

C.S.T. Consultants Inc.



Canadian Scholarship Trust Group Savings Plan 2001

Audited Financial Statements and
Management Report of Fund Performance

October 31, 2013 and 2012



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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain portions of the Management Report of Fund Performance, including but not limited to, "Results of Operations" and "Recent Developments", may contain forward-looking statements about the Plan, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Plan action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Plan and economic factors. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Plan. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

It should be stressed that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

Management Report of Fund Performance

Introduction

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Canadian Scholarship Trust Group Savings Plan 2001 (“the 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, as the Plan sponsor, and C.S.T. Consultants Inc., as the Investment Fund Manager, view corporate governance and compliance as important to overall corporate performance and long-term investment returns, and as such we review and support the proxy voting guidelines established by our investment managers. Each investment manager’s proxy voting policy is available on request through our customer service area or by contacting us at cstplan@cst.org.

Investment Objective and Strategy

The Plan invests in a prudent manner, with a focus over the long term to protect your principal and deliver a positive return on your investment. The Plan invested primarily in fixed income securities issued by the Canadian federal or provincial governments and corporate debt securities issued by public corporations.

The Plan is managed by Beutel, Goodman & Company Ltd., Greystone Managed Investments Inc., TD Asset Management Inc. and Canso Investment Counsel Ltd. The assets are allocated among different market sectors and different maturity segments at our portfolio managers’ discretion, subject to our investment policies and mandates. Our investment professionals actively manage the Plan, focusing on strategies where value can be added on a sustainable basis. These strategies include sector allocation, duration management, credit research and yield curve positioning.

Risk

The risks of investing in the Plan remain as described in the prospectus. There were no material changes to the Plan during the financial year that affected the overall level of risk.

Results of Operation

For 2013, the Plan’s rate of return, net of fees, was negative 0.5% compared to the investment policy benchmark (“benchmark”) return of 0.4% and the broad-based DEX Universe All Government Bond Index return of negative 0.8%. The Plan’s return is after the deduction of fees and expenses of 0.7%, while the benchmark and broad-based index returns do not include any costs of investing such as fees, expenses and commissions.

The Plan maintained its shortened duration portfolio to help protect our subscribers’ investments from rising interest rates. In comparison to the broad-based Index, the Plan’s current asset mix continues to require a higher allocation to short-to-medium term government bonds, this contributed positively to its relative performance as government bond yields rose in the latter half of the year.

Since 2008, the global economy has been contending with serious challenges following the financial crisis and subsequent recession – high unemployment, high government debt levels and slow growth – which required unprecedented fiscal and monetary policy measures. During the year investor sentiment gradually

became more optimistic as clear signs of improvement in the global economy emerged.

The European Union continued to steer through a recession with encouraging signs in GDP growth, although unemployment remained high compared to historical levels. The European Central Bank continued to keep policy interest rates low to help bolster economic activity, as member countries made progress to implement fiscal restraints.

In the United States, the Federal Reserve Board continued its commitment to support the economy, kept its policy interest rate low and maintained its government bond purchase program in order to put downward pressure on longer term interest rates. The U.S. economy has experienced modestly increasing GDP growth and declining unemployment, as lay-offs fell sharply and unemployment insurance claims hit a five year-low. Consumer confidence has risen largely due to housing prices, which stopped falling in early 2012 and have been climbing ever since. Improved household balance sheets, favourable credit conditions and rising business investment have contributed to the modest economic growth that has taken place. Furthermore, through tax hikes and spending cuts the Federal deficit is at its lowest level in five years.

Throughout the year, the Bank of Canada maintained its policy interest rate at 1% in light of modest economic growth and inflation at the lower end of the target range of 1% to 3%. GDP grew at 2.2% and 1.6% in the first and second quarters of the year. In the third quarter of 2013, GDP accelerated to 2.7% on increased consumer spending, residential and non-residential investment. Household debt levels remain relatively high compared to historical levels as the residential housing sector showed signs of slowing.

Since July 2012, Canadian government long-term bond yields were confined to a range of 1.6% and 2.0%. In May 2013 bond yields in both Canada and the U.S. began to rise and surged to 2.4% by the end of June based on encouraging prospects for global economic growth, particularly in the U.S. economy. Investors feared that the U.S. Federal Reserve would scale back or “taper” its asset purchases and began to exit government bonds and seek higher returns from other types of investments. As a result, bond prices fell sharply and yields moved up. The sell-off in the government bond market resulted in a steepening of the yield curve and adversely impacted the capital performance for mid and longer-term bonds

more than short-term issues. This contributed to the negative 0.8% return for the year for the DEX All Government Bond Index, as capital losses slightly outweighed the coupon interest earned on the underlying bonds. Conversely, the DEX Short-Term Government Bond Index returned 1.5%, as the marginal increase in short-term yields minimized the impact on bond prices. Credit spreads between corporate and government bonds narrowed throughout the year, as investors continued to search for higher yields in corporate issues, resulting in corporate bonds outperforming government bonds.

The Plan's performance primarily benefited from its continued overweight position to short-term Federal government bonds and corporate issues against the benchmark.

As at October 31, 2013, 96.2% of the Plan's assets were invested in Government bonds, 2.8% in Corporate Bonds and 1.0% in Cash and Short-Term Investments.

Recent Developments and Other Information

The global economy has strengthened and built momentum despite the rise in global bond yields. Global growth continues at a moderate pace and is poised for gradual improvement through 2014, largely led by the recovery of the U.S. economy. Recently, the U.S. Federal Reserve decided to delay the tapering of its bond-buying program until it receives more evidence of a sustainable economic recovery. Market participants expect bond yields to rise at a more subdued pace throughout 2014. Economic growth in the U.S. is still expected to accelerate over the next year, but at a slower pace than anticipated. In addition, continued improvement in the Euro zone and sustained growth in Japan will more than offset a modest deceleration expected in China in 2014.

In October 2013, the Bank of Canada signaled that its policy interest rate would remain unchanged at 1%. Economists are expecting more vigorous demand for Canadian exports which will drive an increased pace of economic growth for the later part of 2013 and throughout 2014. In particular, improvements to the U.S. housing market, rising motor vehicle sales and business investment in machinery will augment the increasing demand anticipated from the Euro zone.

The Plan recently received approval to diversify its investments and may invest the Plan's income in exchange traded securities, including index participation units of exchange traded funds. In addition, the Plan may now invest a greater portion of income into corporate debt securities. A new strategic investment mix for the Plan will be implemented during 2014.

We are confident that our investment strategy and conservative management approach will continue to provide value over the long-term horizon of the Plan. Our goal, as always, is to provide safety of principal and deliver a reasonable return within our investment policy guidelines and risk tolerances for our subscribers and beneficiaries.

Future Accounting Standards

In February 2008 the Canadian Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for publicly accountable enterprises. In December 2011, the AcSB amended the deadline for adoption of IFRS by certain qualifying investment funds to extend the adoption date to years beginning on or after January 1, 2014. Therefore, IFRS will replace Canadian GAAP and become effective for the Plan's interim and annual financial statements relating to the fiscal year ending October 31, 2015 with comparatives. We are taking the following steps to transition to IFRS:

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

Financial and Operating Highlights (with comparative figures)

The following table is intended to help you understand the key financial results for the past five fiscal years ended October 31 for the Plan, which includes assets and income allocated from Government grants, Group Scholarship Pool and Sales Charge Refund Entitlements. This information is derived from the Plan's audited annual financial statements.

(\$ thousands)	2013	2012	2011	2010	2009
Statements of Net Assets					
Total Assets	\$2,630,081	\$2,378,785	\$2,045,477	\$1,709,344	\$1,360,123
Net Assets	990,348	918,629	786,847	654,581	494,966
% Change of Net Assets	7.8%	16.7%	20.2%	32.2%	42.5%
Statements of Investment Operations					
Net Investment Income	\$ 48,570	\$ 73,225	\$ 79,579	\$ 47,139	\$ 50,081
Statements of Changes in Net Assets					
Education Assistance Payments	\$ (11,707)	\$ (8,964)	\$ (6,090)	\$ (4,619)	\$ (3,020)
Government Grants Received (net of repayments)	83,262	82,260	71,837	77,554	68,138
Government Grant Payments to Beneficiaries	(7,214)	(5,184)	(3,345)	(2,383)	(1,437)
Other					
Total number of units	2,517,436	2,360,262	2,180,746	1,998,516	1,812,701
% Change in the total number of units	6.7%	8.2%	9.1%	10.3%	11.9%

Management Fees

Administration Fees

An administration fee of \$13,192 thousand (2012 – \$11,400 thousand) comprising Plan administration and processing fees and financial reporting expenses was paid to the Canadian Scholarship Trust Foundation (“the 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 (“EAPs”). The annual administration fee is calculated as ½ of 1% of the total amount of Principal, Government grants and income in the subscribers’ accounts, and 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 the Plan’s Investment Fund Manager in Ontario, Quebec, Newfoundland and Labrador, and 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 0.12% (2012 – 0.12%) of the weighted average monthly net assets. The portfolio managers provide investment advisory and discretionary managed account services with respect to purchasing, selling, and dealing in securities.

Trustee and Custodian Fees

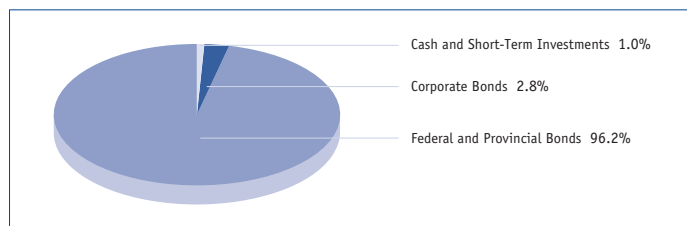
The Plan pays trustee and custodian fees to RBC Investor Services Trust to settle all investment trades and disburse fees, EAPs and other amounts in accordance with the terms of the Plan Agreement. For 2013 these fees charged to the Plan amounted to \$345 thousand (2012 – \$322 thousand) and are 0.01% (2012 – 0.01%) of weighted average monthly assets.

Summary of Plan Investment Portfolio

The Plan's Total Portfolio Assets are comprised of the principal and accumulated investment income on all education savings plan agreements that have not reached their maturity date. The income earned on the Plan's pre-maturity assets is the main component in determining the value of EAPs to be paid to beneficiaries. Government Grant assets and related investment income are specific to each beneficiary. Any payments to beneficiaries from Government Grant assets are treated as separate payments and not included in EAP values paid out. Furthermore, income earned on Group Scholarship Pool assets is allocated to eligible beneficiaries collecting EAP payments that year on a pro-rata basis. As a result, the Plan's Total Portfolio Assets as presented reflect the pre-maturity assets and does not include the allocation of assets from the Government Grants, Group Scholarship Pool and Sales Charge Refund Entitlements belonging to this Plan.

The following chart illustrates the Plan's Total Portfolio assets by appropriate investment categories.

Asset Mix as at October 31, 2013



The following table details the top 25 long positions in the Plan. The Plan is prohibited from holding short positions in securities.

Issuer	Rate	Maturity Date	Fair Value (\$ 000's)	% of Plan Portfolio Assets
Canada Housing Trust	2.45%	15 Dec 2015	146,952	8.1%
Canada Housing Trust	3.15%	15 Jun 2015	107,139	5.9%
Canada Housing Trust	2.75%	15 Dec 2014	96,844	5.4%
Government of Canada	2.00%	01 Dec 2014	82,569	4.6%
Canada Housing Trust	2.75%	15 Sep 2014	79,213	4.4%
Government of Canada	2.05%	15 Jun 2018	65,317	3.6%
Canada Housing Trust	2.75%	15 Dec 2015	61,620	3.4%
Province of Manitoba	4.10%	05 Mar 2041	54,845	3.0%
Canada Housing Trust	3.15%	15 Jun 2014	52,473	2.9%
Government of Canada	1.25%	01 Sep 2018	48,061	2.7%
Government of Canada	4.00%	01 Jun 2041	46,784	2.6%
Canada Housing Trust	2.75%	15 Jun 2016	38,294	2.1%
Government of Canada	0.75%	01 May 2014	34,240	1.9%
Government of Canada	1.50%	01 Sep 2017	34,077	1.9%
Province of Alberta	2.90%	20 Sep 2029	31,613	1.8%
Province of Saskatchewan	6.40%	05 Sep 2031	29,866	1.7%
Province of Ontario	4.65%	02 Jun 2041	29,698	1.6%
Province of Manitoba	3.25%	05 Sep 2029	26,539	1.5%
Canada Housing Trust	1.50%	01 Dec 2044	25,669	1.4%
Province of Ontario	1.90%	08 Sep 2017	25,298	1.4%
Province of Quebec	4.50%	01 Dec 2017	22,725	1.3%
Province of Quebec	6.25%	01 Jun 2032	21,548	1.2%
Province of Alberta	1.38%	27 May 2016	20,436	1.1%
Province of Quebec	4.50%	01 Dec 2016	20,421	1.1%
Province of British Columbia	4.25%	18 Jun 2014	19,988	1.1%

Top long positions as a percentage of Plan portfolio assets 67.7%

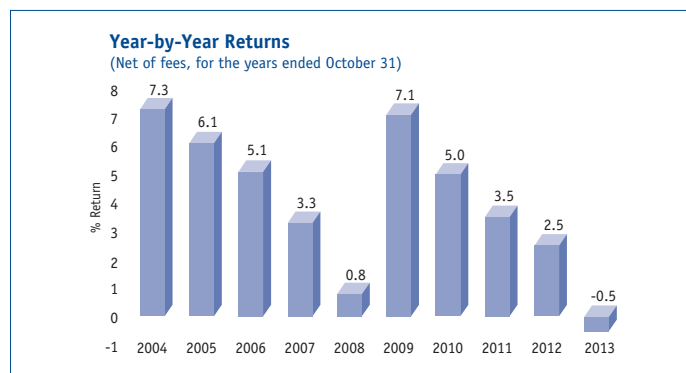
Past Performance

Our investment philosophy has always been to safeguard our subscribers' investments while providing stable and consistent returns. The Foundation's investment strategy is expected to return consistent and strong financial performance and provide the capability to deliver long-term sustainable EAP values to Plan beneficiaries in the future.

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. The returns presented are based on the income earned on the Plan's investment portfolio only and do not reflect the investment income or allocation of assets from the Government grants, Group Scholarship Pool and Sales Charge Refund Entitlements. 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, custody and trustee fees have been deducted and only net returns 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, 2013. 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, 2013.

The benchmark for this plan is blended and comprised of 49% DEX Universe All Government Bond Index, 49% DEX Short-Term Government Bond Index and 2% DEX Universe Corporate Bond Index. The DEX Universe All Government Bond Index is a broad measure of Canadian investment grade fixed income securities, issued by the Government of Canada, including Crown Corporations and provincial governments, with maturities greater than 1 year. The DEX Short-Term Government Bond Index is a broad measure of Canadian investment grade fixed income securities, issued by the Government of Canada, including Crown Corporations and provincial governments, with maturities between 1 and 5 years. The DEX Universe Corporate Bond Index is a broad

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measure of Canadian investment grade fixed income securities issued by public corporations, with maturities greater than one year.

	Period			
	1 Yr	3 Yr	5 Yr	10 Yr
Net Plan Return*	(0.5)	1.8	3.5	4.0
Benchmark	0.4	2.9	4.9	5.1
Broad-based Index: DEX Universe				
All Government Bond Index	(0.8)	3.4	5.3	5.2

* Note: The Plan's returns are after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing such as fees, expenses and commissions. The Plan's fees and expenses were 0.7% for all periods.

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canadian Scholarship Trust – Group Savings Plan 2001 (the “Plan”) are prepared by management and are approved by the Board of Directors of the Canadian Scholarship Trust Foundation (the “Foundation”). Management is responsible for the information and representations contained in these financial statements. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

The Foundation, through C.S.T. Consultants Inc., a wholly-owned subsidiary which administers the Plan, maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Plan, are described in Note 2 to the financial statements.

Deloitte LLP is the external auditor of the Plan. It has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the Board of Directors and Members of the Foundation its opinion on the financial statements. Its report is set out below.



Sherry J. MacDonald, CPA, CA
President and Chief Executive Officer



Joe Spagnuolo, CPA, CA
Chief Financial Officer and Treasurer

Toronto, Ontario
January 9, 2014

Independent Auditor's Report

To the Board of Directors and Members of the Canadian Scholarship Trust Foundation

We have audited the accompanying financial statements of the Canadian Scholarship Trust Group Savings Plan 2001, which comprise the statements of net assets available for education assistance payments as at October 31, 2013 and 2012, and the statements of investment operations, statements of changes in net assets available for education assistance payments and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 auditor's 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Scholarship Trust Group Savings Plan 2001 as at October 31, 2013 and 2012 and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
January 9, 2014

Statements of Net Assets Available for Education Assistance Payments

As at October 31, 2013 and 2012 (in thousands of dollars)

	2013	2012
		<i>(Note 9)</i>
Assets		
Investments, at fair value <i>(Note 4 and Schedule I)</i>	\$ 2,553,292	\$ 2,303,473
Cash and cash equivalents	25,782	18,089
Short-term investments	12,149	15,346
Accrued interest and other receivables	28,071	21,654
Receivables for securities sold	27	9,581
Government grants receivable	10,760	10,642
	2,630,081	2,378,785
Liabilities		
Accounts payable, accrued liabilities and unclaimed subscribers' funds	19,584	15,498
Payables for securities purchased	2,316	10,595
Subscribers' deposits <i>(Schedule II)</i>	1,617,833	1,434,063
	1,639,733	1,460,156
Net Assets Available for Education Assistance Payments	990,348	918,629
Represented by:		
Non-Discretionary Funds		
Accumulated interest held for future education assistance payments <i>(Schedule II)</i>	255,046	231,234
Government grants	549,999	482,162
Interest on Government grants	95,409	83,811
Sales charge refund entitlements <i>(Notes 3(b) and 7)</i>	102,687	94,814
Unrealized (Losses) Gains	(15,074)	24,647
Discretionary Funds		
Donations from the Foundation <i>(Notes 3(d) and 6)</i>	2,281	1,961
	\$ 990,348	\$ 918,629

Approved on behalf of the Board of Canadian Scholarship Trust Foundation



Colin E. Litton, FCPA, FCA
Director



Sherry J. MacDonald, CPA, CA
Director

Statements of Investment Operations

For the years ended October 31, 2013 and 2012 (in thousands of dollars)

	2013	2012
Income		
Interest income	\$ 74,401	\$ 64,762
Realized (losses) gains on sale of investments	(9,609)	21,594
Other income	335	1,216
	65,127	87,572
Expenses		
Plan administration and processing fees <i>(Note 3(a))</i>	10,171	8,550
Financial reporting <i>(Note 3(a))</i>	3,021	2,850
Portfolio management fees	3,020	2,625
Custodian fees	274	236
Trustee fees	71	86
	16,557	14,347
Net Investment Income	48,570	73,225
Change in Unrealized (Losses) Gains	(39,721)	(9,803)
Increase in Net Assets from Investment Operations	\$ 8,849	\$ 63,422

Statements of Changes in Net Assets Available for Education Assistance Payments

For the years ended October 31, 2013 and 2012 (in thousands of dollars)

	2013	2012 <i>(Note 9)</i>
Net Assets Available for Education Assistance Payments, Beginning of Year	\$ 918,629	\$ 786,847
Increase in Net Assets from Investment Operations	8,849	63,422
Transfers (to) from internal and external plans	(1,029)	159
	7,820	63,581
Receipts		
Government grants received (net of repayments)	83,262	82,260
Contributions received from the Foundation <i>(Note 3(d))</i>	4,000	3,500
	87,262	85,760
Disbursements		
Payments to beneficiaries		
Education assistance payments <i>(Schedule III)</i>	(11,707)	(8,964)
Government grants	(7,214)	(5,184)
Refund of sales charges	(2,076)	(1,693)
Return of interest	(2,366)	(1,718)
	(23,363)	(17,559)
Receipts less Disbursements	63,899	68,201
Increase in Net Assets Available for Education Assistance Payments	71,719	131,782
Net Assets Available for Education Assistance Payments, End of Year	\$ 990,348	\$ 918,629

Statements of Cash Flows

For the years ended October 31, 2013 and 2012 (in thousands of dollars)

	2013	2012
Operating Activities		
Increase in Net Assets from Investment Operations	\$ 8,849	\$ 63,422
Net disbursements for investment transactions	(294,677)	(303,566)
Items not affecting cash		
Realized losses (gains) on sale of investments	9,609	(21,594)
Change in Unrealized (Losses) Gains	39,721	9,803
Change in non-cash operating working capital		
Increase in Accrued interest and other receivables	(6,417)	(1,666)
Increase in Government grants receivable	(118)	(198)
Increase in Accounts payable, accrued liabilities and unclaimed subscribers' funds	4,086	1,047
Cash flow used in Operating Activities	(238,947)	(252,752)
Financing Activities		
Transfers (to) from internal and external plans	(1,029)	159
Contributions received from the Foundation <i>(Note 3(d))</i>	4,000	3,500
Government grants received (net of repayments)	83,262	82,260
Net increase in Subscribers' deposits <i>(Schedule II)</i>	183,770	192,049
Payments to beneficiaries	(23,363)	(17,559)
Cash flow from Financing Activities	246,640	260,409
Net increase in Cash and cash equivalents	7,693	7,657
Cash and cash equivalents, Beginning of Year	18,089	10,432
Cash and cash equivalents, End of Year	\$ 25,782	\$ 18,089

Schedule I – Statement of Investment Portfolio

As at October 31, 2013 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)				
Bonds				Bonds (continued)							
Federal – 56.3%				Municipal and Provincial – 39.9% (continued)							
Government of Canada				Province of Manitoba (continued)							
0.75%	1 May 2014	34,275	34,240	34,203	6.30%	5 Mar 2031	1,270	1,665	1,603		
2.25	1 Aug 2014	4,770	4,814	4,851	5.70	5 Mar 2037	15,450	19,500	20,045		
1.00	1 Nov 2014	18,500	18,499	18,488	4.60	5 Mar 2038	3,090	3,390	3,590		
2.00	1 Dec 2014	81,700	82,569	82,923	4.65	5 Mar 2040	6,770	7,497	7,260		
1.40	1 Mar 2015	1,209	479	476	4.10	5 Mar 2041	54,005	54,845	57,978		
2.14	1 May 2017	1,321	1,220	1,202	4.40	5 Mar 2042	12,365	13,196	14,515		
1.50	1 Sep 2017	34,058	34,077	33,978	Province of New Brunswick						
2.05	15 Jun 2018	64,944	65,317	64,908	4.50	4 Feb 2015	6,500	6,770	7,038		
1.25	1 Sep 2018	49,114	48,061	47,524	4.30	3 Dec 2015	8,150	8,650	8,549		
1.50	1 Jun 2023	2,610	2,406	2,360	4.70	21 Jul 2016	4,200	4,561	4,703		
2.50	1 Jun 2024	2,203	2,197	2,186	6.75	27 Jun 2017	7,000	8,219	8,496		
4.25	1 Dec 2026	1,550	3,175	3,271	4.40	3 Jun 2019	7,050	7,776	7,666		
5.00	1 Jun 2037	14,394	19,313	19,805	3.35	3 Dec 2021	3,000	3,067	3,132		
4.00	1 Jun 2041	39,485	46,784	47,445	5.50	27 Jan 2034	750	899	852		
3.50	1 Dec 2045	4,706	5,170	5,170	4.55	26 Mar 2037	5,600	5,965	6,018		
Canada Housing Trust				Province of Newfoundland and Labrador							
3.15	15 Jun 2014	51,796	52,473	53,548	5.60	17 Oct 2033	4,000	4,907	4,949		
2.75	15 Sep 2014	78,050	79,213	79,820	Province of Nova Scotia						
2.75	15 Dec 2014	95,053	96,844	97,515	4.60	18 Aug 2016	13,000	14,114	14,190		
3.15	15 Jun 2015	103,748	107,139	107,547	5.80	1 Jun 2033	9,950	12,416	11,977		
2.75	15 Dec 2015	59,701	61,620	61,342	4.50	1 Jun 2037	2,000	2,140	2,069		
2.45	15 Dec 2015	143,240	146,952	146,362	4.40	1 Jun 2042	2,800	2,960	3,003		
2.75	15 Jun 2016	36,930	38,294	37,789	Province of Ontario						
1.85	15 Dec 2016	9,325	9,436	9,310	4.40	8 Mar 2016	3,450	3,692	3,597		
4.10	15 Dec 2018	10,325	11,346	11,282	4.30	8 Mar 2017	9,876	10,721	10,942		
3.35	15 Dec 2020	1,530	1,618	1,623	1.90	8 Sep 2017	25,240	25,298	25,123		
3.80	15 Jun 2021	5,550	6,021	5,976	4.20	8 Mar 2018	16,610	18,104	18,200		
2.65	15 Mar 2022	5,080	5,059	5,348	4.40	2 Jun 2019	3,100	3,424	3,349		
1.50	1 Dec 2044	21,570	25,669	29,411	2.85	2 Jun 2023	19,400	18,685	19,484		
PSP Capital Inc.				0.00				2 Dec 2024	11,100	7,321	7,227
4.57	9 Dec 2013	4,468	4,482	4,576	6.20	2 Jun 2031	10,037	12,988	13,060		
			1,014,487	1,020,239	5.85	8 Mar 2033	3,865	4,864	4,893		
Municipal and Provincial – 39.9%				4.70				1 Jun 2037	1,400	1,456	1,481
Province of Alberta				4.70				2 Jun 2037	13,650	15,080	15,105
1.38	27 May 2016	20,358	20,436	20,342	4.65	2 Jun 2041	26,993	29,698	30,119		
1.85	1 Sep 2016	6,983	7,070	7,008	Province of Quebec						
2.90	20 Sep 2029	34,730	31,613	32,800	5.50	1 Dec 2014	11,400	11,933	12,595		
3.45	1 Dec 2043	1,950	1,794	1,799	5.00	1 Dec 2015	6,000	6,454	6,716		
Province of British Columbia				4.50				1 Dec 2016	18,771	20,421	20,985
4.25	18 Jun 2014	19,605	19,988	20,677	4.50	1 Dec 2017	20,651	22,725	23,149		
2.70	18 Dec 2022	13,190	12,843	13,106	4.50	1 Dec 2020	6,000	6,650	6,456		
5.70	18 Jun 2029	7,713	9,565	10,097	3.00	1 Sep 2023	7,400	7,151	7,175		
6.35	18 Jun 2031	11,435	15,204	15,265	6.25	1 Jun 2032	16,700	21,548	21,788		
5.40	18 Jun 2035	15,965	19,502	20,252	5.00	1 Dec 2038	1,500	1,698	1,734		
4.70	18 Jun 2037	5,000	5,608	5,890	5.00	1 Dec 2041	13,015	14,793	15,124		
4.30	18 Jun 2042	16,885	17,923	19,430							
Province of Manitoba											
3.05	1 Sep 2014	3,460	3,517	3,548							
2.05	1 Dec 2016	13,115	13,330	13,240							
4.40	5 Sep 2025	4,760	5,157	5,162							
7.75	22 Dec 2025	4,900	6,910	7,306							
3.25	5 Sep 2029	28,240	26,539	26,551							

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

Schedule I – Statement of Investment Portfolio (continued)

As at October 31, 2013 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)				
Bonds (continued)				Bonds (continued)							
Municipal and Provincial – 39.9% (continued)				Corporate – 2.8% (continued)							
Province of Saskatchewan				Milit-Air Inc.							
5.75%	5 Mar 2029	3,125	3,901	4,152	5.75%	30 Jun 2019	992	1,094	1,116		
6.35	25 Jan 2030	450	596	618	NAV Canada						
6.40	5 Sep 2031	22,225	29,866	30,817	7.56	1 Mar 2027	1,141	1,438	1,473		
5.60	5 Sep 2035	7,970	10,025	10,735	Ontrea Inc.						
4.75	1 Jun 2040	9,815	11,209	12,196	4.62	9 Apr 2018	834	853	870		
			719,837	736,926	OPB Finance Trust						
Corporate – 2.8%				3.89				4 Jul 2042	2,800	2,551	2,635
407 International Inc.				Ornge Issuer Trust							
7.13	26 Jul 2040	1,505	2,068	2,102	5.73	11 Jun 2034	2,578	2,806	2,972		
BAC Canada Finance				Pearson Internation Fuel Facilities Corp							
2.34	21 Feb 2014	1,316	1,321	1,281	5.09	9 Mar 2032	1,014	1,033	1,087		
Business Development Bank of Canada				Royal Office Finance							
4.75	26 Jul 2021	425	493	424	5.21	12 Nov 2032	1,911	2,099	2,242		
Canada Post				SP1 LP							
4.36	16 Jul 2040	3,700	4,197	4,267	3.21	15 Jun 2019	2,467	2,398	2,417		
4.08	16 Jul 2025	2,800	3,070	3,092	Standard Life Assurance						
CBC				3.94				21 Sep 2022	635	658	635
4.69	15 May 2027	1,704	1,866	1,828	Sun Life Financial Inc.						
Claregold Trust				4.95				1 Jun 2036	2,093	2,218	2,143
5.07	15 May 2044	352	94	99	Toronto Hospital						
CSS Partnership				5.64				8 Dec 2022	2,678	3,014	3,075
6.92	31 Jul 2042	770	938	928	Transcanada Pipelines						
Enbridge Inc.				8.05				17 Feb 2039	544	806	859
2.28	19 Aug 2015	1,156	1,168	1,170	WTH Car Rental						
GE Capital Canada				4.14				20 Mar 2015	2,305	2,368	2,402
2.58	26 Jan 2015	424	429	430				51,342	51,795		
1.63	15 Feb 2022	2,788	2,661	2,557	Total Fixed Income Investments – 99.0%						
5.73	22 Oct 2037	211	247	242	1,785,666						
Greater Toronto Airports				1,808,960							
6.45	30 Jul 2029	1,362	1,646	1,680	Cash and Short-term Investments – 1.0%						
Green Timbers LP				17,816				17,816	17,816		
6.84	30 Jun 2037	436	508	504	Total Portfolio Assets – 100.0%						
Honda Canada Finance Inc.				1,803,482							
2.25	23 Feb 2015	2,850	2,871	2,850	1,826,776						
Manufacturers Life Insurance				Investments Allocation (Note 4)							
4.17	1 Jun 2022	848	892	852	Government Grants (Appendix I)						
2.82	26 Feb 2023	697	696	697	651,609				651,246		
Manulife Bank of Canada				Canadian Scholarship Group Savings Plan							
1.80	3 Dec 2014	620	621	620	Trust Scholarship Pool (Appendix II)						
1.82	14 Mar 2016	300	300	301	6,254				6,268		
Maritimes and Northeast Pipelines				Sales Charges Refund							
4.34	30 Nov 2019	1,551	1,608	1,618	Entitlements (Appendix III & IV)						
6.90	30 Nov 2019	104	118	120	109,763				101,892		
Merrill Lynch Financial Assets				Cash and Short-term							
4.71	12 Nov 2016	730	194	207	Investments (Appendices I, II, III & IV)						
					20,115				20,115		
					Total Investment Fund						
					2,591,223						
					2,606,297						
				Represented by:							
				Investments, at fair value							
				2,553,292							
				Cash and cash equivalents							
				25,782							
				Short-term Investments							
				12,149							
				2,591,223							

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

Schedule II – Subscribers’ Deposits and Accumulated Interest

As at October 31, 2013 and 2012 (in thousands of dollars)

The following is a summary of Group Savings Plan 2001 Units, Subscribers’ Deposits and Accumulated Interest by year of eligibility:

Year of Eligibility	Opening Units	Inflow Units ¹	Outflow Units ²	Closing Units	Subscribers’ Deposits	Accumulated Interest ³
2012 and prior to 2012	34,402	635	4,966	30,071	\$ 6,053	\$ 9,595
2013	20,632	3,460	4,249	19,843	19,064	10,329
2014	27,686	2,597	3,301	26,982	76,509	14,119
2015	35,485	276	532	35,229	84,215	14,626
2016	45,558	202	661	45,099	89,601	15,268
2017	56,684	460	833	56,311	92,410	15,646
2018	85,612	1,526	1,542	85,596	111,698	20,807
2019	165,744	2,615	3,295	165,064	176,240	37,056
2020	184,348	3,703	3,778	184,273	175,298	33,471
2021	191,206	5,393	4,345	192,254	163,458	26,838
2022	196,481	6,083	4,502	198,062	149,029	20,404
2023	194,003	5,345	5,837	193,511	128,034	13,873
2024	203,096	4,976	6,526	201,546	113,090	10,293
2025	194,751	6,499	7,603	193,647	87,154	6,383
2026	187,157	8,080	8,250	186,987	63,800	3,603
2027	180,558	9,160	8,515	181,203	43,114	1,784
2028	168,612	13,203	7,842	173,973	23,981	719
2029 and thereafter	188,247	176,070	16,532	347,785	15,085	232
TOTAL	2,360,262	250,283	93,109	2,517,436	\$ 1,617,833	\$ 255,046

1 Inflow units are comprised of new units, additional units and transfers in.

2 Outflow units are comprised of maturities, terminations, transfers out and education assistance payments.

3 Accumulated interest represents both interest allocated to subscribers’ accounts and interest held for future education assistance payments.

The changes in Subscribers’ deposits are as follows:

	2013	2012
Payments from Subscribers ¹	\$ 270,064	\$ 261,096
Inter-plan principal transfers	(22,416)	(18,948)
Account maintenance fees	(3,131)	(2,989)
Return of principal	(60,747)	(47,110)
Net increase in Subscribers’ deposits	183,770	192,049
Balance, Beginning of Year	1,434,063	1,242,014
Balance, End of Year	\$ 1,617,833	\$ 1,434,063

1 Net of Sales charges collected of \$43,137 (2012 – \$44,900).

Schedule III – Education Assistance Payments

As at October 31, 2013 and 2012 (in thousands of dollars, except for per unit amounts)

The following charts indicate the total dollar payments, number of eligible units paid, and the education assistance payment amount by year of eligibility.

Education Assistance Payments	2013	2012	Education Assistance Payments	2013	2012
Current year payments	\$ 8,482	\$ 6,602	Non-Discretionary	\$ 8,027	\$ 5,970
Deferred payments	2,954	2,112	Discretionary	3,680	2,994
Advance payments	271	250		\$11,707	\$ 8,964
	\$11,707	\$ 8,964			

	Number of education assistance payment units Year of Eligibility				Amount of education assistance payment per unit Year of Eligibility			
	2013	2012	2011	2010	2013	2012	2011	2010
First	12,480.6	8,940.8	6,720.6	4,985.0	\$ 265	\$ 305	\$ 345	\$ 395
Second		8,292.9	5,968.6	3,699.9		290	325	370
Third			5,509.3	3,493.4			315	355
Fourth				3,041.1				340

Notes to the Financial Statements

October 31, 2013 and 2012 (in thousands of dollars)

Note 1. Nature of Operations

The Canadian Scholarship Trust Group Savings Plan 2001 (the “Group Savings Plan 2001” or the “Plan”) is a Pooled Education Savings Plan that was established on May 1, 2001. The objective of the Group Savings Plan 2001 is to assist parents and others to save for the post-secondary education of children. The Group Savings Plan 2001 is managed and distributed by C.S.T. Consultants Inc. (“C.S.T.C.”), a wholly-owned subsidiary of the Canadian Scholarship Trust Foundation (the “Foundation”). The Foundation was created to encourage and promote post-secondary education by making education savings plans available to Canadian residents.

Payments are made by a subscriber to an account maintained by the depository trustee on behalf of a beneficiary. Deductions of sales charges (previously referred to as enrolment fees) and account maintenance fees are made from the subscriber’s contributions. The principal accumulated over the term of the subscriber’s education savings plan agreement (“Agreement”) is returned to the subscriber when:

- i. the Agreement matures and the beneficiary is a qualified student eligible to receive the first education assistance payment,
- ii. the Agreement matures and the beneficiary is not yet a qualified student, in which case the beneficiary will forfeit all Government grants (as defined below), or
- iii. the Agreement is terminated.

The investment income earned on the subscriber’s principal is transferred to the scholarship pool when the Agreement matures and is used to provide education assistance payments (“EAPs”) to qualified students. A beneficiary is deemed to be a qualified student upon receipt by the Foundation of evidence of enrolment in a qualifying educational program at an eligible institution.

There are a number of government grants that may be available to beneficiaries:

- i. The Canada Education Savings Grant Program (“CESG”) is a grant from the Federal Government whereby Registered Education Savings Plans (“RESPs”) receive grant amounts dependent on family income;
- ii. Any child born on or after January 1, 2004, and who also qualifies for the National Child Benefit Supplement may be eligible for the Canada Learning Bond (“CLB”);
- iii. Any child born in the province of Alberta on or after January 1, 2005, may be eligible for the initial Alberta Centennial Education Savings Grant (“ACES”). Subsequent grants may be paid to all children attending school in Alberta at certain eligible ages;
- iv. The Québec Education Savings Incentive (“QESI”) is available for beneficiaries who are under eighteen years of age and reside in Québec on December 31 of each year. The amount of QESI to be received by a beneficiary will depend on annual family income; and
- v. The Saskatchewan Advantage Grant for Education Savings (“SAGES”) is available for subscriptions made after December 31, 2012 on behalf of beneficiaries who are under eighteen years of age and resident in Saskatchewan. The Plan is expected to begin receiving this grant by December 31, 2014.

The Group Savings Plan 2001 receives the CESG, CLB, ACES, QESI and SAGES (collectively, “Government grants”), which are paid directly into a beneficiary’s RESP and invests these funds in accordance with the Plan’s investment policies. The Government grants, along with investment income earned thereon, are paid to qualified students.

Agreements are registered with appropriate government authorities if all required information is provided, and once registered are subject to the rules for RESP’s under the *Income Tax Act* (Canada). The current tax legislation provides that income credited on subscribers’ principal is not taxable income of the subscriber, unless withdrawn as an Accumulated Income Payment subject to certain eligibility requirements. The deposits are not deductible for income tax purposes and are not taxable when returned to the subscriber. Payments made to a qualified student, including education assistance payments, Government grants and investment income on Government grants will constitute taxable income of that student in the year that the payments are made.

Note 2. Significant Accounting Policies

(a) Generally accepted accounting principles

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

(b) Future accounting standards

In February 2008 the Canadian Accounting Standards Board (“AcSB”) confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required for publicly accountable enterprises. In December 2011, the AcSB amended the deadline for adoption of IFRS by certain qualifying investment funds to extend the adoption date to years beginning on or after January 1, 2014. Therefore, IFRS will replace Canadian GAAP and become effective for the Plan’s interim and annual financial statements relating to the fiscal year ending October 31, 2015. Management is in the process of developing a transition plan, which will include identifying differences between the Plan’s current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on the financial statements of the Plan.

(c) Investment valuation

Investments, at fair value include the following types of securities: bonds, money market securities and pooled funds.

Bonds and money market securities are valued using bid prices at period end. In the event that quoted market prices are not available, the fair values are estimated using present value or other valuation techniques.

Investments in pooled funds used to pay the Sales Charge Refund Entitlements (“SCR Entitlements”) referred to in Note 3(b) are valued at net asset values of the pooled funds at the valuation date, as these represent the value that would be received by the Plan from redeeming its units held in the pooled funds.

Note 8 provides further guidance on fair value measurements.

Notes to the Financial Statements (continued)

October 31, 2013 and 2012 (in thousands of dollars)

Note 2. Significant Accounting Policies (continued)

(d) Investment transactions and income recognition

Investment transactions are accounted for on a trade-date basis. Interest income on investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Realized gains (losses) on the sale of investments and change in unrealized gains (losses) on investments are calculated with reference to the average cost of the related investments and are recognized in the period that such gains (losses) occur.

(e) Subscribers' deposits, Sales charges and Account maintenance fees

Subscribers' deposits reflect amounts received from Subscribers net of sales charges and account maintenance fees and do not include future amounts receivable on outstanding Agreements. Sales charges are deducted from subscribers' deposits and are collected over periods of up to 32 months from the date of initial deposit. Account maintenance fees are paid annually to the Foundation from subscribers' deposits and are accrued throughout the year.

(f) Income taxes

The Group Savings Plan 2001 is exempt from income taxes under Section 146.1 of the *Income Tax Act* (Canada).

(g) Cash and cash equivalents

Cash and cash equivalents include short-term investments with a purchase date to maturity of 90 days or less.

(h) Use of estimates

In preparing the financial statements, management is required to use estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the current estimates. Significant estimates included in these financial statements relate to SCR Entitlements (see Note 3(b)) and Accounts payable, accrued liabilities and unclaimed subscribers' funds.

(i) Reclassification

In prior years all interest income and realized gains and losses from the SCR Fund were included in Other income in the Statements of Investment Operations. In 2013 the Plan reported these sources of income in Interest income, Realized (losses) gains on sale of investments, and Other income based on the nature of the income. The comparative amounts have been reclassified to conform with the financial statement presentation adopted in the current year.

Note 3. Related Party Transactions

(a) Distribution and Administration of the Group Savings Plan 2001

The Foundation, as the Plan sponsor, has appointed C.S.T.C., as the Investment Fund Manager to distribute and administer the Group Savings Plan 2001. The distribution agreement is renewable annually on November 1.

Account maintenance fees and administration fees (comprising Plan administration and processing fees and Financial reporting expenses) are paid to the Foundation. Administration fees are annual fees of $\frac{1}{2}$ of 1% of the total amount of principal, Government grants and income earned thereon.

Sales charges are paid by subscribers and deducted from their contributions. In accordance with the distribution agreement, the Foundation directs a portion of the sales charges collected from Subscribers to the SCR Fund each year in order to assist the Plan in paying SCR Entitlements when they become due. The balance of sales charges collected are paid to C.S.T.C. as compensation for the sale and distribution of savings plans.

The Foundation is responsible to pay to beneficiaries of the Plan the refunds of sales charges as promised. Any shortfall in the assets to meet the SCR Entitlements will be funded from the Foundation's surplus (see Note 7).

(b) Sales Charge Refund Entitlements

The Group Savings Plan 2001 pays SCR Entitlements to qualified beneficiaries in four instalments during the education assistance payment payout period (see (i) and (ii) below). The total amount of SCR Entitlements paid for the year ended October 31, 2013 was \$2,076 (2012 – \$1,693).

As at October 31, 2013, the SCR Entitlements amount of \$102,687 (2012 – \$94,814) presented in the Statements of Net Assets Available for Education Assistance Payments represents the average cost of the Plan's investments in the SCR Fund of \$102,668 (2012 – \$95,494), less funds to be transferred to (from) the Scholarship Pool of \$533 (2012 – \$1,113) for SCR payments made to beneficiaries during the year, plus accrued interest of \$552 (2012 – \$433). The fair value of the investments in the SCR Fund as at October 31, 2013, after adjusting for funds transferred to the Scholarship Pool and accrued interest, amounted to \$110,558 (2012 – \$92,586).

i. Agreements purchased under prospectuses dated prior to October 2, 2007

Group Savings Plan 2001 pays SCR Entitlements to the beneficiaries from the SCR Fund, which amount to 100% of sales charges paid for these Agreements.

As at October 31, 2013, the average cost and fair value of the Plan's investments in the SCR Fund available for the purpose of paying SCR Entitlements amounted to \$70,334 and \$74,306, respectively (2012 – \$68,204 and \$64,770, respectively).

ii. Agreements purchased under prospectuses dated on or after October 2, 2007

The SCR Entitlements amount is comprised of a refund of at least 50% of the sales charges paid plus a potential additional amount not to exceed the amount of surplus (if any) in the SCR Fund. Any surplus in the SCR Fund will be calculated by the Foundation as the excess, if any, of the value of assets in the SCR Fund over the actuarial valuation of sales charge refund obligations based on 50% of sales charges.

Notes to the Financial Statements (continued)

October 31, 2013 and 2012 (in thousands of dollars)

Note 3. Related Party Transactions (continued)

(b) Sales Charge Refund Entitlements (continued)

ii. *Agreements purchased under prospectuses dated on or after October 2, 2007 (continued)*

For the year ended October 31, 2013, \$4,243 (2012 – \$4,354) was deposited in the SCR Fund from subscriber contributions, which is equivalent to the estimated present value of the future expected SCR Entitlements of \$100 per unit for all units sold during the year. The discount rate at October 31, 2013 of 6.1% (2012 – 6.1%) used in determining the estimated present value was based on conservative assumptions regarding long-term investment returns for the SCR Fund.

As at October 31, 2013, the average cost and fair value of the Plan's investments in the SCR Fund available for the purpose of paying SCR Entitlements amounted to \$32,353 and \$36,252 respectively (2012 – \$26,610 and \$27,816, respectively).

(c) SCR Deficit Funding Payments from the Canadian Scholarship Trust Foundation

During the year, the Foundation provided deficit funding payments of \$1,200 (2012 – \$752) to the SCR Fund (see Note 7(b)).

(d) Contributions received from the Canadian Scholarship Trust Foundation

During the year, the Foundation contributed a donation to the Group Savings Plan 2001 of \$4,000 (2012 – \$3,500). Donations from the Foundation are subject to the availability of surplus revenues in any given year, and are solely at the discretion of the Foundation.

All related party transactions are in the normal course of business and are measured at the exchange amount.

Note 4. Investment Holdings

The investment holdings are disclosed in Schedule I – Statement of Investment Portfolio and the related Appendices I – IV to the schedule, which are explained below.

The Government grants received from Employment and Social Development Canada (“ESDC”, formerly Human Resources and Skills Development Canada), are collectively invested together with other C.S.T.C. administered plans. The principal and income received are separately tracked for each subscriber's Agreement. The portfolio holdings are allocated across all plans based on the proportion of principal and income attributable to Agreements within each plan (see Appendix I to Schedule I).

Upon maturity of each Agreement, the investment income accumulated to date attributable to that Agreement is transferred to the Canadian Scholarship Group Savings Plan Trust Scholarship Pool (the “Pool”), a shared investment pool with the Group Savings Plan, another plan administered by C.S.T.C. (see Appendix II to Schedule I). From a subscriber's perspective, the income that is transferred is tracked by plan and by year of eligibility. The portfolio

holdings of the Pool are allocated based on the Plan's proportionate share of income remaining in the Pool. The income earned on the Pool is credited to the General Fund (see Note 6).

For Agreements purchased under prospectuses dated prior to October 2, 2007, investments used to fund the SCR Entitlements of the Group Savings Plan 2001 and the Group Savings Plan are managed in a separate fund (see Appendix III to Schedule I). The SCR Fund's holdings and income are allocated to the Plan based on its proportionate share of the SCR Entitlements.

For Agreements purchased under prospectuses dated on or after October 2, 2007, investments used to fund the SCR Entitlements of Group Savings Plan 2001 are managed in a separate SCR Fund (see Appendix IV to Schedule I).

The investment restrictions set out in National Policy 15 of the Canadian Securities Administrators do not apply to assets invested in the SCR Fund.

Note 5. Risks Associated with Financial Instruments

In the normal course of business the Plan may be exposed to a variety of risks arising from financial instruments. The Plan's exposures to such risks are concentrated in its investment holdings and are related to market risk (which includes interest rate risk and other price risk), credit risk, liquidity risk and currency risk.

The Plan's risk management process includes monitoring compliance with the Plan's investment policy. The Plan manages the effects of these financial risks to the Plan portfolio performance by retaining and overseeing professional external investment managers. The investment managers regularly monitor the Plan's positions and market events and manage the investment portfolio within the constraints of the investment policy.

(a) Market risk

i. *Interest rate risk*

Interest rate risk is the risk of a decrease in the Plan's yield on interest-bearing investments as a result of fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of bonds. This risk is actively managed using duration, yield curve analysis, sector and credit selection. There is reduced risk to interest rate changes for cash and cash equivalents due to their short-term nature.

Notes to the Financial Statements (continued)

October 31, 2013 and 2012 (in thousands of dollars)

Note 5. Risks Associated with Financial Instruments (continued)

(a) Market risk (continued)

i. Interest rate risk (continued)

The Plan's holdings of debt instruments by maturity are as follows:

Debt Instruments by Maturity Date	% of Total Investment Fund	
	October 31, 2013	October 31, 2012
Less than 1 year (including short-term investments)	11%	7%
1-3 years	33%	37%
3-5 years	18%	30%
Greater than 5 years	36%	24%
Total debt instruments	98%	98%
Equity	2%	2%
Total Investment Fund	100%	100%

As at October 31, 2013, if prevailing interest rates had increased by 1%, the Total Investment Fund amount of \$2,591,223 (2012 – \$2,336,908) as per Schedule I – Statement of Investment Portfolio would have decreased by \$122,584 (2012 – \$85,832). If prevailing interest rates had decreased by 1% the Total Investment Fund would have increased by \$148,352 (2012 – \$102,083). This 1% change assumes a parallel shift in the yield curve with all other variables held constant. In practice, actual results may differ materially.

ii. Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk. Factors specific to an individual investment, its issuer or other factors affecting all instruments traded in a market or market segment affect other price risk. The asset class that is most impacted by other price risk is the equity component of the SCR Fund, which represents 2% (2012 – 2%) of the Total Investment Fund amount as at October 31, 2013. The risk associated with the equity component of the SCR Fund is managed by security selection and active management by external managers within approved investment policies and manager mandates.

As at October 31, 2013, if equity and underlying indices prices had increased or decreased by 1%, with all other variables held constant, the Total Investment Fund amount as per Schedule I – Statement of Investment Portfolio would have increased or decreased by approximately \$615 (2012 – \$505). In practice, actual results may differ materially.

(b) Credit risk

Credit risk refers to the ability of the issuer of debt securities to make interest payments and repay principal. The Plan's portfolio is comprised of bonds issued or guaranteed by federal or

provincial governments along with corporate debt instruments with a minimum approved credit rating as set by the Canadian Securities Administrators. The Group Savings Plan 2001 has a concentration of investments in government and government guaranteed bonds, which are considered to be high credit quality investments thereby moderating credit risk.

The Plan's credit risk exposure is listed below:

Credit rating	October 31, 2013		October 31, 2012	
	% of Total Investment Fund	Amount (in thousands)	% of Total Investment Fund	Amount (in thousands)
AAA	55%	\$ 1,415,926	60%	\$ 1,404,663
AA/AAH/AAL	18%	457,712	16%	368,485
A/AH/AL	23%	604,860	20%	460,083
BBB	1%	13,259	0%	9,049
R-1	1%	30,959	1%	24,503
Short-term unrated	0%	6,975	1%	17,406
Equity	2%	61,532	2%	52,719
Total Investment Fund	100%	\$ 2,591,223	100%	\$ 2,336,908

The Dominion Bond Rating Service ("DBRS") was the primary source for obtaining credit ratings. Secondary sources used include Standard & Poor's Financial Services LLC and Moody's Investor Service, Inc.

(c) Liquidity risk

Liquidity risk is the risk that the Plan may not be able to meet its obligations on time. The Plan's exposure to liquidity risk is concentrated in principal repayments to subscribers and EAPs to beneficiaries including SCR Entitlements. The Plan primarily invests in securities that are traded in the active markets and can be readily sold. The Plan retains sufficient cash and cash equivalents positions to meet liquidity requirements by utilizing cash forecasting models that reflect the maturity distribution of Subscribers' deposits and accumulated income. All other financial liabilities are short term and due within one year. The Foundation directs a portion of the sales charges collected from subscribers to the SCR Fund each year in order to pay SCR Entitlements when they become due. Any shortfall in the assets to meet the SCR Entitlements will be funded by the Foundation (see Note 7(b)).

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan holds foreign equity funds as part of the SCR Fund which represent 1% (2012 – 1%) of the Total Investment Fund. The Plan's Total Investment Fund would increase or decrease by approximately \$280 (2012 – \$220) in response to a 1% depreciation or appreciation of the Canadian dollar. In practice the actual results may differ materially.

Notes to the Financial Statements (continued)

October 31, 2013 and 2012 (in thousands of dollars)

Note 6. General Fund and Donations from the Foundation

The Canadian Scholarship Group Savings Plan Trust (the “Group Trust”) is a legal trust registered with the Canada Revenue Agency as an Education Savings Plan. Included in the Group Trust are the Group Savings Plan and the Group Savings Plan 2001 (the “Plans”). The General Fund is a separate account within the Group Trust and derives its income from the following sources:

- i. interest earned on Subscribers’ deposits and Accumulated interest from the date of maturity to the date the funds are paid to qualified students as Education Assistance Payments;
- ii. interest earned on the interest forfeited when a subscriber’s plan is terminated prior to maturity;
- iii. income not collected by beneficiaries before the expiry of the benefit period; and
- iv. unclaimed principal and income payments.

According to the trust indenture, the General Fund may be used to subsidize EAPs for qualified students to either of the Plans within the Group Trust.

Receipts and disbursements of the General Fund for the years ended October 31, 2013 and 2012 are as follows:

	2013	2012
Receipts		
Net investment income	\$ 449	\$ 442
Disbursements		
Education assistance payments	(449)	(442)
Excess of Receipts over Disbursements	-	-
Balance, Beginning of Year	-	-
Balance, End of Year	\$ -	\$ -

Donations from the Foundation represent a discretionary pool of funds shared between the Plans. These funds are used to supplement EAPs when the General Fund is depleted. The amount is allocated annually between the Plans according to the payout forecast in each of the Plans.

Receipts and disbursements in the Donations from the Foundation for the years ended October 31, 2013 and 2012, are as follows:

	2013	2012
Receipts		
Contributions received from the Foundation	\$ 4,000	\$ 3,500
Disbursements		
Education assistance payments	(3,680)	(2,994)
Excess of Receipts over Disbursements	320	506
Balance, Beginning of Year	1,961	1,455
Balance, End of Year	\$ 2,281	\$ 1,961

Note 7. Sales Charge Refund Entitlements Valuations

Two separate actuarial valuations are performed for SCR Entitlements. First, on an annual basis, a valuation of SCR Entitlements is conducted by an external actuary based on management’s best estimates. This valuation is used to estimate the current funded status for SCR Entitlements. The present value of the SCR Entitlements is determined using the expected long-term investment rates of return based on the investment policy for the SCR Fund as explained in (a) below. Second, an actuarial funding valuation is performed at least every two years to assess the adequacy of the assets in the SCR Fund and the Foundation’s funding requirements to meet SCR Entitlements in future years. This valuation uses lower than expected long-term investment rates of return as determined by management to calculate the present value of the SCR Entitlements and to project the asset growth of the SCR Fund to ensure that future SCR Entitlements will be fully funded, as set out in (b) below.

(a) Management’s Best Estimate Valuation

The actuarial assumptions used in determining the valuation of SCR Entitlements reflect management’s best estimate of future payments to beneficiaries and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as termination of Agreements prior to maturity and participation of eligible students in the collection of education assistance payments. The primary economic assumption is the discount rate, which is based on the investment policy approved by the Board of the Foundation. As underlying conditions change over time, actuarial assumptions may also change, which could cause a material change in the present value of the SCR Entitlements.

i. Agreements purchased under prospectuses dated prior to October 2, 2007

The funded status of the SCR Entitlements at October 31 was:

	2013	2012
Present value of SCR Entitlements	\$117,845	\$113,064
Fair value of SCR Fund ¹	74,306	64,770
Underfunded portion of SCR Entitlements	\$ 43,539	\$ 48,294

¹ Average cost of assets in SCR Fund was \$70,334 (2012 – \$68,204); includes accrued interest of \$360 (2012 – \$291) and is net of funds to be transferred to the Scholarship Pool of \$523 (2012 – \$1,113) for SCR payments made to beneficiaries during the year.

The discount rate, which is set at the expected long-term investment return of the SCR Fund as at October 31, 2013, was 6.2% (2012 – 6.3%). A 1% decrease or increase in the discount rate used will increase or decrease the present value of SCR Entitlements by \$9,735 or \$8,814, respectively.

Notes to the Financial Statements (continued)

October 31, 2013 and 2012 (in thousands of dollars)

Note 7. Sales Charge Refund Entitlements Valuations (continued)

(a) Management's Best Estimate Valuation (continued)

ii. Agreements purchased under prospectuses dated on or after October 2, 2007

The funded status of the SCR Entitlements was:

	2013	2012
Present value of SCR Entitlements	\$35,016	\$28,688
Fair value of SCR Fund ¹	36,252	27,816
Underfunded (overfunded) portion of SCR Entitlements	\$ (1,236)	\$ 872

¹ Average cost of assets in the SCR Fund was \$32,353 (2012 – \$26,610); includes accrued interest of \$192 (2012 – \$142) and is net of funds to be transferred to the Scholarship Pool of \$10 (2012 – \$nil) for SCR payments made to beneficiaries during the year.

The discount rate, which is set at the expected long-term investment return of the SCR Fund as at October 31, 2013, was 6.3% (2012 – 6.3%). A 1% decrease or increase in the discount rate used will increase or decrease the present value of SCR Entitlements by \$4,968 or \$4,275 respectively.

(b) Funding Valuation

An actuarial funding valuation was completed based on assets and obligations as at October 31, 2011. This valuation included assumptions regarding management's best estimate of termination of Agreements prior to maturity and participation of eligible students in the collection of EAPs. The discount rate used to determine the present value of SCR Entitlements was based on the expected long-term investment rates of return for Canadian fixed income securities. The discount rate used for the Plan was 3.7%, which resulted in an unfunded liability of \$77,000 for Agreements purchased under prospectuses dated prior to October 2, 2007, and \$10,000 for Agreements purchased under prospectuses after this date. The Foundation is responsible to pay to beneficiaries of the Plan the refund of sales charges as promised. Funding requirements were established by the Foundation to ensure assets are sufficient to meet future SCR Entitlements using lower than expected long-term investment rates of return based on the investment policy approved by the Board of Directors of the Foundation to project the asset growth of the SCR Fund. Any shortfall in the assets to meet the SCR Entitlements will be funded by the Foundation.

The next actuarial funding valuation will be performed in 2014 based on assets and obligations as at October 31, 2013.

Note 8. Fair Value of Financial Instruments

Investments, at fair value, Cash and cash equivalents and Short-term investments are carried at fair value. The carrying values of other financial instruments such as Accrued interest and other receivables, Receivables for securities sold, Government grants receivable, Accounts payable, accrued liabilities and unclaimed subscribers' funds, Payables for securities purchased and Subscribers' Deposits

approximate their fair values as these financial instruments are short term in nature.

Fair value represents the amount at which a financial instrument could be exchanged in an arm's-length transaction between willing parties under no compulsion to act and is best evidenced by a quoted bid price in an active market, if one exists.

The following table presents the Plan's financial instruments carried at fair value in the statements of net assets available for education assistance payments, classified by the fair value hierarchy set out in Chartered Professional Accountants Handbook

Section 3862 *Financial Instruments – Disclosures*:

- "Level 1" financial instruments are valued using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- "Level 2" financial instruments are valued using observable inputs other than quoted prices included in Level 1.
- "Level 3" financial instruments are valued using unobservable inputs for the asset or liability.

Assets Measured at Fair Value as of October 31, 2013

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 25,782	\$ –	\$ –	\$ 25,782
Short-term investments	–	12,149	–	12,149
Fixed income securities	–	2,491,760	–	2,491,760
Pooled equity funds (SCR Entitlements)	61,532	–	–	61,532
Total Investment Fund	\$87,314	\$ 2,503,909	\$ –	\$ 2,591,223

Assets Measured at Fair Value as of October 31, 2012

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 18,089	\$ –	\$ –	\$ 18,089
Short-term investments	–	15,346	–	15,346
Fixed income securities	–	2,250,754	–	2,250,754
Pooled equity funds (SCR Entitlements)	52,719	–	–	52,719
Total Investment Fund	\$70,808	\$ 2,266,100	\$ –	\$ 2,336,908

For the years ended October 31, 2013 and 2012, there were no transfers between Levels 1 or 2.

Note 9. Change in Accounting Policy

In 2013 the Plan changed its accounting policy, applied on a retrospective basis, related to its method of allocating investment holdings with respect to Government grants, the Pool and SCR Entitlements that are each invested together with other C.S.T.C. administered plans. Previously, the monthly changes in these investment holdings were allocated based on the proportion of the principal and income attributable to Agreements within each plan, which was added to the allocation reported at the end of the previous period. The new accounting policy instead allocates the respective investment holdings as at the end of the period based on the proportion of the respective principal and income attributable to

Notes to the Financial Statements (continued)

October 31, 2013 and 2012 (in thousands of dollars)

Note 9. Change in Accounting Policy (continued)

the Agreements at that time. The change eliminates the need to record inter-plan receivables and payables to account for transfers of Agreements between Plans because such presentation is more reflective of the underlying movement of plan members and the respective assets of the Plans. The change impacts only the presentation of certain assets and liabilities of the Plan with no impact on the net assets available for education assistance payments.

The effects on the Statements of Net Assets Available for Education Assistance Payments were as follows:

	2013 Adjustment	2012 (As reported)	Adjustment	2012 (As Adjusted)
Assets				
Investments	\$ 13,778	\$ 2,293,791	\$ 9,682	\$ 2,303,473
Short-term investments	320	14,990	356	15,346
Accrued Interest and Other receivables	603	21,419	235	21,654
Liabilities				
Accounts payable, accrued liabilities and unclaimed contributors' funds	14,701	5,225	10,273	15,498
Impact on Net Assets Available for Education Assistance Payments	\$ -		\$ -	

The effects on the Statements of Cash Flows for the current and prior years were not significant. There is no change to either the Statements of Investment Operations or the Statements of Changes in Net Assets Available for Education Assistance Payments. The comparative balances disclosed in Notes 3(b), 5, 7(a) and 8 have also been adjusted to reflect the change.

Government Grants

Appendix I to Schedule I

Statement of Investment Portfolio

As at October 31, 2013 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)				
Bonds				Bonds (continued)							
Federal – 39.7%				Municipal and Provincial – 25.0% (continued)							
Government of Canada				Province of Newfoundland and Labrador							
0.75%	1 May 2014	23,602	23,578	23,553	5.65%	27 Dec 2028	1,195	1,439	1,468		
1.40	1 Mar 2015	2,509	993	985	Province of Nova Scotia						
4.10	1 Jul 2015	2,000	1,280	1,279	4.60	18 Aug 2016	2,670	2,899	2,879		
1.50	1 Sep 2017	24,518	24,532	24,453	5.80	1 Jun 2033	1,675	2,090	2,038		
2.05	15 Jun 2018	44,667	44,923	44,638	Province of Ontario						
1.25	1 Sep 2018	43,451	42,520	42,059	3.25	8 Sep 2014	3,010	3,065	3,097		
3.55	1 Sep 2019	5,542	4,856	4,540	3.20	8 Sep 2016	4,475	4,690	4,558		
1.50	1 Jun 2023	3,400	3,134	3,223	4.30	8 Mar 2017	12,510	13,580	13,163		
4.40	26 Jan 2026	1,380	1,486	1,372	1.90	8 Sep 2017	18,335	18,377	18,240		
5.75	1 Jun 2033	650	924	913	4.20	8 Mar 2018	11,596	12,639	12,698		
5.00	1 Jun 2037	11,015	14,779	14,828	4.40	2 Jun 2019	2,970	3,280	3,112		
4.00	1 Jun 2041	2,940	3,484	3,405	4.20	2 Jun 2020	3,965	4,332	4,133		
Canada Housing Trust				4.00				2 Jun 2021	2,215	2,379	2,294
3.15	15 Jun 2014	23,559	23,867	24,335	2.85	2 Jun 2023	5,530	5,326	5,301		
2.75	15 Sep 2014	12,110	12,291	12,554	7.60	2 Jun 2027	2,185	3,103	3,169		
2.75	15 Dec 2014	38,325	39,047	39,840	5.60	2 Jun 2035	2,195	2,707	2,508		
3.15	15 Jun 2015	8,744	9,030	8,841	4.70	2 Jun 2037	3,900	4,309	4,302		
2.75	15 Dec 2015	69,242	71,467	71,219	Province of Quebec						
2.75	15 Jun 2016	36,574	37,925	37,514	5.50	1 Dec 2014	13,070	13,681	14,350		
2.05	15 Jun 2017	13,110	13,307	13,438	5.00	1 Dec 2015	12,965	13,947	14,406		
PSP Capital Inc.				4.50				1 Dec 2016	13,592	14,787	15,186
4.57	9 Dec 2013	2,800	2,809	2,825	4.50	1 Dec 2017	7,309	8,043	8,174		
			376,232	375,814	4.50	1 Dec 2019	6,470	7,179	6,839		
Municipal and Provincial – 25.0%				4.50				1 Dec 2020	6,560	7,271	6,897
Province of Alberta				5.75				1 Dec 2036	1,750	2,169	2,043
1.38	27 May 2016	13,328	13,379	13,327	5.00	1 Dec 2038	3,000	3,396	3,088		
1.85	1 Sep 2016	4,665	4,723	4,683				237,151	237,027		
Province of British Columbia				Corporate – 34.3%							
4.25	18 Jun 2014	160	163	172	407 International Inc.						
4.70	1 Dec 2017	7,200	8,019	7,942	2.81	18 Dec 2016	2,750	2,799	2,750		
3.30	18 Dec 2023	220	222	213	7.13	26 Jul 2040	7,456	10,244	10,096		
4.70	18 Jun 2037	4,920	5,518	6,039	Arrow Lakes Power Corp.						
4.30	18 Jun 2042	2,700	2,866	3,186	5.52	5 Apr 2041	847	934	847		
Province of Manitoba				BAC Canada Finance							
2.05	1 Dec 2016	9,165	9,315	9,262	2.34	21 Feb 2014	2,567	2,576	2,523		
Province of New Brunswick				Bank of Montreal							
4.50	4 Feb 2015	3,030	3,156	3,247	5.18	10 Jun 2015	2,560	2,703	2,793		
4.45	26 Mar 2018	4,855	5,340	5,281	3.10	10 Mar 2016	2,810	2,890	2,875		
2.85	2 Jun 2023	2,850	2,737	2,669	2.24	11 Dec 2017	1,335	1,327	1,335		
6.47	30 Nov 2027	7,993	9,603	9,916							
5.50	27 Jan 2034	13,900	16,654	16,405							
4.65	26 Sep 2035	710	768	742							

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

Government Grants (continued)

Appendix I to Schedule I

Statement of Investment Portfolio

As at October 31, 2013 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 34.3% (continued)			
Bank of Nova Scotia			
3.34% 25 Mar 2015	1,795	1,839	1,854
2.74 1 Dec 2016	3,315	3,382	3,321
2.60 27 Feb 2017	2,425	2,461	2,445
2.24 22 Mar 2018	1,570	1,553	1,570
BCIMC Realty Corporation			
2.79 2 Aug 2018	1,870	1,883	1,870
BMW Canada			
2.88 9 Aug 2016	1,050	1,075	1,051
2.40 27 Nov 2017	1,000	1,000	1,000
2.33 23 May 2018	560	554	560
Caisse Centrale Desjardins			
2.28 17 Oct 2016	1,890	1,905	1,890
Canadian Imperial Bank of Commerce			
2.35 18 Oct 2017	3,890	3,890	3,897
3.15 2 Nov 2020	2,375	2,426	2,386
2.22 7 Mar 2018	2,270	2,244	2,245
CBC			
4.69 15 May 2027	4,149	4,545	4,468
CDP Financial Inc			
1.73 15 Jul 2015	6,350	6,376	6,382
Central 1 Credit Union			
1.77 19 Nov 2014	6,656	6,666	6,656
1.71 28 Apr 2015	7,900	7,953	7,900
CSS (FSCC) Partnership			
6.92 31 Jul 2042	2,507	3,052	3,207
Enbridge Inc.			
2.28 19 Aug 2015	2,111	2,133	2,134
GE Capital Canada			
4.65 11 Feb 2015	6,235	6,471	6,362
5.10 1 Jun 2016	2,050	2,211	2,224
3.35 23 Nov 2016	1,820	1,888	1,820
2.42 31 May 2018	1,270	1,270	1,279
1.63 15 Feb 2022	10,313	9,856	9,468
2.47 6 Feb 2023	3,071	3,140	3,048
5.73 22 Oct 2037	5,006	5,863	5,625
Greater Toronto Airports Authority			
6.45 30 Jul 2029	10,320	12,474	12,707

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 34.3% (continued)			
Green Timbers LP			
6.84% 30 Jun 2037	665	775	725
Honda Canada Finance Inc.			
2.23 23 Feb 2015	8,545	8,612	8,548
2.28 11 Dec 2017	100	100	100
2.35 4 Jun 2018	960	951	960
1.92 3 Dec 2018	3,587	3,590	3,587
HSBC Bank of Canada			
2.57 23 Nov 2015	1,980	2,010	1,981
2.90 13 Jan 2017	1,665	1,702	1,669
Hydro One Inc.			
1.67 3 Dec 2016	4,300	4,305	4,300
John Deere Credit Inc.			
1.95 12 Apr 2017	855	850	854
2.65 16 Jul 2018	660	662	660
Manufacturers Life Insurance			
2.82 26 Feb 2023	6,265	6,255	6,349
Manulife Bank of Canada			
1.80 3 Dec 2014	2,580	2,586	2,580
1.82 14 Mar 2016	450	450	452
Maritimes and Northeast Pipelines			
4.34 30 Nov 2019	4,543	4,710	4,695
Merrill Lynch Financial Assets			
4.82 12 Feb 2015	1,560	1,593	1,603
4.62 12 Nov 2015	1,235	1,292	1,222
4.85 12 Dec 2015	2,365	681	692
4.98 12 Jun 2016	2,673	2,874	2,854
4.66 12 Jul 2016	500	151	162
4.64 12 Oct 2016	20	12	12
4.71 12 Nov 2016	3,409	906	939
4.48 12 Jul 2037	920	965	900
4.75 12 Jan 2040	2,463	2,637	2,650
Milit-Air Inc.			
5.75 30 Jun 2019	7,595	8,376	8,321
N-45 First CMBS			
5.67 15 Nov 2020	1,502	1,502	1,598
National Bank of Canada			
2.69 21 Aug 2017	525	532	530

Government Grants (continued)

Appendix I to Schedule I

Statement of Investment Portfolio

As at October 31, 2013 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 34.3% (continued)			
NAV Canada			
7.56% 1 Mar 2027	10,646	13,416	13,382
7.40 1 Jun 2027	424	578	591
North Battleford Power			
4.96 31 Dec 2032	4,537	4,744	4,537
Ontrea Inc.			
4.62 9 Apr 2018	2,069	2,117	2,120
OPB Finance Trust			
3.89 4 Jul 2042	2,289	2,086	2,293
Omers Realty Corporation			
2.50 5 Jun 2018	1,080	1,075	1,080
Ornge Issuer Trust			
5.73 11 Jun 2034	8,873	9,659	10,077
Pearson Internation Fuel Facilities Corp			
5.09 9 Mar 2032	3,307	3,369	3,545
Plenary Health			
2.63 18 May 2015	3,204	3,237	3,215
Plenary Properties Ltap LP			
6.29 31 Jan 2044	8,076	9,800	9,962
PSPIB			
3.27 12 Jun 2020	7,176	7,114	7,176
RBC Capital Trust			
4.87 31 Dec 2049	8,150	8,629	8,250
Real Estate Asset Liquidity Series Class A			
4.62 12 Sep 2016	1,975	2,096	2,008
5.08 12 Oct 2036	745	691	697
Royal Bank of Canada			
2.68 8 Dec 2016	925	942	925
2.58 13 Apr 2017	2,270	2,299	2,283
2.82 12 Jul 2018	2,040	2,061	2,040
Royal Office Finance			
5.21 12 Nov 2032	4,048	4,446	4,749
SP1 LP			
3.21 15 Jun 2019	5,196	5,051	5,092
Standard Life Assurance			
3.94 21 Sep 2022	5,632	5,840	5,791
Sun Life Financial Inc			
4.80 23 Nov 2035	800	838	811
4.95 1 Jun 2036	4,685	4,965	4,917

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 34.3% (continued)			
Toronto Dominion Bank			
2.95% 2 Aug 2016	3,250	3,342	3,325
3.37 2 Nov 2020	3,170	3,255	3,227
4.78 14 Dec 2105	550	590	594
5.76 18 Dec 2106	730	818	840
Toronto Hospital			
5.64 8 Dec 2022	10,179	11,455	11,670
Toyota Credit Canada Inc.			
2.75 18 Jul 2018	1,190	1,199	1,190
Transcanada Pipelines			
8.05 17 Feb 2039	1,553	2,302	2,492
VW Credit Canada			
2.90 1 Jun 2017	740	756	741
2.80 20 Aug 2018	900	906	899
Wells Fargo Finance Canada			
4.38 30 Jun 2015	5,190	5,416	5,496
2.77 9 Feb 2017	1,975	2,012	1,975
2.94 25 Jul 2019	1,820	1,824	1,821
WTH Car Rental			
4.14 20 Mar 2015	13,738	14,112	14,176
2.62 20 Dec 2016	1,135	1,135	1,145
		324,837	324,663
Total Fixed Income Investments – 99.0%		938,220	937,504
Cash and Short-term Investments – 1.0%		9,456	9,456
Total Portfolio Assets – 100.0%		947,676	946,960
Government Grant Investments Allocation			
Plan II		1,652	1,649
Founders' Plan		33,897	33,850
Group Savings Plan		195,258	195,007
Group Savings Plan 2001		651,609	651,246
Family Savings Plan		53,480	53,430
Individual Savings Plan		2,324	2,322
		938,220	937,504
Cash and Short-term Investments Allocation			
Plan II		16	16
Founders' Plan		344	344
Group Savings Plan		1,945	1,945
Group Savings Plan 2001		6,587	6,587
Family Savings Plan		539	539
Individual Savings Plan		25	25
		9,456	9,456

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

Group Savings Plan Trust Scholarship Pool

Appendix II to Schedule I

Statement of Investment Portfolio

As at October 31, 2013 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)				
Bonds				Bonds (continued)							
Federal – 7.5%				Corporate – 16.0% (continued)							
Government of Canada				Bank of Nova Scotia							
0.75%	1 May 2014	980	978	977	2.74%	1 Dec 2016	430	439	433		
1.00	1 Feb 2015	665	665	664	2.37	11 Jan 2018	480	479	480		
3.00	1 Dec 2015	860	893	897	2.24	22 Mar 2018	250	247	250		
2.75	1 Sep 2016	105	109	110	BCIMC Realty Corporation						
1.50	1 Sep 2017	492	492	490	2.79	2 Aug 2018	170	171	170		
Canada Housing Trust				BMW Canada							
2.75	15 Dec 2014	355	362	362	2.88	9 Aug 2016	310	317	310		
2.45	15 Dec 2015	730	749	749	2.40	27 Nov 2017	370	370	370		
2.75	15 Jun 2016	1,450	1,504	1,499	2.33	23 May 2018	170	168	170		
1.75	15 Jun 2018	920	913	905	Caisse Centrale Desjardins						
3.75	15 Mar 2020	305	331	328	3.11	4 Dec 2014	209	213	214		
			6,996	6,981	2.28	17 Oct 2016	170	171	170		
Provincial – 9.4%				Canadian Imperial Bank of Commerce							
Province of Alberta				2.35				18 Oct 2017	210	210	210
1.70	15 Dec 2017	315	313	310	3.15	2 Nov 2020	820	838	823		
Province of British Columbia				Cards II Trust							
4.65	18 Dec 2018	460	517	516	3.10	15 Sep 2015	141	145	144		
2.70	18 Dec 2022	305	297	300	GE Capital Canada						
Province of Manitoba				5.28				22 Oct 2014	92	95	98
2.05	1 Dec 2016	645	656	652	5.10	1 Jun 2016	520	561	562		
Province of Ontario				4.55				17 Jan 2017	90	97	97
3.25	8 Sep 2014	455	463	466	2.42	31 May 2018	200	199	200		
4.40	8 Mar 2016	1,310	1,402	1,418	Honda Canada Finance Inc.						
3.20	8 Sep 2016	120	126	127	2.28	11 Dec 2017	320	318	320		
4.30	8 Mar 2017	1,385	1,503	1,497	2.35	4 Jun 2018	200	198	200		
4.20	8 Mar 2018	490	534	537	HSBC Bank of Canada						
3.15	2 Jun 2022	305	306	306	2.90	13 Jan 2017	120	123	120		
Province of Quebec				5.15				30 Jun 2049	933	975	999
5.50	1 Dec 2014	1,345	1,408	1,437	Hydro One Inc						
4.50	1 Dec 2016	120	131	134	5.18	18 Oct 2017	375	417	430		
4.50	1 Dec 2017	321	353	350	John Deere Credit Inc.						
4.50	1 Dec 2020	645	715	719	1.95	12 Apr 2017	210	209	210		
			8,724	8,769	2.65	16 Jul 2018	120	120	120		
Corporate – 16.0%				Master Credit Card Trust							
Bank of Montreal				2.63				21 Jan 2017	16	16	16
5.18	10 Jun 2015	405	428	442	Merrill Lynch Financial Assets						
3.10	10 Mar 2016	210	216	215	4.82	12 Feb 2015	280	286	296		
2.96	2 Aug 2016	80	82	82	National Bank of Canada						
2.24	11 Dec 2017	130	129	130	3.58	26 Apr 2016	335	348	350		
					2.69	21 Aug 2017	690	699	697		

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

Group Savings Plan Trust Scholarship Pool (continued)

Appendix II to Schedule I

Statement of Investment Portfolio

As at October 31, 2013 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)				
Bonds (continued)				Bonds (continued)							
Corporate – 16.0% (continued)				Corporate – 16.0% (continued)							
Omers Realty Corporation				Wells Fargo Finance Canada							
2.50%	5 Jun 2018	200	199	200	3.97%	3 Nov 2014	111	114	115		
RBC Capital Trust				3.70				30 Mar 2016	525	547	539
4.87	31 Dec 2049	863	914	918	2.77	9 Feb 2017	340	346	340		
Real Estate Asset Liquidity								14,964	15,002		
4.61	12 Nov 2016	700	748	757	Total Fixed Income Investments – 32.9%				30,684	30,752	
Royal Bank of Canada				Cash and Short-term Investments – 67.1%				62,564	62,564		
2.82	12 Jul 2018	210	212	210	Total Portfolio Assets – 100.0%				93,248	93,316	
Toronto Dominion Bank				Total Investments Allocation							
3.37	2 Nov 2020	45	46	46	Group Savings Plan				24,430	24,484	
4.78	14 Dec 2105	370	397	401	Group Savings Plan 2001				6,254	6,268	
5.76	18 Dec 2106	520	583	589					30,684	30,752	
Toyota Credit Canada Inc				Cash and Short-term Investments Allocation							
3.55	22 Feb 2016	383	398	396	Group Savings Plan				49,812	49,812	
2.75	18 Jul 2018	270	272	270	Group Savings Plan 2001				12,752	12,752	
VW Credit Canada Inc.								62,564	62,564		
3.60	1 Feb 2016	160	166	163							
2.20	11 Oct 2016	260	261	260							
2.90	1 Jun 2017	230	235	230							
2.80	20 Aug 2018	240	242	240							

Sales Charge Refund Entitlements

Appendix III to Schedule I

Statement of Investment Portfolio

As at October 31, 2013 (in thousands of dollars)

Agreements Purchased prior to October 2, 2007

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds			
Federal – 0.3%			
Canada Government			
4.75% 1 Jun 2014	27	18	19
1.40 1 Mar 2015	950	376	372
		394	391
Provincial – 1.2%			
Province of British Columbia			
10.65 19 Jun 2021	530	767	736
Province of New Brunswick			
6.47 30 Nov 2027	588	707	714
		1,474	1,450
Corporate – 40.6%			
407 International Inc.			
7.13 26 Jul 2040	1,033	1,419	1,259
Aon Finance			
4.76 8 Mar 2018	2,089	2,221	2,150
Arrow Lakes Power Corp			
5.52 5 Apr 2041	100	110	100
Blue Water Bridge Authority			
6.41 9 Jul 2027	1,246	950	1,035
Canadian Pacific Railway			
6.91 1 Oct 2024	640	544	546
CDP Financial Inc.			
1.74 15 Jul 2015	250	251	251
Central 1 Credit Union			
1.77 19 Nov 2014	262	262	262
1.71 28 Apr 2015	2,315	2,330	2,316
Cogeco Cable Inc.			
4.18 26 May 2023	2,058	2,006	2,050
Enbridge Inc.			
2.28 19 Aug 2015	343	347	347
GE Capital Canada			
1.63 15 Feb 2022	2,747	2,623	2,520
2.47 6 Feb 2023	807	823	807
Greater Toronto Airport Authority			
6.45 30 Jul 2029	1,152	1,392	1,406
Honda Canada Finance Inc			
2.23 23 Feb 2015	893	900	896
1.92 3 Dec 2018	1,659	1,661	1,659

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 40.6% (continued)			
Hydro One Inc.			
1.64% 3 Dec 2016	320	320	320
Loblaw Companies			
6.00 3 Mar 2014	14	14	15
6.50 22 Jan 2029	870	979	873
5.90 18 Jan 2036	183	193	165
Manulife Bank of Canada			
1.82 14 Mar 2016	825	826	828
Maritimes and Northeast Pipelines			
4.34 30 Nov 2019	1,811	1,878	1,866
McCain Finance			
3.87 7 Feb 2023	737	707	737
Merrill Lynch Financial Assets			
4.62 12 Nov 2015	179	187	153
4.98 12 Jun 2016	63	68	64
4.64 12 Oct 2016	285	166	165
4.81 12 Oct 2016	163	175	167
4.71 12 Nov 2016	3,000	798	809
4.48 12 Jul 2037	431	452	370
4.75 12 Jan 2040	1,100	1,178	1,173
Milit-Air Inc.			
5.75 30 Jun 2019	1,556	1,716	1,714
N-45 First CMBS			
5.67 15 Nov 2020	448	448	477
NAV Canada			
7.56 1 Mar 2027	2,197	2,769	2,761
7.40 1 Jun 2027	107	146	149
North Battleford Power			
4.96 31 Dec 2032	87	91	87
Ontrea Inc.			
4.62 9 Apr 2018	699	715	702
Ornge Issuer Trust			
5.73 11 Jun 2034	1,990	2,166	2,294
PSPIB			
3.27 12 Jun 2020	1,560	1,547	1,560
Schooner Trust			
5.19 12 May 2017	185	206	155
5.19 12 Jun 2022	28	15	11
Shaw Communications Inc.			
6.75 9 Nov 2039	2,283	2,606	2,217

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

Sales Charge Refund Entitlements

Appendix IV to Schedule I

Statement of Investment Portfolio

As at October 31, 2013 (in thousands of dollars)

Agreements Purchased on or after October 2, 2007

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds			
Federal – 0.2%			
Canada Government			
4.75% 1 Jun 2014	2	1	1
1.40 1 Mar 2015	141	56	55
		57	56
Provincial – 1.1%			
Province of British Columbia			
10.65 19 Jun 2021	46	67	64
Province of New Brunswick			
6.47 30 Nov 2027	279	335	344
		402	408
Corporate – 46.1%			
407 International Inc.			
7.13 26 Jul 2040	355	488	459
Aon Finance			
4.76 8 Mar 2018	727	773	763
Arrow Lakes Power Corp			
5.52 5 Apr 2041	73	80	73
BAC Canada Finance			
2.34 21 Feb 2014	13	13	13
Blue Water Bridge Authority			
6.41 9 Jul 2027	191	146	160
Canadian Pacific Railway			
6.91 1 Oct 2024	740	630	631
CDP Financial			
1.73 15 Jul 2015	350	351	352
Central 1 Credit Union			
1.77 19 Nov 2014	305	305	305
1.71 28 Apr 2015	683	688	683
Cogeco Cable Inc.			
4.18 26 May 2023	541	527	540
5.15 16 Nov 2020	280	301	296
Enbridge Inc.			
2.28 19 Aug 2015	276	279	279
GE Capital Canada			
2.58 26 Jan 2015	46	47	47
1.63 15 Feb 2022	730	698	670
2.47 6 Feb 2023	255	260	255
Greater Toronto Airport Authority			
6.45 30 Jul 2029	305	368	367

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 46.1% (continued)			
Honda Canada Finance Inc			
2.23% 23 Feb 2015	384	387	384
1.92 3 Dec 2018	418	418	418
Hydro One Inc.			
1.64 3 Dec 2016	355	355	355
Loblaw Companies			
6.00 3 Mar 2014	1	1	1
6.50 22 Jan 2029	178	200	187
6.05 9 Jun 2034	398	427	438
Manufacturers Life Insurance			
2.82 26 Feb 2023	340	339	344
Manulife Bank of Canada			
1.80 3 Dec 2014	79	79	79
Maritimes and Northeast Pipelines			
4.34 30 Nov 2019	317	329	326
McCain Finance			
3.87 7 Feb 2023	213	204	213
Merrill Lynch Financial Assets			
4.62 12 Nov 2015	16	17	14
4.98 12 Jun 2016	122	131	125
4.64 12 Oct 2016	83	48	48
4.81 12 Oct 2016	150	161	154
4.71 12 Nov 2016	1,980	526	532
4.48 12 Jul 2037	38	40	33
4.75 12 Jan 2040	32	34	34
Milit-Air Inc.			
5.75 30 Jun 2019	524	578	580
N-45 First CMBS			
5.67 15 Nov 2020	76	76	81
NAV Canada			
7.56 1 Mar 2027	714	900	895
7.40 1 Jun 2027	20	27	28
North Battleford Power			
4.96 31 Dec 2032	45	47	45
Ornge Issuer Trust			
5.73 11 Jun 2034	580	632	668
PSPIB			
3.27 12 Jun 2020	476	472	476
Real Estate Asset Liquidity Series Class A			
4.64 12 Oct 2015	7	7	7

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

Sales Charge Refund Entitlements (continued)

Appendix IV to Schedule I

Statement of Investment Portfolio

As at October 31, 2013 (in thousands of dollars)

Agreements Purchased on or after October 2, 2007 (continued)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	
Bonds (continued)				Pooled Equity Funds				
Corporate – 46.1% (continued)				SRA Canadian Equity Fund	651	10,024	8,927	
Schooner Trust				SRA US Equity Fund	466	4,271	2,716	
5.19%	12 May 2017	16	18	13	SRA International Equity Fund	447	4,232	3,072
5.19	12 Jun 2022	2	1	1	Total Equity – 51.3%	18,527	14,715	
Shaw Communications Inc.				Total Investments – 98.7%	35,607	31,708		
6.75	9 Nov 2039	657	751	679	Cash and Short-term Investments – 1.3%	463	463	
SNC Lavalin Group				Total Portfolio Assets – 100.0%	36,070	32,171		
6.19	3 Jul 2019	546	611	621	Total Investments Allocation			
SP1 LP				Group Savings Plan 2001		35,607	31,708	
3.21	15 Jun 2019	544	529	534		35,607	31,708	
St. Clair Holding				Cash and Short-term Investments Allocation				
4.88	31 Aug 2031	124	116	124	Group Savings Plan 2001		463	463
Strait Crossing Dev Inc						463	463	
6.17	15 Sep 2031	74	63	64				
Sun Life Financial Inc								
4.95	1 Jun 2036	585	620	609				
Toronto Hospital								
5.64	8 Dec 2022	614	691	703				
University of Ontario Infrastructure								
6.35	15 Oct 2034	206	229	218				
Viking Rideau Corp								
6.75	10 Mar 2014	36	36	38				
WTH Car Rental								
4.14	20 Mar 2015	86	88	87				
2.62	20 Dec 2016	479	479	480				
			16,621	16,529				
Total Fixed Investments – 47.4%		17,080	16,993					

Canadian Scholarship Trust Plan

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