Canadian Scholarship Trust Plan™

Distributed by

C.S.T. Consultants Inc.

Canadian Scholarship Trust — Individual Savings Plan

Revised Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Canadian Scholarship Trust – Individual Savings Plan ("Plan"). A copy of the annual financial statements can be obtained on request, and at no cost, by visiting our website at www.cst.org or SEDAR at www.sedar.com, or by calling our customer service area at 1-877-333-7377, or by writing to us at 2225 Sheppard Avenue East, Suite 600, Toronto, Ontario M2J 5C2.

The Canadian Scholarship Trust Foundation views corporate governance and compliance as important contributors to overall corporate performance and long-term investment returns and as such we support the proxy voting guidelines established by our investment managers. Investment restrictions contained in Canadian Securities Administration policy as well as the Foundation's investment policy, result in the Plan primarily investing in federal and provincial government fixed income and money market securities. As a result, proxy voting is not applicable at this time.

Investment Objective and Strategy

The Plan invests in a prudent manner, with the objective to protect your principal and deliver a positive return on your investment. The Plan invests primarily in fixed income securities issued by the Canadian federal or any provincial government, as well as money market securities issued by Canadian chartered banks and federally or provincially licensed trust and loan companies.

McLean Budden Limited manages the Plan's assets and focuses on strategies where value can be added on a sustainable basis while meeting the short to medium-term cash flow requirements of the Plan.

Risk

The overall risk of the Plan remains as described in the prospectus. There were no material changes to the Plan over the financial year that affected the level of risk.

Results of Operations

For 2009, the Plan's rate of return, net of fees, was 3.6%, compared to an investment policy benchmark of 5.6%. The return on the Short and Mid-term Bonds component of the Plan was 6.6% compared to the benchmark's return of 7.6%, and the return for the Cash and Money Market Securities component was 1.4%, which outperformed the benchmark return of 1.1%.

The blended benchmark used for this Plan is 30% DEX 91-Day Treasury Bill Index and 70% DEX Short-Term All Government Bond Index. The DEX Short-Term All Government Bond Index measures Canadian investment grade fixed income securities with maturities from 1 to 5 years issued by the Government of Canada including Crown Corporations and provincial governments. The DEX 91-Day Treasury Bill Index is based upon the average daily yield of 91-Day Treasury Bills. Investors cannot invest in the index without incurring fees, expenses and commissions, which are not reflected in the index returns.

It was just over a year ago that Lehman Brothers' collapse sent shock waves through the global capital markets creating Depression-like fears, devastating equity prices, and widening corporate bond spreads. Investors' desire to reduce risk led to a dramatic shift into "safe haven" investments such as Government of Canada bonds during November and December 2008 which put significant downward pressure on bond yields. The Plan's performance benefited from the price increases related to the declining yields experienced on government bonds.

In March 2009, investor sentiment began to change from despair to a sense of possible opportunity as the economy began to show signs of improvement. Equity prices surged and credit spreads (the extra yield above government bonds that investors demand for holding riskier securities) narrowed as fears of the worst case scenario subsided.

Since that time financial markets have rebounded impressively although they remained below their previous peaks. The main drivers of the market rally were the massive support programs introduced by governments around the world to inject liquidity into the financial markets and provide needed capital for banks, thus bringing stability. Among the most extraordinary events of the past year, was the massive expansion and contraction in credit risk premiums.

In the Canadian market, yields on credit-sensitive sectors, such as provincial and corporate bonds, fell significantly and provided positive returns as prices increased. The outperformance of these sectors resulted from increased demand for riskier assets with greater income potential than federal government bonds as the financial crisis abated. Our investment managers seized these market opportunities and maintained overweight positions in these securities.

The Plan's overall asset mix did not change significantly from the previous period. At October 31, 2009 75.1% of the Plan assets were invested in Short and Mid-Term Bonds and 24.9% in Cash and Money Market securities.

Recent Developments and Other Information

The world economy is in the midst of recovery following the deepest recession in 80 years. Given the unique challenges in the current recovery which followed the global credit crisis, central banks are likely to hold policy interest rates at record lows until there are positive signs that the economy has built self-sustaining momentum and confidence is restored in the financial system. We do not expect the central banks to begin hiking interest rates prior to mid-2010 as long as inflation remains within the acceptable policy range.

During the credit crisis, central banks provided significant liquidity to their domestic banking systems. With financial conditions stabilizing and economic growth resuming, the focus is shifting to the "exit strategy" when central banks will begin raising interest rates and removing the monetary stimuli from the economy. These strategies will have to be carefully managed by the central banks in order to avoid the risk of tipping the economy back into recession or running the risk of inflation.

Globally, government bond yields are well off their lows, having rebounded from overbought and overvalued conditions earlier in this year. In the short term, we expect there to be little motivation for government bond markets to broaden their current trading ranges significantly.

Our investment managers are seeing compelling values among solid and fundamentally well-capitalized companies and are investing in the corporate bond sector. They expect corporate bonds to be well bid with credit spreads continuing to narrow, as bond investors seek higher yields and corporate prospects improve. In addition, the managers consider provincial fixed income securities to be attractive as risk premiums on these instruments have declined with concerns over liquidity diminishing.

During the year Canso Investment Counsel Ltd. ("Canso"), a leading bond manager, was retained to manage the fixed income component of the Canada Education Savings Grant asset pool. Canso was hired to provide focus on the management of a specialty corporate bond mandate.

Looking into 2010 and beyond, we expect to see upward pressure on inflation premiums and real rates as the obstacles to a self-sustaining recovery fall away and money flows toward higher returning more riskier assets. This means that interest rates will climb once central bankers declare victory over the recession and raise policy rates.

It should be stressed, that in periods of instability and uncertainty, no one is immune from market turbulence. The deeply unsettling experience over the past two years has shaped a cautious appraisal of the unfolding global recovery. We are confident that our well-defined investment strategy, based on our conservative management approach, can weather the storm. Our goal, as always, is to provide safety of principal first and deliver positive long-term returns for our contributors and beneficiaries.

Adoption of New Accounting Standards

In June 2009 the Canadian Accounting Standards Board ("AcSB") issued amendments to CICA Handbook Section 3862 – Financial Instruments – Disclosures. The amendments require publicly accountable enterprises to classify fair value measurements based on a hierarchy that reflects the significance of the inputs used in making these measurements (Level 1, Level 2 and Level 3 inputs as defined in the standard). These amendments will not affect the valuation of assets and liabilities held by the Plan, but will result in enhanced and increased disclosure requirements.

Future Accounting Standards

On February 13, 2008, the AcSB confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for all publicly accountable profit-oriented enterprises. IFRS will replace Canadian Generally Accepted Accounting Principles. IFRS becomes effective for interim and annual financial statements relating to the fiscal year ending October 31, 2012 with comparatives. We are taking the following steps to transition to IFRS:

- Identification of areas where changes in disclosure will be required under IFRS standards
- Identification of operational areas impacted by the adoption of IFRS
- Identification of major differences between current accounting policies and IFRS standards
- Assessment of current reporting systems and their readiness for IFRS implementation
- Implementation of an IFRS transition plan

Financial and Operating Highlights (with comparative figures)

The following table shows key financial data for the Plan and is intended to help you understand the Plan's financial results for the past five fiscal years ended October 31.

($ thousands)	**2009**	2008	2007	2006	2005
Statement of Net Assets					
Total Assets	**$ 9,168**	$ 9,088	$ 8,254	$ 7,878	$ 6,863
Net Assets	**3,691**	3,633	3,141	2,789	2,405
% Change of Net Assets	**1.6%**	15.7%	12.6%	16.0%	3.9%
Statement of Investment Operations					
Net Investment Income	**$ 263**	$ 249	$ 207	$ 158	$ 197
Statement of Changes in Net Assets					
Education Assistance Payments	**$ (944)**	$ (939)	$ (951)	$ (561)	$ (542)
Net Government Grants Received Net of Payments	**(242)**	(112)	(147)	(113)	54
Other					
Total number of agreements	**2,231**	2,123	1,950	1,808	1,603
% Change in the total number of agreements	**5.1%**	8.9%	7.9%	12.8%	8.3%

Management Fees

Administration Fees
An administration fee of $97 thousand comprising Plan administration and processing fees and financial reporting expenses was paid to the Canadian Scholarship Trust Foundation, the sponsor and administrator of the Plan, in accordance with contributors' Education Savings Plan Agreements. The administration of the Plan includes, processing and call centre services related to new agreements, Government Grants, plan modifications, terminations, maturities and Education Assistance Payments (EAP). The annual administration fee is calculated as 1% of the total amount of Principal, Government Grants and income in the contributors' accounts, which is paid monthly.

The Foundation has delegated certain administrative and distribution functions to its wholly owned subsidiary, C.S.T. Consultants Inc., which is registered as a scholarship plan dealer under securities legislation of each of the provinces and territories of Canada in which it operates to sell scholarship plans. C.S.T. Consultants Inc. is the exclusive distributor of the Canadian Scholarship Trust Plans.

In exchange for its administrative services, C.S.T. Consultants Inc. receives an amount equal to the administration costs incurred plus a percentage of such costs from the Foundation. The administration services agreement is renewable on an annual basis.

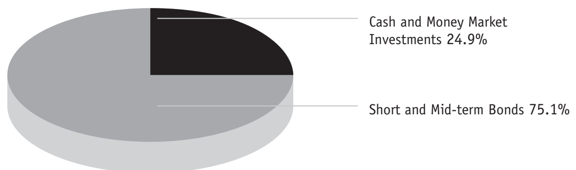
Portfolio Management Fees
The Plan's annual investment management fee is 0.16% of the weighted average monthly net assets.

Trustee and Custodian Fees
The Plan pays trustee and custodian fees to RBC Dexia Investor Services Trust to settle all investment trades and disburse fees, Education Assistance Payments and other amounts in accordance with the terms of the Plan Agreement. For 2009 these fees charged to the Plan amounted to $3 thousand.

Summary of Plan Investment Portfolio

The following diagram illustrates the Plan's assets and does not include the allocation of assets from the Government Grants belonging to this Plan.

Asset Mix (as at October 31, 2009)



Individual Savings is a self-determined Plan. The following table details the long positions currently in the Plan. The Plan is prohibited from holding short positions in securities.

Issuer			Fair Value ($)	% of Plan Portfolio Assets
Canada Housing Trust	4.60%	15 Sep 2011	987	15.1%
Government of Canada	3.75%	1 Jun 2019	559	8.5%
Province of British Columbia	6.38%	23 Aug 2010	530	8.1%
Province of Quebec	6.00%	1 Oct 2012	426	6.5%
Government of Canada	3.75%	1 Jun 2012	415	6.3%
Province of Quebec	5.50%	1 Dec 2014	384	5.9%
Province of Ontario	4.40%	1 Dec 2011	370	5.6%
Province of Ontario	4.75%	2 Jun 2013	355	5.4%
Province of Ontario	5.38%	2 Dec 2012	295	4.5%
Government of Canada	6.00%	1 Jun 2011	253	3.9%
Government of Canada	4.50%	1 Jun 2015	136	2.1%
Province of British Columbia	4.65%	18 Dec 2018	100	1.5%
Government of Canada	3.50%	1 Jun 2013	73	1.1%
Government of Canada	1.00%	1 Sep 2011	40	0.6%
Long positions as a percentage of Plan portfolio assets				**75.1%**

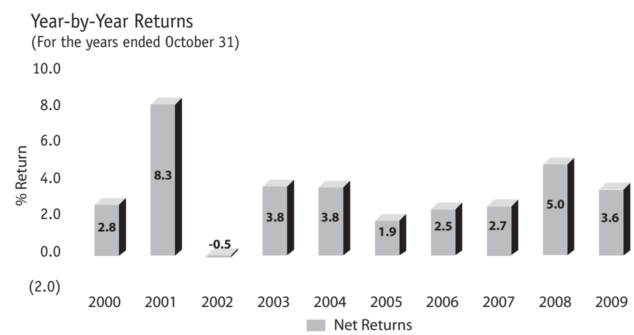
Past Performance

Our investment philosophy has always been to safeguard our contributors' investments while providing stable and consistent returns.

Past performance of the Plan is set out in the following chart and the annual compound returns table and is based on the growth in assets over the term of the plan to maturity. These returns are enhanced by the allocation of the assets from the Government Grants and Scholarship pools. Investment returns have been calculated using market values and time-weighted cash flows during the periods. Total expenses incurred by the Plan, including administration, portfolio management, and custody and trustee fees, are displayed in each period. Past returns of the Plan do not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart illustrates the Plan's annual performance in each of the past ten years to October 31, 2009. The chart illustrates in percentage terms how much an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year:



Annual Compound Returns

The following table illustrates the Plan's annual compounded returns for the periods shown ended on October 31, 2009:

	Period			
	1 Year	3 Years	5 Years	10 Years
Net Plan Return	**3.6**	**3.8**	**3.2**	**3.4**
Benchmark: 30% DEX 91 Day T-Bill Index/70% DEX Short-Term All Government Bond Index	**5.6**	**5.0**	**4.4**	**5.1**