly diversified exposure to the entire US investment grade bond market and is intermediate in duration. This fund experienced returns of (10.39%) and (0.41%) for the years ended June 30, 2022 and 2021, respectively. The share price of this fund decreased from \$11.31 at June 30, 2021, to \$9.91 at June 30, 2022.

The Vanguard Total International Bond Index Fund Institutional Share Class is passively managed, using index sampling and seeks to track the performance of the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). This fund provides broad exposure to non-US investment grade bonds, primarily bonds issued by developed countries, but also some from emerging-markets countries. This fund experienced returns of (10.05%) and 0.09% for the years ended June 30, 2022 and 2021, respectively. The share price of this fund decreased from \$34.24 at June 30, 2021, to \$29.68 at June 30, 2022.



# Pennsylvania 529 Investment Plan

(A Fiduciary Fund of the Commonwealth of Pennsylvania)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2022 and 2021

### Investment Commentary (*Continued*)

The Vanguard FTSE Real Estate Index Fund Institutional Share Class employs an indexing investment approach, investing primarily in publicly traded equity REITs and other real estate-related investments, seeking to track the performance of the MSCI US Investable Market Real Estate 25/50 Index. This fund experienced returns of (8.03%) and 34.40% for the years ended June 30, 2022 and 2021, respectively. The share price of this fund decreased from \$22.32 at June 30, 2021, to \$19.97 at June 30, 2022.

The Vanguard Short-Term Reserves Account seeks to provide current and stable income while maintaining a \$1 net asset value. This fund seeks to achieve its objective by diversifying among high-credit-quality investment and investment contracts that are structured to smooth market gains and losses over time. This fund experienced returns of 1.06% and 1.82% for the years ended June 30, 2022 and 2021, respectively.

### Recent Developments

#### State Fee Reductions

Effective August 20, 2021, the state fee for all investment options was reduced from 0.06% to 0.055%.

#### Investment Option Addition

Effective December 15, 2021, the Pennsylvania Target Enrollment Portfolio 2040/2041 was added as an additional Target Enrollment Portfolio.

#### COVID-19 Impact

The COVID-19 pandemic continues to impact both domestic and global financial markets. Management of the Investment Plan is unable to accurately predict how the COVID-19 pandemic will impact the Investment Plan, account owner savings behavior or the volume of withdrawals due to uncertainties surrounding the severity of the disease and the duration of its outbreak.

#### Current Events

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect assets and thus performance of the investment options; at this time, an aggregate effect on assets and performance cannot be reasonably estimated. Management of the Investment Plan is continuing to monitor these developments and evaluate other impacts they may have on the investment options.

### Requests for Information

This financial report is designed to provide a general overview of the Investment Plan's financial status and changes in financial status. Additional information can be found at [www.PA529.com](http://www.PA529.com). If you have any questions about the information provided, please call the Investment Plan's customer service representatives at 1-800-440-4000.



## **Basic Financial Statements**



**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2022

<b>ASSETS</b>	
Investments	\$ 4,074,989,058
Cash and cash equivalents	5,165,736
Receivables from investments sold	275,985
<b>Total Assets</b>	<u>4,080,430,779</u>
<b>LIABILITIES</b>	
Payables for investments purchased	1,109,961
Withdrawals payable	1,550,960
Accrued administrative fees	629,349
<b>Total Liabilities</b>	<u>3,290,270</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>	<u>\$ 4,077,140,509</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2022

<b>ADDITIONS AND NET INVESTMENT INCOME (LOSS)</b>	
Contributions	<u>\$ 563,186,812</u>
Investment income (loss):	
Dividends and interest	212,041,709
Net decrease in the fair value of investments	(751,060,620)
Net investment loss	(539,018,911)
<b>Total Additions and Net Investment Loss</b>	<u>24,167,901</u>
<b>DEDUCTIONS</b>	
Withdrawals	329,301,627
Administrative fees	8,191,273
<b>Total Deductions</b>	<u>337,492,900</u>
<b>NET DECREASE</b>	(313,324,999)
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<u>4,390,465,508</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u>\$ 4,077,140,509</u>

See accompanying notes to financial statements.

*(This page intentionally left blank)*

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS**

The following provides a brief description of the Pennsylvania 529 Investment Plan (the Investment Plan). For more information and disclosures about the Investment Plan, refer to the *PA 529 Investment Plan IP Disclosure Statement* document available on the Investment Plan's website ([www.PA529.com](http://www.PA529.com)) or call 1-800-440-4000.

**(a) General**

In 1992, the General Assembly of the Commonwealth of Pennsylvania enacted the Tuition Account Program and the College Savings Bond Act, which was amended in 2000 (the Act), to encourage Pennsylvanians to save on a tax-favored basis for qualified higher education expenses. The Act required the Commonwealth of Pennsylvania Treasury Department (the Department) to establish and administer the Tuition Account Program, also known as the Pennsylvania 529 College and Career Savings Program (the Program). The Program offers two savings plans – the Guaranteed Savings Plan and the Investment Plan.

The Investment Plan is included in the financial reporting entity of the Commonwealth of Pennsylvania as a fiduciary fund. Fiduciary funds are used to report assets that are held in trust or agency capacity for others and therefore cannot be used to support other governmental programs.

These financial statements present only the balances and transactions that are attributable to the Investment Plan and do not include any balances or transactions attributable to the Guaranteed Savings Program. These financial statements are not intended to, and do not, represent a complete presentation of the financial position and changes in financial position of the Program or any other fiduciary funds of the Commonwealth of Pennsylvania.

**(b) Administration**

Pursuant to the Commonwealth of Pennsylvania TAP Agreement (the TAP Agreement), the Department serves as Program Manager to the Investment Plan and is responsible for establishing investment guidelines, choosing the underlying mutual funds that compose the various investment options offered to account owners, providing customer service to account owners and performing all marketing functions.

The Department is authorized to contract with service providers to perform recordkeeping and other administrative duties and to provide investment management services for the Investment Plan. The Department has entered into an agreement with Ascensus College Savings Recordkeeping Services, LLC (ACSR) to perform recordkeeping and certain other administrative services for the Investment Plan.

The Vanguard Group, Inc. (Vanguard) provides investment management and investment option accounting services, pursuant to the terms of the Pennsylvania Direct 529 College Savings Plan Operational Agreement (the Operational Agreement), as amended and restated, and pursuant to the terms of an Investment Plan Services Agreement, to which Vanguard and the Department are parties.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS (Continued)**

**(b) Administration (Continued)**

The Bank of New York Mellon Corporation (BNY Mellon) is the custody agent for the Investment Plan, responsible for maintaining a custody account to provide for the safekeeping and recordkeeping of certain assets invested in the Investment Plan.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Accounting**

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to fiduciary fund types prescribed by the Governmental Accounting Standards Board (GASB), the Investment Plan's basic financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting.

**(b) Income Taxes**

The Investment Plan has been designed to comply with the requirements for treatment as a "qualified tuition program" under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations or other guidance issued thereunder. As such, the Investment Plan is exempt from federal and state income tax.

**(c) Estimates**

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

**(d) Investments**

The Investment Plan's investments consist of Vanguard mutual funds and investment contracts (the Underlying Funds).

The mutual funds are reported at fair value, determined by Vanguard based on the net asset value per share of each mutual fund as of the close of the New York Stock Exchange (NYSE) on the reporting date. Net realized and unrealized gains (losses) are included in "net increase (decrease) in the fair value of investments" on the statement of changes in fiduciary net position. Purchases and sales of shares of mutual funds are recorded on a trade-date basis. Dividends and capital gain distributions are recorded on the ex-dividend date and are automatically reinvested in additional shares of the respective mutual fund.

The investment contracts, which include contracts issued by financial institutions and insurance companies, are fully benefit-responsive and are reported at contract value, which is equal to contributions, plus interest credited at a guaranteed rate, less withdrawals and any applicable fees and expenses. Interest is accrued as it is earned.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**(d) Investments (Continued)**

Accounting standards categorize fair value measurements according to a hierarchy that is based on valuation inputs that are used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable. The fair values of the Investment Plan's mutual funds are determined using Level 1 inputs. The fair value standards are not applicable to the investment contracts, since they are reported at contract value, rather than fair value.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents generally include contributions that have not yet been invested in Underlying Funds and/or redemption proceeds from Underlying Funds for withdrawals that have not yet been distributed in accordance with account owners' instructions.

Contribution and withdrawal transactions are processed through a non-interest-bearing account maintained at BNY Mellon in the Investment Plan's name. The bank balance of this account at June 30, 2022, was \$23,050. Balances in this account are insured by the Federal Deposit Insurance Corporation (FDIC), along with any other accounts maintained at BNY Mellon under the same taxpayer identification number, in the aggregate, up to the maximum amount allowable under federal law. Amounts in excess of FDIC insurance limits are not collateralized or covered by supplementary insurance.

Excess cash balances are swept daily from the BNY Mellon account described in the preceding paragraph into an account where they are invested in the Dreyfus Government Cash Management Institutional Fund, which is a money market mutual fund rated Aaa-mf (Moody's)/AAAm (Standard & Poor's) structured to maintain a net asset value per share equal to \$1. The weighted average maturity of the underlying debt securities in this fund is 15 days at June 30, 2022. The balance of this account as at June 30, 2022, was \$490,543.

Cash and cash equivalents also include the Investment Plan's equity position in a non-interest-bearing pooled cash account maintained by Vanguard for the benefit of the Investment Plan and other Vanguard clients to settle investment buy and sell transactions. This account is held in the name of Vanguard and is insured by the FDIC up to the maximum amount allowable under federal law. Balances in excess of FDIC insurance limits are not collateralized or covered by supplementary insurance. The Investment Plan's equity position in this account, which totaled \$833,975 at June 30, 2022, is segregated from balances attributable to other Vanguard clients on Vanguard's books and records.

**(f) Contributions**

An individual, or entity, meeting eligibility requirements who executes a participation agreement with the Investment Plan may establish an account to which cash contributions may be made, subject to certain minimum contribution requirements and limitations on the aggregate amount of contributions that may be made. Contributions received by ACSR prior to the close of the NYSE are recorded as increases in fiduciary net position on the date they are received, provided that all related documentation is found to be in good order and approved by ACSR.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

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

**(f) Contributions (Continued)**

Account owners may elect to invest their contributions in one or more investment options offered by the Investment Plan, consisting of fourteen Individual Portfolio Options and twelve Target Enrollment Portfolios. The Individual Portfolio Options are structured for various time horizons and levels of risk tolerance and are designed to allow account owners flexibility in managing their asset allocations. The Target Enrollment Portfolios are designed to allow the account owner to select a portfolio based upon the beneficiary's anticipated year of enrollment in school or an eligible program. The asset allocation of the Target Enrollment Portfolios is automatically adjusted quarterly over time to be more conservative as the beneficiary's year of enrollment in school draws nearer.

In exchange for contributions to the Investment Plan, account owners receive full and/or fractional interests, or units, issued by the Investment Plan. These units are municipal fund securities. Although money contributed to the Investment Plan is invested in investment options that hold mutual funds or investment contracts, the units themselves are not direct investments in the mutual funds or investment contracts. These units are not insured by the FDIC or the Commonwealth of Pennsylvania, nor have they been registered with the Securities and Exchange Commission or any state commission.

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

**(g) Withdrawals**

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

The Department processes all check withdrawal requests. On the next business day after the withdrawal is approved, funds necessary to cover the withdrawal checks are wired to a bank account maintained by the Department in the name of the Commonwealth of Pennsylvania. Any funds held in this account for withdrawal checks that have not been mailed to the appropriate payees are considered liabilities of the Commonwealth of Pennsylvania and are not reported in these financial statements. At June 30, 2022, the book balance of this account is \$2,292,565, and the liability for unpaid withdrawals is approximately \$2,097,723.

Withdrawals presented on the statement of changes in fiduciary net position include annual account maintenance fees, which are \$10 for each account and are assessed annually during the anniversary month of the account opening. This fee is not charged if the account owner has elected to receive most account communications electronically. Annual account maintenance fees, which total approximately \$118,000 for the year ended June 30, 2022, are paid to the Department.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

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

**(h) Exchanges and Transfers**

Subject to certain limitations and restrictions, account owners may generally direct that their account balance be reinvested in one or more different investment options twice per calendar year. Transfers of funds between investment options are referred to as “exchanges.” Under certain conditions, account assets may also be transferred from one beneficiary to another or from one account owner to another. These transactions are referred to as “transfers.” The amounts of contributions and withdrawals reported on the statement of changes in fiduciary net position do not include exchanges or transfers, as these transactions have no impact on the overall financial position of the Investment Plan.

**(i) Unit Valuation**

Each account owner’s full and/or fractional interest in an investment option is evidenced by a unit. The net asset value of a unit is calculated daily based on the fair value of the Underlying Funds, adjusted for the effects of such transactions as accrued administrative fees and investment income that has not been reinvested. The value of any individual account is determined by multiplying the number of units in an investment option attributable to that account owner by the net asset value per unit of that investment option.

**(j) Indemnification**

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

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 3: INVESTMENTS**

**(a) Investments by Type**

At June 30, 2022, investments held in the various investment options are detailed in the schedule that follows. Percentages are rounded to the nearest tenth of a percent.

<u>Underlying Fund</u>	<u>Designation</u>	<u>Balance as of June 30, 2022</u>	<u>Percent of Total Balance</u>
<b>Pennsylvania Target Enrollment 2040/2041</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	\$ 2,627,781	57.0%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	1,753,446	38.0%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	163,481	3.5%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	70,093	1.5%
		<u>4,614,801</u>	<u>100.0%</u>
<b>Pennsylvania Target Enrollment 2038/2039</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	43,994,051	56.9%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	29,269,743	37.8%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	2,878,343	3.7%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	1,232,745	1.6%
		<u>77,374,882</u>	<u>100.0%</u>
<b>Pennsylvania Target Enrollment 2036/2037</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	109,371,245	51.9%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	72,573,224	34.5%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	20,088,165	9.5%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	8,583,141	4.1%
		<u>210,615,775</u>	<u>100.0%</u>

**(Continued)**



**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 3: INVESTMENTS (Continued)**

**(a) Investments by Type (Continued)**

<u>Underlying Fund</u>	<u>Designation</u>	<u>Balance as of June 30, 2022</u>	<u>Percent of Total Balance</u>
<b>Pennsylvania Target Enrollment 2034/2035</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	\$ 77,130,788	45.5%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	52,249,949	30.9%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	27,952,431	16.5%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	11,936,320	7.1%
		<u>169,269,488</u>	<u>100.0%</u>
<b>Pennsylvania Target Enrollment 2032/2033</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	80,145,507	39.0%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	52,791,691	25.6%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	50,941,788	24.8%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	21,760,820	10.6%
		<u>205,639,806</u>	<u>100.0%</u>
<b>Pennsylvania Target Enrollment 2030/2031</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	83,206,952	32.3%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	56,457,964	21.9%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	82,750,844	32.1%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	35,350,870	13.7%
		<u>257,766,630</u>	<u>100.0%</u>

**(Continued)**

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 3: INVESTMENTS (Continued)**

**(a) Investments by Type (Continued)**

<u>Underlying Fund</u>	<u>Designation</u>	<u>Balance as of June 30, 2022</u>	<u>Percent of Total Balance</u>
<b>Pennsylvania Target Enrollment 2028/2029</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	\$ 84,593,328	27.5%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	57,345,095	18.7%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	115,778,219	37.7%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	49,443,658	16.1%
		<u>307,160,300</u>	<u>100.0%</u>
<b>Pennsylvania Target Enrollment 2026/2027</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	54,694,701	17.7%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	36,941,352	12.0%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	122,867,723	39.8%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	52,198,427	16.9%
Vanguard Short-Term Reserves Account	Stable Value	41,808,558	13.6%
		<u>308,510,761</u>	<u>100.0%</u>
<b>Pennsylvania Target Enrollment 2024/2025</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	35,610,927	12.3%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	24,094,773	8.3%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	106,242,066	36.8%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	45,018,818	15.7%
Vanguard Short-Term Reserves Account	Stable Value	77,779,728	26.9%
		<u>288,746,312</u>	<u>100.0%</u>

**(Continued)**

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 3: INVESTMENTS (Continued)**

**(a) Investments by Type (Continued)**

<u>Underlying Fund</u>	<u>Designation</u>	<u>Balance as of June 30, 2022</u>	<u>Percent of Total Balance</u>
<b>Pennsylvania Target Enrollment 2022/2023</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	\$ 1,701,232	10.4%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	1,137,836	6.9%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	4,904,712	30.0%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	2,103,531	12.8%
Vanguard Short-Term Reserves Account	Stable Value	6,525,007	39.9%
		<u>16,372,318</u>	<u>100.0%</u>
<b>Pennsylvania Target Enrollment 2020/2021</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	264,246	8.0%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	175,395	5.3%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	769,403	23.5%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	328,699	10.0%
Vanguard Short-Term Reserves Account	Stable Value	1,748,774	53.2%
		<u>3,286,517</u>	<u>100.0%</u>
<b>Pennsylvania Commencement Portfolio</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	30,991,249	6.9%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	20,625,721	4.6%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	90,482,881	20.1%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	38,731,586	8.6%
Vanguard Short-Term Reserves Account	Stable Value	269,522,335	59.8%
		<u>450,353,772</u>	<u>100.0%</u>

**(Continued)**

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 3: INVESTMENTS (Continued)**

**(a) Investments by Type (Continued)**

<u>Underlying Fund</u>	<u>Designation</u>	<u>Balance as of June 30, 2022</u>	<u>Percent of Total Balance</u>
<b>Aggressive Growth Portfolio</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	\$ 261,982,898	60.2%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	<u>173,093,693</u>	<u>39.8%</u>
		<u>435,076,591</u>	<u>100.0%</u>
<b>Growth Portfolio</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	82,824,986	45.1%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	54,490,118	29.7%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	32,373,041	17.6%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	<u>13,860,025</u>	<u>7.6%</u>
		<u>183,548,170</u>	<u>100.0%</u>
<b>Moderate Growth Portfolio</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	41,102,642	29.3%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	27,852,285	19.9%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	49,923,294	35.6%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	<u>21,320,399</u>	<u>15.2%</u>
		<u>140,198,620</u>	<u>100.0%</u>

**(Continued)**

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 3: INVESTMENTS (Continued)**

**(a) Investments by Type (Continued)**

<u>Underlying Fund</u>	<u>Designation</u>	<u>Balance as of June 30, 2022</u>	<u>Percent of Total Balance</u>
<b>Conservative Growth Portfolio</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	\$ 9,442,981	14.5%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	6,325,593	9.7%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	34,738,607	53.1%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	14,859,895	22.7%
		<u>65,367,076</u>	<u>100.0%</u>
<b>Income Portfolio</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	5,300,544	11.8%
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	3,526,002	7.9%
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	25,260,408	56.2%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	10,820,643	24.1%
		<u>44,907,597</u>	<u>100.0%</u>
<b>Conservative Income Portfolio</b>			
Vanguard Total Bond Market II Index Fund Institutional Shares	Intermediate-Term Bond	15,193,735	35.3%
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	6,495,455	15.0%
Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares	Inflation-Protected Bond	10,721,593	24.8%
Vanguard Short-Term Reserves Account	Stable Value	10,770,284	24.9%
		<u>43,181,067</u>	<u>100.0%</u>

**(Continued)**

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 3: INVESTMENTS (Continued)**

**(a) Investments by Type (Continued)**

<u>Underlying Fund</u>	<u>Designation</u>	<u>Balance as of June 30, 2022</u>	<u>Percent of Total Balance</u>
<b>Interest Accumulation Portfolio</b>			
Vanguard Short-Term Reserves Account	Stable Value	\$ 147,988,771	100.0%
<b>Total Stock Market Index Portfolio</b>			
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	Domestic Large Blend	467,649,188	100.0%
<b>Social Index Portfolio</b>			
Vanguard FTSE Social Index Fund Institutional Shares	Domestic Large Growth	105,016,769	100.0%
<b>Short-Term Inflation-Protected Securities Index Portfolio</b>			
Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares	Inflation-Protected Bond	57,962,094	100.0%
<b>Total International Stock Index Portfolio</b>			
Vanguard Total International Stock Index Fund Institutional Plus Shares	International Large Blend	39,763,649	100.0%
<b>Total Bond Market Index Portfolio</b>			
Vanguard Total Bond Market Index Fund Institutional Shares	Intermediate-Term Bond	26,758,470	100.0%
<b>Total International Bond Index Portfolio</b>			
Vanguard Total International Bond Index Fund Institutional Shares	World Bond	3,061,464	100.0%
<b>Real Estate Index Portfolio</b>			
Vanguard Real Estate Index Fund Institutional Shares	Real Estate	14,798,170	100.0%
<b>Total Investments</b>		<u>\$ 4,074,989,058</u>	

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 3: INVESTMENTS (Continued)**

**(b) Vanguard Short-Term Reserves Account**

The Investment Plan maintains a stable value separate account that serves as an underlying asset for certain investment options. This account, which is managed by Vanguard, invests in traditional and synthetic (wrap) contracts issued by insurance companies, bank investment contracts issued by financial institutions and a money market mutual fund. The underlying holdings of this account at June 30, 2022, are as follows:

**Investment contracts, at contract value**

Traditional contracts:	
Metropolitan Life	<u>\$ 4,391,271</u>
Wrap contracts:	
American General Life Insurance Company	46,295,645
JPMorgan Chase Bank	26,746,196
Lincoln National Life Insurance Company	45,725,243
Massachusetts Mutual Life Insurance Company	58,305,512
Metropolitan Life	47,282,980
Nationwide Life	51,952,280
New York Life Insurance Company	58,979,505
Pacific Life	51,266,510
Prudential Insurance Company	57,105,466
State Street Bank	58,304,187
Transamerica	40,612,092
Total wrap contracts	<u>542,575,616</u>
<b>Vanguard Federal Money Market Fund</b>	<u>9,176,570</u>
<b>Total Vanguard Short-Term Reserves Account</b>	<u><u>\$ 556,143,457</u></u>

The crediting rates on these contracts ranged from 0.90% to 1.50% at June 30, 2022. These rates may reset periodically.

The underlying assets of the wrap contracts are set forth in the related agreements and are the Vanguard Institutional Short-Term Bond Fund and the Vanguard Institutional Intermediate-Term Bond Fund. The fair value of these underlying assets at June 30, 2022 totaled \$508,842,895.

The bank investment contracts are not insured by the FDIC or otherwise covered by collateral or supplementary insurance.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 3: INVESTMENTS (Continued)**

**(c) Net Decrease in the Fair Value of Investments**

The following table calculates the net decrease in the fair value of investments during the year ended June 30, 2022:

Fair value of investments, end of year	\$ 4,074,989,058
Less cost of investments purchased and investment income reinvested during the year	(966,832,423)
Plus proceeds from investments sold during the year	529,118,612
Less fair value of investments, beginning of year	<u>(4,388,335,867)</u>
Net decrease in the fair value of investments	<u>\$ (751,060,620)</u>

**(d) Investment Risk**

The mutual funds in which the Investment Plan invests include various types of investment securities in their asset holdings, such as corporate debt and equity securities, obligations of the US government and government agencies and international debt and equity securities. These securities are exposed to interest rate, market and credit risk, and it is at least reasonably possible that changes in their fair values could occur in the near term, materially affecting account owner balances and the amounts reported in the Investment Plan's basic financial statements.

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

Investment Policy

The Department has adopted an investment policy statement that sets forth investment objectives, permitted investments, asset allocation strategies and performance monitoring applicable to the Investment Plan. The overarching objective is to provide account owners with a range of investment options, allowing for diverse levels of risk tolerance, return expectations and time horizons. The policy specifies the asset allocation of each investment option. There are no provisions of the policy that specifically address credit risk, interest rate risk, concentrations of credit risk or foreign currency risk.

Credit Risk

Certain mutual funds invest in bonds issued by corporations, foreign governments, the US government, its agencies and instrumentalities. Through its investment in bond funds, the Investment Plan is 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 bond funds in which the Investment Plan invests are not rated as to credit quality by a nationally recognized statistical rating organization.



**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 3: INVESTMENTS (Continued)**

**(d) Investment Risk (Continued)**

Credit Risk (Continued)

The Investment Plan's mutual funds are not subject to classification by custodial credit risk, which is the risk the Investment Plan will not recover the value of investments that are in the possession of an outside party.

Interest Rate Risk

The Investment Plan is indirectly exposed to interest rate risk through its investment in bond funds. Interest rate risk is the risk that changes in interest rates will adversely impact the fair value of an investment. Average maturity, which is a measure of interest rate risk, is the average length of time until fixed-income securities held by a fund reach maturity and will be repaid, taking into consideration the possibility that the issuer may call a bond before its maturity date. In general, the longer the average maturity, the more a fund's share price will fluctuate in response to changes in interest rates. Average duration is also a measure of how much the value of the bonds held by a fund will fluctuate in response to a change in interest rates. As of June 30, 2022, the average duration and average maturity of the bond funds in which the Investment Plan invests are as follows:

	<u>Average Maturity</u>	<u>Average Duration</u>
Vanguard Total Bond Market II Index Fund Institutional Shares	8.9 years	6.7 years
Vanguard Total International Bond Index Fund Institutional Shares	9.1 years	7.7 years
Vanguard Total Bond Market Index Fund Institutional Shares	8.9 years	6.7 years
Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares	2.5 years	2.5 years
Vanguard Federal Money Market Fund	28 days	N/A

Foreign Currency Risk

The Vanguard Total International Stock Index Fund Institutional Plus Shares invests in a diversified index of non-US stocks and bonds representing the major developed and emerging equity markets, and the Vanguard Total International Bond Index Fund Institutional Shares invests in diversified investment grade, fixed-income investments issued in currencies other than the US dollar. There are certain inherent risks involved when investing in international securities that are not present with investments in domestic securities, such as foreign currency exchange rate fluctuations, adverse political and economic developments and the possible prevention or delay of currency exchange due to foreign governmental laws or restrictions.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

**(a) Administrative Fees**

As provided in the TAP Agreement and the Operational Agreement, ACSR, Vanguard and the Department are entitled to service fees, including operational support fees and state fees, which are calculated based on the fiduciary net position of each investment option, accrued daily and paid monthly.

Administrative fees related to the year ended June 30, 2022 are as follows:

ACSR	\$ 4,852,529
Department	2,456,467
Vanguard	<u>882,277</u>
Total administrative fees	<u>\$ 8,191,273</u>

**(b) Underlying Fund Expenses**

Vanguard also receives compensation for management of the mutual funds in which the Investment Plan invests. This compensation is not included in administrative fees presented on the Investment Plan's statement of changes in fiduciary net position since it reduces the amount of investment income available for distribution to the Investment Plan and is not a direct expense paid from the Investment Plan's assets.

**(c) Other Administrative Expenses**

The Department incurs certain costs related to the Program, including administrative, marketing and oversight services. These costs, which total approximately \$3.3 million for the year ended June 30, 2022, are not paid directly from Investment Plan assets and are not reported as expenses in the accompanying basic financial statements.

**NOTE 5: MARKET UNCERTAINTIES**

The COVID-19 pandemic continues to impact both domestic and global financial markets. Management of the Investment Plan is unable to accurately predict how the COVID-19 pandemic will impact the Investment Plan, account owner savings behavior or the volume of withdrawals due to uncertainties surrounding the severity of the disease and the duration of its outbreak.

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect assets and thus performance of the investment options; at this time, an aggregate effect on assets and performance cannot be reasonably estimated. Management of the Investment Plan is continuing to monitor these developments and evaluate other impacts they may have on the investment options.

## **Supplementary Information**

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**SCHEDULE OF FIDUCIARY NET POSITION BY INVESTMENT OPTION**  
**June 30, 2022**

	Pennsylvania 2040/2041 Target Enrollment	Pennsylvania 2038/2039 Target Enrollment	Pennsylvania 2036/2037 Target Enrollment	Pennsylvania 2034/2035 Target Enrollment	Pennsylvania 2032/2033 Target Enrollment	Pennsylvania 2030/2031 Target Enrollment	Pennsylvania 2028/2029 Target Enrollment
<b>ASSETS</b>							
Investments	\$ 4,614,801	\$ 77,374,882	\$ 210,615,775	\$ 169,269,488	\$ 205,639,806	\$ 257,766,630	\$ 307,160,300
Cash and cash equivalents (cash overdraft)	122,909	428,716	619,666	95,282	375,924	444,575	275,585
Receivables from investments sold	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>4,737,710</u>	<u>77,803,598</u>	<u>211,235,441</u>	<u>169,364,770</u>	<u>206,015,730</u>	<u>258,211,205</u>	<u>307,435,885</u>
<b>LIABILITIES</b>							
Payables for investments purchased	74,681	112,948	139,072	71,161	63,224	19,799	77,548
Withdrawals payable	-	2,496	45,370	6,894	10,000	330	14,788
Accrued administrative fees	676	12,002	32,800	26,284	31,824	39,728	47,196
<b>Total Liabilities</b>	<u>75,357</u>	<u>127,446</u>	<u>217,242</u>	<u>104,339</u>	<u>105,048</u>	<u>59,857</u>	<u>139,532</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>							
	<u>\$ 4,662,353</u>	<u>\$ 77,676,152</u>	<u>\$ 211,018,199</u>	<u>\$ 169,260,431</u>	<u>\$ 205,910,682</u>	<u>\$ 258,151,348</u>	<u>\$ 307,296,353</u>
<b>UNITS OUTSTANDING <sup>(1)</sup></b>	<u>564,450</u>	<u>9,021,620</u>	<u>24,338,893</u>	<u>19,388,365</u>	<u>23,452,242</u>	<u>29,268,860</u>	<u>34,722,752</u>
<b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>	<u>\$ 8.26</u>	<u>\$ 8.61</u>	<u>\$ 8.67</u>	<u>\$ 8.73</u>	<u>\$ 8.78</u>	<u>\$ 8.82</u>	<u>\$ 8.85</u>

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

*(Continued)*

See Independent Auditor's Report.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**SCHEDULE OF FIDUCIARY NET POSITION BY INVESTMENT OPTION**  
**June 30, 2022**

	Pennsylvania 2026/2027 Target Enrollment	Pennsylvania 2024/2025 Target Enrollment	Pennsylvania 2022/2023 Target Enrollment	Pennsylvania 2020/2021 Target Enrollment	Pennsylvania Commencement Portfolio	Aggressive Growth Portfolio	Growth Portfolio
<b>ASSETS</b>							
Investments	\$ 308,510,761	\$ 288,746,312	\$ 16,372,318	\$ 3,286,517	\$ 450,353,772	\$ 435,076,591	\$ 183,548,170
Cash and cash equivalents (cash overdraft)	303,403	245,172	34,980	23,759	274,497	443,762	123,756
Receivables from investments sold	-	12,904	5,553	-	-	18,864	42,309
<b>Total Assets</b>	<u>308,814,164</u>	<u>289,004,388</u>	<u>16,412,851</u>	<u>3,310,276</u>	<u>450,628,269</u>	<u>435,539,217</u>	<u>183,714,235</u>
<b>LIABILITIES</b>							
Payables for investments purchased	47,796	-	-	400	6,838	-	-
Withdrawals payable	19,072	175,051	51,105	12	492,727	193,766	49,433
Accrued administrative fees	47,216	44,206	2,484	494	68,892	68,289	28,592
<b>Total Liabilities</b>	<u>114,084</u>	<u>219,257</u>	<u>53,589</u>	<u>906</u>	<u>568,457</u>	<u>262,055</u>	<u>78,025</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>							
	<u>\$ 308,700,080</u>	<u>\$ 288,785,131</u>	<u>\$ 16,359,262</u>	<u>\$ 3,309,370</u>	<u>\$ 450,059,812</u>	<u>\$ 435,277,162</u>	<u>\$ 183,636,210</u>
<b>UNITS OUTSTANDING <sup>(1)</sup></b>	<u>34,072,857</u>	<u>31,321,598</u>	<u>1,744,058</u>	<u>346,894</u>	<u>46,832,447</u>	<u>16,419,357</u>	<u>7,550,831</u>
<b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>	<u>\$ 9.06</u>	<u>\$ 9.22</u>	<u>\$ 9.38</u>	<u>\$ 9.54</u>	<u>\$ 9.61</u>	<u>\$ 26.51</u>	<u>\$ 24.32</u>

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

**(Continued)**

**See Independent Auditor's Report.**

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**SCHEDULE OF FIDUCIARY NET POSITION BY INVESTMENT OPTION**  
**June 30, 2022**

	Moderate Growth Portfolio	Conservative Growth Portfolio	Income Portfolio	Conservative Income Portfolio	Interest Accumulation Portfolio	Total Stock Market Index Portfolio	Social Index Portfolio
<b>ASSETS</b>							
Investments	\$ 140,198,620	\$ 65,367,076	\$ 44,907,597	\$ 43,181,067	\$ 147,988,771	\$ 467,649,188	\$ 105,016,769
Cash and cash equivalents (cash overdraft)	111,816	62,732	24,648	84,487	545,233	450,491	(16,369)
Receivables from investments sold	-	-	-	-	-	-	84,509
<b>Total Assets</b>	<b>140,310,436</b>	<b>65,429,808</b>	<b>44,932,245</b>	<b>43,265,554</b>	<b>148,534,004</b>	<b>468,099,679</b>	<b>105,084,909</b>
<b>LIABILITIES</b>							
Payables for investments purchased	17,434	8,673	9,749	7,554	279,684	144,677	-
Withdrawals payable	44,257	15,089	45,783	31,902	126,999	78,424	8,135
Accrued administrative fees	21,620	9,999	6,852	6,550	22,265	73,187	16,396
<b>Total Liabilities</b>	<b>83,311</b>	<b>33,761</b>	<b>62,384</b>	<b>46,006</b>	<b>428,948</b>	<b>296,288</b>	<b>24,531</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>							
	<b>\$ 140,227,125</b>	<b>\$ 65,396,047</b>	<b>\$ 44,869,861</b>	<b>\$ 43,219,548</b>	<b>\$ 148,105,056</b>	<b>\$ 467,803,391</b>	<b>\$ 105,060,378</b>
<b>UNITS OUTSTANDING <sup>(1)</sup></b>	<b>6,274,144</b>	<b>3,452,801</b>	<b>2,490,003</b>	<b>2,976,553</b>	<b>13,550,325</b>	<b>13,388,763</b>	<b>3,164,469</b>
<b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>	<b>\$ 22.35</b>	<b>\$ 18.94</b>	<b>\$ 18.02</b>	<b>\$ 14.52</b>	<b>\$ 10.93</b>	<b>\$ 34.94</b>	<b>\$ 33.20</b>

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

*(Continued)*

See Independent Auditor's Report.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**SCHEDULE OF FIDUCIARY NET POSITION BY INVESTMENT OPTION**  
**June 30, 2022**

	Short-Term Inflation-Protected Securities Index Portfolio	Total International Stock Index Portfolio	Total Bond Market Index Portfolio	Total International Bond Index Portfolio	Real Estate Index Portfolio	Plan Total
<b>ASSETS</b>						
Investments	\$ 57,962,094	\$ 39,763,649	\$ 26,758,470	\$ 3,061,464	\$ 14,798,170	\$ 4,074,989,058
Cash and cash equivalents (cash overdraft)	21,311	34,059	1,011	3,731	30,600	5,165,736
Receivables from investments sold	89,786	22,060	-	-	-	275,985
<b>Total Assets</b>	<u>58,073,191</u>	<u>39,819,768</u>	<u>26,759,481</u>	<u>3,065,195</u>	<u>14,828,770</u>	<u>4,080,430,779</u>
<b>LIABILITIES</b>						
Payables for investments purchased	-	-	10,936	2,479	15,308	1,109,961
Withdrawals payable	82,109	11,644	34,347	-	11,227	1,550,960
Accrued administrative fees	8,787	6,240	4,030	462	2,278	629,349
<b>Total Liabilities</b>	<u>90,896</u>	<u>17,884</u>	<u>49,313</u>	<u>2,941</u>	<u>28,813</u>	<u>3,290,270</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>						
	<u>\$ 57,982,295</u>	<u>\$ 39,801,884</u>	<u>\$ 26,710,168</u>	<u>\$ 3,062,254</u>	<u>\$ 14,799,957</u>	<u>\$ 4,077,140,509</u>
<b>UNITS OUTSTANDING <sup>(1)</sup></b>	<u>5,077,259</u>	<u>3,090,208</u>	<u>2,590,705</u>	<u>303,795</u>	<u>1,269,293</u>	
<b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>	<u>\$ 11.42</u>	<u>\$ 12.88</u>	<u>\$ 10.31</u>	<u>\$ 10.08</u>	<u>\$ 11.66</u>	

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

See Independent Auditor's Report.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY INVESTMENT OPTION**  
**Year Ended June 30, 2022**

	Pennsylvania 2040/2041 Target Enrollment	Pennsylvania 2038/2039 Target Enrollment	Pennsylvania 2036/2037 Target Enrollment	Pennsylvania 2034/2035 Target Enrollment	Pennsylvania 2032/2033 Target Enrollment	Pennsylvania 2030/2031 Target Enrollment	Pennsylvania 2028/2029 Target Enrollment
<b>ADDITIONS AND NET INVESTMENT INCOME (LOSS)</b>							
Contributions	\$ 4,252,621	\$ 36,697,479	\$ 46,033,762	\$ 28,460,773	\$ 29,574,562	\$ 33,702,593	\$ 33,129,901
Investment income (loss):							
Dividends and interest	87,722	4,788,669	13,629,197	10,412,736	11,594,955	13,383,421	15,004,700
Net decrease in the fair value of investments	(730,908)	(19,064,907)	(50,746,344)	(38,494,688)	(43,881,847)	(51,789,975)	(59,127,535)
Net investment income (loss)	(643,186)	(14,276,238)	(37,117,147)	(28,081,952)	(32,286,892)	(38,406,554)	(44,122,835)
Exchanges and transfers in	1,219,294	2,805,076	4,189,993	4,579,861	8,341,730	10,795,981	14,734,983
<b>Total Additions and Net Investment Income (Loss)</b>	<b>4,828,729</b>	<b>25,226,317</b>	<b>13,106,608</b>	<b>4,958,682</b>	<b>5,629,400</b>	<b>6,092,020</b>	<b>3,742,049</b>
<b>DEDUCTIONS</b>							
Withdrawals	16,833	661,660	1,799,946	1,803,796	2,679,478	3,397,623	3,930,660
Administrative fees	2,648	135,364	414,604	337,898	410,804	516,798	619,530
Exchanges and transfers out	146,895	3,311,694	7,485,966	6,767,539	10,241,296	15,576,926	21,920,878
<b>Total Deductions</b>	<b>166,376</b>	<b>4,108,718</b>	<b>9,700,516</b>	<b>8,909,233</b>	<b>13,331,578</b>	<b>19,491,347</b>	<b>26,471,068</b>
<b>NET INCREASE (DECREASE)</b>	<b>4,662,353</b>	<b>21,117,599</b>	<b>3,406,092</b>	<b>(3,950,551)</b>	<b>(7,702,178)</b>	<b>(13,399,327)</b>	<b>(22,729,019)</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<b>-</b>	<b>56,558,553</b>	<b>207,612,107</b>	<b>173,210,982</b>	<b>213,612,860</b>	<b>271,550,675</b>	<b>330,025,372</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<b>\$ 4,662,353</b>	<b>\$ 77,676,152</b>	<b>\$ 211,018,199</b>	<b>\$ 169,260,431</b>	<b>\$ 205,910,682</b>	<b>\$ 258,151,348</b>	<b>\$ 307,296,353</b>

*(Continued)*

See Independent Auditor's Report.



**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY INVESTMENT OPTION**  
**Year Ended June 30, 2022**

	Pennsylvania 2026/2027 Target Enrollment	Pennsylvania 2024/2025 Target Enrollment	Pennsylvania 2022/2023 Target Enrollment	Pennsylvania 2020/2021 Target Enrollment	Pennsylvania Commencement Portfolio	Aggressive Growth Portfolio	Growth Portfolio
<b>ADDITIONS AND NET INVESTMENT INCOME (LOSS)</b>							
Contributions	\$ 30,451,361	\$ 28,146,899	\$ 3,346,426	\$ 1,332,754	\$ 47,284,098	\$ 61,577,641	\$ 21,746,266
Investment income (loss):							
Dividends and interest	12,306,170	9,641,410	346,269	67,466	10,509,800	32,086,586	11,364,859
Net decrease in the fair value of investments	<u>(47,847,463)</u>	<u>(36,352,278)</u>	<u>(1,501,488)</u>	<u>(240,501)</u>	<u>(30,123,396)</u>	<u>(114,686,959)</u>	<u>(42,108,167)</u>
Net investment income (loss)	<u>(35,541,293)</u>	<u>(26,710,868)</u>	<u>(1,155,219)</u>	<u>(173,035)</u>	<u>(19,613,596)</u>	<u>(82,600,373)</u>	<u>(30,743,308)</u>
Exchanges and transfers in	<u>19,440,318</u>	<u>23,776,838</u>	<u>13,682,682</u>	<u>2,318,740</u>	<u>22,751,595</u>	<u>46,227,565</u>	<u>21,422,062</u>
<b>Total Additions and Net Investment Income (Loss)</b>	<u>14,350,386</u>	<u>25,212,869</u>	<u>15,873,889</u>	<u>3,478,459</u>	<u>50,422,097</u>	<u>25,204,833</u>	<u>12,425,020</u>
<b>DEDUCTIONS</b>							
Withdrawals	4,642,926	35,578,736	1,063,454	1,093,772	120,435,825	24,745,428	13,925,895
Administrative fees	609,204	576,815	21,874	5,097	931,107	919,780	382,627
Exchanges and transfers out	<u>24,765,068</u>	<u>25,004,763</u>	<u>1,906,045</u>	<u>463,241</u>	<u>51,520,779</u>	<u>57,074,185</u>	<u>21,615,521</u>
<b>Total Deductions</b>	<u>30,017,198</u>	<u>61,160,314</u>	<u>2,991,373</u>	<u>1,562,110</u>	<u>172,887,711</u>	<u>82,739,393</u>	<u>35,924,043</u>
<b>NET INCREASE (DECREASE)</b>	(15,666,812)	(35,947,445)	12,882,516	1,916,349	(122,465,614)	(57,534,560)	(23,499,023)
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<u>324,366,892</u>	<u>324,732,576</u>	<u>3,476,746</u>	<u>1,393,021</u>	<u>572,525,426</u>	<u>492,811,722</u>	<u>207,135,233</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u>\$ 308,700,080</u>	<u>\$ 288,785,131</u>	<u>\$ 16,359,262</u>	<u>\$ 3,309,370</u>	<u>\$ 450,059,812</u>	<u>\$ 435,277,162</u>	<u>\$ 183,636,210</u>

*(Continued)*

See Independent Auditor's Report.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY INVESTMENT OPTION**  
**Year Ended June 30, 2022**

	Moderate Growth Portfolio	Conservative Growth Portfolio	Income Portfolio	Conservative Income Portfolio	Interest Accumulation Portfolio	Total Stock Market Index Portfolio	Social Index Portfolio
<b>ADDITIONS AND NET INVESTMENT INCOME (LOSS)</b>							
Contributions	\$ 15,892,242	\$ 7,615,540	\$ 5,439,661	\$ 4,491,336	\$ 20,186,466	\$ 66,196,616	\$ 14,198,162
Investment income (loss):							
Dividends and interest	7,127,714	2,554,182	1,686,636	1,324,077	1,438,166	45,921,143	1,336,614
Net decrease in the fair value of investments	<u>(27,898,113)</u>	<u>(11,016,240)</u>	<u>(7,462,597)</u>	<u>(3,429,511)</u>	-	<u>(124,539,517)</u>	<u>(20,508,922)</u>
Net investment income (loss)	<u>(20,770,399)</u>	<u>(8,462,058)</u>	<u>(5,775,961)</u>	<u>(2,105,434)</u>	1,438,166	<u>(78,618,374)</u>	<u>(19,172,308)</u>
Exchanges and transfers in	<u>20,696,234</u>	<u>16,276,852</u>	<u>11,838,727</u>	<u>12,323,277</u>	<u>59,687,700</u>	<u>78,299,838</u>	<u>17,412,625</u>
<b>Total Additions and Net Investment Income (Loss)</b>	<u>15,818,077</u>	<u>15,430,334</u>	<u>11,502,427</u>	<u>14,709,179</u>	<u>81,312,332</u>	<u>65,878,080</u>	<u>12,438,479</u>
<b>DEDUCTIONS</b>							
Withdrawals	14,047,120	8,825,699	6,528,948	7,694,158	35,771,059	21,537,656	7,097,503
Administrative fees	291,152	132,900	92,118	82,040	253,153	970,030	230,848
Exchanges and transfers out	<u>21,140,898</u>	<u>16,337,727</u>	<u>11,163,749</u>	<u>9,660,093</u>	<u>36,502,690</u>	<u>70,954,727</u>	<u>20,322,706</u>
<b>Total Deductions</b>	<u>35,479,170</u>	<u>25,296,326</u>	<u>17,784,815</u>	<u>17,436,291</u>	<u>72,526,902</u>	<u>93,462,413</u>	<u>27,651,057</u>
<b>NET INCREASE (DECREASE)</b>	<u>(19,661,093)</u>	<u>(9,865,992)</u>	<u>(6,282,388)</u>	<u>(2,727,112)</u>	8,785,430	<u>(27,584,333)</u>	<u>(15,212,578)</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<u>159,888,218</u>	<u>75,262,039</u>	<u>51,152,249</u>	<u>45,946,660</u>	<u>139,319,626</u>	<u>495,387,724</u>	<u>120,272,956</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<u>\$ 140,227,125</u>	<u>\$ 65,396,047</u>	<u>\$ 44,869,861</u>	<u>\$ 43,219,548</u>	<u>\$ 148,105,056</u>	<u>\$ 467,803,391</u>	<u>\$ 105,060,378</u>

*(Continued)*

See Independent Auditor's Report.

**Pennsylvania 529 Investment Plan**  
(A Fiduciary Fund of the Commonwealth of Pennsylvania)

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY INVESTMENT OPTION**  
**Year Ended June 30, 2022**

	Short-Term Inflation-Protected Securities Index Portfolio	Total International Stock Index Portfolio	Total Bond Market Index Portfolio	Total International Bond Index Portfolio	Real Estate Index Portfolio	Plan Total
<b>ADDITIONS AND NET INVESTMENT INCOME (LOSS)</b>						
Contributions	\$ 6,196,062	\$ 8,594,456	\$ 4,048,317	\$ 634,506	\$ 3,956,312	\$ 563,186,812
Investment income (loss):						
Dividends and interest	2,884,923	1,408,445	639,552	106,792	389,505	212,041,709
Net increase (decrease) in the fair value of investments	(2,704,758)	(10,500,210)	(3,675,205)	(438,700)	(2,190,391)	(751,060,620)
Net investment income (loss)	180,165	(9,091,765)	(3,035,653)	(331,908)	(1,800,886)	(539,018,911)
Exchanges and transfers in	30,556,429	11,734,853	9,427,149	1,192,637	9,147,094	474,880,133
<b>Total Additions and Net Investment Income (Loss)</b>	<b>36,932,656</b>	<b>11,237,544</b>	<b>10,439,813</b>	<b>1,495,235</b>	<b>11,302,520</b>	<b>499,048,034</b>
<b>DEDUCTIONS</b>						
Withdrawals	5,376,491	1,972,216	3,516,541	352,379	805,825	329,301,627
Administrative fees	89,600	80,819	53,170	5,490	25,803	8,191,273
Exchanges and transfers out	12,855,433	11,593,583	10,430,200	684,869	5,432,662	474,880,133
<b>Total Deductions</b>	<b>18,321,524</b>	<b>13,646,618</b>	<b>13,999,911</b>	<b>1,042,738</b>	<b>6,264,290</b>	<b>812,373,033</b>
<b>NET INCREASE (DECREASE)</b>	<b>18,611,132</b>	<b>(2,409,074)</b>	<b>(3,560,098)</b>	<b>452,497</b>	<b>5,038,230</b>	<b>(313,324,999)</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b>	<b>39,371,163</b>	<b>42,210,958</b>	<b>30,270,266</b>	<b>2,609,757</b>	<b>9,761,727</b>	<b>4,390,465,508</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>	<b>\$ 57,982,295</b>	<b>\$ 39,801,884</b>	<b>\$ 26,710,168</b>	<b>\$ 3,062,254</b>	<b>\$ 14,799,957</b>	<b>\$ 4,077,140,509</b>

See Independent Auditor's Report.

*(This page intentionally left blank)*



**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***

Commonwealth of Pennsylvania Treasury Department (Program Manager) and  
Ascensus College Savings Recordkeeping Services, LLC (Recordkeeping and Servicing Agent)  
Pennsylvania 529 Investment Plan

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 **Pennsylvania 529 Investment Plan** (the Investment Plan), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Investment Plan's basic financial statements, and have issued our report thereon dated August 31, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the Investment Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Investment Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Investment 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 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.

Commonwealth of Pennsylvania Treasury Department (Program Manager) and  
Ascensus College Savings Recordkeeping Services, LLC (Recordkeeping and Servicing Agent)  
Pennsylvania 529 Investment Plan

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Investment Plan's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the basic financial statements. 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 Investment Plan's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Investment Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas  
August 31, 2022