

**Delaware Qualified Tuition  
Savings Plan Trust**

Financial Statements

December 31, 2019

# Delaware Qualified Tuition Savings Plan Trust

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Table of Contents  
December 31, 2019

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis	4
<b>Financial Statements</b>	
Statement of Fiduciary Net Position	6
Statement of Changes in Fiduciary Net Position	7
Notes to Financial Statements	8
<b>Supplemental Information</b>	
<u>Statements by Portfolio</u>	
2019 Statements of Fiduciary Net Position by Portfolio	20
2019 Statements of Changes in Fiduciary Net Position by Portfolio	32
<b>Independent Auditors' 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>	44



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*Independent Auditors' Report*

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

*Report on the Financial Statements*

We have audited the accompanying financial statements of Delaware Qualified Tuition Savings Plan Trust, which comprise the statement of fiduciary net position as of December 31, 2019, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

*Trustee's Responsibility for the Financial Statements*

The Plans Management Board, as trustee, is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the plan's preparation and fair presentation of the financial

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

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Delaware Qualified Tuition Savings Plan Trust as of December 31, 2019 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.

***Other Matters***

***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 the 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that comprise the Plan's basic financial statements. The accompanying supplemental information consisting of the 2019 statements of fiduciary net position and changes in fiduciary net position by portfolio on pages 20-43 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The accompanying supplemental information is the responsibility of the trustees and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020, on our consideration of the Delaware Qualified Savings Plan Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in consideration of the Delaware Qualified Savings Plan Trust's internal control over financial reporting and compliance.

*Belfint, Lyons & Shuman, P.A.*

May 21, 2020

Wilmington, Delaware

## **Delaware Qualified Tuition Savings Plan Trust**

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Management's Discussion and Analysis  
December 31, 2019 and 2018

This discussion and analysis of the financial performance of the Delaware Qualified Tuition Savings Plan Trust (Trust) provides an overview of the Trust's financial activities for the years ended December 31, 2019, 2018, and 2017. Please read this section in conjunction with the Trust's financial statements, which follow this section.

### **Financial Highlights**

- Fiduciary net position increased by \$60 million during 2019 from \$626 million at December 31, 2018 to \$686 million at December 31, 2019. This increase was primarily due to a net investment income of \$94 million. Fiduciary net position decreased by \$56 million during 2018 from \$682 million at December 31, 2017 to \$626 million at December 31, 2018. This decrease was primarily due to a net investment loss of \$49 million and redemptions being more than subscriptions during 2018.
- Subscriptions were \$243 million, \$91 million, and \$81 million for the years ended December 31, 2019, 2018, and 2017, respectively. The increase in 2019 is primarily due to the transfer of assets from Fidelity mutual funds to Fidelity Series mutual funds in addition to the new Fidelity Blend portfolios replacing the Fidelity Multi-Firm portfolios.
- Net investment income increased to a gain of \$94 million in 2019 from a loss of \$26 million in 2018. Net investment income was a gain of \$75 million in 2017. Fluctuations in income are primarily due to fluctuations in the financial market from year to year.
- Redemptions were \$277 million, \$121 million, and \$102 million for the years ended December 31, 2019, 2018, and 2017, respectively. The increase in 2019 is primarily due to the transfer of assets from Fidelity mutual funds to Fidelity Series mutual funds in addition to sells of the underlying investments in the Fidelity Multi-firm portfolios. 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 5,500, 5,000, and 4,300 individuals who received a distribution from the Trust during the years ended December 31, 2019, 2018, and 2017, respectively.
- Investment expenses were \$2,291,937, \$1,418,949, and \$1,524,396 for the years ended December 31, 2019, 2018, and 2017, 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 statements of fiduciary net position and the statements 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):

## Delaware Qualified Tuition Savings Plan Trust

Management's Discussion and Analysis  
December 31, 2019 and 2018

### Overview of the Financial Statements - Continued

**Table 1**  
**Fiduciary Net Position**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Assets	\$ 694,767,369	\$ 634,808,163	\$ 685,679,415
Total Liabilities	<u>8,846,705</u>	<u>8,573,190</u>	<u>3,328,797</u>
Net Position	<u>\$ 685,920,664</u>	<u>\$ 626,234,973</u>	<u>\$ 682,350,618</u>

Investments make up more than 99% of total net position and consist of 36 Investment Portfolios in 2019, 2018, and 2017, 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>2019</u>	<u>2018</u>	<u>2017</u>
Total Additions	\$ 336,910,712	\$ 65,195,491	\$ 155,765,735
Total Deductions	<u>277,225,021</u>	<u>121,311,136</u>	<u>102,293,170</u>
Change in Net Position	<u>\$ 59,685,691</u>	<u>\$ (56,115,645)</u>	<u>\$ 53,472,565</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.

## Delaware Qualified Tuition Savings Plan Trust

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Statement of Fiduciary Net Position

December 31, 2019

	<u>2019</u>
<b>Assets</b>	
Cash	\$ 1,658,792
Investments, at Fair Value (Cost - \$653,850,187)	<u>684,626,081</u>
Receivables	
Capital Shares	1,645,239
Securities Sold	6,110,751
Accrued Dividends	<u>726,506</u>
 Total Receivables	 <u>8,482,496</u>
 Total Assets	 <u>694,767,369</u>
<b>Liabilities</b>	
Capital Shares Payable	1,711,376
Securities Purchased Payable	6,722,494
Administrative and Management Fees Payable	<u>412,835</u>
 Total Liabilities	 <u>8,846,705</u>
 <b>Net Position</b>	 <u>\$ 685,920,664</u>

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

## Delaware Qualified Tuition Savings Plan Trust

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Statement of Changes in Fiduciary Net Position

December 31, 2019

	<u>2019</u>
<b>Additions</b>	
Subscriptions	\$ 242,916,000
Investment Income	
Net Increase in Fair Value of Investments	75,079,222
Interest and Dividends	20,919,447
Less: Investment Expenses	<u>(2,291,937)</u>
Net Investment Income	<u>93,706,732</u>
Other Income	<u>287,980</u>
Total Additions	<u>336,910,712</u>
<b>Deductions</b>	
Redemptions	<u>277,225,021</u>
Total Deductions	<u>277,225,021</u>
<b>Net Increase in Net Position</b>	59,685,691
<b>Net Position, Beginning of Year</b>	<u>626,234,973</u>
<b>Net Position, End of Year</b>	<u>\$ 685,920,664</u>

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

# Delaware Qualified Tuition Savings Plan Trust

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Notes to Financial Statements  
December 31, 2019

## 1. Organization

### General

The following description of the Delaware Qualified Tuition Savings Plan Trust (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/college-investment-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 (Board)), as trustees, to carry out the purposes of the Delaware College Investment Plan (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, 2 state employees designated by the Governor, and 4 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

FMR LLC, FMR Co., Inc., and Fidelity Brokerage Services, Inc. (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.

# **Delaware Qualified Tuition Savings Plan Trust**

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Notes to Financial Statements  
December 31, 2019

## **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.

## **Delaware Qualified Tuition Savings Plan Trust**

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Notes to Financial Statements  
December 31, 2019

### **2. Summary of Significant Accounting Policies - Continued**

#### **Subscriptions and Redemptions - Continued**

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.

Prior to October 1, 2019, account owners had the option to invest in Multi-Firm Age-Based Portfolios, which invested in Fidelity mutual funds and third-party funds that coincided with the portfolio's investment objective. Effective October 1, 2019, these portfolios were closed and transferred into to Fidelity Funds Portfolios on October 31, 2019.

On September 27, 2019, the Portfolios began to transition from underlying investments in publicly available Fidelity mutual funds to mutual funds dedicated to Fidelity's asset allocation strategies, the Series Funds. This was accomplished via redemptions in-kind, subscriptions in-kind and via the use of 529 Plan dedicated transition accounts and completed on November 1, 2019.

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 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.

## **Delaware Qualified Tuition Savings Plan Trust**

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Notes to Financial Statements

December 31, 2019

### **2. Summary of Significant Accounting Policies - Continued**

#### **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.

#### **Administration**

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 FMR LLC, FMR Co., Inc., and Fidelity Brokerage Services, Inc. to provide administration, marketing services, and management services for the Plan.

#### **Subsequent Events**

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

## Delaware Qualified Tuition Savings Plan Trust

Notes to Financial Statements

December 31, 2019

### 3. Investments

The underlying investment allocations as of December 31, 2019, were as follows:

	<u>Units</u>	<u>Value</u>
Fidelity 500 Index	247,834	\$ 27,762,331
Fidelity Cash Reserves	14,476,871	14,476,871
Fidelity Global EX US	462,219	6,189,114
Fidelity Intermediate Treasury	441,653	4,893,510
Fidelity Total Market Index	157,549	14,272,343
Fidelity Series All-Sector Equity	350,027	3,629,784
Fidelity Series Blue Chip Growth	424,749	6,383,972
Fidelity Series Bond Index Fund	3,711,418	38,376,064
Fidelity Series Canada	173,591	1,959,838
Fidelity Series Commodity Strategy	3,345,759	15,925,815
Fidelity Series Corporate Bond	3,691	39,571
Fidelity Series Emerging Markets	260,745	2,544,866
Fidelity Series Emerging Markets Debt	302,274	2,901,835
Fidelity Series Emerging Markets Opportunity	1,107,694	22,851,722
Fidelity Series Floating Rate High Income	71,888	668,558
Fidelity Series Global EX US Index	1,356,138	17,860,340
Fidelity Series Government Bond Index	5,151	53,880
Fidelity Series Growth Company	721,137	12,800,174
Fidelity Series High Income	345,672	3,314,998
Fidelity Series Inflation-Protected Bond	5,409,366	54,364,124
Fidelity Series International Growth	655,555	11,485,327
Fidelity Series International Index	972	10,349
Fidelity Series International Small Cap	175,168	3,032,161
Fidelity Series International Value	1,162,653	11,510,264
Fidelity Series Intrinsic Opportunities	900,296	15,575,127
Fidelity Series Investment Grade Bond	11,463,800	132,636,164
Fidelity Series Investment Grade Securitized	3,797	39,105
Fidelity Series Investment Money Market Government	88,279,110	88,279,110
Fidelity Series Large Cap Growth Index	3,617	42,241
Fidelity Series Large Cap Stock	866,673	13,728,101

## Delaware Qualified Tuition Savings Plan Trust

Notes to Financial Statements  
December 31, 2019

### 3. Investments - Continued

	<u>Units</u>	<u>Value</u>
Fidelity Series Large Cap Value Index	301,026	\$ 3,970,537
Fidelity Series Long-Term Treasury Bond	1,648,270	14,521,261
Fidelity Series Opportunistic Insights	387,683	7,017,054
Fidelity Series Overseas	1,066,769	11,499,770
Fidelity Series Real Estate Income	187,256	2,084,160
Fidelity Series Short-Term Credit	2,191,832	22,093,669
Fidelity Series Small Cap Discovery	156,239	1,818,619
Fidelity Series Small Cap Opportunities	402,588	5,636,234
Fidelity Series Stock Selector Large Cap Value	832,512	10,589,553
Fidelity Series Total Market Index	3,828,682	41,770,920
Fidelity Series Treasury Bill Index	1,849,976	18,499,760
Fidelity Series Value Discovery	554,480	7,535,386
Wells Fargo Bank FDIC Insured Deposit Account	9,981,499	9,981,499
		<u>\$ 684,626,081</u>

### 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.

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.

## Delaware Qualified Tuition Savings Plan Trust

Notes to Financial Statements

December 31, 2019

### 4. Fair Value Measurement - Continued

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:

	2019			Total
	Level 1	Level 2	Level 3	
Registered Investment Companies	\$ 596,346,971	\$ -	\$ -	\$ 596,346,971
Money Market Funds	88,279,110	-	-	88,279,110
Total Investments, at Fair Value	\$ 684,626,081	\$ -	\$ -	\$ 684,626,081

### 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.

## Delaware Qualified Tuition Savings Plan Trust

Notes to Financial Statements

December 31, 2019

### 5. Investment Risk - Continued

#### 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, 2019 the underlying mutual funds exposed to interest rate risk were as follows:

	<u>Value</u>	<u>Average Duration</u>
Fidelity Intermediate Treasury Bond	\$ 4,893,510	6.39 years
Fidelity Series Bond Index Fund	38,376,064	5.67 years
Fidelity Series Corporate Bond	39,571	7.38 years
Fidelity Series Emerging Markets Debt	2,901,835	5.68 years
Fidelity Series Floating Rate High Income	668,558	0.18 years
Fidelity Series Government Bond Index	53,880	6.33 years
Fidelity Series High Income	3,314,998	2.62 years
Fidelity Series Inflation-Protected Bond	54,364,124	3.33 years
Fidelity Series Investment Grade Bond	132,636,164	5.41 years
Fidelity Series Investment Grade Securitized	39,105	3.08 years
Fidelity Series Long Term Treasury Bond	14,521,261	18.04 years
Fidelity Series Real Estate Income	2,084,160	1.93 years
Fidelity Series Short-Term Credit Bond	22,093,669	1.74 years
Fidelity Series Treasury Bill Index	18,499,760	0.29 years
	<u>\$ 294,486,659</u>	

## Delaware Qualified Tuition Savings Plan Trust

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Notes to Financial Statements  
December 31, 2019

### 5. Investment Risk - Continued

#### 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 Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of December 31, 2019. The uninsured balance of cash as of December 31, 2019 was \$1,432,774.

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, 2019, the value of investments in underlying mutual funds that invest in foreign denominated investments were as follows:

	<u>Value</u>
Fidelity Global EX US	\$ 6,189,114
Fidelity Series Canada	1,959,838
Fidelity Series Emerging Markets	2,544,866
Fidelity Series Emerging Markets Debt	2,901,835
Fidelity Series Emerging Markets Opportunity	22,851,722
Fidelity Series Global EX US	6,189,114
Fidelity Series Global EX US Index	17,860,340
Fidelity Series International Growth	11,485,327
Fidelity Series International Index	10,349
Fidelity Series International Small Cap	3,032,161
Fidelity Series International Value	11,510,264
Fidelity Series Overseas	<u>11,499,770</u>
	<u>\$ 98,034,700</u>

# Delaware Qualified Tuition Savings Plan Trust

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Notes to Financial Statements

December 31, 2019

## 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 FMR Co., Inc., 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 FMR Co., Inc., 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 FMR Co., Inc.

For Fidelity Fund Portfolios that invest in underlying actively managed funds, the program manager fee is charged at an annual rate of .15%. For Fidelity Index Portfolios that invest in underlying index funds, the program manager fee is charged at an annual rate of .08%. 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%. For Multi-firm Portfolios that were invested in Fidelity funds and third-party funds, the program manager fee was charged at an annual rate of .30%. For the Delaware Bank Deposit Portfolio, the program manager fee is charged at an annual rate ranging from .00% to .05%, 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% to .40%, depending on the daily federal funds target rate. The bank administration fee is charged only to the Bank Deposit Portfolio.

For Fidelity Funds Portfolios that invest in underlying actively managed funds, the state fee is charged at an annual rate of .05%. For Fidelity Index Portfolios that invest in underlying index funds, the state fee is charged at an annual rate of .01%. 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%. For Multi-firm Portfolios that invested in Fidelity funds and third-party funds, the state fee was charged at an annual rate of .05%. For the Delaware Bank Deposit Portfolio, the state fee is charged at an annual rate of .05%.

Effective October 1, 2019, a portfolio management fee was implemented for each portfolio since the underlying investments were transferred into management fee excluded products. For Fidelity Fund Portfolios that invest in underlying actively managed funds, the portfolio management fee ranges from .30% to .79%. For Fidelity Index Portfolios that invest in underlying index funds, the portfolio management fee ranges from .02% to .05%. For Fidelity Blend Portfolios that invest in a combination of actively managed funds and index funds, the portfolio management fee ranges from .29% to .52%. 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.

## **Delaware Qualified Tuition Savings Plan Trust**

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Notes to Financial Statements  
December 31, 2019

### **6. Fees and Expenses - Continued**

#### **Underlying Investment Expenses**

Prior to October 1, 2019, fees related to the management of each of the underlying investments were paid directly to the related fund manager or advisor and reduced the amount of income available for distribution to the Portfolios. These expenses are not reflected in the Plan's financial statements. The expense ratios of the underlying funds, which are the ratios of the total operating expenses of the underlying investments as a percentage of their average daily net position, vary over time and ranged from 0.33% to 0.79% for the Fidelity Fund Portfolios, 0.02% to 0.11% for the Fidelity Index Fund Portfolios, and 0.54% to 0.80% for the Multi-firm Fund Portfolios for the years ended December 31, 2019.

### **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.

### **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 Internal Revenue Code 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.

**SUPPLEMENTAL INFORMATION**

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio**  
**December 31, 2019**

**Age-Based Fidelity Funds Portfolios**

	<b>Delaware College Portfolio</b>	<b>Delaware Portfolio 2018</b>	<b>Delaware Portfolio 2021</b>	<b>Delaware Portfolio 2024</b>	<b>Delaware Portfolio 2027</b>
<b>Assets</b>					
Cash	\$ -	\$ (20,823)	\$ -	\$ -	\$ -
Investments, at Fair Value	164,211,551	-	128,449,924	66,655,363	30,666,520
Receivables					
Capital Shares	60,810	-	49,398	104,611	13,670
Securities Sold	1,139,040	-	1,599,393	871,404	406,980
Accrued Dividends	213,405	33,103	176,043	78,390	29,186
Total Receivables	1,413,255	33,103	1,824,834	1,054,405	449,836
Total Assets	165,624,806	12,280	130,274,758	67,709,768	31,116,356
<b>Liabilities</b>					
Capital Shares Payable	370,354	-	99,632	-	-
Securities Purchased Payable	1,032,141	-	1,725,260	1,054,373	449,797
Administrative and Management Fee Payable	72,074	12,280	75,963	42,580	20,803
Total Liabilities	1,474,569	12,280	1,900,855	1,096,953	470,600
<b>Net Position</b>	<b>\$ 164,150,237</b>	<b>\$ -</b>	<b>\$ 128,373,903</b>	<b>\$ 66,612,815</b>	<b>\$ 30,645,756</b>
<b>Unit Information</b>					
Units Outstanding	7,054,954	-	5,110,193	2,891,765	1,647,475
Net Position Value per Unit, Ending	\$ 23.27	\$ -	\$ 25.12	\$ 23.04	\$ 18.60

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Fidelity Funds Portfolios</b>				
	<b>Delaware Portfolio 2030</b>	<b>Delaware Portfolio 2033</b>	<b>Delaware Portfolio 2036</b>	<b>Delaware Portfolio 2039</b>	<b>Total Age-Based Fidelity Fund Portfolios</b>
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ (20,823)
Investments, at Fair Value	17,189,273	7,170,071	3,115,551	997	417,459,250
Receivables					
Capital Shares	9,975	10,303	35,210	-	283,977
Securities Sold	219,642	69,473	12,403	2	4,318,337
Accrued Dividends	12,208	3,455	490	-	546,280
Total Receivables	241,825	83,231	48,103	2	5,148,594
Total Assets	17,431,098	7,253,302	3,163,654	999	422,587,021
<b>Liabilities</b>					
Capital Shares Payable	8,173	-	-	-	478,159
Securities Purchased Payable	233,638	83,220	48,100	2	4,626,531
Administrative and Management Fee Payable	12,324	5,294	2,375	-	243,693
Total Liabilities	254,135	88,514	50,475	2	5,348,383
<b>Net Position</b>	<b>\$ 17,176,963</b>	<b>\$ 7,164,788</b>	<b>\$ 3,113,179</b>	<b>\$ 997</b>	<b>\$ 417,238,638</b>
<b>Unit Information</b>					
Units Outstanding	807,071	433,349	215,254	100	
Net Position Value per Unit, Ending	\$ 21.28	\$ 16.53	\$ 14.46	\$ 9.97	

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

**Age-Based Fidelity Index Funds Portfolios**

	<b>Delaware College Portfolio</b>	<b>Delaware Portfolio 2018</b>	<b>Delaware Portfolio 2021</b>	<b>Delaware Portfolio 2024</b>	<b>Delaware Portfolio 2027</b>
<b>Assets</b>					
Cash	\$ -	\$ (3,159)	\$ -	\$ -	\$ -
Investments, at Fair Value	17,378,727	-	20,613,137	23,121,702	18,042,576
Receivables					
Capital Shares	242,290	-	167,783	17,068	12,629
Securities Sold	21,139	-	181,141	227,660	187,268
Accrued Dividends	20,700	3,464	26,992	26,217	16,774
Total Receivables	284,129	3,464	375,916	270,945	216,671
Total Assets	17,662,856	305	20,989,053	23,392,647	18,259,247
<b>Liabilities</b>					
Capital Shares Payable	4,935	-	193,279	-	-
Securities Purchased Payable	278,052	-	182,640	270,931	216,655
Administrative and Management Fee Payable	1,620	305	2,447	2,723	2,107
Total Liabilities	284,607	305	378,366	273,654	218,762
<b>Net Position</b>	<b>\$ 17,378,249</b>	<b>\$ -</b>	<b>\$ 20,610,687</b>	<b>\$ 23,118,993</b>	<b>\$ 18,040,485</b>
<b>Unit Information</b>					
Units Outstanding	1,069,923	-	1,108,205	1,166,664	944,997
Net Position Value per Unit, Ending	\$ 16.24	\$ -	\$ 18.60	\$ 19.82	\$ 19.09

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Fidelity Index Funds Portfolios</b>				
	<b>Delaware Portfolio 2030</b>	<b>Delaware Portfolio 2033</b>	<b>Delaware Portfolio 2036</b>	<b>Delaware Portfolio 2039</b>	<b>Total Age-Based Fidelity Index Fund Portfolios</b>
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ (3,159)
Investments, at Fair Value	8,655,446	6,624,499	2,441,838	997	96,878,922
Receivables					
Capital Shares	8,068	3,454	12,005	-	463,297
Securities Sold	93,700	60,443	8,442	3	779,796
Accrued Dividends	6,182	3,438	540	-	104,307
Total Receivables	107,950	67,335	20,987	3	1,347,400
Total Assets	8,763,396	6,691,834	2,462,825	1,000	98,223,163
<b>Liabilities</b>					
Capital Shares Payable	-	-	200	-	198,414
Securities Purchased Payable	107,941	67,326	20,784	3	1,144,332
Administrative and Management Fee Payable	1,005	770	272	-	11,249
Total Liabilities	108,946	68,096	21,256	3	1,353,995
<b>Net Position</b>	<b>\$ 8,654,450</b>	<b>\$ 6,623,738</b>	<b>\$ 2,441,569</b>	<b>\$ 997</b>	<b>\$ 96,869,168</b>
<b>Unit Information</b>					
Units Outstanding	400,411	412,261	173,889	100	
Net Position Value per Unit, Ending	\$ 21.61	\$ 16.07	\$ 14.04	\$ 9.97	

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

**Age-Based Multi-Firm Funds Portfolios**

	<b>Delaware College Portfolio</b>	<b>Delaware Portfolio 2018</b>	<b>Delaware Portfolio 2021</b>	<b>Delaware Portfolio 2024</b>	<b>Delaware Portfolio 2027</b>
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments, at Fair Value	-	-	-	-	-
Receivables					
Capital Shares	-	-	-	-	-
Securities Sold	-	-	-	-	-
Accrued Dividends	-	-	-	-	-
Total Receivables	-	-	-	-	-
Total Assets	-	-	-	-	-
<b>Liabilities</b>					
Capital Shares Payable	-	-	-	-	-
Securities Purchased Payable	-	-	-	-	-
Administrative and Management Fee Payable	-	-	-	-	-
Total Liabilities	-	-	-	-	-
<b>Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Unit Information</b>					
Units Outstanding	-	-	-	-	-
Net Position Value per Unit, Ending	\$ -	\$ -	\$ -	\$ -	\$ -

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Multi-Firm Funds Portfolios</b>			
	<b>Delaware Portfolio 2030</b>	<b>Delaware Portfolio 2033</b>	<b>Delaware Portfolio 2036</b>	<b>Total Age-Based Multi-Firm Fund Portfolios</b>
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments, at Fair Value	-	-	-	-
Receivables				
Capital Shares	-	-	-	-
Securities Sold	-	-	-	-
Accrued Dividends	-	-	-	-
Total Receivables	-	-	-	-
Total Assets	-	-	-	-
<b>Liabilities</b>				
Capital Shares Payable	-	-	-	-
Securities Purchased Payable	-	-	-	-
Administrative and Management Fee Payable	-	-	-	-
Total Liabilities	-	-	-	-
<b>Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Unit Information</b>				
Units Outstanding	-	-	-	
Net Position Value per Unit, Ending	\$ -	\$ -	\$ -	

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

**Age-Based Fidelity Blend Funds Portfolios**

	<b>Delaware College Portfolio</b>	<b>Delaware Portfolio 2021</b>	<b>Delaware Portfolio 2024</b>	<b>Delaware Portfolio 2027</b>	<b>Delaware Portfolio 2030</b>
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments, at Fair Value	16,121	23,556	406,093	8,357	82,915
Receivables					
Capital Shares	14,000	-	-	500	5,608
Securities Sold	-	139	4,464	1	93
Accrued Dividends	2	15	81	3	38
Total Receivables	<u>14,002</u>	<u>154</u>	<u>4,545</u>	<u>504</u>	<u>5,739</u>
Total Assets	<u>30,123</u>	<u>23,710</u>	<u>410,638</u>	<u>8,861</u>	<u>88,654</u>
<b>Liabilities</b>					
Capital Shares Payable	-	-	-	-	-
Securities Purchased Payable	14,002	154	4,545	504	5,630
Administrative and Management Fee Payable	-	4	24	1	25
Total Liabilities	<u>14,002</u>	<u>158</u>	<u>4,569</u>	<u>505</u>	<u>5,655</u>
<b>Net Position</b>	<u>\$ 16,121</u>	<u>\$ 23,552</u>	<u>\$ 406,069</u>	<u>\$ 8,356</u>	<u>\$ 82,999</u>
<b>Unit Information</b>					
Units Outstanding	1,578	2,287	38,871	785	7,738
Net Position Value per Unit, Ending	<u>\$ 10.22</u>	<u>\$ 10.30</u>	<u>\$ 10.45</u>	<u>\$ 10.64</u>	<u>\$ 10.73</u>

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Fidelity Blend Funds Portfolios</b>			
	<b>Delaware Portfolio 2033</b>	<b>Delaware Portfolio 2036</b>	<b>Delaware Portfolio 2039</b>	<b>Total Age-Based Fidelity Blend Fund Portfolios</b>
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments, at Fair Value	131,613	140,573	996	810,224
Receivables				
Capital Shares	5,000	5,950	-	31,058
Securities Sold	225	219	2	5,143
Accrued Dividends	55	15	-	209
Total Receivables	<u>5,280</u>	<u>6,184</u>	<u>2</u>	<u>36,410</u>
Total Assets	<u>136,893</u>	<u>146,757</u>	<u>998</u>	<u>846,634</u>
<b>Liabilities</b>				
Capital Shares Payable	-	-	-	-
Securities Purchased Payable	5,280	6,184	2	36,301
Administrative and Management Fee Payable	56	47	-	157
Total Liabilities	<u>5,336</u>	<u>6,231</u>	<u>2</u>	<u>36,458</u>
<b>Net Position</b>	<u>\$ 131,557</u>	<u>\$ 140,526</u>	<u>\$ 996</u>	<u>\$ 810,176</u>
<b>Unit Information</b>				
Units Outstanding	12,096	12,738	100	
Net Position Value per Unit, Ending	<u>\$ 10.88</u>	<u>\$ 11.03</u>	<u>\$ 9.96</u>	

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Target Risk Fidelity Funds Portfolios</b>			<b>Total Target Risk Fidelity Fund Portfolios</b>
	<b>Delaware Conservative Growth Portfolio</b>	<b>Delaware Moderate Growth Portfolio</b>	<b>Delaware Aggressive Growth Portfolio</b>	
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments, at Fair Value	7,590,525	17,956,245	35,855,238	61,402,008
Receivables				
Capital Shares	172	1,215	8,002	9,389
Securities Sold	5,206	178,649	286,575	470,430
Accrued Dividends	13,062	10,980	-	24,042
Total Receivables	<u>18,440</u>	<u>190,844</u>	<u>294,577</u>	<u>503,861</u>
Total Assets	<u>7,608,965</u>	<u>18,147,089</u>	<u>36,149,815</u>	<u>61,905,869</u>
<b>Liabilities</b>				
Capital Shares Payable	-	45,839	36,258	82,097
Securities Purchased Payable	18,456	145,009	258,320	421,785
Administrative and Management Fee Payable	3,249	13,082	29,876	46,207
Total Liabilities	<u>21,705</u>	<u>203,930</u>	<u>324,454</u>	<u>550,089</u>
<b>Net Position</b>	<u>\$ 7,587,260</u>	<u>\$ 17,943,159</u>	<u>\$ 35,825,361</u>	<u>\$ 61,355,780</u>
<b>Unit Information</b>				
Units Outstanding	459,592	618,403	1,248,569	
Net Position Value per Unit, Ending	<u>\$ 16.51</u>	<u>\$ 29.02</u>	<u>\$ 28.69</u>	

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Target Risk Fidelity Index Funds Portfolios</b>			
	<b>Delaware Conservative Growth Portfolio</b>	<b>Delaware Moderate Growth Portfolio</b>	<b>Delaware Aggressive Growth Portfolio</b>	<b>Total Target Risk Fidelity Index Fund Portfolios</b>
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments, at Fair Value	4,197,423	11,251,596	15,050,990	30,500,009
Receivables				
Capital Shares	7,405	471,128	66,634	545,167
Securities Sold	4,703	-	430,082	434,785
Accrued Dividends	6,633	6,315	-	12,948
Total Receivables	<u>18,741</u>	<u>477,443</u>	<u>496,716</u>	<u>992,900</u>
Total Assets	<u>4,216,164</u>	<u>11,729,039</u>	<u>15,547,706</u>	<u>31,492,909</u>
<b>Liabilities</b>				
Capital Shares Payable	9,494	132,152	496,716	638,362
Securities Purchased Payable	9,257	345,297	-	354,554
Administrative and Management Fee Payable	473	1,174	1,687	3,334
Total Liabilities	<u>19,224</u>	<u>478,623</u>	<u>498,403</u>	<u>996,250</u>
<b>Net Position</b>	<u>\$ 4,196,940</u>	<u>\$ 11,250,416</u>	<u>\$ 15,049,303</u>	<u>\$ 30,496,659</u>
<b>Unit Information</b>				
Units Outstanding	295,403	489,127	623,716	
Net Position Value per Unit, Ending	<u>\$ 14.21</u>	<u>\$ 23.00</u>	<u>\$ 24.13</u>	

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Individual Funds Portfolios</b>				
	<b>Delaware Money Market Portfolio</b>	<b>Intermediate Treasury Index Portfolio</b>	<b>Delaware International Index Portfolio</b>	<b>Delaware Fidelity 500 Index Portfolio</b>	<b>Delaware Total Market Index Portfolio</b>
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments, at Fair Value	14,476,871	4,893,510	6,189,114	27,762,331	14,272,343
Receivables					
Capital Shares	97,189	1,028	5,243	203,011	4,765
Securities Sold	-	85,000	10,249	-	718
Accrued Dividends	16,700	8,701	-	-	-
Total Receivables	<u>113,889</u>	<u>94,729</u>	<u>15,492</u>	<u>203,011</u>	<u>5,483</u>
Total Assets	<u>14,590,760</u>	<u>4,988,239</u>	<u>6,204,606</u>	<u>27,965,342</u>	<u>14,277,826</u>
<b>Liabilities</b>					
Capital Shares Payable	23,961	86,027	15,491	175,974	5,483
Securities Purchased Payable	89,927	8,702	-	27,037	-
Administrative and Management Fee Payable	2,522	383	451	2,068	1,071
Total Liabilities	<u>116,410</u>	<u>95,112</u>	<u>15,942</u>	<u>205,079</u>	<u>6,554</u>
<b>Net Position</b>	<u>\$ 14,474,350</u>	<u>\$ 4,893,127</u>	<u>\$ 6,188,664</u>	<u>\$ 27,760,263</u>	<u>\$ 14,271,272</u>
<b>Unit Information</b>					
Units Outstanding	1,288,604	281,979	424,532	920,073	468,682
Net Position Value per Unit, Ending	<u>\$ 11.23</u>	<u>\$ 17.35</u>	<u>\$ 14.58</u>	<u>\$ 30.17</u>	<u>\$ 30.45</u>

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<u>Individual Funds</u>			
	<u>Total Individual Fund Portfolios</u>	<u>Interest -Bearing Bank Deposit Fund</u>	<u>Administrative Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ -	\$ -	\$ 1,682,774	\$ 1,658,792
Investments, at Fair Value	67,594,169	9,981,499	-	684,626,081
Receivables				
Capital Shares	311,236	1,115	-	1,645,239
Securities Sold	95,967	6,293	-	6,110,751
Accrued Dividends	25,401	13,319	-	726,506
Total Receivables	<u>432,604</u>	<u>20,727</u>	<u>-</u>	<u>8,482,496</u>
Total Assets	<u>68,026,773</u>	<u>10,002,226</u>	<u>1,682,774</u>	<u>694,767,369</u>
<b>Liabilities</b>				
Capital Shares Payable	306,936	7,408	-	1,711,376
Securities Purchased Payable	125,666	13,325	-	6,722,494
Administrative and Management Fee Payable	6,495	4,301	97,399	412,835
Total Liabilities	<u>439,097</u>	<u>25,034</u>	<u>97,399</u>	<u>8,846,705</u>
<b>Net Position</b>	<u>\$ 67,587,676</u>	<u>\$ 9,977,192</u>	<u>\$ 1,585,375</u>	<u>\$ 685,920,664</u>
<b>Unit Information</b>				
Units Outstanding		953,907		
Net Position Value per Unit, Ending		<u>\$ 10.46</u>		

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio**  
**December 31, 2019**

**Age-Based Fidelity Funds Portfolios**

	<b>Delaware College Portfolio</b>	<b>Delaware Portfolio 2018</b>	<b>Delaware Portfolio 2021</b>	<b>Delaware Portfolio 2024</b>	<b>Delaware Portfolio 2027</b>
<b>Additions</b>					
Subscriptions	\$ 124,024,260	\$ 10,614,862	\$ 10,757,796	\$ 7,991,687	\$ 6,345,028
Investment Income					
Net Increase (Decrease) in Fair Value of					
Investments	4,419,441	9,260,916	11,120,845	6,780,567	3,379,195
Interest and Dividends	2,513,570	2,743,250	3,881,235	2,198,009	1,072,705
Less: Investment Expenses	(209,263)	(314,199)	(379,641)	(196,603)	(87,646)
Net Investment Income (Loss)	6,723,748	11,689,967	14,622,439	8,781,973	4,364,254
Other Income	-	-	-	-	-
Total Additions	130,748,008	22,304,829	25,380,235	16,773,660	10,709,282
<b>Deductions</b>					
Redemptions	27,634,473	151,013,603	7,973,338	2,839,833	1,544,532
Total Deductions	27,634,473	151,013,603	7,973,338	2,839,833	1,544,532
Net Increase (Decrease) in Net Position	103,113,535	(128,708,774)	17,406,897	13,933,827	9,164,750
<b>Net Position, Beginning of Year</b>	61,036,702	128,708,774	110,967,006	52,678,988	21,481,006
<b>Net Position, End of Year</b>	\$ 164,150,237	\$ -	\$ 128,373,903	\$ 66,612,815	\$ 30,645,756

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Fidelity Funds Portfolios</b>				
	<b>Delaware Portfolio 2030</b>	<b>Delaware Portfolio 2033</b>	<b>Delaware Portfolio 2036</b>	<b>Delaware Portfolio 2039</b>	<b>Total Age-Based Fidelity Fund Portfolios</b>
<b>Additions</b>					
Subscriptions	\$ 6,177,504	\$ 3,521,665	\$ 1,899,362	\$ 1,000	\$ 171,333,164
Investment Income					
Net Increase (Decrease) in Fair Value of					
Investments	1,813,594	714,148	311,534	(3)	37,800,237
Interest and Dividends	623,238	268,321	127,900	-	13,428,228
Less: Investment Expenses	(45,214)	(17,481)	(7,864)	-	(1,257,911)
Net Investment Income (Loss)	2,391,618	964,988	431,570	(3)	49,970,554
Other Income	-	-	-	-	-
Total Additions	8,569,122	4,486,653	2,330,932	997	221,303,718
<b>Deductions</b>					
Redemptions	609,822	308,661	109,190	-	192,033,452
Total Deductions	609,822	308,661	109,190	-	192,033,452
Net Increase (Decrease) in Net Position	7,959,300	4,177,992	2,221,742	997	29,270,266
<b>Net Position, Beginning of Year</b>	9,217,663	2,986,796	891,437	-	387,968,372
<b>Net Position, End of Year</b>	\$ 17,176,963	\$ 7,164,788	\$ 3,113,179	\$ 997	\$ 417,238,638

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Fidelity Index Funds Portfolios</b>				
	<b>Delaware College Portfolio</b>	<b>Delaware Portfolio 2018</b>	<b>Delaware Portfolio 2021</b>	<b>Delaware Portfolio 2024</b>	<b>Delaware Portfolio 2027</b>
<b>Additions</b>					
Subscriptions	\$ 14,500,672	\$ 2,770,319	\$ 3,327,708	\$ 3,897,206	\$ 2,674,428
Investment Income					
Net Increase (Decrease) in Fair Value of					
Investments	319,175	872,463	1,643,716	2,310,880	2,143,043
Interest and Dividends	183,261	290,240	507,117	545,330	408,928
Less: Investment Expenses	(5,841)	(12,140)	(19,522)	(21,346)	(16,341)
Net Investment Income (Loss)	496,595	1,150,563	2,131,311	2,834,864	2,535,630
Other Income	-	-	-	-	-
Total Additions	14,997,267	3,920,882	5,459,019	6,732,070	5,210,058
<b>Deductions</b>					
Redemptions	2,505,944	16,772,752	2,212,044	1,647,915	739,741
Total Deductions	2,505,944	16,772,752	2,212,044	1,647,915	739,741
Net Increase (Decrease) in Net Position	12,491,323	(12,851,870)	3,246,975	5,084,155	4,470,317
<b>Net Position, Beginning of Year</b>	4,886,926	12,851,870	17,363,712	18,034,838	13,570,168
<b>Net Position, End of Year</b>	\$ 17,378,249	\$ -	\$ 20,610,687	\$ 23,118,993	\$ 18,040,485

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Fidelity Index Funds Portfolios</b>				
	<b>Delaware Portfolio 2030</b>	<b>Delaware Portfolio 2033</b>	<b>Delaware Portfolio 2036</b>	<b>Delaware Portfolio 2039</b>	<b>Total Age-Based Fidelity Index Fund Portfolios</b>
<b>Additions</b>					
Subscriptions	\$ 1,170,998	\$ 1,232,781	\$ 1,111,920	\$ 1,000	\$ 30,687,032
Investment Income					
Net Increase (Decrease) in Fair Value of					
Investments	1,186,155	988,991	303,346	(3)	9,767,766
Interest and Dividends	189,858	138,173	45,565	-	2,308,472
Less: Investment Expenses	(7,650)	(5,709)	(1,655)	-	(90,204)
Net Investment Income (Loss)	1,368,363	1,121,455	347,256	(3)	11,986,034
Other Income	-	-	-	-	-
Total Additions	2,539,361	2,354,236	1,459,176	997	42,673,066
<b>Deductions</b>					
Redemptions	79,876	199,284	15,857	-	24,173,413
Total Deductions	79,876	199,284	15,857	-	24,173,413
Net Increase (Decrease) in Net Position	2,459,485	2,154,952	1,443,319	997	18,499,653
<b>Net Position, Beginning of Year</b>	6,194,965	4,468,786	998,250	-	78,369,515
<b>Net Position, End of Year</b>	\$ 8,654,450	\$ 6,623,738	\$ 2,441,569	\$ 997	\$ 96,869,168

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Multi-Firm Funds Portfolios</b>				
	<b>Delaware College Portfolio</b>	<b>Delaware Portfolio 2018</b>	<b>Delaware Portfolio 2021</b>	<b>Delaware Portfolio 2024</b>	<b>Delaware Portfolio 2027</b>
<b>Additions</b>					
Subscriptions	\$ 151,406	\$ 377,223	\$ 481,871	\$ 600,843	\$ 543,531
Investment Income					
Net Increase (Decrease) in Fair Value of					
Investments	77,991	96,436	214,262	236,977	354,930
Interest and Dividends	22,869	28,918	47,106	36,946	39,566
Less: Investment Expenses	(3,422)	(4,327)	(7,686)	(7,023)	(8,934)
Net Investment Income (Loss)	97,438	121,027	253,682	266,900	385,562
Other Income	-	-	-	-	-
Total Additions	248,844	498,250	735,553	867,743	929,093
<b>Deductions</b>					
Redemptions	1,424,440	1,895,801	2,954,524	2,865,098	3,494,521
Total Deductions	1,424,440	1,895,801	2,954,524	2,865,098	3,494,521
Net Increase (Decrease) in Net Position	(1,175,596)	(1,397,551)	(2,218,971)	(1,997,355)	(2,565,428)
<b>Net Position, Beginning of Year</b>	1,175,596	1,397,551	2,218,971	1,997,355	2,565,428
<b>Net Position, End of Year</b>	\$ -	\$ -	\$ -	\$ -	\$ -

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Multi-Firm Funds Portfolios</b>			<b>Total Age-Based Multi-Firm Fund Portfolios</b>
	<b>Delaware Portfolio 2030</b>	<b>Delaware Portfolio 2033</b>	<b>Delaware Portfolio 2036</b>	
<b>Additions</b>				
Subscriptions	\$ 666,739	\$ 370,510	\$ 228,644	\$ 3,420,767
Investment Income				
Net Increase (Decrease) in Fair Value of				
Investments	502,653	298,000	63,100	1,844,349
Interest and Dividends	39,257	15,775	2,277	232,714
Less: Investment Expenses	(10,926)	(5,903)	(1,264)	(49,485)
Net Investment Income (Loss)	530,984	307,872	64,113	2,027,578
Other Income	-	-	-	-
Total Additions	1,197,723	678,382	292,757	5,448,345
<b>Deductions</b>				
Redemptions	4,340,733	2,356,917	568,534	19,900,568
Total Deductions	4,340,733	2,356,917	568,534	19,900,568
Net Increase (Decrease) in Net Position	(3,143,010)	(1,678,535)	(275,777)	(14,452,223)
<b>Net Position, Beginning of Year</b>	3,143,010	1,678,535	275,777	14,452,223
<b>Net Position, End of Year</b>	\$ -	\$ -	\$ -	\$ -

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Fidelity Blend Funds Portfolios</b>				
	<b>Delaware College Portfolio</b>	<b>Delaware Portfolio 2021</b>	<b>Delaware Portfolio 2024</b>	<b>Delaware Portfolio 2027</b>	<b>Delaware Portfolio 2030</b>
<b>Additions</b>					
Subscriptions	\$ 16,100	\$ 23,401	\$ 408,349	\$ 8,250	\$ 81,300
Investment Income					
Net Increase (Decrease) in Fair Value of					
Investments	7	19	(464)	66	572
Interest and Dividends	15	139	216	43	1,156
Less: Investment Expenses	(1)	(7)	(26)	(3)	(29)
Net Investment Income (Loss)	21	151	(274)	106	1,699
Other Income	-	-	-	-	-
Total Additions	16,121	23,552	408,075	8,356	82,999
<b>Deductions</b>					
Redemptions	-	-	2,006	-	-
Total Deductions	-	-	2,006	-	-
Net Increase (Decrease) in Net Position	16,121	23,552	406,069	8,356	82,999
<b>Net Position, Beginning of Year</b>	-	-	-	-	-
<b>Net Position, End of Year</b>	<u>\$ 16,121</u>	<u>\$ 23,552</u>	<u>\$ 406,069</u>	<u>\$ 8,356</u>	<u>\$ 82,999</u>

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Age-Based Fidelity Blend Funds Portfolios</b>			<b>Total Age-Based Fidelity Blend Fund Portfolios</b>
	<b>Delaware Portfolio 2033</b>	<b>Delaware Portfolio 2036</b>	<b>Delaware Portfolio 2039</b>	
<b>Additions</b>				
Subscriptions	\$ 126,774	\$ 151,902	\$ 1,000	\$ 817,076
Investment Income				
Net Increase (Decrease) in Fair Value of				
Investments	2,046	1,589	(4)	3,831
Interest and Dividends	2,836	2,403	-	6,808
Less: Investment Expenses	(99)	(68)	-	(233)
Net Investment Income (Loss)	4,783	3,924	(4)	10,406
Other Income	-	-	-	-
Total Additions	131,557	155,826	996	827,482
<b>Deductions</b>				
Redemptions	-	15,300	-	17,306
Total Deductions	-	15,300	-	17,306
Net Increase (Decrease) in Net Position	131,557	140,526	996	810,176
<b>Net Position, Beginning of Year</b>	-	-	-	-
<b>Net Position, End of Year</b>	\$ 131,557	\$ 140,526	\$ 996	\$ 810,176

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Target Risk Fidelity Funds Portfolios</b>			
	<b>Delaware Conservative Growth Portfolio</b>	<b>Delaware Moderate Growth Portfolio</b>	<b>Delaware Aggressive Growth Portfolio</b>	<b>Total Target Risk Fidelity Fund Portfolios</b>
<b>Additions</b>				
Subscriptions	\$ 1,434,206	\$ 1,988,997	\$ 3,377,166	\$ 6,800,369
Investment Income				
Net Increase (Decrease) in Fair Value of				
Investments	218,815	2,922,073	7,333,291	10,474,179
Interest and Dividends	202,933	783,127	1,726,840	2,712,900
Less: Investment Expenses	(20,090)	(59,318)	(125,896)	(205,304)
Net Investment Income (Loss)	401,658	3,645,882	8,934,235	12,981,775
Other Income	-	-	-	-
Total Additions	1,835,864	5,634,879	12,311,401	19,782,144
<b>Deductions</b>				
Redemptions	1,625,597	3,982,339	8,907,560	14,515,496
Total Deductions	1,625,597	3,982,339	8,907,560	14,515,496
Net Increase (Decrease) in Net Position	210,267	1,652,540	3,403,841	5,266,648
<b>Net Position, Beginning of Year</b>	7,376,993	16,290,619	32,421,520	56,089,132
<b>Net Position, End of Year</b>	\$ 7,587,260	\$ 17,943,159	\$ 35,825,361	\$ 61,355,780

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Target Risk Fidelity Index Funds Portfolios</b>			
	<b>Delaware Conservative Growth Portfolio</b>	<b>Delaware Moderate Growth Portfolio</b>	<b>Delaware Aggressive Growth Portfolio</b>	<b>Total Target Risk Fidelity Index Fund Portfolios</b>
<b>Additions</b>				
Subscriptions	\$ 1,643,947	\$ 2,672,268	\$ 3,097,717	\$ 7,413,932
Investment Income				-
Net Increase (Decrease) in Fair Value of				
Investments	83,067	1,725,152	3,229,212	5,037,431
Interest and Dividends	111,714	252,113	288,501	652,328
Less: Investment Expenses	(4,089)	(10,215)	(14,359)	(28,663)
Net Investment Income (Loss)	190,692	1,967,050	3,503,354	5,661,096
Other Income	-	-	-	-
Total Additions	1,834,639	4,639,318	6,601,071	13,075,028
<b>Deductions</b>				
Redemptions	1,113,928	2,544,759	4,759,879	8,418,566
Total Deductions	1,113,928	2,544,759	4,759,879	8,418,566
Net Increase (Decrease) in Net Position	720,711	2,094,559	1,841,192	4,656,462
<b>Net Position, Beginning of Year</b>	3,476,229	9,155,857	13,208,111	25,840,197
<b>Net Position, End of Year</b>	\$ 4,196,940	\$ 11,250,416	\$ 15,049,303	\$ 30,496,659

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<b>Individual Funds Portfolios</b>				
	<b>Delaware Money Market Portfolio</b>	<b>Intermediate Treasury Index Portfolio</b>	<b>Delaware International Index Portfolio</b>	<b>Delaware Fidelity 500 Index Portfolio</b>	<b>Delaware Total Market Index Portfolio</b>
<b>Additions</b>					
Subscriptions	\$ 7,397,988	\$ 1,869,082	\$ 1,038,094	\$ 5,215,960	\$ 2,746,122
Investment Income					
Net Increase (Decrease) in Fair Value of					
Investments	-	221,437	936,342	5,837,333	3,156,317
Interest and Dividends	255,247	103,884	166,542	549,262	272,376
Less: Investment Expenses	(27,383)	(4,265)	(5,144)	(21,600)	(11,602)
Net Investment Income (Loss)	227,864	321,056	1,097,740	6,364,995	3,417,091
Other Income	-	-	-	-	-
Total Additions	7,625,852	2,190,138	2,135,834	11,580,955	6,163,213
<b>Deductions</b>					
Redemptions	5,268,212	1,279,789	1,304,540	3,632,960	3,104,232
Total Deductions	5,268,212	1,279,789	1,304,540	3,632,960	3,104,232
Net Increase (Decrease) in Net Position	2,357,640	910,349	831,294	7,947,995	3,058,981
<b>Net Position, Beginning of Year</b>	12,116,710	3,982,778	5,357,370	19,812,268	11,212,291
<b>Net Position, End of Year</b>	\$ 14,474,350	\$ 4,893,127	\$ 6,188,664	\$ 27,760,263	\$ 14,271,272

**Delaware Qualified Tuition Savings Plan Trust**  
**Statements of Changes in Fiduciary Net Position by Portfolio - Continued**  
**December 31, 2019**

	<u>Individual Funds</u>			
	<u>Total Individual Fund Portfolios</u>	<u>Interest -Bearing Bank Deposit Fund</u>	<u>Administrative Fund</u>	<u>Total</u>
<b>Additions</b>				
Subscriptions	\$ 18,267,246	\$ 4,176,414	\$ -	\$ 242,916,000
Investment Income				
Net Increase (Decrease) in Fair Value of Investments	10,151,429	-	-	75,079,222
Interest and Dividends	1,347,311	216,066	14,620	20,919,447
Less: Investment Expenses	(69,994)	(50,100)	(540,043)	(2,291,937)
Net Investment Income (Loss)	11,428,746	165,966	(525,423)	93,706,732
Other Income	-	-	287,980	287,980
Total Additions	29,695,992	4,342,380	(237,443)	336,910,712
<b>Deductions</b>				
Redemptions	14,589,733	3,576,487	-	277,225,021
Total Deductions	14,589,733	3,576,487	-	277,225,021
Net Increase (Decrease) in Net Position	15,106,259	765,893	(237,443)	59,685,691
<b>Net Position, Beginning of Year</b>	52,481,417	9,211,299	1,822,818	626,234,973
<b>Net Position, End of Year</b>	\$ 67,587,676	\$ 9,977,192	\$ 1,585,375	\$ 685,920,664



***Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards***

To the 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 as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Delaware Qualified Tuition Savings Plan Trust's basic financial statements, and have issued our report thereon dated May 21, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audits of the financial statements, we considered the Delaware Qualified Tuition Savings Plan 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware Qualified Tuition Savings Plan Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Delaware Qualified Tuition Savings Plan 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 Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Delaware Qualified Tuition Savings Plan Trust's 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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

*Belfint, Lyons & Shuman, P.A.*

May 21, 2020  
Wilmington, Delaware