

**C.S.T. Consultants Inc.**



# **Canadian Scholarship Trust Group Savings Plan**

Audited Financial Statements and  
Management Report of Fund Performance

**October 31, 2016 and 2015**



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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 (“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](http://www.cst.org), SEDAR at [www.sedar.com](http://www.sedar.com), by calling our customer service team at 1-877-333-7377 or by writing to us by mail at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8.

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 critical 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](mailto:cstplan@cst.org).

## Investment Objective and Strategy

The Plan’s investment objectives are to protect Subscribers’ principal (net “Contributions” or “Principal”), and to deliver a reasonable positive return on investments over a long-term investment horizon within prudent risk tolerances.

The Plan’s Canadian government fixed income securities are passively managed by TD Asset Management Inc. and CIBC Asset Management Inc., according to pre-specified duration targets. Financial institution debt securities are actively managed by Greystone Managed Investments Inc. and TD Asset Management Inc. Corporate bonds are actively managed by Canso Investment Counsel Ltd. The active fixed income portfolios focus on strategies where value can be added on a sustainable basis and may rely upon sector allocation, credit research and duration management, dependent upon the managers’ expertise and mandate.

The Plan’s US equity assets are managed by BMO Asset Management Inc. and BlackRock Asset Management Canada Limited. These assets are allocated to ETFs traded on Canadian exchanges that replicate the performance of the S&P 500 Total Return Index Hedged to the Canadian dollar. The Plan’s Canadian equity assets are actively managed between two managers. Sionna Investment Managers Inc. seeks to generate long term capital appreciation by investing in a diversified portfolio of quality Canadian companies. CGOV Asset Management strives to construct a focused portfolio composed of Canadian companies identified as having effective management with superior long term prospects. All of the above listed assets and investment agreements are managed in accordance with our policies and agreements.

## 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

### 2016 Plan Performance

For 2016, the Plan’s rate of return, net of fees, was 2.4% compared to the investment policy benchmark (“Benchmark”) return of 3.6% and the FTSE TMX Canada All Government Bond Index return of 5.3% (“Broad-based Index”). 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.

In comparison to the Benchmark, the Plan’s allocation to floating rate notes and defensive interest rate positioning within the corporate bond segment detracted from relative returns as yields dropped throughout the period.

In comparison to the Broad-based Index, the Plan’s allocation to short-term government bonds detracted from relative performance. The Plan’s allocation to Canadian equity, and to a lesser extent, corporate bonds, added value as both asset classes significantly outperformed the FTSE TMX Canada All Government Bond Index.

## Economic Review

Global economic growth was positive, but in most cases below expectations in 2016. This can be attributed to a number of factors including natural disasters and the uncertainty surrounding “Brexit”. In response, central bankers have kept interest rates low in an attempt to boost personal consumption and business spending. Despite initial encouraging results, persistent risks were sufficient to have kept growth in check. In spite of increased volatility, equity markets in most developed economies have posted solid gains in 2016 following a pullback from late last year.

In the U.S., economic data has been positive despite some mixed employment growth numbers. The overall economy has continued to grow but at a pace below expectations. Wage growth and housing starts were positive and indicate stronger underlying fundamentals moving forward. The Federal Reserve Board increased the federal funds rate to 0.5% late last year but has since left it unchanged with increases expected in 2017.

The Canadian economy experienced a setback in the second quarter, largely as a result of falling oil prices and the forest fires in the Fort McMurray area which temporarily halted production in the Alberta oil patch. The decline in economic growth halted what had been three consecutive quarters of positive, albeit modest, economic growth. The Bank of Canada held the benchmark interest rate at 0.5% and is not expected to make changes in the short term. Oil prices dropped below \$30 per barrel (WTI) in February but rose modestly through October with prices approaching \$50 per barrel. Both core and total inflation remained within the Bank of Canada’s



target range of 1% – 3% despite slightly trending downward towards the end of July.

The Canadian bond market provided stable, positive returns throughout the year as the central bank has not changed the key lending rate since July 2015. Provincial bonds outperformed both federal bonds and the broad market as spreads narrowed. The yield curve flattened with most of the change coming from the longer end as longer dated issues outperformed relative to the broad market. Corporate spreads spiked in the second quarter before settling back towards previous yield levels and providing returns ahead of government bonds.

The S&P 500 (a broad index of U.S. large cap stocks) generated modest but positive returns of 4.5% (USD). Index gains were fairly widespread with 8 of the 11 S&P 500 sectors advancing into positive territory. Amongst the gainers, the Telecomm and Utilities sectors were the strongest with both posting double digit returns.

The S&P/TSX Composite Capped Index (a broad index of Canadian stocks) grew by 12.7% over the year. Following a prolonged decline in commodities last year, the heavily weighted energy and materials sectors rebounded significantly and drove the index into double digit territory. The increase was largely broad based with all sectors in positive territory with the exception of Health Care which was driven by company specific news.

As at October 31, 2016, 44.5% of the Plan's Total Portfolio Assets were invested in Government bonds, 36.6% in Corporate and Financial Institution Bonds, 13.3% in US ETFs, 4.8% Canadian Equity, and 0.8% in Cash and Short-Term Investments.

## Recent Developments and Other Information

On November 8<sup>th</sup>, American voters elected Donald Trump as the 45<sup>th</sup> President of the United States. Capital markets experienced increased volatility in the immediate aftermath but stabilized in the sessions that followed. Bond yields have moved higher in both Canada and the U.S. in the week following the election.

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 July 2014, the International Accounting Standards Board issued IFRS 9, Financial Instruments, to replace International Accounting Standard 39, Financial Instruments – Recognition and Measurement (“IAS 39”). IFRS 9 introduces new requirements for the classification and measurement of financial assets and will be effective for the Plan's financial statements for the year ending October 31, 2019.

## 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 ending October 31 for the Plan. This information is derived from the Plan's audited annual financial statements.

(\$ thousands)	2016 <sup>1</sup>	2015 <sup>1</sup>	2014 <sup>1</sup>	2013 <sup>2</sup>	2012 <sup>2</sup>
<b>Statements of Financial Position</b>					
Total Assets	\$ 561,079	\$ 691,290	\$ 823,046	\$ 928,431	\$1,030,378
Net Assets	547,639	680,892	817,873	483,334	528,230
% Change of Net Assets Attributable to Subscribers and Beneficiaries	(19.6)%	(16.7)%	69.2%	(8.5)%	(2.4)%
<b>Statements of Comprehensive Income</b>					
Net Investment Income	\$ 22,249	\$ 18,678	\$ 26,256	\$ 19,601	\$ 41,498
<b>Statements of Changes in Net Assets</b>					
Education Assistance Payments	\$ (37,807)	\$ (38,270)	\$ (32,630)	\$ (28,176)	\$ (23,185)
Government Grants Received (net of repayments)	930	1,975	2,891	4,557	4,743
Government Grant Payments to Beneficiaries	(13,597)	(12,743)	(10,723)	(9,179)	(7,495)
<b>Other</b>					
Total number of units	390,793	430,138	463,792	492,028	511,019
% Change in the total number of units	(9.1)%	(7.3)%	(5.7)%	(3.7)%	(3.6)%

Note:

<sup>1</sup> Based on financial statements in accordance with IFRS

<sup>2</sup> Based on financial statements in accordance with Canadian GAAP

## Management Fees

### Administration Fees

An administration fee of \$3,390 thousand (2015 – \$4,173 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 subscribers’ 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 0.5% of the total amount of net Contributions, Government Grants and income earned on these amounts, subject to applicable taxes, 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 was 0.12% including taxes (2015 – 0.13%), of the average market value of assets based on the Investment Management Agreements with portfolio managers. 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 2016 these fees charged to the Plan amounted to \$182 thousand (2015 – \$145 thousand) and were 0.03% including taxes (2015 – 0.02%), of the average market value of assets.

## Summary of Plan Investment Portfolio

The Plan’s Total Portfolio Assets are comprised of the Principal and Income for all education savings plan agreements that have not reached their maturity date, and the assets from which eligible beneficiaries collect EAP payments.

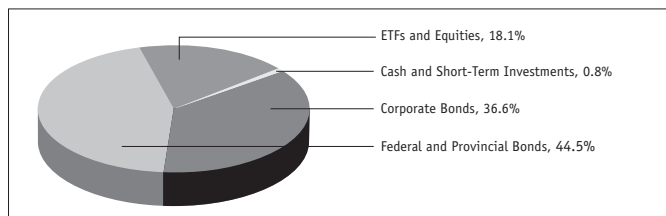
Government Grant assets and related investment income are specific to each beneficiary, but are invested together with funds from other Plans administered by the Foundation. Any payments to beneficiaries from Government Grant assets are treated as separate payments and not included in EAP values paid out.

Sales Charge Refund assets and related investment income are used to pay Sales Charge Refund Entitlements to qualified beneficiaries. These assets are invested together with funds from other Plans administered by the Foundation. Any payments to beneficiaries from Sales Charge Refund assets are treated as separate payments.

The Plan’s Total Portfolio Assets as presented and as defined in this report, reflect only the Principal and Income assets. The Plan’s Total Portfolio Assets do not include the allocation of assets from the Government Grant and Sales Charge Refund asset pools that are attributable to this Plan.

The following chart illustrates the Plan’s Total Portfolio Assets by investment categories.

### Asset Mix as at October 31, 2016



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

Issuer	Rate	Maturity Date	Fair Value (\$ 000's)	% of Plan Portfolio Assets
iShares Core S&P 500 Hedged to CAD Index ETF			24,045	6.7%
BMO S&P/500 Hedged to CAD Index ETF			24,038	6.7%
Government of Canada	0.48%	26 Jan 2017	13,304	3.7%
Government of Canada	2.05%	15 Jun 2018	8,610	2.4%
Government of Canada	1.25%	01 Mar 2018	8,426	2.3%
Canada Housing Trust	3.75%	15 Mar 2020	7,959	2.2%
Royal Bank of Canada	2.77%	11 Dec 2018	7,134	2.0%
Government of Canada	0.47%	12 Jan 2017	6,389	1.8%
Province of Ontario	4.20%	02 Jun 2020	6,344	1.8%
Canada Housing Trust	1.25%	15 Dec 2020	5,886	1.6%
Royal Bank of Canada	1.23%	23 Mar 2020	5,798	1.6%
Ornge Issuer Trust	5.73%	11 Jun 2034	5,502	1.5%
Canada Housing Trust	1.20%	15 Jun 2020	5,151	1.4%
Bank of Nova Scotia	2.46%	14 Mar 2019	5,046	1.4%
Toronto Dominion Bank	3.23%	24 Jul 2024	4,456	1.2%
Government of Canada	0.47%	01 Dec 2016	4,341	1.2%
Government of Canada	0.75%	01 Sep 2020	3,845	1.1%
Government of Canada	3.25%	01 Jun 2021	3,741	1.0%
Government of Canada	1.75%	01 Sep 2019	3,693	1.0%
Shaw Communications Inc.	6.75%	09 Nov 2039	3,579	1.0%
Government of Canada	0.48%	29 Dec 2016	3,517	1.0%
HSBC Bank Canada	2.91%	29 Sep 2021	3,316	0.9%
Bank of Nova Scotia	2.24%	22 Mar 2018	3,195	0.9%
Public Sector Pension Investment Board	3.27%	12 Jun 2020	3,009	0.8%
Government of Canada	1.25%	01 Feb 2018	2,975	0.8%

**Top 25 long positions as a percentage of the Total Portfolio Assets of the Plan** **48.0%**

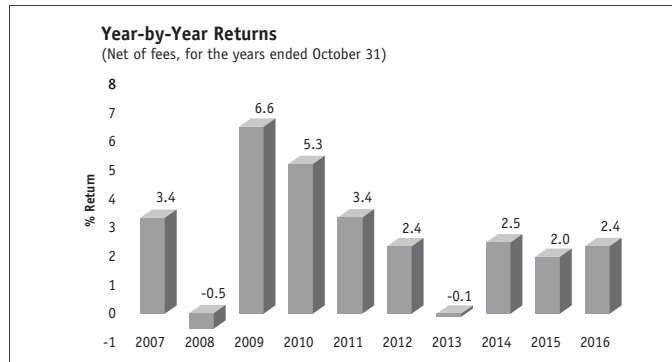
## Past Performance

The returns presented in the following chart and the annual compound returns table are based on the investment performance of the Plan’s Total Portfolio Assets only and do not reflect the investment performance of assets from the Government Grants 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, and Independent Review Committee expenses 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 annual performance in each of the past ten years to October 31, 2016 of the Plan's Total Portfolio Assets. The chart illustrates in percentage terms how much an investment in the Plan's Total Portfolio Assets, 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 depicts the Plan's Benchmark comprised of the following specified indices in the weights and for the periods of indicated:

Index	Prior to: July 1, 2011	To: July 31, 2014	To: Sep 30, 2015	Current: Oct 1, 2015
FTSE TMX Canada Short Term Gov't Bond Index		47.0%	63.0%	30.9%
FTSE TMX Canada All Gov't Bond Index	100.0%	47.0%		
FTSE TMX Canada Financials Bond Index				18.9%
FTSE TMX Canada 91-Day Treasury Bill Index				13.2%
FTSE TMX Canada All Corporate Bond Index		6.0%	19.0%	19.0%
S&P 500 CAD Hedged Index			13.0%	13.0%
S&P/TSX Capped Composite Index			5.0%	5.0%

The FTSE TMX Canada 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 FTSE TMX Canada 91-Day Treasury Bill Index is based upon the average daily yield of 91-Day Treasury Bills.

The FTSE TMX Canada Financials Bond Index is a broad measure of Canadian investment grade fixed income securities, issued by bank, insurance, financial service, and auto finance corporations, with maturities greater than one year.

The FTSE TMX Canada All Corporate Bond Index is a broad measure of Canadian investment grade fixed income securities issued by corporations, with maturities greater than one year.

The S&P 500 CAD Hedged Index is a broad measure of the returns of the S&P 500 while hedging Canadian dollar risk, but not the underlying equity market risk. The S&P 500 is a market-capitalization-weighted stock market index which includes 500 of the top companies in industries of the U.S. economy.

The S&P/TSX Capped Composite Index reflects price movements of selected securities listed on the Toronto Stock Exchange and weighted by market capitalization, with a capped weight of 10% on all of the constituents.

The FTSE TMX Canada 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 following table illustrates the annual compound returns of the Plan's Total Portfolio Assets, for the periods shown ending on October 31, 2016.

	Period			
	1 Yr	3 Yr	5 Yr	10 Yr
<b>Net Plan Return*</b>	<b>2.4</b>	<b>2.3</b>	<b>1.8</b>	<b>2.7</b>
<b>Benchmark</b>	<b>3.6</b>	<b>3.5</b>	<b>2.9</b>	<b>4.2</b>
<b>Broad-based Index: FTSE TMX Canada All Government Bond Index</b>	<b>5.3</b>	<b>5.4</b>	<b>4.1</b>	<b>4.9</b>

Note:

\* The Plan returns are after the deduction of fees and expenses, while the Benchmarks 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.

For commentary on the market and/or information regarding the relative performance of the Plan compared to its Broad-based Index and Benchmark, see the Results of Operations section of this report.

# Management's Responsibility for Financial Reporting

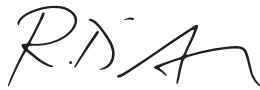
The accompanying financial statements of the Canadian Scholarship Trust Group Savings Plan (the "Plan") are prepared by management and are approved by the Board of Directors of the Canadian Scholarship Trust Foundation (the "Foundation"). Management is responsible for the information and representations 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 International Financial Reporting Standards 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



**Richard D'Archivio, CPA, CA, CFA**  
Vice President, Chief Financial Officer

Toronto, Ontario  
December 20, 2016

## 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, which comprise the statements of financial position as at October 31, 2016 and 2015, and the statements of comprehensive income, statements of changes in net assets attributable to subscribers and beneficiaries and statements of cash flows for the years ended October 31, 2016 and October 31, 2015, 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 International Financial Reporting Standards, 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 as at October 31, 2016, and 2015 and the results of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants  
Licensed Public Accountants  
December 20, 2016

# Statements of Financial Position

As at October 31, 2016 and 2015 (in thousands of Canadian dollars)

	Oct 31, 2016	Oct 31, 2015
<b>Assets</b>		
Cash and cash equivalents	\$ 3,669	\$ 42,433
Receivables for securities sold	239	1,516
Investments, at fair value <i>(Note 4 and Schedule I)</i>	545,028	638,292
Accrued interest and other receivables	12,061	8,856
Government grants receivable	82	193
	<b>561,079</b>	<b>691,290</b>
<b>Liabilities</b>		
Payables for securities purchased	536	1,425
Accounts payable, accrued liabilities and unclaimed subscribers' funds	12,904	8,973
	<b>13,440</b>	<b>10,398</b>
<b>Net Assets Attributable to Subscribers and Beneficiaries</b>	<b>547,639</b>	<b>680,892</b>
<b>Represented by:</b>		
<b>Non-Discretionary Funds</b>		
Accumulated income held for future education assistance payments	150,372	182,985
Subscribers' deposits <i>(Schedule II)</i>	211,685	289,938
Government grants	88,804	104,233
Income on Government grants	50,227	54,940
Sales charge refund entitlements <i>(Note 8)</i>	32,160	37,627
General Fund <i>(Note 7)</i>	-	365
<b>Unrealized Gains (Losses)</b>	<b>13,782</b>	<b>9,572</b>
<b>Discretionary Funds</b>		
Donations from the Foundation <i>(Note 7)</i>	609	1,232
	<b>\$547,639</b>	<b>\$680,892</b>

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 Comprehensive Income

For the years ended October 31, 2016 and 2015 (in thousands of Canadian dollars)

	2016	2015
<b>Income</b>		
Interest for allocation to subscriber accounts	\$13,227	\$16,770
Realized gains (losses) on sale of investments	2,940	(548)
Change in unrealized gains (losses)	4,210	4,034
Dividends	6,217	3,754
	<b>26,594</b>	<b>24,010</b>
<b>Expenses</b>		
Administration and account maintenance fees <i>(Note 3(a))</i>	3,390	4,173
Portfolio management fees	761	999
Custodian and trustee fees	182	145
Independent Review Committee fees	12	15
	<b>4,345</b>	<b>5,332</b>
<b>Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries</b>	<b>\$22,249</b>	<b>\$18,678</b>

# Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the years ended October 31, 2016 and 2015 (in thousands of Canadian dollars)

	2016	2015
<b>Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Year</b>	<b>\$ 680,892</b>	<b>\$ 817,873</b>
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	22,249	18,678
Transfers to internal and external plans	(6,078)	(6,412)
	<b>16,171</b>	<b>12,266</b>
<b>Receipts</b>		
Government grants received (net of repayments)	930	1,975
<b>Disbursements</b>		
Net decrease in Subscribers' deposits <i>(Schedule II)</i>	(78,253)	(80,108)
Payments to beneficiaries		
Education assistance payments	(37,807)	(38,270)
Government grants	(13,597)	(12,743)
Refund of Sales Charge	(11,811)	(11,954)
Return of interest	(8,886)	(8,147)
<b>Total payments to beneficiaries</b>	<b>(72,101)</b>	<b>(71,114)</b>
<b>Receipts less Disbursements</b>	<b>(149,424)</b>	<b>(149,247)</b>
<b>Change in Net Assets Attributable to Subscribers and Beneficiaries</b>	<b>(133,253)</b>	<b>(136,981)</b>
<b>Net Assets Attributable to Subscribers and Beneficiaries, End of Year</b>	<b>\$ 547,639</b>	<b>\$ 680,892</b>

# Statements of Cash Flows

For the years ended October 31, 2016 and 2015 (in thousands of Canadian dollars)

	2016	2015
<b>Operating Activities</b>		
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	\$ 22,249	\$ 18,678
Net proceeds (disbursements) from investment transactions	100,802	166,422
Items not affecting cash		
Realized (gains) losses on sale of investments	(2,940)	548
Change in unrealized gains (losses)	(4,210)	(4,034)
Change in non-cash operating working capital		
(Increase) decrease in Accrued interest and other receivables	(3,205)	9,092
Decrease in Government grants receivable	111	135
Increase in Accounts payable, accrued liabilities and unclaimed subscribers' funds	3,931	3,987
<b>Cash flow from Operating Activities</b>	<b>116,738</b>	<b>194,828</b>
<b>Financing Activities</b>		
Transfers to internal and external plans	(6,078)	(6,412)
Government grants received (net of repayments)	930	1,975
Net decrease in Subscribers' deposits ( <i>Schedule II</i> )	(78,253)	(80,108)
Payments to beneficiaries	(72,101)	(71,114)
<b>Cash flow used in Financing Activities</b>	<b>(155,502)</b>	<b>(155,659)</b>
<b>Net (decrease) increase in Cash and cash equivalents</b>	<b>(38,764)</b>	<b>39,169</b>
<b>Cash and cash equivalents, Beginning of Year</b>		
Cash	2,491	2,168
Cash equivalents	39,942	1,096
	<b>42,433</b>	<b>3,264</b>
<b>Cash and cash equivalents, End of Year</b>		
Cash	2,766	2,491
Cash equivalents	903	39,942
	<b>\$ 3,669</b>	<b>\$ 42,433</b>
<b>Supplemental cash flow information:</b>		
Withholding Taxes	\$ 279	\$ 223
Interest Income Received	13,624	18,119

# Schedule I – Statement of Investment Portfolio

As at October 31, 2016 (in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>						<b>Bonds (continued)</b>					
<b>Federal – 35.8%</b>						<b>Provincial – 7.8% (continued)</b>					
Canada Housing Trust	1.70	15 Dec 2017	2,100	2,125	2,142	Province of New Brunswick	4.45	26 Mar 2018	225	236	243
Canada Housing Trust	4.10	15 Dec 2018	1,600	1,713	1,756	Province of New Brunswick	4.40	3 Jun 2019	150	163	166
Canada Housing Trust	2.35	15 Dec 2018	1,625	1,680	1,696	Province of New Brunswick	4.50	2 Jun 2020	800	892	902
Canada Housing Trust	1.95	15 Jun 2019	1,250	1,287	1,295	Province of Nova Scotia	4.15	25 Nov 2019	200	219	222
Canada Housing Trust	2.00	15 Dec 2019	2,300	2,381	2,373	Province of Ontario	4.20	8 Mar 2018	375	392	408
Canada Housing Trust	1.26	1 Mar 2020	2,500	2,086	2,098	Province of Ontario	5.50	2 Jun 2018	375	403	418
Canada Housing Trust	3.75	15 Mar 2020	7,269	7,959	8,060	Province of Ontario	2.10	8 Sep 2018	1,125	1,151	1,160
Canada Housing Trust	1.20	15 Jun 2020	5,100	5,151	5,084	Province of Ontario	4.40	2 Jun 2019	2,310	2,514	2,568
Canada Housing Trust	1.45	15 Jun 2020	1,100	1,121	1,108	Province of Ontario	2.10	8 Sep 2019	800	826	833
Canada Housing Trust	1.25	15 Dec 2020	5,825	5,886	5,831	Province of Ontario	4.20	2 Jun 2020	5,725	6,344	6,443
Canada Housing Trust	1.25	15 Jun 2021	1,973	1,990	1,991	Province of Ontario	4.00	2 Jun 2021	1,525	1,711	1,721
Government of Canada	0.48	3 Nov 2016	2,965	2,958	2,958	Province of Quebec	4.50	1 Dec 2017	525	546	571
Government of Canada	0.48	17 Nov 2016	2,250	2,244	2,244	Province of Quebec	4.50	1 Dec 2018	825	887	911
Government of Canada	0.47	1 Dec 2016	4,350	4,341	4,341	Province of Quebec	2.45	1 Dec 2019	600	626	626
Government of Canada	0.47	15 Dec 2016	2,250	2,244	2,244	Province of Quebec	4.50	1 Dec 2019	1,625	1,797	1,829
Government of Canada	0.48	29 Dec 2016	3,525	3,517	3,517	Province of Quebec	11.00	15 Aug 2020	1,000	1,362	1,394
Government of Canada	0.47	12 Jan 2017	6,400	6,389	6,389	Province of Quebec	4.50	1 Dec 2020	1,100	1,245	1,252
Government of Canada	0.48	26 Jan 2017	13,325	13,304	13,304	Province of Saskatchewan	1.95	1 Mar 2019	150	154	152
Government of Canada	0.48	9 Feb 2017	2,250	2,244	2,244					28,268	28,682
Government of Canada	0.48	23 Feb 2017	2,350	2,344	2,344						
Government of Canada	0.49	9 Mar 2017	2,250	2,244	2,244						
Government of Canada	0.51	23 Mar 2017	2,665	2,658	2,658	<b>Municipal – 0.9%</b>					
Government of Canada	0.51	6 Apr 2017	2,250	2,244	2,244	City of Montreal	5.00	1 Dec 2017	75	78	81
Government of Canada	0.50	20 Apr 2017	2,250	2,244	2,244	City of Montreal	5.45	1 Dec 2019	150	168	172
Government of Canada	0.25	1 Nov 2017	675	673	673	City of Toronto	4.95	27 Jun 2018	75	80	82
Government of Canada	1.25	1 Feb 2018	2,950	2,975	2,992	City of Toronto	4.50	2 Dec 2019	50	55	56
Government of Canada	1.25	1 Mar 2018	8,350	8,426	8,477	Municipal Finance Authority of British Columbia	4.80	1 Dec 2017	200	208	216
Government of Canada	4.25	1 Jun 2018	2,050	2,169	2,244	Municipal Finance Authority of British Columbia	5.10	20 Nov 2018	125	135	139
Government of Canada	2.05	15 Jun 2018	8,425	8,610	8,617	Municipal Finance Authority of British Columbia	2.05	2 Jun 2019	1,750	1,791	1,791
Government of Canada	1.25	1 Sep 2018	1,575	1,595	1,604	Municipal Finance Authority of British Columbia	4.88	3 Jun 2019	100	110	112
Government of Canada	1.75	1 Mar 2019	1,367	1,405	1,417	Municipal Finance Authority of British Columbia	4.45	1 Jun 2020	125	139	141
Government of Canada	1.88	1 May 2019	19	16	16	Municipal Finance Authority of British Columbia	4.15	1 Jun 2021	200	224	225
Government of Canada	3.75	1 Jun 2019	2,225	2,407	2,457	Regional Municipality of York	5.00	29 Apr 2019	200	219	224
Government of Canada	1.75	1 Sep 2019	3,575	3,693	3,706					3,207	3,239
Government of Canada	1.50	1 Mar 2020	1,300	1,339	1,342						
Government of Canada	3.50	1 Jun 2020	2,225	2,455	2,494						
Government of Canada	0.75	1 Sep 2020	3,825	3,845	3,835						
Government of Canada	0.75	1 Mar 2021	977	981	981						
Government of Canada	3.25	1 Jun 2021	3,350	3,741	3,772						
Government of Canada	0.75	1 Sep 2021	1,725	1,729	1,732						
Kreditanstalt für Wiederaufbau Global	5.05	4 Feb 2025	697	862	847						
				129,275	129,615						
<b>Provincial – 7.8%</b>						<b>Corporate – 36.6%</b>					
Province of Alberta	4.00	1 Dec 2019	775	845	855	407 International Inc.	6.47	27 Jul 2029	312	435	440
Province of Alberta	1.25	1 Jun 2020	2,861	2,873	2,830	407 International Inc.	7.13	26 Jul 2040	565	878	824
Province of Alberta	1.35	1 Sep 2021	200	200	200	Access Justice Durham Ltd.	5.02	31 Aug 2039	1	1	1
Province of British Columbia	4.65	18 Dec 2018	800	865	896	Bank of Montreal	2.10	6 Oct 2020	900	922	913
Province of British Columbia	4.10	18 Dec 2019	250	274	282	Bank of Montreal	1.88	31 Mar 2021	217	220	217
Province of British Columbia	3.70	18 Dec 2020	175	193	194	Bank of Montreal	3.40	23 Apr 2021	2,657	2,868	2,873
Province of Manitoba	1.85	5 Sep 2018	264	269	264	Bank of Montreal	4.61	10 Sep 2025	2,450	2,937	2,840
Province of Manitoba	5.50	15 Nov 2018	970	1,060	1,118	Bank of Nova Scotia	2.24	22 Mar 2018	3,150	3,195	3,200
Province of Manitoba	4.15	3 Jun 2020	200	221	224	Bank of Nova Scotia	1.18	20 Apr 2018	654	659	656
						Bank of Nova Scotia	1.33	1 May 2018	895	896	889
						Bank of Nova Scotia	2.46	14 Mar 2019	4,914	5,046	5,033
						Bank of Nova Scotia	2.40	28 Oct 2019	2,456	2,528	2,515
						Bank of Nova Scotia	2.09	9 Sep 2020	790	807	800
						Bankers Hall L.P.	4.38	20 Nov 2023	576	628	612

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

# Schedule I – Statement of Investment Portfolio (continued)

As at October 31, 2016 (in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>						<b>Bonds (continued)</b>					
<b>Corporate – 36.6% (continued)</b>						<b>Corporate – 36.6% (continued)</b>					
Bell Canada	4.35	18 Dec 2045	258	265	258	Ornge Issuer Trust	5.73	11 Jun 2034	4,487	5,502	5,075
Caisse Centrale Desjardins	2.80	19 Nov 2018	1,532	1,578	1,585	Pearson International Fuel Facilities Corporation	5.09	9 Mar 2032	1,589	1,874	1,722
Canadian Imperial Bank of Commerce	2.35	18 Oct 2017	1,770	1,792	1,802	Public Sector Pension Investment Board	3.27	12 Jun 2020	2,903	3,009	2,925
Canadian Imperial Bank of Commerce	1.70	9 Oct 2018	683	689	683	Rogers Communications Inc.	6.68	4 Nov 2039	594	801	731
Canadian Imperial Bank of Commerce	1.90	26 Apr 2021	10	10	10	Rogers Communications Inc.	6.11	25 Aug 2040	1,000	1,268	1,287
Canadian Imperial Bank of Commerce	1.64	12 Jul 2021	110	110	110	Royal Bank of Canada	2.26	12 Mar 2018	460	467	467
Capital Desjardins Inc.	5.19	5 May 2020	1,995	2,211	2,231	Royal Bank of Canada	2.77	11 Dec 2018	6,923	7,134	7,083
Capital Desjardins Inc.	4.95	15 Dec 2026	928	1,049	1,041	Royal Bank of Canada	1.23	23 Mar 2020	5,808	5,798	5,808
Central 1 Credit Union	1.45	1 May 2017	1,429	1,430	1,429	Royal Bank of Canada	2.03	15 Mar 2021	674	686	676
Cogeco Cable Inc.	4.18	26 May 2023	1,843	1,955	1,917	Royal Bank of Canada	1.65	15 Jul 2021	2,282	2,285	2,279
Dutch Municipal Bank, BNG	5.15	7 Mar 2025	194	233	230	Royal Bank of Canada	1.58	13 Sep 2021	1,610	1,605	1,607
Enbridge Inc.	1.73	13 Mar 2017	886	886	882	Shaw Communications Inc.	6.75	9 Nov 2039	2,944	3,579	3,617
Enbridge Inc.	4.57	11 Mar 2044	1,269	1,280	1,334	SP1 Limited Partnership	3.21	15 Jun 2019	2,170	2,034	2,008
EUROFIMA Maple Bond	4.55	30 Mar 2027	1,057	1,235	1,216	St. Clair Holding ULC	4.88	31 Aug 2031	143	160	151
GE Capital Canada Funding Company	1.62	15 Feb 2022	2,848	2,818	2,783	Strait Crossing Development Inc.	6.17	15 Sep 2031	670	620	611
GE Capital Canada Funding Company	2.18	6 Feb 2023	284	293	284	Sun Life Financial Inc.	7.09	30 Jun 2052	1,185	1,537	1,542
Greater Toronto Airport Authority	6.45	30 Jul 2029	2,237	2,880	2,767	Toronto Dominion Bank	2.45	2 Apr 2019	1,606	1,650	1,652
Green Timbers L.P.	6.84	30 Jun 2037	868	1,197	1,085	Toronto Dominion Bank	1.15	18 Feb 2020	2,489	2,497	2,490
Heathrow Funding Limited	4.00	3 Jul 2021	56	59	60	Toronto Dominion Bank	1.91	18 Jul 2023	725	726	725
Honda Canada Finance Inc.	1.93	3 Dec 2018	338	339	339	Toronto Dominion Bank	3.23	24 Jul 2024	4,099	4,456	4,317
HSBC Bank Canada	2.08	26 Nov 2018	2,857	2,890	2,874	Toronto Dominion Bank	2.98	30 Sep 2025	614	622	614
HSBC Bank Canada	2.45	29 Jan 2021	328	337	328	Toronto Dominion Bank	4.78	14 Dec 2105	2,447	2,457	2,541
HSBC Bank Canada	2.91	29 Sep 2021	3,170	3,316	3,224	TransCanada Pipelines Limited	11.80	20 Nov 2020	125	171	182
Hydro-Québec	1.00	25 May 2019	408	408	406	TransCanada Pipelines Limited	8.29	5 Feb 2026	828	1,135	1,100
Kraft Canada Inc.	1.77	6 Jul 2020	2,450	2,463	2,450	TransCanada Pipelines Limited	6.28	26 May 2028	65	81	77
Loblaw Companies Limited	6.50	22 Jan 2029	1,374	1,750	1,705	TransCanada Pipelines Limited	6.89	7 Aug 2028	108	141	135
Loblaw Companies Limited	6.54	17 Feb 2033	494	635	612	TransCanada Pipelines Limited	4.55	15 Nov 2041	129	140	123
Manufacturers Life Insurance Company	2.64	15 Jan 2025	335	339	340	UniCredit Group	2.93	29 May 2018	1,902	1,906	1,947
Manufacturers Life Insurance Company	2.10	1 Jun 2025	550	546	544	University Health Network	5.64	8 Dec 2022	2,470	2,781	2,830
Manufacturers Life Insurance Company	2.39	5 Jan 2026	1,649	1,652	1,638	University of Ontario Institute of Technology	6.35	15 Oct 2034	223	274	257
Manufacturers Life Insurance Company	3.18	22 Nov 2027	1,520	1,578	1,538	Wells Fargo Financial Corporation Canada	3.04	29 Jan 2021	279	295	293
Manulife Financial Corporation	4.45	15 Dec 2026	2,404	2,407	2,486	Wells Fargo Financial Corporation Canada	3.46	24 Jan 2023	100	108	106
Maritimes and Northeast Pipelines Limited Partnership	6.90	30 Nov 2019	70	75	81	WTH Car Rental ULC	2.54	20 Aug 2019	814	822	814
Maritimes and Northeast Pipelines Limited Partnership	4.34	30 Nov 2019	275	281	287					132,198	130,776
Metropolitan Life Global Funding	2.31	25 Sep 2017	1,824	1,833	1,835	<b>Total Fixed Income – 81.1%</b>				<b>292,948</b>	<b>292,312</b>
Milit-Air Inc.	5.75	30 Jun 2019	2,018	2,138	2,231				<b>Number of Securities</b>	<b>Fair Value (\$)</b>	<b>Average Cost (\$)</b>
National Bank of Canada	2.69	21 Aug 2017	2,680	2,714	2,741	<b>Equities – 4.8%</b>					
National Bank of Canada	1.21	14 Jun 2018	205	206	205	Agrium Inc.			5	604	592
National Bank of Canada	1.81	26 Jul 2021	1,320	1,329	1,328	Aimia Inc.			17	127	174
NAV Canada	7.56	1 Mar 2027	266	342	341	ATCO Ltd.			5	216	175
North Battleford Power L.P.	4.96	31 Dec 2032	1,740	2,009	1,931	AutoCanada Inc.			5	119	126
						Bank of Nova Scotia			14	1,029	845

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



# Schedule I – Statement of Investment Portfolio (continued)

As at October 31, 2016 (in thousands of Canadian dollars)

Security	Number of Securities	Fair Value (\$)	Average Cost (\$)	Security	Number of Securities	Fair Value (\$)	Average Cost (\$)
<b>Equities – 4.8% (continued)</b>				<b>Equities – 4.8% (continued)</b>			
Birchcliff Energy Ltd.	21	183	141	Westshore Terminals Investment Corporation	13	341	311
Boardwalk Real Estate Investment Trust	4	212	218	Winpak Ltd.	2	113	114
Brookfield Asset Management Inc.	7	337	304				
CAE Inc.	19	357	274	<b>Total Equities</b>		<b>17,303</b>	<b>16,003</b>
Canadian National Railway Company	8	649	581	<b>Exchange-traded Funds – 13.3%</b>			
Canadian Natural Resources Ltd.	9	387	253	BMO S&P 500 Hedged to CAD Index ETF	739	24,038	22,676
Canadian Pacific Railway Company	2	374	357	iShares Core S&P 500 Hedged to CAD Index ETF	985	24,045	22,493
Canadian Western Bank	9	221	201		1,724	48,083	45,169
CCL Industries Inc.	1	250	244	<b>Total Equities and ETFs – 18.1%</b>		<b>65,386</b>	<b>61,172</b>
CGI Group Inc.	3	192	173	<b>Cash and cash equivalents – 0.8%</b>			
Computer Modelling Group Ltd.	11	113	114	<b>Total Portfolio Assets – 100.0%</b>		<b>361,158</b>	<b>356,308</b>
Dollarama Inc.	2	180	138	<b>Investments Allocation (Note 4)</b>			
Dream Unlimited Corporation	13	90	97	<b>Government Grants (Appendix I)</b>		153,018	146,181
Empire Company Ltd.	14	271	332	<b>Sales Charge Refund Entitlements (Appendix II)</b>		33,676	31,582
Enbridge Inc.	5	264	226	<b>Cash and cash equivalents (Appendices I &amp; II)</b>		845	845
Enerflex Ltd.	22	314	277	<b>Total Investment Fund</b>		<b>548,697</b>	<b>534,916</b>
Ensign Energy Services Inc.	6	50	52	<b>Represented by:</b>			
Fairfax Financial Holdings Limited	1	255	238	<b>Cash and cash equivalents</b>		3,669	
Finning International Inc.	15	383	307	<b>Investments, at fair value</b>		545,028	
FirstService Corporation	2	84	75				
Franco-Nevada Corporation	5	399	351				
Freehold Royalties Ltd.	24	308	276				
GMP Capital Inc.	10	47	41				
Granite REIT	3	108	95				
Great Canadian Gaming Corporation	7	153	132				
Great-West Lifeco Inc.	4	128	121				
Home Capital Group Inc.	16	425	485				
IGM Financial Inc.	4	140	137				
Imperial Oil Limited	7	314	293				
Intact Financial Corporation	7	656	665				
Jean Coutu Group (PJC) Inc.	3	64	59				
Laurentian Bank of Canada	2	90	89				
Loblaw Companies Limited	6	400	416				
Magna International Inc.	9	476	495				
Manulife Financial Corporation	6	113	101				
Methanex Corporation	7	344	311				
Metro Inc.	1	35	30				
Morguard Corporation	1	113	96				
Mullen Group Ltd.	14	261	245				
Onex Corporation	3	252	233				
Pason System Inc.	18	278	338				
Potash Corporation of Saskatchewan Inc.	17	360	426				
Power Corporation of Canada	8	228	223				
PrairieSky Royalty Ltd.	14	397	330				
Quebecor World Inc.	2	72	56				
Ritchie Brothers Auctioneers	5	243	181				
ShawCor Ltd.	7	250	218				
Suncor Energy Inc.	21	844	687				
TELUS Corporation	15	640	621				
Toromont Industries Ltd.	4	150	123				
Toronto Dominion Bank	17	1,046	900				
Total Energy Services Inc.	8	99	112				
Wajax Corporation	5	75	100				
West Fraser Timber Co. Ltd.	2	80	78				

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

## Schedule II – Subscribers’ Deposits and Accumulated Income

As at October 31, 2016 and 2015 (in thousands of Canadian dollars)

The following table provides a summary of Group Savings Plan Units, Subscribers’ Deposits and Accumulated Income by year of eligibility.

Year of Eligibility	Opening Units	Inflow Units <sup>1</sup>	Outflow Units <sup>2</sup>	Closing Units	Subscribers’ Deposits	Accumulated Income <sup>3</sup>
2015 and prior to 2015	234,723	2,741	40,079	197,385	\$ 25,455	\$ 56,275
2016	95,285	5,605	11,782	89,108	48,295	38,191
2017	74,861	5,674	1,563	78,972	93,489	38,785
2018	24,841	171	194	24,818	43,549	16,701
2019	217	40	4	253	601	267
2020	127	43	6	164	187	86
2021	17	13	–	30	21	12
2022	34	–	–	34	60	33
2023 and thereafter	33	5	9	29	28	22
<b>TOTAL</b>	<b>430,138</b>	<b>14,292</b>	<b>53,637</b>	<b>390,793</b>	<b>\$211,685</b>	<b>\$150,372</b>

1 Inflow units are comprised of transfers in.

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

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

The changes in Subscribers’ deposits are as follows:

	2016	2015
Payments from subscribers	\$ 4,373	\$ 8,838
Inter-Plan principal transfers	(10,793)	(11,465)
Account maintenance fees	(185)	(266)
Return of principal	(71,648)	(77,215)
Net decrease in Subscribers’ deposits	(78,253)	(80,108)
<b>Balance, Beginning of Year</b>	<b>289,938</b>	<b>370,046</b>
<b>Balance, End of Year</b>	<b>\$211,685</b>	<b>\$289,938</b>

## Schedule III – Education Assistance Payments

For the years ended October 31, 2016 and 2015 (in thousands of dollars, except for per unit amounts)

The following tables provide the total dollar payments by fiscal year, as well as number of eligible units paid and education assistance payment amounts by year of eligibility.

<b>Education Assistance Payments</b>	<b>2016</b>	<b>2015</b>	<b>Education Assistance Payments</b>	<b>2016</b>	<b>2015</b>
Current year payments	<b>\$21,969</b>	\$24,342	Non-Discretionary	<b>\$37,807</b>	\$38,270
Deferred payments	<b>15,672</b>	13,697	Discretionary	–	–
Advance payments	<b>166</b>	231		<b>\$37,807</b>	\$38,270
	<b>\$37,807</b>	\$38,270			

	<b>Number of education assistance payment units</b>				<b>Amount of education assistance payment per unit</b>			
	<b>Year of Eligibility</b>				<b>Year of Eligibility</b>			
	<b>2016</b>	2015	2014	2013	<b>2016</b>	2015	2014	2013
First	<b>37,316.1</b>	39,816.1	34,444.8	28,622.5	<b>\$138</b>	\$155	\$179	\$207
Second		<b>33,491.0</b>	30,389.6	24,295.1		<b>176</b>	221	227
Third			<b>25,570.0</b>	22,199.1			<b>217</b>	276
Fourth				<b>19,339.9</b>				<b>278</b>

# Notes to the Financial Statements

October 31, 2016 and 2015 (in thousands of Canadian dollars)

## Note 1. Nature of Operations

The Canadian Scholarship Trust Group Savings Plan (the “Plan”) is a Pooled Education Savings Plan that was established on September 1, 1991. Since June 2001, the Plan is no longer available for sale. The objective of the Plan is to assist parents and others to save for the post-secondary education of children. The Plan is managed by C.S.T. Consultants Inc. (“C.S.T.C.”), a wholly-owned subsidiary of the Canadian Scholarship Trust Foundation (the “Foundation”). The Plan’s registered place of business is 1600-2235 Sheppard Avenue East, Toronto, Ontario, Canada.

Payments are made by a subscriber to an account maintained by the Plan’s 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 described below), or
- iii. the Agreement is terminated.

The investment income earned on the subscribers’ principal balance 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.

There are a number of government grants that may be available to beneficiaries including the Canada Education Savings Grant Program (“CESG”), the Canada Learning Bond (“CLB”), the Alberta Centennial Education Savings Grant (“ACES”), the Quebec Education Savings Incentive (“QESI”) and the Saskatchewan Advantage Grant for Education Savings (“SAGES”) (collectively, “Government Grants”). The Alberta government announced that no new grants will be made under the ACES program after July 31, 2015.

The Plan collects Government Grants, which are credited directly into subscribers’ Agreements (“Agreements”) 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 with their EAPs.

Agreements are registered with appropriate government authorities if all required information is provided, and once registered, are subject to the rules for Registered Education Savings Plans (“RESP”) 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 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) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These financial statements were approved by the Board of Directors of the Foundation on December 20, 2016.

### (b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for financial instruments classified as “at fair value through profit or loss” (“FVTPL”), which are measured at fair value.

### (c) Future accounting standard

The following new accounting standard has been issued by the International Accounting Standards Board (“IASB”). This new standard is not yet effective and the Plan has not completed its assessment of the impact on its financial statements.

#### *IFRS 9 Financial Instruments (“IFRS 9”)*

In July 2014, the IASB finalized the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for the classification and measurement of financial assets and financial liabilities, impairment methodology, and general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 will be effective for the Plan’s financial statements during its fiscal 2019 year.

### (d) Financial instruments

The Plan recognizes financial assets and financial liabilities when it becomes a party to a contract. Financial assets and financial liabilities, with the exception of those classified as “FVTPL”, are measured at fair value plus transaction costs on initial recognition. Financial assets and financial liabilities classified as FVTPL are measured at fair value on initial recognition and transaction costs are expensed when incurred. Investments, at fair value have been designated as FVTPL.

Measurement in subsequent periods depends on the classification of the financial instrument. The financial assets and financial liabilities of the Plan are classified as follows:

Financial asset or financial liability	Classification
Investments, at fair value	FVTPL <sup>i</sup>
Cash and cash equivalents	Loans and receivables <sup>ii</sup>
Accrued interest and other receivables	Loans and receivables <sup>ii</sup>
Receivables for securities sold	Loans and receivables <sup>ii</sup>
Accounts payable, accrued liabilities and unclaimed subscriber funds	Other financial liabilities <sup>iii</sup>
Payables for securities purchased	Other financial liabilities <sup>iii</sup>

<sup>i</sup> Financial assets are designated as FVTPL when acquired principally for the purpose of trading. Financial assets classified as FVTPL are measured at fair value, with changes in unrealized gains and losses recognized on the Statements of Comprehensive Income.

<sup>ii</sup> Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method. Loans



# Notes to the Financial Statements (continued)

October 31, 2016 and 2015 (in thousands of Canadian dollars)

## Note 2. Significant Accounting Policies (continued)

### (d) Financial instruments (continued)

and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

<sup>iii</sup> Other financial liabilities are liabilities that are not derivative liabilities or classified as FVTPL. Subsequent to initial recognition, other financial liabilities are carried at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial instrument and allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows (including all transaction costs and other premiums or discounts) through the expected life of the financial instrument to the net carrying amount on initial recognition.

### (e) Investment valuation

Investments, at fair value include the following types of securities: bonds, money market securities, exchange-traded funds (“ETF”) and pooled funds.

The fair value of fixed income securities that are not publicly traded is measured by using either the average bid price from multiple dealers, or by the present value of contractual cash flows, discounted at current market rates. Interest accrued at the reporting date is included in Accrued interest and other receivables on the Statements of Financial Position.

The fair value of securities that are publicly traded in an active market is measured using bid prices at the reporting date.

Investments in pooled funds used to pay the Sales Charge Refund (“SCR”) Entitlements referred to in Note 8(a) 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 9 provides further guidance on fair value measurements.

### (f) Investment transactions and income recognition

Investment transactions are accounted for on a trade-date basis. Interest for allocation to subscriber accounts represents the coupon interest received by the Plan accounted for on an accrual basis. The Plan does not amortize premiums paid or discounts received on the purchase of fixed income securities. Dividends and distributions are accrued as of the ex-dividend date and ex-distribution date, respectively. Realized gains (losses) on the sale of investments and Change in unrealized gains (losses) are calculated with reference to the average cost of the related investments and are recognized in the period that such gains (losses) occur.

### (g) 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 were deducted from subscribers’ deposits and 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.

### (h) Income taxes

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

### (i) Cash and cash equivalents

Cash and cash equivalents include deposit balances with banks and securities with a purchase date to maturity of 90 days or less and includes term deposits, treasury bills and bankers acceptances.

### (j) Foreign currency

The functional and presentation currency of the Plan is the Canadian Dollar.

To the extent applicable in any period, foreign currency purchases and sales of investments and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or losses on investments are included in the Statements of Comprehensive Income in Realized gains (losses) on sale of investments and Change in unrealized gains (losses), respectively.

### (k) Critical accounting estimates and judgments

When preparing the financial statements, C.S.T.C. management makes estimates and judgments that affect the reported amounts recognized and disclosed in the financial statements. These estimates and judgments have a direct effect on the measurement of transactions and balances recognized in the financial statements. By their nature, these estimates and judgments are subject to measurement uncertainty and actual results could differ.

The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those involved with the valuation of the SCR Entitlements. Further information on the SCR Entitlement valuation can be found in Note 8(b).

## Note 3. Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount agreed between the parties.

### (a) Administration of the Plan

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

Administration and account maintenance fees 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, as well as the investments used to pay the SCR Entitlements (“SCR Fund”).

For the year ended October 31, 2016, \$3,390 was recognized as an expense for Administration and account maintenance fees (2015 – \$4,173). Administration and account maintenance fees included in Accounts payable, accrued

# Notes to the Financial Statements (continued)

October 31, 2016 and 2015 (in thousands of Canadian dollars)

## Note 3. Related Party Transactions (continued)

### (a) Administration of the Plan (continued)

liabilities and unclaimed subscribers' funds at October 31, 2016 was \$40 (2015 – \$42).

Sales charges were paid by subscribers and deducted from their contributions. In accordance with the distribution agreement, the Foundation agreed to set aside 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. 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 8).

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

For the year ended October 31, 2016, the Foundation provided deficit funding payments of \$2,600 (2015 – \$2,800) to the SCR Fund (see Note 8(b)).

### (c) Fees paid for services of an Independent Review Committee

The Independent Review Committee ("IRC") provides independent review and oversight of conflicts of interest relating to the management of the Plans. For the year ended October 31, 2016, the Plan recognized an expense of \$12 (2015 – \$15) for the services of the IRC. IRC fees included in Accounts payable, accrued liabilities and unclaimed subscribers' funds at October 31, 2016 was \$nil (2015 – \$1).

### (d) Fees paid to monitor and manage the portfolio managers

Included in Portfolio management fees on the Statements of Comprehensive Income is \$123 (2015 – \$135) charged by C.S.T.C. for expenses incurred to monitor and manage the portfolio managers. Included in Accounts payable, accrued liabilities and unclaimed subscribers' funds was \$8 owing to C.S.T.C. at October 31, 2016 (2015 – \$6 owing from C.S.T.C.) relating to these expenses.

## Note 4. Investment Holdings

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

The Government Grants are invested collectively in a separate fund with Government Grants of other RESP plans administered by C.S.T.C. The Government Grant principal received and income earned thereon 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).

Investments used to fund the SCR Entitlements of the Group Savings Plan and the Group Savings Plan 2001 of 100% of sales charges paid, are managed in a separate SCR Fund (see Appendix II to Schedule 1). The SCR Fund's holdings and income are allocated to the Plan based on the Plan's proportionate share of the SCR Entitlements.

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

## Note 5. Capital Risk Management

The Plan's capital consists of the components of the net assets attributable to subscribers and beneficiaries as per the Statements of Financial Position. The Plan has obligations to return subscriber contributions upon maturity or termination as well as pay EAPs of investment income, grants and income on grants. The Plan invests subscriber contributions and government grants received in appropriate investments in accordance with its stated investment objectives while maintaining sufficient liquidity to meet subscribers' obligations.

## Note 6. 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, 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 holdings of debt instruments by maturity are as follows:

Debt Instruments by Maturity Date	% of Total Investment Fund	
	Oct 31, 2016	Oct 31, 2015
Less than 1 year	12%	10%
1-3 years	19%	21%
3-5 years	21%	20%
Greater than 5 years	27%	26%
<b>Total Debt instruments</b>	<b>79%</b>	<b>77%</b>

As at October 31, 2016, if prevailing interest rates had increased by 1%, the fair value of the Total Investment Fund of \$548,697 (2015 – \$680,725) as per Schedule I – Statement

# Notes to the Financial Statements (continued)

October 31, 2016 and 2015 (in thousands of Canadian dollars)

## Note 6. Risks Associated with Financial Instruments (continued)

### (a) Market risk (continued)

#### i. Interest rate risk (continued)

of Investment Portfolio, would have decreased by approximately \$19,700 (2015 – \$19,600). If prevailing interest rates had decreased by 1%, the fair value of the Total Investment Fund would have increased by approximately \$24,200 (2015 – \$24,000). 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 ETFs of the Plan and Government Grants asset pool, and the equity component of the SCR Fund, which represents 21% (2015 – 23%) of the Total Investment Fund as at October 31, 2016. 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 mandates.

As at October 31, 2016, if equity and underlying indices prices had increased or decreased by 1%, with all other variables held constant, the fair value of the Total Investment Fund as per Schedule I – Statement of Investment Portfolio would have increased or decreased by approximately \$1,200 (2015 – \$1,600). 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 Canadian Securities Administrators. The Plan 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 summarized below:

Credit rating	October 31, 2016		October 31, 2015	
	% of Total Investment Fund	Amount (in thousands)	% of Total Investment Fund	Amount (in thousands)
AAA	23%	\$127,220	24%	\$159,372
AA/AAH/AAL	25%	139,685	24%	163,319
A/AH/AL	16%	88,040	14%	95,833
BBB	5%	23,187	2%	13,824
R-1	9%	49,762	9%	64,148
Short-term unrated	1%	3,172	4%	25,856
<b>Total Debt instruments</b>	<b>79%</b>	<b>\$431,066</b>	<b>77%</b>	<b>\$522,352</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 financial obligations as they come due. 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 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 directed 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 8(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 represents 2% (2015 – 3%) of the Total Investment Fund. The fair value of the Total Investment Fund would increase or decrease by approximately \$140 (2015 – \$200) in response to a 1% depreciation or appreciation of the Canadian dollar currency exchange rate. In practice the actual change may differ materially. The Plan holds ETFs that invest in U.S. equities and are hedged to Canadian dollars by the ETF provider.

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

The Canadian Scholarship Group Savings Plan Trust (the "Group Trust") is a legal trust, which includes the Group Savings Plan and the Group Savings Plan 2001 (the "Plans"). The Plans are registered with the Canada Revenue Agency as Education Savings Plans. The

# Notes to the Financial Statements (continued)

October 31, 2016 and 2015 (in thousands of Canadian dollars)

## Note 7. General Fund and Donations from the Foundation (continued)

General Fund is a separate account within the Group Trust and derives its income from the following sources:

- i. interest earned on the subscribers' accumulated income from the date of maturity of the subscribers' agreements to the date the funds are paid to qualified students as EAPs;
- ii. interest earned on the income forfeited when a subscriber's agreement is terminated prior to maturity;
- iii. income not collected by beneficiaries before the expiry of the Agreements; and
- iv. unclaimed principal and income payments.

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

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 of the General Fund included in the financial statements of the Plan for the years ended October 31, 2016 and 2015 are as follows:

	2016	2015
<b>Receipts</b>		
Net investment income	\$ 793	\$ 1,460
<b>Disbursements</b>		
Education assistance payments	(1,158)	(2,888)
Excess of (Disbursements) over Receipts	(365)	(1,428)
<b>Balance, Beginning of Year</b>	<b>365</b>	<b>1,793</b>
<b>Balance, End of Year</b>	<b>\$ -</b>	<b>\$ 365</b>

Receipts and disbursements in the Donations from the Foundation included in the financial statement of the Plan for the years ended October 31, 2016 and 2015 are as follows:

	2016	2015
<b>Receipts</b>		
Contributions received from the Foundation	\$ -	\$ -
<b>Disbursements</b>		
Education assistance payments	623	-
(Deficit) excess of Receipts over Disbursements	(623)	-
<b>Balance, Beginning of Year</b>	<b>1,232</b>	<b>1,232</b>
<b>Balance, End of Year</b>	<b>\$ 609</b>	<b>\$1,232</b>

## Note 8. Sales Charge Refund

### (a) Sales Charge Refund Entitlements

The Plan refunds sales charges to the beneficiaries from the SCR Fund, which amount to 100% of sales charges paid. This SCR Entitlement is paid with the first instalment of the EAP payouts to qualified beneficiaries. The total amount refunded for the year ended October 31, 2016 was \$11,811 (2015 – \$11,954).

As at October 31, 2016, the SCR Entitlements amount of \$32,160 (2015 – \$37,627) presented in the Statements of Financial Position represents the average cost of the Plan's investments in the SCR Fund of \$31,725 (2015 – \$37,505), less funds to be transferred to the direct investment holdings of the plan of \$(335) (2015 – \$(30)) for SCR payments made to beneficiaries during the year, plus accrued interest of \$100 (2015 – \$92). The fair value of the investments in the SCR Fund as at October 31, 2016, after adjusting for the above, amounted to \$33,819 (2015 – \$40,743), of which \$33,676 and \$143 are included in Investments, at fair value and Cash and cash equivalents, respectively, in the Statement of Financial Position. The difference between the present value of SCR Entitlements and the fair value of the SCR Fund is not recorded in the financial statements of the plan.

### (b) Sales Charge Refund Entitlements Valuation

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 (i) 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 (ii) below.

#### (i) 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 EAPs. The primary economic assumption is the discount rate, which is set at the expected long-term investment rates of return of the SCR Fund at October 31, 2016 of 4.5% (2015 – 4.2%) 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.



# Notes to the Financial Statements (continued)

October 31, 2016 and 2015 (in thousands of Canadian dollars)

## Note 8. Sales Charge Refund (continued)

### (b) Sales Charge Refund Entitlements Valuation (continued)

#### (i) Management's Best Estimate Valuation (continued)

In 2016, there was a change in estimate relating to the provision for SCR Entitlements. One of the underlying assumptions was changed to incorporate historical trends in collecting SCR payments rather than assuming all collection begins immediately on maturity of the Agreement. The impact of this change in estimate resulted in \$1,438 decrease in the valuation of the SCR Entitlements for 2016.

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

	2016	2015
Present value of SCR Entitlements	<b>\$30,478</b>	\$43,730
Fair value of SCR Fund (Note 8(a))	<b>33,819</b>	40,743
Underfunded (Overfunded) portion of SCR Entitlements	<b>\$ (3,341)</b>	\$ 2,987

A 1% decrease or increase in the discount rate used will increase or decrease the present value of SCR Entitlements by \$620 or \$600, respectively (2015 – \$640 or \$620, respectively).

#### (ii) Funding Valuation

An actuarial valuation was completed based on assets and obligations as at October 31, 2015. 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 4.8%, which resulted in an unfunded liability of \$1,102. In 2016, there was a change in estimate relating to the provision for SCR Entitlements. One of the underlying assumptions was changed to incorporate historical trends in collecting SCR payments rather than assuming all collection begins immediately on maturity of the Agreement. The impact of this change in estimate resulted in \$1,438 decrease in the valuation of the SCR Entitlements for 2016. The Foundation is responsible to pay 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 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 2018 based on assets and obligations as at October 31, 2017.

## Note 9. Fair Value Measurements and Disclosures

Estimates of fair value used for measurement and disclosure are designed to approximate amounts that would be received to sell an asset, or paid to discharge a liability, in an orderly transaction between market participants.

The carrying values of other financial instruments such as Cash and cash equivalents, Accrued interest and other receivables, Receivables for securities sold, Government grants receivable, Accounts payable, accrued liabilities and unclaimed subscribers' funds and Payables for securities purchased approximate their fair values as these financial instruments are short term in nature.

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 Financial Position are categorized:

- i. Level 1 financial instruments are valued using quoted market prices.
- ii. Level 2 financial instruments are valued using directly or indirectly observable inputs.
- iii. Level 3 financial instruments are valued using unobservable inputs (including the use of assumptions based on the best information available).

#### Assets Measured at Fair Value as of October 31, 2016

	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ -	\$ 427,398	\$ -	\$ 427,398
Equity Securities and Pooled equity funds	117,630	-	-	117,630
<b>Total Investments, at fair value</b>	<b>\$ 117,630</b>	<b>\$ 427,398</b>	<b>\$ -</b>	<b>\$ 545,028</b>

#### Assets Measured at Fair Value as of October 31, 2015

	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ -	\$ 479,919	\$ -	\$ 479,919
Equity Securities and Pooled equity funds	158,173	-	-	158,173
<b>Total Investments, at fair value</b>	<b>\$ 158,173</b>	<b>\$ 479,919</b>	<b>\$ -</b>	<b>\$ 638,292</b>

For the years ended October 31, 2016 and 2015, there were no transfers between Levels 1 or 2.

# Government Grants

## Appendix I to Schedule I

### Statement of Investment Portfolio

As at October 31, 2016 (in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>						<b>Bonds (continued)</b>					
<b>Federal – 20.0%</b>						<b>Federal – 20.0% (continued)</b>					
Canada Housing Trust	1.75	15 Jun 2018	1,220	1,241	1,227	Labrador Island Link Funding Trust	3.85	1 Dec 2053	800	1,018	1,008
Canada Housing Trust	2.05	1 Nov 2018	251	168	168	Muskrat Falls Funding Trust	3.83	1 Jun 2037	4,500	5,364	5,005
Canada Housing Trust	1.95	15 Jun 2019	5,500	5,665	5,646	Muskrat Falls Funding Trust	3.86	1 Dec 2048	900	1,122	1,116
Canada Housing Trust	1.75	1 Aug 2019	280	223	224						
Canada Housing Trust	1.22	1 Dec 2019	1,475	1,118	1,117						
Canada Housing Trust	1.25	1 Feb 2020	3,776	2,633	2,648					242,695	235,063
Canada Housing Trust	3.75	15 Mar 2020	3,685	4,035	4,090						
Canada Housing Trust	1.25	15 Dec 2020	2,500	2,526	2,527	<b>Provincial – 27.4%</b>					
Canada Housing Trust	1.32	1 Apr 2021	204	191	190	Alberta Capital Finance Authority	4.45	15 Dec 2025	1,785	2,117	2,052
Canada Housing Trust	3.80	15 Jun 2021	130	146	144	Province of Alberta	4.00	1 Dec 2019	155	169	171
Canada Housing Trust	1.25	15 Jun 2021	1,477	1,489	1,491	Province of Alberta	1.25	1 Jun 2020	1,902	1,910	1,883
Canada Housing Trust	1.15	15 Dec 2021	2,614	2,616	2,609	Province of Alberta	1.35	1 Sep 2021	690	691	690
Canada Housing Trust	2.40	15 Dec 2022	9,103	9,712	9,512	Province of Alberta	2.35	1 Jun 2025	725	744	720
Canada Housing Trust	2.90	15 Jun 2024	5,460	6,022	5,863	Province of Alberta	2.20	1 Jun 2026	908	913	911
Canada Housing Trust	1.95	15 Dec 2025	8,000	8,193	7,895	Province of Alberta	3.90	1 Dec 2033	1,972	2,263	2,120
Canada Housing Trust	1.90	15 Sep 2026	2,269	2,300	2,295	Province of Alberta	3.45	1 Dec 2043	1,895	2,073	1,962
Canada Post Corporation	4.36	16 Jul 2040	375	498	472	Province of Alberta	3.30	1 Dec 2046	1,713	1,838	1,814
Government of Canada	0.47	1 Dec 2016	105	105	105	Province of British Columbia	4.70	1 Dec 2017	2,675	2,791	2,950
Government of Canada	0.47	15 Dec 2016	275	275	275	Province of British Columbia	3.70	18 Dec 2020	800	883	884
Government of Canada	0.48	12 Jan 2017	100	100	100	Province of British Columbia	1.65	19 Apr 2021	1,500	1,515	1,498
Government of Canada	0.48	26 Jan 2017	100	100	100	Province of British Columbia	3.30	18 Dec 2023	1,150	1,281	1,192
Government of Canada	0.51	23 Mar 2017	1,455	1,451	1,451	Province of British Columbia	2.30	18 Jun 2026	409	421	414
Government of Canada	0.25	1 Nov 2017	300	299	299	Province of British Columbia	5.70	18 Jun 2029	1,750	2,390	2,341
Government of Canada	1.25	1 Feb 2018	4,875	4,917	4,943	Province of British Columbia	6.35	18 Jun 2031	2,800	4,121	3,990
Government of Canada	0.25	1 May 2018	2,000	1,991	1,990	Province of British Columbia	4.70	18 Jun 2037	4,920	6,450	6,017
Government of Canada	4.25	1 Jun 2018	450	476	485	Province of British Columbia	4.95	18 Jun 2040	3,700	5,098	4,777
Government of Canada	2.05	15 Jun 2018	7,825	7,997	8,002	Province of British Columbia	4.30	18 Jun 2042	8,705	11,135	10,014
Government of Canada	0.50	1 Aug 2018	2,000	1,998	1,998	Province of British Columbia	3.20	18 Jun 2044	1,600	1,733	1,593
Government of Canada	1.25	1 Sep 2018	3,300	3,342	3,356	Province of British Columbia	2.80	18 Jun 2048	138	140	142
Government of Canada	0.50	1 Nov 2018	2,100	2,098	2,097	Province of Manitoba	5.50	15 Nov 2018	1,000	1,093	1,154
Government of Canada	1.75	1 Mar 2019	225	231	232	Province of Manitoba	3.85	1 Dec 2021	1,000	1,121	1,088
Government of Canada	1.75	1 Sep 2019	1,150	1,188	1,193	Province of Manitoba	4.40	5 Sep 2025	2,800	3,301	3,148
Government of Canada	1.50	1 Mar 2020	1,450	1,493	1,495	Province of Manitoba	2.55	2 Jun 2026	579	598	595
Government of Canada	3.50	1 Jun 2020	3,025	3,335	3,391	Province of Manitoba	4.10	5 Mar 2041	5,400	6,387	6,101
Government of Canada	0.75	1 Sep 2020	3,325	3,342	3,317	Province of Manitoba	3.35	5 Mar 2043	1,300	1,378	1,298
Government of Canada	0.75	1 Mar 2021	4,948	4,968	4,909	Province of Manitoba	4.05	5 Sep 2045	7,550	9,049	8,981
Government of Canada	3.25	1 Jun 2021	1,077	1,203	1,211	Province of Manitoba	2.85	5 Sep 2046	196	190	181
Government of Canada	0.75	1 Sep 2021	2,196	2,202	2,202	Province of Manitoba	4.30	15 Nov 2051	450	546	512
Government of Canada	2.75	1 Jun 2022	774	858	851	Province of New Brunswick	4.45	26 Mar 2018	400	420	435
Government of Canada	1.50	1 Jun 2023	2,175	2,260	2,178	Province of New Brunswick	4.40	3 Jun 2019	1,400	1,521	1,556
Government of Canada	2.50	1 Jun 2024	2,275	2,524	2,523	Province of New Brunswick	2.85	2 Jun 2023	200	213	196
Government of Canada	2.25	1 Jun 2025	5,744	6,280	6,209	Province of New Brunswick	3.65	3 Jun 2024	550	615	577
Government of Canada	1.50	1 Jun 2026	674	692	699	Province of New Brunswick	5.65	27 Dec 2028	595	777	730
Government of Canada	1.00	1 Jun 2027	536	520	524	Province of New Brunswick	5.50	27 Jan 2034	1,075	1,429	1,265
Government of Canada	8.00	1 Jun 2027	4,525	7,506	7,559	Province of New Brunswick	4.65	26 Sep 2035	710	866	739
Government of Canada	5.75	1 Jun 2029	11,425	17,019	16,927	Province of New Brunswick	4.55	26 Mar 2037	1,700	2,054	1,986
Government of Canada	5.75	1 Jun 2033	7,700	12,217	11,841	Province of New Brunswick	4.80	26 Sep 2039	1,200	1,512	1,494
Government of Canada	5.00	1 Jun 2037	16,922	26,157	23,484	Province of New Brunswick	3.55	3 Jun 2043	2,000	2,116	2,016
Government of Canada	4.00	1 Jun 2041	11,950	16,984	15,991	Province of New Brunswick	3.80	14 Aug 2045	1,600	1,774	1,720
Government of Canada	3.50	1 Dec 2045	18,659	25,544	24,651	Province of New Brunswick	3.10	14 Aug 2048	138	135	137
Government of Canada	2.75	1 Dec 2048	11,900	14,511	13,632	Province of Newfoundland and Labrador	1.95	2 Jun 2022	448	453	447
Government of Canada	2.75	1 Dec 2064	3,800	4,933	4,386	Province of Newfoundland and Labrador	2.30	2 Jun 2025	200	198	199
Kreditanstalt fur Wiederaufbau Global	5.05	4 Feb 2025	1,211	1,498	1,493	Province of Newfoundland and Labrador	3.00	2 Jun 2026	1,324	1,376	1,329
Labrador Island Link Funding Trust	3.76	1 Jun 2033	500	586	586	Province of Newfoundland and Labrador	6.15	17 Apr 2028	600	793	799
Labrador Island Link Funding Trust	3.86	1 Dec 2045	2,600	3,215	3,131	Province of Newfoundland and Labrador	6.55	17 Oct 2030	600	834	839

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, 2016 (in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>						<b>Bonds (continued)</b>					
<b>Provincial – 27.4% (continued)</b>						<b>Municipal – 1.5%</b>					
Province of Newfoundland and Labrador	4.65	17 Oct 2040	1,350	1,622	1,593	City of Montreal	5.45	1 Dec 2019	200	224	227
Province of Newfoundland and Labrador	3.30	17 Oct 2046	280	273	270	City of Montreal	3.50	1 Sep 2023	225	246	241
Province of Nova Scotia	5.80	1 Jun 2033	2,775	3,834	3,481	City of Montreal	3.00	1 Sep 2025	831	872	837
Province of Nova Scotia	4.40	1 Jun 2042	1,600	1,981	1,813	City of Montreal	2.75	1 Sep 2026	223	228	223
Province of Nova Scotia	3.45	1 Jun 2045	1,700	1,829	1,708	City of Montreal	4.25	1 Dec 2032	350	400	384
Province of Nova Scotia	3.50	2 Jun 2062	600	667	599	City of Montreal	4.10	1 Dec 2034	375	419	399
Province of Ontario	4.20	8 Mar 2018	2,000	2,093	2,183	City of Montreal	6.00	1 Jun 2043	550	816	782
Province of Ontario	2.10	8 Sep 2018	2,460	2,518	2,546	City of Ottawa	4.60	14 Jul 2042	500	619	590
Province of Ontario	4.40	2 Jun 2019	4,000	4,353	4,386	City of Ottawa	3.10	27 Jul 2048	83	81	82
Province of Ontario	4.20	2 Jun 2020	4,200	4,654	4,618	City of Toronto	4.50	2 Dec 2019	225	247	250
Province of Ontario	4.00	2 Jun 2021	5,215	5,852	5,674	City of Toronto	3.50	6 Dec 2021	200	219	219
Province of Ontario	1.35	8 Mar 2022	278	277	277	City of Toronto	3.90	29 Sep 2023	1,200	1,351	1,329
Province of Ontario	3.15	2 Jun 2022	1,675	1,829	1,734	City of Toronto	2.40	24 Jun 2026	225	226	225
Province of Ontario	8.90	18 Aug 2022	1,000	1,405	1,422	City of Toronto	2.95	28 Apr 2035	300	293	277
Province of Ontario	2.85	2 Jun 2023	4,375	4,712	4,264	City of Toronto	3.50	2 Jun 2036	1,309	1,373	1,304
Province of Ontario	3.50	2 Jun 2024	3,290	3,688	3,400	City of Toronto	5.20	1 Jun 2040	1,350	1,785	1,764
Province of Ontario	2.60	2 Jun 2025	3,650	3,841	3,707	City of Toronto	4.70	10 Jun 2041	325	405	383
Province of Ontario	2.40	2 Jun 2026	1,686	1,738	1,744	City of Toronto	3.80	13 Dec 2042	550	603	578
Province of Ontario	8.25	22 Jun 2026	450	684	689	City of Toronto	4.15	10 Mar 2044	225	261	246
Province of Ontario	7.60	2 Jun 2027	2,095	3,166	3,009	City of Toronto	3.25	24 Jun 2046	109	109	109
Province of Ontario	6.50	8 Mar 2029	3,000	4,315	4,187	City of Toronto	3.70	18 Oct 2052	145	158	166
Province of Ontario	6.20	2 Jun 2031	1,500	2,164	2,090	City of Vancouver	4.10	1 Jun 2045	42	48	48
Province of Ontario	5.85	8 Mar 2033	7,625	10,835	10,440	Municipal Finance Authority of British Columbia	4.80	1 Dec 2017	100	104	107
Province of Ontario	5.60	2 Jun 2035	4,200	5,947	5,266	Municipal Finance Authority of British Columbia	5.10	20 Nov 2018	350	379	389
Province of Ontario	4.70	2 Jun 2037	7,145	9,280	8,190	Municipal Finance Authority of British Columbia	2.05	2 Jun 2019	1,000	1,023	1,024
Province of Ontario	4.60	2 Jun 2039	6,340	8,229	7,415	Municipal Finance Authority of British Columbia	4.88	3 Jun 2019	350	383	392
Province of Ontario	4.65	2 Jun 2041	14,300	18,883	17,298	Municipal Finance Authority of British Columbia	4.15	1 Jun 2021	273	306	306
Province of Ontario	3.50	2 Jun 2043	5,700	6,404	6,064	Municipal Finance Authority of British Columbia	3.75	26 Sep 2023	225	252	251
Province of Ontario	3.45	2 Jun 2045	23,100	25,881	23,727	Municipal Finance Authority of British Columbia	2.50	19 Apr 2026	822	839	823
Province of Ontario	2.90	2 Dec 2046	7,438	7,550	6,924	Region of Peel	2.30	2 Nov 2026	77	77	77
Province of Ontario	2.80	2 Jun 2048	1,305	1,303	1,323	Region of Peel	5.10	29 Jun 2040	550	723	694
Province of Quebec	4.50	1 Dec 2017	1,900	1,977	2,100	Region of Peel	3.85	30 Oct 2042	300	334	317
Province of Quebec	4.50	1 Dec 2018	1,000	1,075	1,116	Regional Municipality of York	2.60	15 Dec 2025	1,350	1,387	1,317
Province of Quebec	4.50	1 Dec 2019	1,550	1,714	1,711	Regional Municipality of York	2.50	2 Jun 2026	77	78	79
Province of Quebec	4.50	1 Dec 2020	1,000	1,132	1,057	Regional Municipality of York	4.00	31 May 2032	300	339	329
Province of Quebec	4.25	1 Dec 2021	1,000	1,142	1,143	Regional Municipality of York	4.05	1 May 2034	625	710	688
Province of Quebec	3.00	1 Sep 2023	3,000	3,260	3,201					17,917	17,456
Province of Quebec	3.75	1 Sep 2024	3,775	4,303	4,008						
Province of Quebec	2.50	1 Sep 2026	962	997	995						
Province of Quebec	6.00	1 Oct 2029	1,250	1,741	1,683						
Province of Quebec	6.25	1 Jun 2032	3,575	5,215	5,002						
Province of Quebec	5.25	1 Jun 2034	3,000	3,989	3,800						
Province of Quebec	5.75	1 Dec 2036	2,515	3,643	3,130						
Province of Quebec	5.00	1 Dec 2038	2,940	3,974	3,045						
Province of Quebec	5.00	1 Dec 2041	12,050	16,595	15,448						
Province of Quebec	4.25	1 Dec 2043	4,500	5,657	5,175						
Province of Quebec	3.50	1 Dec 2045	10,600	11,900	10,781						
Province of Quebec	3.50	1 Dec 2048	2,880	3,274	3,036						
Province of Saskatchewan	3.20	3 Jun 2024	80	88	83						
Province of Saskatchewan	2.55	2 Jun 2026	865	896	890						
Province of Saskatchewan	6.40	5 Sep 2031	4,037	5,851	5,700						
Province of Saskatchewan	4.75	1 Jun 2040	2,400	3,125	3,031						
Province of Saskatchewan	3.90	2 Jun 2045	3,700	4,360	4,093						
Province of Saskatchewan	2.75	2 Dec 2046	2,331	2,235	2,076						
				331,375	312,002						
						<b>Corporate – 30.9%</b>					
						407 International Inc.	6.75	27 Jul 2039	1,260	1,767	1,535
						Arrow Lakes Power Corporation	5.52	5 Apr 2041	839	976	839
						Bank of Montreal	2.10	6 Oct 2020	3,416	3,499	3,472
						Bank of Montreal	1.88	31 Mar 2021	1,961	1,989	1,966
						Bank of Montreal	3.40	23 Apr 2021	10,983	11,855	11,875
						Bank of Montreal	4.61	10 Sep 2025	8,930	10,706	10,351
						Bank of Nova Scotia	2.24	22 Mar 2018	8,990	9,117	9,134
						Bank of Nova Scotia	1.18	20 Apr 2018	267	269	268
						Bank of Nova Scotia	2.46	14 Mar 2019	24,258	24,908	24,870
						Bank of Nova Scotia	2.40	28 Oct 2019	10,064	10,360	10,308
						Bank of Nova Scotia	2.09	9 Sep 2020	3,564	3,642	3,609
						Bank of Nova Scotia	2.10	1 Jun 2027	139	136	139
						Bankers Hall L.P.	4.38	20 Nov 2023	2,484	2,707	2,484

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, 2016 (in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>						<b>Bonds (continued)</b>					
<b>Corporate – 30.9% (continued)</b>						<b>Corporate – 30.9% (continued)</b>					
Caisse Centrale Desjardins	2.80	19 Nov 2018	6,218	6,404	6,432	National Bank of Canada	1.81	26 Jul 2021	5,554	5,593	5,585
Canadian Imperial Bank of Commerce	2.35	18 Oct 2017	6,600	6,680	6,719	NAV Canada	7.56	1 Mar 2027	1,782	2,296	2,243
Canadian Imperial Bank of Commerce	1.17	1 Jun 2018	807	811	809	North Battleford Power L.P.	4.96	31 Dec 2032	982	1,134	999
Canadian Imperial Bank of Commerce	1.70	9 Oct 2018	2,394	2,415	2,393	Ontrea Inc.	4.62	9 Apr 2018	1,948	2,014	1,996
Canadian Imperial Bank of Commerce	1.90	26 Apr 2021	200	203	202	Ornge Issuer Trust	5.73	11 Jun 2034	3,313	4,062	3,762
Canadian Imperial Bank of Commerce	1.64	12 Jul 2021	990	993	991	Pearson International Fuel Facilities Corporation	5.09	9 Mar 2032	2,115	2,494	2,267
Canadian Pacific Railway Company	6.91	1 Oct 2024	510	345	361	Public Sector Pension Investment Board	3.27	12 Jun 2020	2,772	2,874	2,772
Capital Desjardins Inc.	5.19	5 May 2020	7,650	8,479	8,490	Rogers Communications Inc.	6.68	4 Nov 2039	550	741	677
Capital Desjardins Inc.	4.95	15 Dec 2026	4,353	4,923	4,896	Royal Bank of Canada	2.26	12 Mar 2018	2,240	2,272	2,275
Cogeco Cable Inc.	5.15	16 Nov 2020	26	29	29	Royal Bank of Canada	2.77	11 Dec 2018	27,627	28,468	28,567
Cogeco Cable Inc.	4.18	26 May 2023	1,469	1,558	1,528	Royal Bank of Canada	1.23	23 Mar 2020	4,963	4,955	4,963
CSS Partnership	6.92	31 Jul 2042	2,158	2,949	2,763	Royal Bank of Canada	2.03	15 Mar 2021	2,808	2,860	2,819
Dutch Municipal Bank, BNG	5.15	7 Mar 2025	143	171	170	Royal Bank of Canada	1.65	15 Jul 2021	9,890	9,904	9,878
Enbridge Inc.	1.73	13 Mar 2017	1,429	1,429	1,422	Royal Bank of Canada	1.58	13 Sep 2021	6,070	6,049	6,059
Enbridge Inc.	4.57	11 Mar 2044	1,231	1,242	1,167	Shaw Communications Inc.	6.75	9 Nov 2039	3,341	4,062	4,058
EUROFIMA Maple Bond	4.55	30 Mar 2027	913	1,067	1,022	SP1 Limited Partnership	3.21	15 Jun 2019	3,026	2,837	2,770
GE Capital Canada Funding Company	2.18	6 Feb 2023	3,071	3,170	3,071	St. Clair Holding ULC	4.88	31 Aug 2031	448	500	476
Greater Toronto Airport Authority	6.45	30 Jul 2029	1,557	2,003	1,914	Strait Crossing Development Inc.	6.17	15 Sep 2031	858	794	782
Heathrow Funding Limited	3.25	21 May 2027	567	587	570	Sun Life Financial Inc.	7.09	30 Jun 2052	4,075	5,284	5,298
HSBC Bank Canada	2.08	26 Nov 2018	11,821	11,958	11,895	Toronto Dominion Bank	2.45	2 Apr 2019	6,641	6,824	6,833
HSBC Bank Canada	2.45	29 Jan 2021	1,471	1,511	1,474	Toronto Dominion Bank	2.05	8 Mar 2021	1,200	1,224	1,209
HSBC Bank Canada	2.91	29 Sep 2021	13,060	13,661	13,303	Toronto Dominion Bank	1.91	18 Jul 2023	3,226	3,230	3,230
Hydro-Québec	1.00	25 May 2019	775	776	772	Toronto Dominion Bank	3.23	24 Jul 2024	15,103	16,418	15,916
Hydro-Québec	11.00	15 Aug 2020	3,000	4,085	4,332	Toronto Dominion Bank	2.98	30 Sep 2025	2,565	2,597	2,568
Hydro-Québec	6.50	15 Feb 2035	1,000	1,526	1,463	Toronto Dominion Bank	4.78	14 Dec 2105	9,519	9,559	9,871
Hydro-Québec	6.00	15 Feb 2040	8,000	12,246	11,489	TransCanada Pipelines Limited	11.80	20 Nov 2020	1,994	2,727	3,033
Hydro-Québec	5.00	15 Feb 2045	1,450	2,042	1,901	TransCanada Pipelines Limited	8.05	17 Feb 2039	1,553	2,412	2,492
Hydro-Québec	5.00	15 Feb 2050	1,500	2,191	2,014	UniCredit Group	2.93	29 May 2018	2,401	2,406	2,451
Kraft Canada Inc.	1.77	6 Jul 2020	3,800	3,820	3,800	University Health Network	5.64	8 Dec 2022	5,528	6,224	6,338
Loblaw Companies Limited	6.50	22 Jan 2029	1,827	2,327	2,268	University of Ontario Institute of Technology	6.35	15 Oct 2034	197	243	227
Loblaw Companies Limited	6.54	17 Feb 2033	595	765	737	Wells Fargo Financial Corporation Canada	3.04	29 Jan 2021	760	802	793
Manufacturers Life Insurance Company	2.81	21 Feb 2024	1,370	1,390	1,402	Wells Fargo Financial Corporation Canada	3.46	24 Jan 2023	839	909	889
Manufacturers Life Insurance Company	2.64	15 Jan 2025	1,759	1,779	1,784	WTH Car Rental ULC	2.54	20 Aug 2019	2,960	2,988	2,960
Manufacturers Life Insurance Company	2.10	1 Jun 2025	1,779	1,766	1,758				373,778	370,309	
Manufacturers Life Insurance Company	2.39	5 Jan 2026	4,728	4,735	4,696	<b>Total Fixed Income – 79.8%</b>			<b>965,765</b>	<b>934,830</b>	
Manufacturers Life Insurance Company	3.18	22 Nov 2027	6,733	6,991	6,816				<b>Number of Securities</b>	<b>Fair Value (\$)</b>	<b>Average Cost (\$)</b>
Manulife Financial Corporation	4.45	15 Dec 2026	8,516	8,528	8,797	<b>Equities – 5.9%</b>					
Maritimes and Northeast Pipelines Limited Partnership	6.90	30 Nov 2019	579	624	654	Agrium Inc.			19	2,398	2,318
Maritimes and Northeast Pipelines Limited Partnership	4.34	30 Nov 2019	1,653	1,686	1,709	Aimia Inc.			69	502	701
Master Asset Vehicle	0.78	15 Jul 2056	31	31	31	ATCO Ltd.			20	964	778
Milit-Air Inc.	5.75	30 Jun 2019	1,697	1,798	1,859	AutoCanada Inc.			23	504	525
National Bank of Canada	1.00	25 Jan 2017	120	120	120	Bank of Nova Scotia			59	4,244	3,363
National Bank of Canada	2.69	21 Aug 2017	11,200	11,343	11,450	Birchcliff Energy Ltd.			89	761	551
National Bank of Canada	1.21	14 Jun 2018	929	934	930	Boardwalk Real Estate Investment Trust			18	896	930
						Brookfield Asset Management Inc.			30	1,424	1,262
						CAE Inc.			79	1,485	1,119
						Canadian National Railway Company			34	2,835	2,544

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, 2016 (in thousands of Canadian dollars)

Security	Number of Securities	Fair Value (\$)	Average Cost (\$)	Security	Number of Securities	Fair Value (\$)	Average Cost (\$)
<b>Equities – 5.9% (continued)</b>				<b>Exchange-traded Funds – 13.9%</b>			
Canadian Natural Resources Ltd.	38	1,637	996	BMO S&P 500 Hedged to CAD Index ETF	2,587	84,093	79,116
Canadian Pacific Railway Company	8	1,443	1,342	iShares Core S&P 500 Hedged to CAD Index ETF	3,444	84,023	78,550
Canadian Western Bank	37	935	830			168,116	157,666
CCL Industries Inc.	5	1,145	1,093				
CGI Group Inc.	12	757	673	<b>Total Equities and ETFs – 19.8%</b>		<b>239,931</b>	<b>222,868</b>
Computer Modeling Group Ltd.	45	446	455				
Dollarama Inc.	7	722	531	<b>Cash and cash equivalents – 0.4%</b>		<b>5,557</b>	<b>5,557</b>
Dream Unlimited Corporation	50	345	367				
Empire Company Ltd.	54	1,048	1,298	<b>Total Portfolio Assets – 100.0%</b>		<b>1,211,253</b>	<b>1,163,255</b>
Enbridge Inc.	18	1,015	847				
Enerflex Ltd.	90	1,282	1,109	<b>Government Grant Investment Allocation</b>			
Ensign Energy Services Inc.	20	164	169	Plan II		895	848
Fairfax Financial Holdings Limited	2	1,084	984	Founders' Plan		18,900	17,964
Finning International Inc.	65	1,619	1,236	Group Savings Plan		153,018	146,181
FirstService Corporation	7	357	302	Group Savings Plan 2001		942,156	905,463
Franco-Nevada Corporation	18	1,545	1,371	Family Savings Plan		87,670	84,307
Freehold Royalties Ltd.	101	1,274	1,117	Individual Savings Plan		3,058	2,936
GMP Capital Inc.	46	215	189			<b>1,205,697</b>	<b>1,157,699</b>
Granite REIT	12	502	443	<b>Cash and Short-term Investments Allocation</b>			
Great Canadian Gaming Corporation	29	649	531	Plan II		5	5
Great-West Lifeco Inc.	16	540	523	Founders' Plan		85	85
Home Capital Group Inc.	64	1,697	1,942	Group Savings Plan		702	702
IGM Financial Inc.	16	593	576	Group Savings Plan 2001		4,346	4,346
Imperial Oil Limited	31	1,329	1,260	Family Savings Plan		405	405
Intact Financial Corporation	30	2,721	2,729	Individual Savings Plan		14	14
Jean Coutu Group (PJC) Inc.	13	257	239			<b>5,557</b>	<b>5,557</b>
Laurentian Bank of Canada	8	381	375				
Loblaw Companies Limited	25	1,634	1,687				
Magna International Inc.	34	1,886	1,915				
Manulife Financial Corporation	23	445	394				
Methanex Corporation	30	1,463	1,289				
Metro Inc.	4	168	146				
Morguard Corporation	3	478	386				
Mullen Group Ltd.	57	1,062	965				
Onex Corporation	12	1,067	981				
Pason System Inc.	75	1,134	1,375				
Potash Corporation of Saskatchewan Inc.	64	1,389	1,628				
Power Corporation of Canada	34	966	949				
PrairieSky Royalty Ltd.	58	1,680	1,338				
Quebecor World Inc.	9	334	264				
Ritchie Brothers Auctioneers	24	1,092	806				
ShawCor Ltd.	32	1,059	915				
Suncor Energy Inc.	87	3,511	2,822				
TELUS Corporation	60	2,584	2,470				
Toromont Industries Ltd.	18	690	549				
Toronto Dominion Bank	72	4,383	3,702				
Total Energy Services Inc.	35	438	494				
Wajax Corporation	21	318	438				
West Fraser Timber Co. Ltd.	7	338	340				
Westshore Terminals Investment Corporation	58	1,500	1,243				
Winpak Ltd.	10	481	488				
<b>Total Equities</b>		<b>71,815</b>	<b>65,202</b>				

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



# Sales Charge Refund Entitlements

## Appendix II to Schedule I

### Statement of Investment Portfolio

As at October 31, 2016 (in thousands of Canadian dollars)

#### Agreements Purchased prior to October 2, 2007

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>					
<b>Federal – 2.5%</b>					
Canada Housing Trust	1.27	1 Aug 2020	2,400	2,106	2,089
Canada Housing Trust	1.35	1 Sep 2021	498	492	492
Kreditanstalt fur Wiederaufbau Global	5.05	4 Feb 2025	279	345	338
				2,943	2,919
<b>Provincial – 0.6%</b>					
Province of New Brunswick	6.47	30 Nov 2027	594	743	725
				743	725
<b>Corporate – 33.4%</b>					
407 International Inc.	6.47	27 Jul 2029	281	392	394
407 International Inc.	7.13	26 Jul 2040	295	458	455
Bank of Nova Scotia	1.18	20 Apr 2018	650	655	652
Bank of Nova Scotia	1.33	1 May 2018	200	200	199
Blue Water Bridge Authority	6.41	9 Jul 2027	1,246	731	900
Canadian Imperial Bank of Commerce	0.94	8 Jun 2017	110	109	110
Canadian Imperial Bank of Commerce	1.13	8 Feb 2018	555	558	555
Canadian Imperial Bank of Commerce	1.13	9 Feb 2018	750	753	750
Cogeco Cable Inc.	4.18	26 May 2023	1,483	1,573	1,477
Enbridge Inc.	1.73	13 Mar 2017	255	255	254
Enbridge Inc.	4.57	11 Mar 2044	907	915	852
EUROFIMA Maple Bond	4.55	30 Mar 2027	212	248	237
GE Capital Canada Funding Company	1.62	15 Feb 2022	1,947	1,926	1,786
GE Capital Canada Funding Company	2.18	6 Feb 2023	807	833	807
Greater Toronto Airport Authority	6.45	30 Jul 2029	1,298	1,671	1,579
Heathrow Funding Limited	3.25	21 May 2027	426	441	445
Honda Canada Finance Inc.	1.93	3 Dec 2018	1,244	1,249	1,244
InPower BC General Partnership	4.47	31 Mar 2033	535	587	532
Kraft Canada Inc.	1.77	6 Jul 2020	1,783	1,793	1,783
Loblaw Companies Limited	6.54	17 Feb 2033	173	222	214
Maritimes and Northeast Pipelines Limited Partnership	6.90	30 Nov 2019	65	71	74
Maritimes and Northeast Pipelines Limited Partnership	4.34	30 Nov 2019	659	672	679
McCain Finance Limited	3.87	7 Feb 2023	737	810	737
Milit-Air Inc.	5.75	30 Jun 2019	844	894	930
National Bank of Canada	1.21	14 Jun 2018	649	652	650
NAV Canada	7.56	1 Mar 2027	1,819	2,344	2,287
North Battleford Power L.P.	4.96	31 Dec 2032	162	187	184
Nova Gas Transmission Ltd.	9.90	16 Dec 2024	109	164	167
Ontrea Inc.	4.62	9 Apr 2018	772	798	783
Ornge Issuer Trust	5.73	11 Jun 2034	1,828	2,242	2,108
Public Sector Pension Investment Board	3.27	12 Jun 2020	1,713	1,775	1,721
Royal Bank of Canada	5.01	9 Apr 2019	509	510	503

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>					
<b>Corporate – 33.4% (continued)</b>					
Royal Bank of Canada	1.36	11 Feb 2020	310	310	310
Royal Bank of Canada	1.23	23 Mar 2020	2,394	2,390	2,394
Shaw Communications Inc.	6.75	9 Nov 2039	1,654	2,011	1,605
SNC-Lavalin Group Inc.	6.19	3 Jul 2019	451	495	512
SP1 Limited Partnership	3.21	15 Jun 2019	1,373	1,287	1,256
St. Clair Holding ULC	4.88	31 Aug 2031	401	447	401
Strait Crossing Development Inc.	6.17	15 Sep 2031	451	417	360
TransCanada Pipelines Limited	11.80	20 Nov 2020	172	235	260
TransCanada Pipelines Limited	8.29	5 Feb 2026	214	293	283
TransCanada Pipelines Limited	6.28	26 May 2028	35	44	42
TransCanada Pipelines Limited	6.89	7 Aug 2028	117	153	146
UniCredit Group	2.93	29 May 2018	200	200	204
University Health Network	5.64	8 Dec 2022	1,761	1,984	2,007
University of Ontario Institute of Technology	6.35	15 Oct 2034	1,211	1,492	1,285
WTH Car Rental ULC	2.54	20 Aug 2019	1,215	1,227	1,215
				39,673	38,328
<b>Total Fixed Income – 36.5%</b>				<b>43,359</b>	<b>41,972</b>

Security	Number of Securities	Fair Value (\$)	Average Cost (\$)
<b>Pooled Equity Funds</b>			
SRA Canadian Equity Fund	1,969	28,304	28,534
SRA US Equity Fund	2,636	23,745	22,754
SRA International Equity Fund	2,043	22,860	19,828
<b>Total Equities – 63.1%</b>		<b>74,909</b>	<b>71,116</b>
<b>Total Investments – 99.6%</b>		<b>118,268</b>	<b>113,088</b>
<b>Cash and cash equivalents – 0.4%</b>		514	514
<b>Total Portfolio Assets – 100.0%</b>		<b>118,782</b>	<b>113,602</b>
<b>Total Investments Allocation</b>			
Group Savings Plan 2001		84,592	81,506
Group Savings Plan		33,676	31,582
		<b>118,268</b>	<b>113,088</b>
<b>Cash and cash equivalents Allocation</b>			
Group Savings Plan 2001		371	371
Group Savings Plan		143	143
		<b>514</b>	<b>514</b>

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

# Canadian Scholarship Trust Plan

## Sponsor

Canadian Scholarship Trust Foundation  
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1.877.333.RESP (7377)

## Investment Fund Manager and Distributor

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## Bank

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Royal Bank Plaza  
South Tower  
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For updates on your Plan account, login to Online Services at [www.cst.org](http://www.cst.org)  
In Quebec, Canadian Scholarship Trust Plan is distributed by  
C.S.T. Consultants Inc. Scholarship Plan Brokerage Firm.

