



# Canadian Scholarship Trust Plan II

Semi-Annual Financial Statements  
April 30, 2014

Unaudited



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Unaudited semi-annual financial statements

The accompanying semi-annual financial statements have not been reviewed by the external auditors of the Plan in accordance with assurance standards applicable to a review of interim financial statements.

# Statements of Net Assets Available for Education Assistance Payments

As at April 30, 2014 and October 31, 2013 (in thousands of dollars)

	Apr 30, 2014	Oct 31, 2013 (Audited)
<b>Assets</b>		
Investments, at fair value <i>(Note 4 and Schedule I)</i>	\$ 3,142	\$ 3,139
Cash and cash equivalents	2,655	2,529
Short-term investments	1,496	1,747
Accrued interest and other receivables	32	36
Receivables for securities sold	13	4
	<b>7,338</b>	<b>7,455</b>
<b>Liabilities</b>		
Accounts payable, accrued liabilities and unclaimed subscribers' funds	\$ 2,354	\$ 2,264
Payables for securities purchased	30	14
Subscribers' deposits <i>(Note 6)</i>	26	26
	<b>2,410</b>	<b>2,304</b>
<b>Net Assets Available for Education Assistance Payments</b>	<b>4,928</b>	<b>5,151</b>
<b>Represented by:</b>		
<b>Non-Discretionary Funds</b>		
Accumulated interest held for future education assistance payments	2,906	2,907
Government grants	55	259
Interest on government grants	710	694
General Fund <i>(Note 7)</i>	1,255	1,293
<b>Unrealized Gains (Losses)</b>	<b>2</b>	<b>(2)</b>
	<b>\$ 4,928</b>	<b>\$ 5,151</b>

# Statements of Investment Operations

For the six months ended April 30, 2014 and 2013 (in thousands of dollars)

	Apr 30, 2014	Apr 30, 2013
<b>Income</b>		
Interest income	\$ 79	\$ 74
Realized gains (losses)	(4)	3
	75	77
<b>Expenses</b>		
Plan administration and processing <i>(Note 3)</i>	13	6
Financial reporting <i>(Note 3)</i>	3	2
Portfolio management	8	5
Custodian and trustee	6	3
	30	16
<b>Net Investment Income</b>	45	61
<b>Increase (Decrease) in Unrealized Gains</b>	4	(2)
<b>Increase in Net Assets from Investment Operations</b>	\$ 49	\$ 59

# Statements of Changes in Net Assets Available for Education Assistance Payments

For the six months ended April 30, 2014 and 2013 (in thousands of dollars)

	Apr 30, 2014	Apr 30, 2013
<b>Net Assets Available For Education Assistance Payments, Beginning of Period</b>	\$ 5,151	\$ 5,634
Increase in Net Assets from Investment Operations	49	59
Transfers from (to) internal and external plans	(1)	1
	48	60
<b>Disbursements</b>		
Government grants repaid	(204)	(262)
Payments to beneficiaries		
Education assistance payments	(63)	(100)
Government grants	(2)	(3)
Return of interest	(2)	(15)
<b>Total payments to beneficiaries</b>	(67)	(118)
<b>Total Disbursements</b>	(271)	(380)
<b>Decrease in Net Assets Available for Education Assistance Payments</b>	(223)	(320)
<b>Net Assets Available for Education Assistance Payments, End of Period</b>	\$ 4,928	\$ 5,314

# Statements of Cash Flows

For the six months ended April 30, 2014 and 2013 (in thousands of dollars)

	Apr 30, 2014	Apr 30, 2013
<b>Operating Activities</b>		
Increase in Net Assets from Investment Operations	\$ 49	\$ 59
Net proceeds from investment transactions	255	5,132
Items not affecting cash		
Realized losses (gains) on sale of investments	4	(3)
Decrease (increase) in Unrealized Gains	(4)	2
Change in non-cash operating working capital		
Decrease in Accrued interest and other receivables	4	74
Increase (decrease) in Accounts payable, accrued liabilities and unclaimed subscribers' funds	90	(9,731)
<b>Cash flow from (used in) Operating Activities</b>	<b>398</b>	<b>(4,467)</b>
<b>Financing Activities</b>		
Transfers from (to) internal and external plans	(1)	1
Government grants repaid (net of receipts)	(204)	(262)
Decrease in Subscribers' deposits <i>(Note 6)</i>		(67)
Payments to beneficiaries	(67)	(118)
<b>Cash flow used in Financing Activities</b>	<b>(272)</b>	<b>(446)</b>
<b>Net increase (decrease) in Cash and cash equivalents</b>	<b>126</b>	<b>(4,913)</b>
<b>Cash and cash equivalents, Beginning of Period</b>	<b>2,529</b>	<b>5,955</b>
<b>Cash and cash equivalents, End of Period</b>	<b>\$ 2,655</b>	<b>\$ 1,042</b>

# Schedule I – Statement of Investment Portfolio

As at April 30, 2014 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>				<b>Total Fixed Investments – 21.7%</b>			
<b>Federal – 11.0%</b>				<b>Plan Cash and Short-term Investments – 78.3%</b>			
Government of Canada				<b>Total Portfolio Assets – 100.0%</b>			
1.00%	1 Feb 2015	20	20			629	634
3.00	1 Dec 2015	60	62			2,270	2,270
1.25	1 Feb 2016	5	5			<b>2,899</b>	<b>2,904</b>
1.50	1 Feb 2017	10	10	<b>Investments Allocation – (Note 4)</b>			
1.75	1 Sep 2019	25	25	<b>Government Grants (Appendix I)</b>		1,681	1,671
Canada Housing Trust				<b>Canadian Scholarship</b>			
2.45	15 Dec 2015	35	36	<b>Trust Scholarship Pool (Appendix II)</b>		832	835
2.75	15 Jun 2016	60	62	<b>Cash and Short-term</b>			
2.05	15 Jun 2017	20	20	<b>Investments (Appendices I &amp; II)</b>		1,881	1,881
1.70	15 Dec 2017	15	15	<b>Total Investment Fund</b>		<b>7,293</b>	<b>7,291</b>
1.75	15 Jun 2018	30	30				
3.80	15 Jun 2021	30	33	<b>Represented by:</b>			
		318	318	<b>Investments, at fair value</b>		3,142	
<b>Provincial – 10.7%</b>				<b>Cash and cash equivalents</b>		2,655	
Province of Alberta				<b>Short-term Investments</b>		1,496	
1.70	15 Dec 2017	10	10			<b>7,293</b>	
4.00	1 Dec 2019	25	27				
Province of Manitoba							
2.05	1 Dec 2016	10	10				
1.85	5 Sep 2018	10	10				
Province of Ontario							
3.25	8 Sep 2014	23	23				
4.40	8 Mar 2016	60	63				
4.30	8 Mar 2017	35	38				
4.20	8 Mar 2018	10	11				
3.15	2 Jun 2022	10	10				
Province of New Brunswick							
4.40	3 Jun 2019	10	11				
3.65	3 Jun 2024	10	10				
Province of Quebec							
5.50	1 Dec 2014	30	31				
5.00	1 Dec 2015	10	11				
4.50	1 Dec 2017	19	21				
Province of Saskatchewan							
1.95	1 Mar 2019	5	5				
3.20	3 Jun 2024	20	20				
		311	316				

# Notes to the Financial Statements

Six months ended April 30, 2014 and 2013 (Unaudited, in thousands of dollars)

## Note 1. Nature of Operations

The Canadian Scholarship Trust Plan II (“Plan II” or the “Plan”) is a Pooled Education Savings Plan that was established on December 1, 1979. Since August 1988, the Plan is no longer available for sale. The objective of Plan II is to assist parents and others to save for the post-secondary education of children. Plan II is managed by C.S.T. Consultants Inc. (“C.S.T.C.”), a wholly-owned subsidiary of the Canadian Scholarship Trust Foundation (the “Foundation”).

Payments are made by a subscriber to an account maintained by the trustee on behalf of a beneficiary. Deductions of sales charges 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 (the “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 (“EAP”),
- 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 subscribers’ principal balance is transferred to the Scholarship Pool when the Agreement matures and is used to provide 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.

Plan II receives the Canada Education Savings Grants (“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 RESPs 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 being met. The deposits are not deductible for income tax purposes and are not taxable when returned to the subscriber. Payments made to a beneficiary, including EAPs, Government grants and investment income earned on Government grants will constitute taxable income of that beneficiary 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 December 2011, the Canadian Accounting Standards Board amended the deadline for adoption of International Financial Reporting Standards (“IFRS”) by certain qualifying investment

funds 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 and money market securities.

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 presented are estimated using present value or other valuation techniques.

Note 8 provides further guidance on the fair value measurements.

### (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. 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. Account maintenance fees are paid annually to the Foundation from subscribers’ deposits and are accrued throughout the year.

### (f) Income taxes

Plan II 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 Accounts payable, accrued liabilities and unclaimed subscribers’ funds.

## Note 3. Related Party Transactions

The Foundation, as the Plan sponsor, has appointed C.S.T.C. as the Investment Fund Manager to administer Plan II. Account



# Notes to the Financial Statements (continued)

Six months ended April 30, 2014 and 2013 (Unaudited, in thousands of dollars)

## Note 3. Related Party Transactions (continued)

maintenance fees and administration fees (comprising Plan administration and processing, and Financial reporting expenses) are paid to the Foundation. Administration fees are annual fees of ½ of 1% of the total amount of principal, Government grants and income earned thereon.

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 and II to the schedule, which are explained below.

The Government grants received from Employment and Social Development Canada (“ESDC”), 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 Trust Scholarship Pool (the “Pool”), a shared investment pool with Founders’ 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. Income earned from the Pool is credited to the General Fund (see Note 7).

## 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 interest rate risk, credit risk and liquidity 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, market events and manage the investment portfolio within the constraints of the investment policy and mandate.

### (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.

The Plan’s holding of debt instruments by maturity is as follows:

Debt Instruments by Maturity Date	% of Total Investment Fund	
	April 30, 2014	October 31, 2013
Less than 1 year (including short-term investments)	60%	60%
1-3 years	17%	16%
3-5 years	11%	13%
Greater than 5 years	12%	11%
<b>Total debt instruments</b>	<b>100%</b>	<b>100%</b>

As at April 30, 2014, if prevailing interest rates had increased by 1%, the Total Investment Fund amount of \$7,293 (October 31, 2013 – \$7,415) as per Schedule I – Statement of Investment Portfolio, would have decreased by \$106 (October 31, 2013 – \$107). If prevailing interest rates had decreased by 1%, the Total Investment Fund would have increased by \$118 (October 31, 2013 – \$120). 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 Plan is not exposed to other price risk as it holds only bonds and money market securities.

### (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 Canadian Securities Administrators. Plan II has a concentration of investments in government and government guaranteed bonds, which are considered to be high credit quality investments thereby moderating credit risk.



# Notes to the Financial Statements (continued)

Six months ended April 30, 2014 and 2013 (Unaudited, in thousands of dollars)

## Note 5. Risks Associated with Financial Instruments (continued)

### (b) Credit risk (continued)

The Plan's credit risk exposure is listed below:

Credit rating	April 30, 2014		October 31, 2013	
	% of Total Investment Fund	Amount (in thousands)	% of Total Investment Fund	Amount (in thousands)
AAA	19%	\$ 1,395	18%	\$ 1,316
AA/AAH/AAL	13%	952	12%	912
A/AH/AL	11%	795	12%	881
BBB	0%	-	0%	33
R-1	56%	4,074	56%	4,148
Short-term unrated	1%	77	2%	125
<b>Total Investment Fund</b>	<b>100%</b>	<b>\$ 7,293</b>	<b>100%</b>	<b>\$ 7,415</b>

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 Investors 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. The Plan primarily invests in securities that are traded in 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.

### (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 is not exposed to currency risk as it holds only Canadian securities.

## Note 6. Subscribers' Deposits

The changes in Subscriber's deposits for the six-month period ended April 30, 2014 and 2013 are as follows:

	Apr 30, 2014	Apr 30, 2013
Return of principal	\$ -	\$ (67)
Decrease in Subscribers' deposits	-	(67)
<b>Balance, Beginning of Period</b>	<b>26</b>	<b>88</b>
<b>Balance, End of Period</b>	<b>\$ 26</b>	<b>\$ 21</b>

## Note 7. General Fund and Donations from the Foundation

The Canadian Scholarship Trust (the "Canadian Trust") is a legal trust, which includes Plan II and Founders' Plan (the "Plans"). The Plans are registered with Canada Revenue Agency as Education Savings Plans. The General Fund is a separate account within the Canadian Trust and derives its income from the following sources:

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

According to the trust indenture, the General Fund may be used to subsidize EAPs for qualified students to any of the active Plans within the Canadian Trust. Donations from the Foundation represent a discretionary pool of funds shared between Plan II and Founders' Plan. These funds are used to supplement EAPs when the General Fund is depleted.

## 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 payable, 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 Level in the fair value hierarchy into which the Plan's financial instruments that are carried at fair value in the Statements of Net Assets Available for Education Assistance Payments are categorized:

- 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.

# Notes to the Financial Statements (continued)

Six months ended April 30, 2014 and 2013 (Unaudited, in thousands of dollars)

## Note 8. Fair Value of Financial Instruments (continued)

### Assets Measured at Fair Value as of April 30, 2014

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,655	\$ -	\$ -	\$ 2,655
Short-term investments	-	1,496	-	1,496
Fixed income securities	-	3,142	-	3,142
<b>Total Investment Fund</b>	<b>\$ 2,655</b>	<b>\$ 4,638</b>	<b>\$ -</b>	<b>\$ 7,293</b>

### Assets Measured at Fair Value as of October 31, 2013

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,529	\$ -	\$ -	\$ 2,529
Short-term investments	-	1,747	-	1,747
Fixed income securities	-	3,139	-	3,139
<b>Total Investment Fund</b>	<b>\$ 2,529</b>	<b>\$ 4,886</b>	<b>\$ -</b>	<b>\$ 7,415</b>

For the six-month period ended April 30, 2014 and year ended October 31, 2013 there were no transfers between Levels 1 or 2.

# Government Grants

## Appendix I to Schedule I

### Statement of Investment Portfolio

As at April 30, 2014 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>			
<b>Federal – 38.5%</b>			
Government of Canada			
1.33% 1 Mar 2015	2,509	932	924
4.10 1 Jul 2015	2,000	1,234	1,248
1.48 15 Mar 2017	25,168	25,415	25,423
1.50 1 Sep 2017	4,388	4,414	4,378
2.05 15 Jun 2018	51,409	52,053	51,546
1.25 1 Sep 2018	30,870	30,458	29,892
1.75 1 Mar 2019	14,555	14,603	14,626
3.55 1 Sep 2019	5,542	4,756	4,415
1.50 1 Jun 2023	3,400	3,181	3,223
2.50 1 Jun 2024	6,620	6,677	6,656
4.40 26 Jan 2026	1,380	1,507	1,372
5.75 1 Jun 2033	650	929	913
5.00 1 Jun 2037	10,590	14,318	14,169
4.00 1 Jun 2041	3,140	3,757	3,633
		384,471	383,119
Canada Housing Trust			
2.75 15 Dec 2014	10,140	10,248	10,391
3.15 15 Jun 2015	30,838	31,556	31,637
2.75 15 Dec 2015	57,155	58,643	58,793
2.75 15 Jun 2016	63,956	65,989	65,972
1.33 15 Sep 2016	39,259	39,458	39,471
2.05 15 Jun 2017	14,090	14,343	14,437
<b>Municipal and Provincial – 26.0%</b>			
Province of Alberta			
1.39 27 May 2016	7,803	7,833	7,807
Province of British Columbia			
4.70 1 Dec 2017	5,200	5,760	5,739
3.30 18 Dec 2023	6,100	6,249	6,133
4.70 18 Jun 2037	4,920	5,654	6,039
4.30 18 Jun 2042	2,700	2,962	3,186
Province of Manitoba			
1.85 5 Sep 2018	5,675	5,670	5,616
5.50 15 Nov 2018	2,500	2,882	2,893
1.40 2 Apr 2019	9,653	9,661	9,665
Province of New Brunswick			
4.50 4 Feb 2015	3,030	3,108	3,247
4.45 26 Mar 2018	5,005	5,506	5,447
4.40 3 Jun 2019	1,090	1,204	1,205
2.85 2 Jun 2023	2,850	2,785	2,669
3.65 3 Jun 2024	1,580	1,629	1,633
6.47 30 Nov 2027	7,823	9,435	9,705
5.65 27 Dec 2028	1,195	1,459	1,468
5.50 27 Jan 2034	13,900	16,925	16,405
4.65 26 Sep 2035	710	783	742

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Municipal and Provincial – 26.0% (continued)</b>			
Province of Nova Scotia			
4.60% 18 Aug 2016	2,755	2,960	2,971
5.80 1 Jun 2033	1,675	2,124	2,038
Province of Ontario			
3.20 8 Sep 2016	6,775	7,076	6,960
4.30 8 Mar 2017	13,015	14,045	13,709
1.90 8 Sep 2017	23,315	23,532	23,269
4.20 8 Mar 2018	11,696	12,745	12,808
4.40 2 Jun 2019	3,270	3,615	3,441
4.20 2 Jun 2020	4,265	4,680	4,463
4.00 2 Jun 2021	2,515	2,722	2,621
2.85 2 Jun 2023	6,490	6,359	6,237
3.50 2 Jun 2024	1,890	1,930	1,922
7.60 2 Jun 2027	2,545	3,646	3,670
5.60 2 Jun 2035	2,195	2,751	2,508
4.70 2 Jun 2037	3,810	4,290	4,205
Province of Quebec			
5.00 1 Dec 2015	25,235	26,747	27,439
4.50 1 Dec 2016	6,050	6,526	6,757
4.50 1 Dec 2017	21,166	23,211	23,424
4.50 1 Dec 2019	7,950	8,833	8,481
4.50 1 Dec 2020	6,560	7,298	6,897
5.75 1 Dec 2036	1,690	2,134	1,968
5.00 1 Dec 2038	2,940	3,399	3,022
		260,128	258,409
<b>Corporate – 34.4%</b>			
407 International Inc.			
2.81 18 Dec 2016	4,308	4,384	4,337
7.13 26 Jul 2040	7,849	10,911	10,650
Arrow Lakes Power Corp			
5.52 5 Apr 2041	847	946	847
Bank of Montreal			
3.10 10 Mar 2016	2,810	2,887	2,875
2.24 11 Dec 2017	2,260	2,275	2,258
3.21 13 Sep 2018	4,960	5,145	5,092
Bank of Nova Scotia			
2.74 1 Dec 2016	1,105	1,131	1,107
2.60 27 Feb 2017	2,525	2,578	2,547
2.24 22 Mar 2018	1,840	1,847	1,840
2.75 13 Aug 2018	750	765	764
2.46 14 Mar 2019	2,300	2,302	2,300
Bankers Hall LP			
4.38 20 Nov 2023	2,595	2,672	2,595
BCIMC Realty Corporation			
2.79 2 Aug 2018	1,870	1,910	1,870

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 April 30, 2014 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 34.4% (continued)</b>			
BMW Canada			
2.88% 9 Aug 2016	1,050	1,077	1,051
2.40 27 Nov 2017	1,000	1,011	1,000
2.33 23 May 2018	560	563	560
2.33 26 Sep 2018	1,060	1,060	1,059
Caisse Centrale Desjardins			
2.28 17 Oct 2016	1,890	1,913	1,890
2.80 19 Nov 2018	1,620	1,648	1,625
Canadian Imperial Bank of Commerce			
2.35 18 Oct 2017	4,640	4,693	4,648
3.15 2 Nov 2020	2,375	2,424	2,386
2.22 7 Mar 2018	2,870	2,882	2,846
CBC			
4.69 15 May 2027	4,336	4,875	4,684
CDP Financial Inc			
1.72 15 Jul 2015	6,350	6,373	6,382
Central 1 Credit Union			
1.77 19 Nov 2014	5,877	5,888	5,877
1.72 28 Apr 2015	7,900	7,922	7,900
CSS (FSCC) Partnership			
6.92 31 Jul 2042	2,507	3,167	3,193
Daimler Canada Finance Inc.			
2.27 26 Mar 2018	780	781	780
Enbridge Inc.			
2.28 19 Aug 2015	2,246	2,265	2,271
ETR International Inc			
6.75 27 Jul 2039	1,314	1,651	1,601
GE Capital Canada			
4.65 11 Feb 2015	3,355	3,440	3,422
5.10 1 Jun 2016	2,050	2,192	2,224
3.35 23 Nov 2016	1,820	1,891	1,820
1.63 15 Feb 2022	10,313	9,860	9,459
2.48 6 Feb 2023	3,071	3,157	3,071
5.73 22 Oct 2037	5,006	5,993	5,648
2.42 31 May 2018	1,270	1,282	1,270
Greater Toronto Airport Authority			
6.45 30 Jul 2029	10,941	13,461	13,453
Green Timbers LP			
6.84 30 Jun 2037	3,107	3,468	3,747

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 34.4% (continued)</b>			
Honda Canada Finance Inc			
2.23% 23 Feb 2015	5,662	5,693	5,664
2.28 11 Dec 2017	80	81	80
2.35 4 Jun 2018	960	966	960
1.93 3 Dec 2018	3,587	3,620	3,587
HSBC Bank of Canada			
2.57 23 Nov 2015	190	193	191
2.90 13 Jan 2017	2,065	2,121	2,080
3.56 4 Oct 2017	1,850	1,941	1,944
Hydro One Inc.			
1.65 3 Dec 2016	4,300	4,304	4,300
John Deere Credit Inc			
1.95 12 Apr 2017	855	858	854
2.65 16 Jul 2018	660	671	660
Manufacturers Life Insurance			
2.82 26 Feb 2023	6,265	6,359	6,349
Manulife Bank of Canada			
1.81 3 Dec 2014	1,337	1,340	1,337
1.83 14 Mar 2016	450	452	452
Maritimes and Northeast Pipelines			
4.34 30 Nov 2019	4,054	4,186	4,190
6.90 30 Nov 2019	992	1,113	1,120
Master Asset Vehicle Trust			
6.50% 15 Jul 2056	5	5	5
0.78 15 Jul 2056	31	31	31
Merrill Lynch Financial Assets			
4.82 12 Feb 2015	1,560	1,302	1,334
4.62 12 Nov 2015	1,235	1,279	1,222
4.85 12 Dec 2015	2,365	622	628
4.98 12 Jun 2016	2,673	2,857	2,854
4.66 12 Jul 2016	500	117	128
4.64 12 Oct 2016	20	11	11
4.71 12 Nov 2016	3,409	796	838
4.48 12 Jul 2037	920	958	900
4.75 12 Jan 2040	2,463	2,620	2,650
5.49 12 Aug 2017	3,116	3,426	3,455
Milit-Air Inc.			
5.75 30 Jun 2019	7,056	7,753	7,731
National Bank of Canada			
2.69 21 Aug 2017	525	536	530
2.79 9 Aug 2018	560	572	571
NAV Canada			
7.56 1 Mar 2027	11,423	14,492	14,379
7.40 1 Jun 2027	424	584	591

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 April 30, 2014 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 34.4% (continued)</b>			
North Battleford Power			
4.96% 31 Dec 2032	4,511	4,811	4,512
Ontrea Inc.			
4.62 9 Apr 2018	2,050	2,080	2,101
OPB Finance Trust			
3.89 4 Jul 2042	2,289	2,164	2,293
Omers Realty Corporation			
2.50 5 Jun 2018	1,080	1,093	1,080
Ornge Issuer Trust			
5.73 11 Jun 2034	8,810	9,669	9,935
Pearson Internation Fuel Facilities Corp			
5.09 9 Mar 2032	3,252	3,319	3,486
Plenary Health			
2.63 18 May 2015	3,004	3,034	3,014
Plenary Properties Ltap LP			
6.29 31 Jan 2044	8,076	10,095	9,962
PSPIB			
3.27 12 Jun 2020	7,105	7,116	7,105
RBC Capital Trust			
4.87 31 Dec 2049	8,150	8,552	8,250
Real Estate Asset Liquidity Series Class A			
4.62 12 Sep 2016	1,975	2,082	2,008
5.08 12 Oct 2036	745	371	406
Royal Bank of Canada			
2.68 8 Dec 2016	925	945	925
2.58 13 Apr 2017	2,370	2,418	2,385
2.82 12 Jul 2018	2,240	2,292	2,244
2.77 11 Dec 2018	2,260	2,297	2,276
2.89 11 Oct 2018	140	143	143
Royal Office Finance			
5.21 12 Nov 2032	4,048	4,546	4,727
SP1 LP			
3.21 15 Jun 2019	5,196	5,051	5,038
Standard Life Assurance			
3.94 21 Sep 2022	5,632	5,906	5,791
Sun Life Financial Inc			
4.80 23 Nov 2035	800	835	811
4.95 1 Jun 2036	1,456	1,541	1,528
Toronto Dominion Bank			
2.95 2 Aug 2016	3,250	3,341	3,325
3.37 2 Nov 2020	3,150	3,226	3,207
4.78 14 Dec 2105	550	589	594
5.76 18 Dec 2106	870	974	998

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 34.4% (continued)</b>			
Toronto Hospital			
5.64% 8 Dec 2022	9,767	11,019	11,198
Toyota Credit Canada Inc.			
2.75 18 Jul 2018	1,190	1,215	1,190
2.80 21 Nov 2018	1,110	1,131	1,110
Transcanada Pipelines			
8.05 17 Feb 2039	1,553	2,392	2,492
11.80 20 Nov 2020	1,994	3,012	3,033
VW Credit Canada			
2.90 1 Jun 2017	740	762	741
2.80 20 Aug 2018	900	918	899
2.45 14 Nov 2017	1,260	1,276	1,258
Wells Fargo Finance Canada			
2.77 9 Feb 2017	2,475	2,537	2,488
2.94 25 Jul 2019	1,820	1,852	1,821
2.78 15 Nov 2018	4,260	4,327	4,266
WTH Car Rental			
4.14 20 Mar 2015	16,626	16,816	17,138
2.62 20 Dec 2016	1,135	1,136	1,145
		343,432	341,498
<b>Total Fixed Income Investments – 98.9%</b>		<b>988,031</b>	<b>983,026</b>
<b>Cash and Short-term Investments – 1.1%</b>		10,927	10,927
<b>Total Portfolio Assets – 100.0%</b>		<b>998,958</b>	<b>993,953</b>
<b>Government Grant Investments Allocation</b>			
Plan II		1,681	1,671
Founders' Plan		33,248	33,034
Group Savings Plan		197,104	195,918
Group Savings Plan 2001		695,643	692,336
Family Savings Plan		57,820	57,542
Individual Savings Plan		2,535	2,525
		<b>988,031</b>	<b>983,026</b>
<b>Cash and Short-term Investments Allocation</b>			
Plan II		19	19
Founders' Plan		366	366
Group Savings Plan		2,164	2,164
Group Savings Plan 2001		7,712	7,712
Family Savings Plan		638	638
Individual Savings Plan		28	28
		<b>10,927</b>	<b>10,927</b>

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

# Canadian Scholarship Trust Scholarship Pool

## Appendix II to Schedule I

### Statement of Investment Portfolio

As at April 30, 2014 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>			
<b>Federal – 8.7%</b>			
Government of Canada			
1.00% 1 Feb 2015	310	310	310
3.00 1 Dec 2015	810	835	842
1.25 1 Feb 2016	40	40	40
1.50 1 Feb 2017	50	50	50
1.50 1 Sep 2017	296	298	296
1.75 1 Sep 2019	110	110	110
Canada Housing Trust			
2.45 15 Dec 2015	410	419	421
2.75 15 Jun 2016	720	743	743
2.05 15 Jun 2017	335	341	341
1.70 15 Dec 2017	355	356	355
1.75 15 Jun 2018	500	500	493
3.80 15 Jun 2021	260	284	283
		4,286	4,284
<b>Provincial – 8.9%</b>			
Province of Alberta			
1.70 15 Dec 2017	195	196	192
4.00 1 Dec 2019	300	329	329
Province of Manitoba			
2.05 1 Dec 2016	335	341	339
1.85 5 Sep 2018	60	60	60
Province of Ontario			
3.25 8 Sep 2014	171	172	176
4.4 8 Mar 2016	825	873	891
3.20 8 Sep 2016	50	52	53
4.30 8 Mar 2017	405	437	438
4.20 8 Mar 2018	290	316	316
3.15 2 Jun 2022	65	66	66
Province of Quebec			
5.50 1 Dec 2014	505	518	542
4.50 1 Dec 2016	60	65	67
4.50 1 Dec 2017	314	344	343
Province of New Brunswick			
4.40 3 Jun 2019	115	127	127
3.65 3 Jun 2024	135	139	139
Province of Saskatchewan			
1.95 1 Mar 2019	30	30	30
3.20 3 Jun 2024	300	303	300
		4,368	4,408

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 13.3%</b>			
Bank of Montreal			
5.18% 10 Jun 2015	135	141	142
3.10 10 Mar 2016	45	46	46
2.24 11 Dec 2017	70	70	70
3.21 13 Sep 2018	150	156	156
Bank of Nova Scotia			
2.74 1 Dec 2016	260	266	265
2.37 11 Jan 2018	90	91	90
2.24 22 Mar 2018	70	70	70
2.46 14 Mar 2019	150	150	150
BCIMC Realty Corporation			
2.79 2 Aug 2018	70	72	70
BMW Canada			
2.88 9 Aug 2016	210	215	210
2.40 27 Nov 2017	150	152	150
2.33 23 May 2018	50	50	50
2.33 26 Sep 2018	20	20	20
Caisse Centrale Desjardins			
2.28 17 Oct 2016	250	253	250
2.80 19 Nov 2018	70	71	70
Canadian Imperial Bank of Commerce			
2.35 18 Oct 2017	60	61	60
3.15 2 Nov 2020	336	343	337
Daimler Canada Finance Inc.			
2.27 26 Mar 2018	70	70	70
GE Capital Canada			
5.10 1 Jun 2016	300	321	323
4.55 17 Jan 2017	80	86	86
Honda Canada Finance Inc.			
2.28 11 Dec 2017	170	171	170
2.35 4 Jun 2018	60	60	60
HSBC Canada			
2.90 13 Jan 2017	160	164	164
3.56 4 Oct 2017	150	157	157
Hydro One			
5.18 18 Oct 2017	50	55	57
John Deere Credit Inc			
1.95 12 Apr 2017	90	90	90
2.65 16 Jul 2018	50	51	50
Master Credit Card Trust			
2.63 21 Jan 2017	56	57	56
Merrill Lynch Financial Assets			
4.82 12 Feb 2015	170	142	151

# Canadian Scholarship Trust Scholarship Pool (continued)

## Appendix II to Schedule I

### Statement of Investment Portfolio

As at April 30, 2014 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 13.3% (continued)</b>			
National Bank of Canada			
3.58% 26 Apr 2016	245	254	255
2.69 21 Aug 2017	245	250	247
Omers Realty Corporation			
2.50 5 Jun 2018	80	81	80
RBC Capital Trust			
4.87 31 Dec 2049	204	214	217
Real Estate Asset Liquidity			
4.61 12 Nov 2016	350	372	378
Royal Bank of Canada			
2.82 12 Jul 2018	100	102	100
2.77 11 Dec 2018	130	132	130
Toronto Dominion Bank			
3.37 2 Nov 2020	55	56	56
4.78 14 Dec 2105	165	177	179
5.76 18 Dec 2106	180	202	205
Toyota Credit Canada Inc.			
2.75 18 Jul 2018	110	112	110
2.80 21 Nov 2018	100	102	100
VW Credit Canada			
2.20 11 Oct 2016	110	111	110
2.90 1 Jun 2017	130	134	130
2.80 20 Aug 2018	100	102	100
2.45 14 Nov 2017	80	81	80
Wells Fargo Finance Canada			
3.70 30 Mar 2016	307	319	314
2.77 9 Feb 2017	100	103	100
		6,555	6,531
<b>Total Fixed Income Investments – 30.9%</b>		<b>15,209</b>	<b>15,223</b>
<b>Cash and Short-term Investments – 69.1%</b>		33,956	33,956
<b>Total Portfolio Assets – 100.0%</b>		<b>49,165</b>	<b>49,179</b>
<b>Total Investments Allocation</b>			
Plan II		832	835
Founders' Plan		14,377	14,388
		<b>15,209</b>	<b>15,223</b>
<b>Cash and Short-term Investments Allocation</b>			
Plan II		1,862	1,862
Founders' Plan		32,094	32,094
		<b>33,956</b>	<b>33,956</b>

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



# Canadian Scholarship Trust Plan

## Sponsor

Canadian Scholarship Trust Foundation  
2225 Sheppard Avenue East, Suite 600  
Toronto, Ontario M2J 5C2  
1.877.333.RESP (7377)

## Investment Fund Manager and Distributor

C.S.T. Consultants Inc.  
2225 Sheppard Avenue East, Suite 600  
Toronto, Ontario M2J 5C2

Effective July 28, 2014 our address will be:

Canadian Scholarship Trust Foundation  
2235 Sheppard Avenue East, Suite 1600  
Toronto ON M2J 5B8

## Trustee

RBC Investor Services Trust  
155 Wellington Street West, 2<sup>nd</sup> Floor  
Toronto, ON M5V 3L3

## Auditor

Deloitte LLP  
Brookfield Place  
181 Bay Street, Suite 1400  
Toronto, Ontario M5J 2V 1

## Bank

Royal Bank of Canada  
Royal Bank Plaza  
South Tower  
200 Bay Street, 10<sup>th</sup> Floor  
Toronto, Ontario M5J 2J5

For updates on your Plan account, login to Online Services at [www.cst.org](http://www.cst.org)

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