

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



# **Canadian Scholarship Trust Group Savings Plan**

**Semi-Annual Financial Statements  
Unaudited**

**April 30, 2017**



## Contents

---

	<b>Page</b>
Statements of Financial Position	1
Statements of Comprehensive Income	2
Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries	2
Statements of Cash Flows	3
Schedule I – Statement of Investment Portfolio	4
Notes to the Financial Statements	7
Government Grants (Appendix I to Schedule I)	13
Sales Charge Refund Entitlements (Appendix II to Schedule I)	17

Unaudited semi-annual financial statements

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

# Statements of Financial Position

As at April 30, 2017 and October 31, 2016 (in thousands of Canadian dollars)

	Apr 30, 2017	Oct 31, 2016
		(Audited)
<b>Assets</b>		
Cash and cash equivalents	\$ 2,617	\$ 3,669
Receivables for securities sold	28	239
Investments, at fair value <i>(Note 4 and Schedule 1)</i>	527,964	545,028
Accrued interest and other receivables	6,025	12,061
Government grants receivable	49	82
	<b>536,683</b>	<b>561,079</b>
<b>Liabilities</b>		
Payables for securities purchased	61	536
Accounts payable, accrued liabilities and unclaimed subscribers' funds	1,524	12,904
	<b>1,585</b>	<b>13,440</b>
<b>Net Assets Attributable to Subscribers and Beneficiaries</b>	<b>535,098</b>	<b>547,639</b>
<b>Represented by:</b>		
<b>Non-Discretionary Funds</b>		
Accumulated income held for future education assistance payments	146,679	150,372
Subscribers' deposits <i>(Note 7)</i>	199,840	211,685
Government grants	85,845	88,804
Income on Government grants	50,047	50,227
Sales charge refund entitlements <i>(Note 9)</i>	33,334	32,160
General Fund <i>(Note 8)</i>	-	-
<b>Unrealized Gains (Losses)</b>	<b>18,600</b>	<b>13,782</b>
<b>Discretionary Funds</b>		
Donations from the Foundation <i>(Note 7)</i>	753	609
	<b>\$ 535,098</b>	<b>\$ 547,639</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 six months ended April 30, 2017 and 2016 (in thousands of Canadian dollars)

	Apr 30, 2017	Apr 30, 2016
<b>Income</b>		
Interest for allocation to subscriber accounts	\$ 5,557	\$ 6,854
Realized gains (losses) on sale of investments	1,601	(177)
Change in unrealized gains (losses)	4,818	(2,998)
Dividends	3,451	5,126
	<b>15,427</b>	<b>8,805</b>
<b>Expenses</b>		
Administration and account maintenance fees <i>(Note 3(a))</i>	1,420	1,791
Portfolio management fees	210	473
Custodian and trustee fees	76	87
Independent Review Committee fees	4	5
	<b>1,710</b>	<b>2,356</b>
<b>Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries</b>	<b>\$ 13,717</b>	<b>\$ 6,449</b>

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

For the six months ended April 30, 2017 and 2016 (in thousands of Canadian dollars)

	Apr 30, 2017	Apr 30, 2016
<b>Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Period</b>	<b>\$ 547,639</b>	<b>\$ 680,892</b>
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	13,717	6,449
Transfers to internal and external plans	(3,137)	(1,849)
	<b>10,580</b>	<b>4,600</b>
<b>Receipts</b>		
Government grants received (net of repayments)	132	579
<b>Disbursements</b>		
Net decrease in Subscribers' deposits <i>(Note 7)</i>	(11,845)	(12,193)
Payments to beneficiaries		
Education assistance payments	(6,491)	(6,703)
Government grants	(2,210)	(2,043)
Refund of Sales Charge	(1,224)	(1,191)
Return of interest	(1,483)	(1,277)
<b>Total payments to beneficiaries</b>	<b>(11,408)</b>	<b>(11,214)</b>
<b>Receipts less Disbursements</b>	<b>(23,121)</b>	<b>(22,828)</b>
<b>Change in Net Assets Attributable to Subscribers and Beneficiaries</b>	<b>(12,541)</b>	<b>(18,228)</b>
<b>Net Assets Attributable to Subscribers and Beneficiaries, End of Period</b>	<b>\$ 535,098</b>	<b>\$ 662,664</b>

# Statements of Cash Flows

For the six months ended April 30, 2017 and 2016 (in thousands of Canadian dollars)

	Apr 30, 2017	Apr 30, 2016
<b>Operating Activities</b>		
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	\$ 13,717	\$ 6,449
Net disbursements from investment transactions	23,219	(26,515)
Items not affecting cash		
Realized (gains) losses on sale of investments	(1,601)	177
Change in unrealized (gains) losses	(4,818)	2,998
Change in non-cash operating working capital		
Decrease (increase) in Accrued interest and other receivables	6,036	(495)
Decrease (increase) in Government grants receivable	33	18
Increase (decrease) in Accounts payable, accrued liabilities and unclaimed subscribers' funds	(11,380)	1,971
<b>Cash flow from Operating Activities</b>	<b>25,206</b>	<b>(15,397)</b>
<b>Financing Activities</b>		
Transfers to internal and external plans	(3,137)	(1,849)
Government grants received (net of repayments)	132	579
Net decrease in Subscribers' deposits <i>(Note 7)</i>	(11,845)	(12,193)
Payments to beneficiaries	(11,408)	(11,214)
<b>Cash flow used in Financing Activities</b>	<b>(26,258)</b>	<b>(24,677)</b>
<b>Net increase (decrease) in Cash and cash equivalents</b>	<b>(1,052)</b>	<b>(40,074)</b>
<b>Cash and cash equivalents, Beginning of Period</b>		
Cash	2,766	2,491
Cash equivalents	903	39,942
	<b>3,669</b>	<b>42,433</b>
<b>Cash and cash equivalents, End of Period</b>		
Cash	1,234	1,013
Cash equivalents	1,383	1,346
	<b>\$ 2,617</b>	<b>\$ 2,359</b>
<b>Supplemental cash flow information:</b>		
Withholding Taxes	\$ 93	\$ 156
Interest Income Received	5,852	5,653

# Schedule I – Statement of Investment Portfolio

As at April 30, 2017 (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 – 35.9%</b>						<b>Provincial – 7.3% (continued)</b>					
Canada Housing Trust	2.05	15 Jun 2018	6,625	6,722	6,776	Province of British Columbia	4.65	18 Dec 2018	500	530	560
Canada Housing Trust	2.35	15 Dec 2018	1,625	1,665	1,696	Province of British Columbia	4.10	18 Dec 2019	250	270	282
Canada Housing Trust	4.10	15 Dec 2018	1,600	1,685	1,756	Province of British Columbia	3.70	18 Dec 2020	175	190	194
Canada Housing Trust	1.95	15 Jun 2019	1,250	1,277	1,295	Province of British Columbia	3.25	18 Dec 2021	400	432	430
Canada Housing Trust	2.00	15 Dec 2019	1,800	1,847	1,857	Province of Manitoba	1.85	5 Sep 2018	264	267	264
Canada Housing Trust	3.75	15 Mar 2020	6,769	7,286	7,506	Province of Manitoba	5.50	15 Nov 2018	135	144	156
Canada Housing Trust	1.20	15 Jun 2020	4,600	4,615	4,586	Province of Manitoba	1.15	21 Nov 2019	147	147	147
Canada Housing Trust	1.45	15 Jun 2020	1,100	1,112	1,108	Province of Manitoba	4.15	3 Jun 2020	200	218	224
Canada Housing Trust	1.25	15 Dec 2020	5,825	5,838	5,831	Province of New Brunswick	4.40	3 Jun 2019	150	160	166
Canada Housing Trust	1.25	15 Jun 2021	1,973	1,972	1,991	Province of New Brunswick	4.50	2 Jun 2020	800	878	902
Canada Housing Trust	3.80	15 Jun 2021	1,400	1,542	1,544	Province of New Brunswick	6.47	30 Nov 2027	156	192	192
Canada Housing Trust	1.15	15 Dec 2021	1,700	1,685	1,668	Province of Nova Scotia	4.15	25 Nov 2019	200	215	222
Canada Housing Trust	1.50	15 Dec 2021	1,436	1,446	1,434	Province of Nova Scotia	4.10	1 Jun 2021	150	166	165
Canada Housing Trust	2.65	15 Mar 2022	900	954	945	Province of Ontario	5.50	2 Jun 2018	275	289	306
Government of Canada	0.48	4 May 2017	13,150	13,131	13,131	Province of Ontario	2.10	8 Sep 2018	1,025	1,042	1,057
Government of Canada	0.46	18 May 2017	2,750	2,744	2,744	Province of Ontario	4.40	2 Jun 2019	2,310	2,471	2,568
Government of Canada	0.51	1 Jun 2017	2,150	2,144	2,144	Province of Ontario	2.10	8 Sep 2019	800	820	833
Government of Canada	0.51	15 Jun 2017	3,765	3,757	3,757	Province of Ontario	4.20	2 Jun 2020	4,950	5,395	5,572
Government of Canada	0.51	29 Jun 2017	2,600	2,593	2,593	Province of Ontario	4.00	2 Jun 2021	1,775	1,957	1,994
Government of Canada	0.52	13 Jul 2017	2,150	2,144	2,144	Province of Ontario	1.35	8 Mar 2022	378	375	370
Government of Canada	0.52	27 Jul 2017	6,275	6,263	6,263	Province of Québec	4.50	1 Dec 2018	350	370	385
Government of Canada	0.53	10 Aug 2017	2,150	2,145	2,145	Province of Québec	2.45	1 Dec 2019	600	620	626
Government of Canada	0.53	24 Aug 2017	2,150	2,145	2,145	Province of Québec	4.50	1 Dec 2019	1,450	1,576	1,632
Government of Canada	0.55	7 Sep 2017	2,550	2,543	2,543	Province of Québec	4.50	1 Dec 2020	1,100	1,225	1,253
Government of Canada	0.55	21 Sep 2017	2,150	2,144	2,144	Province of Québec	4.25	1 Dec 2021	1,675	1,880	1,876
Government of Canada	0.56	5 Oct 2017	2,150	2,144	2,144	Province of Saskatchewan	1.95	1 Mar 2019	150	153	152
Government of Canada	0.56	19 Oct 2017	2,150	2,144	2,144					25,711	26,241
Government of Canada	0.25	1 May 2018	150	149	149						
Government of Canada	4.25	1 Jun 2018	1,225	1,272	1,332	<b>Municipal – 0.9%</b>					
Government of Canada	0.50	1 Aug 2018	1,800	1,796	1,795	City of Montreal	5.45	1 Dec 2019	150	166	172
Government of Canada	1.25	1 Sep 2018	2,475	2,494	2,510	City of Montreal	4.50	1 Dec 2021	100	112	111
Government of Canada	0.50	1 Nov 2018	3,450	3,441	3,436	City of Toronto	4.95	27 Jun 2018	75	78	82
Government of Canada	0.50	1 Feb 2019	1,500	1,495	1,492	City of Toronto	4.50	2 Dec 2019	50	54	56
Government of Canada	1.75	1 Mar 2019	2,542	2,591	2,619	City of Toronto	3.50	6 Dec 2021	75	81	80
Government of Canada	0.75	1 May 2019	1,425	1,426	1,423	Municipal Finance Authority of British Columbia	5.10	20 Nov 2018	125	133	139
Government of Canada	1.88	1 May 2019	19	15	15	Municipal Finance Authority of British Columbia	2.05	2 Jun 2019	1,750	1,784	1,792
Government of Canada	3.75	1 Jun 2019	2,225	2,364	2,457	Municipal Finance Authority of British Columbia	4.88	3 Jun 2019	100	108	112
Government of Canada	1.75	1 Sep 2019	3,432	3,513	3,557	Municipal Finance Authority of British Columbia	4.45	1 Jun 2020	125	137	141
Government of Canada	1.27	1 Mar 2020	2,500	1,712	1,719	Municipal Finance Authority of British Columbia	4.15	1 Jun 2021	200	221	225
Government of Canada	1.50	1 Mar 2020	1,300	1,326	1,342	Regional Municipality of York	5.00	29 Apr 2019	200	215	224
Government of Canada	3.50	1 Jun 2020	2,225	2,407	2,493					3,089	3,134
Government of Canada	0.75	1 Sep 2020	3,825	3,812	3,835	<b>Corporate – 37.5%</b>					
Government of Canada	0.75	1 Mar 2021	977	971	981	407 International Inc.	6.47	27 Jul 2029	561	775	774
Government of Canada	3.25	1 Jun 2021	3,175	3,470	3,574	407 International Inc.	7.13	26 Jul 2040	565	884	824
Government of Canada	0.75	1 Sep 2021	2,564	2,542	2,545	Access Justice Durham Ltd.	5.02	31 Aug 2039	1	1	1
Government of Canada	0.50	1 Mar 2022	2,175	2,125	2,109	Bank Nederlandse Gemeenten	5.15	7 Mar 2025	194	228	230
Kreditanstalt für Wiederaufbau Global	5.05	4 Feb 2025	697	845	847	Bank of Montreal	1.04	29 Mar 2018	1,928	1,936	1,937
				125,453	126,264	Bank of Montreal	1.21	11 Apr 2019	686	688	688
						Bank of Montreal	2.10	6 Oct 2020	278	284	282
<b>Provincial – 7.3%</b>											
Province of Alberta	4.00	1 Dec 2019	575	617	634						
Province of Alberta	1.25	1 Jun 2020	2,861	2,863	2,830						
Province of Alberta	1.35	1 Sep 2021	250	249	249						

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

# Schedule I – Statement of Investment Portfolio (continued)

As at April 30, 2017 (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 – 37.5% (continued)</b>						<b>Corporate – 37.5% (continued)</b>					
Bank of Montreal	1.88	31 Mar 2021	292	295	292	Maritimes and Northeast Pipelines Limited Partnership	4.34	30 Nov 2019	201	206	210
Bank of Montreal	3.40	23 Apr 2021	2,657	2,845	2,796	Maritimes and Northeast Pipelines Limited Partnership	6.90	30 Nov 2019	60	64	69
Bank of Montreal	4.61	10 Sep 2025	2,260	2,674	2,621	Metropolitan Life Insurance Company	2.31	25 Sep 2017	290	291	292
Bank of Nova Scotia	2.24	22 Mar 2018	540	545	549	MILIT-AIR Inc.	5.75	30 Jun 2019	1,705	1,789	1,885
Bank of Nova Scotia	1.05	20 Apr 2018	2,043	2,054	2,052	Morgan Stanley	1.22	11 Jan 2018	418	420	420
Bank of Nova Scotia	1.33	1 May 2018	895	897	889	National Bank of Canada	1.09	14 Jun 2018	205	206	205
Bank of Nova Scotia	2.46	14 Mar 2019	4,904	5,014	5,023	National Bank of Canada	2.40	28 Oct 2019	2,840	2,914	2,924
Bank of Nova Scotia	2.40	28 Oct 2019	2,456	2,519	2,515	National Grid Electricity Transmission plc	2.90	26 Nov 2019	164	170	170
Bank of Nova Scotia	2.09	9 Sep 2020	880	897	891	NAV Canada	7.56	1 Mar 2027	242	310	310
Bank of Nova Scotia	1.90	2 Dec 2021	1,955	1,971	1,959	North Battleford Power L.P.	4.96	31 Dec 2032	1,712	1,963	1,900
Bank of Nova Scotia	1.84	27 Apr 2022	440	441	440	Ornge Issuer Trust	5.73	11 Jun 2034	4,415	5,277	4,992
Bankers Hall L.P.	4.38	20 Nov 2023	571	596	606	Pearson International Fuel Facilities Corporation	5.09	9 Mar 2032	1,555	1,717	1,685
Bell Canada	6.17	26 Feb 2037	111	142	138	Public Sector Pension Investment Board	3.27	12 Jun 2020	2,869	2,944	2,890
Bell Canada	4.35	18 Dec 2045	258	265	258	Rogers Communications Inc.	6.68	4 Nov 2039	594	807	731
Caisse Centrale Desjardins	2.80	19 Nov 2018	975	998	1,009	Rogers Communications Inc.	6.11	25 Aug 2040	1,000	1,280	1,287
Caisse Française de Financement Local S.A.	5.00	9 Mar 2020	300	327	328	Royal Bank of Canada	2.77	11 Dec 2018	2,910	2,981	3,004
Canadian Imperial Bank of Commerce	1.70	9 Oct 2018	1,168	1,177	1,172	Royal Bank of Canada	1.07	23 Mar 2020	5,808	5,840	5,808
Canadian Imperial Bank of Commerce	1.90	26 Apr 2021	520	526	524	Royal Bank of Canada	2.03	15 Mar 2021	1,515	1,540	1,525
Canadian Imperial Bank of Commerce	1.64	12 Jul 2021	380	381	379	Royal Bank of Canada	1.65	15 Jul 2021	3,602	3,603	3,573
Canadian Imperial Bank of Commerce	2.04	21 Mar 2022	1,714	1,737	1,716	Royal Bank of Canada	1.58	13 Sep 2021	1,605	1,598	1,602
Canadian Pacific Railway Company	6.91	1 Oct 2024	278	175	179	Royal Bank of Canada	1.97	2 Mar 2022	270	273	269
Capital Desjardins Inc.	5.19	5 May 2020	1,830	2,019	2,047	Royal Bank of Canada	2.00	21 Mar 2022	2,429	2,454	2,414
Capital Desjardins Inc.	4.95	15 Dec 2026	1,073	1,215	1,204	Shaw Communications Inc.	6.75	9 Nov 2039	2,944	3,721	3,617
Cogeco Inc.	4.18	26 May 2023	1,843	1,976	1,917	SNC-Lavalin Group Inc.	6.19	3 Jul 2019	426	463	464
Enbridge Inc.	4.57	11 Mar 2044	1,269	1,325	1,334	SP1 Limited Partnership	3.21	15 Jun 2019	2,170	1,999	1,984
EUROFIMA Maple Bond	4.55	30 Mar 2027	1,057	1,234	1,216	St. Clair Holding ULC	4.88	31 Aug 2031	139	147	147
GE Capital Canada Funding Company	1.62	15 Feb 2022	2,848	2,828	2,783	Straight Crossing Development Inc.	6.17	15 Sep 2031	670	607	601
GE Capital Canada Funding Company	2.18	6 Feb 2023	284	294	284	Sun Life Capital Trust	7.09	30 Jun 2052	936	1,255	1,218
Greater Toronto Airports Authority	6.45	30 Jul 2029	2,237	2,834	2,767	Toronto Dominion Bank	1.02	28 Mar 2018	619	622	622
Great-West Lifeco Inc.	6.14	21 Mar 2018	689	719	733	Toronto Dominion Bank	2.45	2 Apr 2019	1,606	1,643	1,652
Great-West Lifeco Inc.	6.67	21 Mar 2033	373	508	498	Toronto Dominion Bank	1.16	18 Feb 2020	2,489	2,510	2,490
Green Timbers L.P.	6.84	30 Jun 2037	849	1,095	1,061	Toronto Dominion Bank	1.69	2 Apr 2020	357	360	356
Heathrow Funding Limited	4.00	3 Jul 2021	56	59	60	Toronto Dominion Bank	2.05	8 Mar 2021	265	270	271
Heathrow Funding Limited	3.25	21 May 2027	334	352	348	Toronto Dominion Bank	1.68	8 Jun 2021	795	800	791
Honda Canada Finance Inc.	1.93	3 Dec 2018	338	340	339	Toronto Dominion Bank	1.91	18 Jul 2023	660	659	660
HSBC Bank Canada	2.08	26 Nov 2018	2,347	2,376	2,361	Toronto Dominion Bank	3.23	24 Jul 2024	3,759	4,049	3,962
HSBC Bank Canada	2.91	29 Sep 2021	3,140	3,289	3,198	Toronto Dominion Bank	2.98	30 Sep 2025	614	633	614
Hydro-Québec	1.00	25 May 2019	408	408	406	TransCanada PipeLines Limited	11.80	20 Nov 2020	125	166	182
Hydro-Québec	11.00	15 Aug 2020	1,000	1,311	1,394	TransCanada PipeLines Limited	8.29	5 Feb 2026	828	1,156	1,100
Kraft Canada Inc.	1.62	6 Jul 2020	2,450	2,477	2,450	TransCanada PipeLines Limited	6.28	26 May 2028	65	82	77
Loblaw Companies Limited	6.50	22 Jan 2029	1,374	1,757	1,705	TransCanada PipeLines Limited	6.89	7 Aug 2028	108	143	135
Loblaw Companies Limited	6.54	17 Feb 2033	494	636	612	TransCanada PipeLines Limited	4.55	15 Nov 2041	129	145	123
Loblaw Companies Limited	5.90	18 Jan 2036	79	97	95	UniCredit Group	2.67	29 May 2018	1,902	1,910	1,947
Manufacturers Life Insurance Company	2.82	26 Feb 2023	301	304	304	University Health Network	5.64	8 Dec 2022	2,310	2,562	2,651
Manufacturers Life Insurance Company	2.64	15 Jan 2025	905	927	918	University of Ontario Institute of Technology	6.35	15 Oct 2034	237	289	275
Manufacturers Life Insurance Company	2.10	1 Jun 2025	973	983	965	Wells Fargo Financial Corporation Canada	3.04	29 Jan 2021	269	282	282
Manufacturers Life Insurance Company	2.39	5 Jan 2026	1,639	1,666	1,628	Wells Fargo Financial Corporation Canada	3.46	24 Jan 2023	110	118	116
Manufacturers Life Insurance Company	3.18	22 Nov 2027	800	842	820	WTH Car Rental ULC	2.54	20 Aug 2019	814	821	814
										131,202	129,835
<b>Total Fixed Income Investments – 81.6%</b>									<b>285,455</b>	<b>285,474</b>	

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



# Schedule I – Statement of Investment Portfolio (continued)

As at April 30, 2017 (in thousands of Canadian dollars)

Security	Number of Securities	Fair Value (\$)	Average Cost (\$)	Security	Number of Securities	Fair Value (\$)	Average Cost (\$)
<b>Equities – 4.6%</b>				<b>Equities – 4.6% (continued)</b>			
Agrium Inc.	4	542	514	ShawCor Ltd.	7	227	194
Aimia Inc.	17	152	162	Stella-Jones Inc.	1	64	62
ATCO Ltd.	2	113	87	Suncor Energy Inc.	14	614	497
AutoCanada Inc.	5	113	112	TELUS Corporation	12	524	487
Bank of Nova Scotia	11	801	632	Toromont Industries Ltd.	4	172	121
Birchcliff Energy Ltd.	28	193	191	Toronto Dominion Bank	13	848	697
Boardwalk Real Estate Investment Trust	7	302	321	Total Energy Services Inc.	8	103	109
Brookfield Asset Management Inc.	6	322	270	Wajax Corporation	4	107	89
Brookfield Infrastructure Partners L.P.	3	163	131	Westshore Terminals Investment Corporation	11	256	261
Brookfield Renewable Partners L.P.	2	76	75	Winpak Ltd.	2	128	102
CAE Inc.	12	240	168				
Canadian National Railway Company	6	564	438	<b>Total Equities</b>		<b>16,077</b>	<b>14,300</b>
Canadian Natural Resources Limited	8	351	224				
Canadian Pacific Railway Company	1	261	229	<b>Exchange-traded Funds – 13.2%</b>			
Canadian Western Bank	6	173	149	BMO S&P 500 Hedged to CAD Index ETF	637	23,183	19,655
CCL Industries Inc.	1	253	184	iShares Core S&P 500 Hedged to CAD Index ETF	842	22,980	19,341
CGI Group Inc.	4	239	216		1,479	46,163	38,996
CI Financial Corp.	10	255	261				
Computer Modeling Group Ltd.	9	99	91	<b>Total Equities and ETFs – 17.8%</b>		<b>62,240</b>	<b>53,296</b>
Dollarama Inc.	1	140	100				
DREAM Unlimited Corporation	10	69	77	<b>Cash and cash equivalents – 0.6%</b>		<b>2,246</b>	<b>2,246</b>
Empire Company Limited	21	449	433				
Enbridge Inc.	6	314	286	<b>Total Portfolio Assets – 100.0%</b>		<b>349,941</b>	<b>341,016</b>
Enerflex Ltd.	12	230	162				
Ensign Energy Services Inc.	5	37	41	<b>Investments Allocation (Note 4)</b>			
Fairfax Financial Holdings Limited	0.3	298	303	<b>Government Grants (Appendix I)</b>		144,727	137,370
Finning International Inc.	12	324	250	<b>Sales Charge Refund Entitlements (Appendix II)</b>		35,542	33,223
FirstService Corporation	1	117	67	<b>Cash and cash equivalents (Appendices I, &amp; II)</b>		371	371
Franco-Nevada Corporation	5	456	378				
Freehold Royalties Ltd.	23	308	261	<b>Total Investment Fund</b>		<b>530,581</b>	<b>511,980</b>
GMP Capital Inc.	10	33	40				
Granite REIT Holdings Limited Partnership	2	122	92	<b>Represented by:</b>			
Great Canadian Gaming Corporation	6	149	117	<b>Cash and cash equivalents</b>		2,617	
Great-West Lifeco Inc.	3	124	108	<b>Investments, at fair value</b>		527,964	
Home Capital Group Inc.	11	89	331				
IGM Financial Inc.	3	142	122				
Imperial Oil Limited	6	255	261				
Intact Financial Corporation	7	676	670				
Jean Coutu Group (PJC) Inc.	4	95	81				
Laurentian Bank of Canada	2	90	79				
Loblaw Companies Limited	6	477	427				
MacDonald, Dettwiler and Associates Ltd.	3	229	236				
Magna International Inc.	8	440	439				
Manulife Financial Corporation	3	82	60				
Methanex Corporation	2	138	97				
METRO Inc.	1	34	28				
Morguard Corporation	1	115	85				
Mullen Group Ltd.	17	261	300				
Onex Corporation	3	255	208				
Pason System Inc.	14	287	262				
Power Corporation of Canada	6	189	167				
PrairieSky Royalty Ltd.	12	360	293				
Restaurant Brands International Inc.	1	105	83				
Ritchie Brothers Auctioneers	7	333	282				

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



# Notes to the Financial Statements

Six months ended April 30, 2017 and 2016 (Unaudited, 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 Quebec Education Savings Incentive (“QESI”) and the Saskatchewan Advantage Grant for Education Savings (“SAGES”) (collectively, “Government Grants”). The Government of Saskatchewan has announced a temporary suspension of the SAGES program effective January 1, 2018.

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 interim financial statements were prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

These financial statements were approved by the Board of the Foundation on June 6, 2017.

### (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.

# Notes to the Financial Statements (continued)

Six months ended April 30, 2017 and 2016 (Unaudited, in thousands of Canadian dollars)

## Note 2. Significant Accounting Policies (continued)

### (d) Financial instruments (continued)

<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 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"), pooled funds and equity securities.

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.

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 9 (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 10 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 9 (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 entered into an agreement to appoint 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 1/2 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").

During the six months ended April 30, 2017, \$1,420 was recognized as an expense for Administration and account

# Notes to the Financial Statements (continued)

Six months ended April 30, 2017 and 2016 (Unaudited, in thousands of Canadian dollars)

## Note 3. Related Party Transactions (continued)

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

maintenance fees (2016 – \$1,791). Administration and account maintenance fees included in Accounts payable, accrued liabilities and unclaimed subscribers' funds at April 30, 2017 was \$33 (October 31, 2016 – \$40).

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 amount funded was equivalent to 50% of the estimated present value of the SCR Entitlements of \$200 per unit as determined at the time of sale.

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 9).

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

During the six months ended April 30, 2017, the Foundation provided deficit funding payments of \$nil (2016 – \$1,300) to the SCR Fund (see Note 9(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 six months ended April 30, 2017, the Plan recognized an expense of \$4 (2016 – \$5) for the services of the IRC. IRC fees included in Accounts payable, accrued liabilities and unclaimed subscribers' funds at April 30, 2017 was \$1 (October 31, 2016 – \$nil).

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

Included in Portfolio management fees on the Statements of Comprehensive Income is \$47 (2016 – \$58) 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 is \$2 owing to C.S.T.C. at April 30, 2017 (\$8 at October 31, 2016) 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 C.S.T.C. 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 change in the fair value or cash flows of the Plan's investments in interest-bearing financial instruments as a result of fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of bonds. This risk is actively managed using duration, yield curve analysis, sector and credit selection. There is reduced risk to interest rate changes for cash and cash equivalents due to their short-term nature.

# Notes to the Financial Statements (continued)

Six months ended April 30, 2017 and 2016 (Unaudited, in thousands of Canadian dollars)

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

### (a) Market risk (continued)

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

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

Debt Instruments by Maturity Date	% of Total Investment Fund	
	Apr 30, 2017	Oct 31, 2016
Less than 1 year	11%	12%
1-3 years	22%	19%
3-5 years	20%	21%
Greater than 5 years	25%	27%
<b>Total Debt instruments</b>	<b>78%</b>	<b>79%</b>

As at April 30, 2017, if prevailing interest rates had increased by 1%, the fair value of the Total Investment Fund of \$530,581 (October 31, 2016 – \$548,697) as per Schedule I – Statement of Investment Portfolio, would have decreased by \$17,000 (October 31, 2016 – \$19,700). If prevailing interest rates had decreased by 1%, the fair value of the Total Investment Fund would have increased by \$21,000 (October 31, 2016 – \$24,200). 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 22% (October 31, 2016 – 21%) of the Total Investment Fund amount as at April 30, 2017. 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 April 30, 2017, 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 \$1,100 (October 31, 2016 – \$1,200). 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	April 30, 2017		October 31, 2016	
	% of Total Investment Fund	Amount (in thousands)	% of Total Investment Fund	Amount (in thousands)
AAA	20%	\$ 107,963	23%	\$ 127,220
AA/AAH/AAL	27%	142,040	25%	139,685
A/AH/AL	16%	85,655	16%	88,040
BBB	3%	14,042	5%	23,187
R-1	9%	48,131	9%	49,762
Short-term unrated	3%	17,945	1%	3,172
<b>Total Debt Instruments</b>	<b>78%</b>	<b>\$ 415,776</b>	<b>79%</b>	<b>\$ 431,066</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 9(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 3% (October 31, 2016 – 2%) of the Total Investment Fund. The fair value of the Total Investment Fund would increase or decrease by approximately \$150 (October 31, 2016 – \$140) 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.



# Notes to the Financial Statements (continued)

Six months ended April 30, 2017 and 2016 (Unaudited, in thousands of Canadian dollars)

## Note 7. Subscribers' Deposits

The changes in Subscribers' deposits for the six-month period ended April 30, 2017 and 2016 are as follows:

	April 30, 2017	April 30, 2016
Payments from subscribers	\$ 828	\$ 2,815
Inter-plan principal transfers	(3,684)	(3,899)
Account maintenance fees	(114)	(151)
Return of principal	(8,875)	(10,958)
Net decrease in Subscribers' deposits	(11,845)	(12,193)
<b>Balance, Beginning of Period</b>	<b>211,685</b>	<b>289,938</b>
<b>Balance, End of Period</b>	<b>\$ 199,840</b>	<b>\$ 277,745</b>

## Note 8. 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 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.

As at April 30, 2017 the balance of the general fund and the discretionary donation remaining to be paid to beneficiaries, included in the Statement of Financial Position, were \$nil (October 31, 2016 – \$ nil) and \$753 (October 31, 2016 – \$609), respectively.

## Note 9. 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 six-month period ended April 30, 2017 was \$1,224 (2016 – \$1,191).

As at April 30, 2017, the SCR Entitlements amount of \$33,334 (October 31, 2016 – \$32,160) presented in the Statements of Financial Position represents the average cost of the Plan's investments in the SCR Fund of \$33,269 (October 31, 2016 – \$31,725), less funds to be transferred to the direct investment holdings of the plan of \$13 (October 31, 2016 – \$(335)) for SCR payments made to beneficiaries during the period, plus accrued interest of \$78 (October 31, 2016 – \$100). The fair value of the investments in the SCR Fund as at April 30, 2017, after adjusting for the above, amounted to \$35,653 (October 31, 2016 – \$33,819), of which \$35,542 and \$46 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.

### (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 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. 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 the year ended October 31, 2016.

# Notes to the Financial Statements (continued)

Six months ended April 30, 2017 and 2016 (Unaudited, in thousands of Canadian dollars)

## Note 9. Sales Charge Refund (continued)

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

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

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

	2016	2015
Present value of SCR Entitlements	\$ 30,478	\$ 43,730
Fair value of SCR Fund (Note 9 (a))	33,819	40,743
Underfunded portion of SCR Entitlements	\$ (3,341)	\$ 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 the year ended October 31, 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 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 10. 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 April 30, 2017

	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ -	\$ 413,134	-	\$ 413,134
Equity Securities, ETFs and Pooled equity funds	114,830	-	-	114,830
<b>Total Investment Fund</b>	<b>\$114,830</b>	<b>\$ 413,134</b>	<b>\$ -</b>	<b>\$ 527,964</b>

#### 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, ETFs and Pooled equity funds	117,630	-	-	117,630
<b>Total Investment Fund</b>	<b>\$117,630</b>	<b>\$ 427,398</b>	<b>\$ -</b>	<b>\$ 545,028</b>

For the six-month period ended April 30, 2017 and year ended October 31, 2016, there were no transfers between Levels 1 or 2.

# Government Grants

## Appendix I to Schedule I

### Statement of Investment Portfolio

As at April 30, 2017 (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 – 7.8%</b>						<b>Federal – 7.8% (continued)</b>					
Canada Housing Trust	1.75	15 Jun 2018	1,220	1,234	1,227	Muskkrat Falls Funding Trust	3.86	1 Dec 2048	150	178	186
Canada Housing Trust	2.05	15 Jun 2018	7,300	7,407	7,469					94,023	93,990
Canada Housing Trust	1.95	15 Jun 2019	3,000	3,066	3,080						
Canada Housing Trust	3.75	15 Mar 2020	3,685	3,967	4,090	<b>Provincial – 39.3%</b>					
Canada Housing Trust	1.25	15 Dec 2020	1,500	1,503	1,516	Province of Alberta	4.00	1 Dec 2019	1,405	1,509	1,525
Canada Housing Trust	1.25	15 Jun 2021	1,477	1,476	1,491	Province of Alberta	1.25	1 Jun 2020	1,902	1,903	1,883
Canada Housing Trust	3.80	15 Jun 2021	130	143	144	Province of Alberta	1.35	1 Sep 2021	1,015	1,010	1,010
Canada Housing Trust	1.15	15 Dec 2021	2,389	2,368	2,368	Province of Alberta	2.55	15 Dec 2022	225	235	232
Canada Housing Trust	1.50	15 Dec 2021	688	693	688	Province of Alberta	2.35	1 Jun 2025	725	738	720
Canada Housing Trust	1.75	15 Jun 2022	702	714	702	Province of Alberta	4.45	15 Dec 2025	1,785	2,087	2,052
Canada Housing Trust	2.40	15 Dec 2022	9,103	9,550	9,512	Province of Alberta	2.20	1 Jun 2026	2,572	2,565	2,561
Canada Housing Trust	2.90	15 Jun 2024	1,685	1,824	1,809	Province of Alberta	2.55	1 Jun 2027	544	553	547
Canada Housing Trust	1.90	15 Sep 2026	1,323	1,319	1,307	Province of Alberta	2.90	20 Sep 2029	1,700	1,745	1,704
Canada Housing Trust	2.35	15 Jun 2027	280	288	279	Province of Alberta	3.50	1 Jun 2031	1,300	1,410	1,371
Canada Post Corporation	4.36	16 Jul 2040	375	472	472	Province of Alberta	3.90	1 Dec 2033	3,272	3,681	3,545
Government of Canada	0.51	15 Jun 2017	140	140	140	Province of Alberta	4.50	1 Dec 2040	3,000	3,679	3,639
Government of Canada	0.55	7 Sep 2017	1,395	1,392	1,392	Province of Alberta	3.45	1 Dec 2043	4,245	4,463	4,390
Government of Canada	0.56	5 Oct 2017	120	120	120	Province of Alberta	3.30	1 Dec 2046	5,026	5,160	5,125
Government of Canada	0.25	1 May 2018	1,475	1,469	1,468	Province of British Columbia	2.25	1 Mar 2019	125	128	128
Government of Canada	4.25	1 Jun 2018	400	415	417	Province of British Columbia	4.10	18 Dec 2019	1,200	1,295	1,315
Government of Canada	0.50	1 Aug 2018	2,000	1,996	1,998	Province of British Columbia	3.70	18 Dec 2020	1,025	1,113	1,129
Government of Canada	1.25	1 Sep 2018	1,300	1,310	1,322	Province of British Columbia	1.65	19 Apr 2021	1,500	1,509	1,498
Government of Canada	0.50	1 Nov 2018	2,100	2,094	2,097	Province of British Columbia	3.30	18 Dec 2023	1,000	1,095	1,041
Government of Canada	1.75	1 Mar 2019	225	229	232	Province of British Columbia	2.30	18 Jun 2026	2,373	2,411	2,379
Government of Canada	1.75	1 Sep 2019	904	925	938	Province of British Columbia	2.55	18 Jun 2027	1,247	1,285	1,244
Government of Canada	0.99	1 Dec 2019	1,475	1,051	1,048	Province of British Columbia	5.70	18 Jun 2029	2,975	3,976	3,953
Government of Canada	1.26	1 Feb 2020	3,776	2,444	2,454	Province of British Columbia	6.35	18 Jun 2031	3,750	5,401	5,339
Government of Canada	1.50	1 Mar 2020	1,450	1,479	1,495	Province of British Columbia	4.70	18 Jun 2037	4,120	5,235	5,038
Government of Canada	3.50	1 Jun 2020	1,425	1,541	1,598	Province of British Columbia	4.95	18 Jun 2040	5,000	6,651	6,480
Government of Canada	0.75	1 Sep 2020	1,175	1,171	1,172	Province of British Columbia	4.30	18 Jun 2042	4,905	6,036	5,658
Government of Canada	0.75	1 Mar 2021	3,398	3,379	3,362	Province of British Columbia	3.20	18 Jun 2044	1,600	1,659	1,593
Government of Canada	1.25	1 Apr 2021	204	185	183	Province of British Columbia	2.80	18 Jun 2048	3,238	3,124	3,089
Government of Canada	3.25	1 Jun 2021	1,802	1,969	2,003	Province of Manitoba	5.50	15 Nov 2018	1,000	1,069	1,154
Government of Canada	0.75	1 Sep 2021	1,708	1,693	1,691	Province of Manitoba	1.15	21 Nov 2019	253	253	253
Government of Canada	0.50	1 Mar 2022	1,279	1,249	1,242	Province of Manitoba	1.55	5 Sep 2021	200	201	200
Government of Canada	2.75	1 Jun 2022	1,124	1,219	1,226	Province of Manitoba	3.85	1 Dec 2021	1,000	1,103	1,088
Government of Canada	1.00	1 Sep 2022	425	423	423	Province of Manitoba	2.55	2 Jun 2023	400	417	413
Government of Canada	1.50	1 Jun 2023	1,150	1,173	1,160	Province of Manitoba	2.45	2 Jun 2025	750	769	755
Government of Canada	2.50	1 Jun 2024	1,075	1,166	1,176	Province of Manitoba	4.40	5 Sep 2025	2,800	3,273	3,148
Government of Canada	2.25	1 Jun 2025	44	47	48	Province of Manitoba	2.55	2 Jun 2026	755	774	772
Government of Canada	1.50	1 Jun 2026	1,563	1,571	1,528	Province of Manitoba	2.60	2 Jun 2027	157	160	157
Government of Canada	1.00	1 Jun 2027	1,653	1,570	1,547	Province of Manitoba	3.25	5 Sep 2029	1,200	1,276	1,240
Government of Canada	8.00	1 Jun 2027	1,925	3,085	3,190	Province of Manitoba	4.10	5 Mar 2041	5,400	6,234	6,101
Government of Canada	5.75	1 Jun 2029	825	1,185	1,201	Province of Manitoba	4.40	5 Mar 2042	3,300	3,984	3,894
Government of Canada	5.75	1 Jun 2033	550	837	845	Province of Manitoba	3.35	5 Mar 2043	1,300	1,334	1,298
Government of Canada	5.00	1 Jun 2037	897	1,322	1,196	Province of Manitoba	4.05	5 Sep 2045	4,350	5,040	5,174
Government of Canada	4.00	1 Jun 2041	800	1,073	1,044	Province of Manitoba	2.85	5 Sep 2046	196	183	181
Government of Canada	3.50	1 Dec 2045	2,206	2,817	2,838	Province of Manitoba	3.40	5 Sep 2048	301	315	300
Government of Canada	2.75	1 Dec 2048	3,455	3,923	3,819	Province of New Brunswick	4.40	3 Jun 2019	1,400	1,497	1,556
Government of Canada	2.75	1 Dec 2064	900	1,068	1,012	Province of New Brunswick	2.85	2 Jun 2023	700	741	720
Kreditanstalt fur Wiederaufbau Global	5.05	4 Feb 2025	1,211	1,468	1,493	Province of New Brunswick	3.65	3 Jun 2024	550	610	577
Labrador-Island Link Funding Trust	3.76	1 Jun 2033	150	170	176	Province of New Brunswick	2.60	14 Aug 2026	167	171	167
Labrador-Island Link Funding Trust	3.86	1 Dec 2045	2,200	2,576	2,639	Province of New Brunswick	6.47	30 Nov 2027	193	237	237
Labrador-Island Link Funding Trust	3.85	1 Dec 2053	100	120	126	Province of New Brunswick	5.65	27 Dec 2028	595	769	730
Muskkrat Falls Funding Trust	3.83	1 Jun 2037	4,150	4,757	4,591	Province of New Brunswick	5.50	27 Jan 2034	1,075	1,413	1,265
						Province of New Brunswick	4.65	26 Sep 2035	710	857	739
						Province of New Brunswick	4.55	26 Mar 2037	1,700	2,032	1,986
						Province of New Brunswick	4.80	26 Sep 2039	950	1,181	1,183
						Province of New Brunswick	3.55	3 Jun 2043	3,950	4,113	3,980

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



# Government Grants (continued)

## Appendix I to Schedule I

### Statement of Investment Portfolio

As at April 30, 2017 (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 – 39.3% (continued)</b>						<b>Provincial – 39.3% (continued)</b>					
Province of New Brunswick	3.80	14 Aug 2045	4,800	5,228	5,133	Province of Québec	5.00	1 Dec 2038	2,940	3,870	3,045
Province of New Brunswick	3.10	14 Aug 2048	299	288	293	Province of Québec	5.00	1 Dec 2041	19,825	26,493	25,652
Province of Newfoundland and Labrador	1.95	2 Jun 2022	248	251	247	Province of Québec	4.25	1 Dec 2043	14,200	17,247	16,819
Province of Newfoundland and Labrador	2.30	2 Jun 2025	200	201	199	Province of Québec	3.50	1 Dec 2045	9,100	9,847	9,258
Province of Newfoundland and Labrador	3.00	2 Jun 2026	1,324	1,389	1,329	Province of Québec	3.50	1 Dec 2048	8,196	8,968	8,702
Province of Newfoundland and Labrador	6.15	17 Apr 2028	600	790	799	Province of Saskatchewan	3.20	3 Jun 2024	80	87	83
Province of Newfoundland and Labrador	6.55	17 Oct 2030	2,000	2,785	2,727	Province of Saskatchewan	2.55	2 Jun 2026	1,893	1,944	1,925
Province of Newfoundland and Labrador	4.65	17 Oct 2040	1,350	1,623	1,593	Province of Saskatchewan	2.65	2 Jun 2027	131	135	130
Province of Newfoundland and Labrador	3.30	17 Oct 2046	1,980	1,936	1,841	Province of Saskatchewan	6.40	5 Sep 2031	5,237	7,476	7,377
Province of Newfoundland and Labrador	3.70	17 Oct 2048	305	323	305	Province of Saskatchewan	4.75	1 Jun 2040	3,125	3,969	3,929
Province of Nova Scotia	4.10	1 Jun 2021	550	608	611	Province of Saskatchewan	3.90	2 Jun 2045	3,700	4,229	4,085
Province of Nova Scotia	2.10	1 Jun 2027	1,212	1,182	1,158	Province of Saskatchewan	2.75	2 Dec 2046	3,881	3,596	3,466
Province of Nova Scotia	5.80	1 Jun 2033	2,575	3,507	3,238	Province of Saskatchewan	3.30	2 Jun 2048	532	552	530
Province of Nova Scotia	4.40	1 Jun 2042	3,600	4,350	4,187	Province of Saskatchewan	3.75	5 Mar 2054	384	438	427
Province of Nova Scotia	3.45	1 Jun 2045	3,200	3,345	3,227					474,728	461,159
Province of Nova Scotia	3.50	2 Jun 2062	600	642	599	<b>Municipal – 1.5%</b>					
Province of Ontario	2.10	8 Sep 2018	2,460	2,501	2,546	City of Montreal	5.45	1 Dec 2019	200	221	227
Province of Ontario	4.40	2 Jun 2019	6,550	7,007	7,142	City of Montreal	3.50	1 Sep 2023	225	244	241
Province of Ontario	4.20	2 Jun 2020	6,375	6,948	7,009	City of Montreal	3.00	1 Sep 2025	831	872	837
Province of Ontario	4.00	2 Jun 2021	5,790	6,384	6,313	City of Montreal	2.75	1 Sep 2026	223	228	223
Province of Ontario	1.35	8 Mar 2022	647	641	640	City of Montreal	4.25	1 Dec 2032	350	400	384
Province of Ontario	3.15	2 Jun 2022	5,100	5,486	5,423	City of Montreal	4.10	1 Dec 2034	375	420	399
Province of Ontario	1.95	27 Jan 2023	1,700	1,721	1,710	City of Montreal	6.00	1 Jun 2043	550	797	782
Province of Ontario	2.85	2 Jun 2023	4,550	4,832	4,519	City of Ottawa	4.60	14 Jul 2042	500	604	590
Province of Ontario	3.50	2 Jun 2024	3,090	3,411	3,193	City of Ottawa	3.10	27 Jul 2048	83	78	82
Province of Ontario	2.60	2 Jun 2025	6,150	6,396	6,272	City of Toronto	4.50	2 Dec 2019	225	243	250
Province of Ontario	2.40	2 Jun 2026	3,828	3,896	3,880	City of Toronto	3.50	6 Dec 2021	200	216	219
Province of Ontario	2.60	2 Jun 2027	1,032	1,060	1,034	City of Toronto	3.90	29 Sep 2023	1,200	1,336	1,329
Province of Ontario	7.60	2 Jun 2027	2,095	3,099	3,009	City of Toronto	2.40	24 Jun 2026	225	225	225
Province of Ontario	6.50	8 Mar 2029	10,200	14,339	14,208	City of Toronto	2.95	28 Apr 2035	300	290	277
Province of Ontario	6.20	2 Jun 2031	2,575	3,638	3,586	City of Toronto	3.50	2 Jun 2036	1,309	1,356	1,304
Province of Ontario	5.85	8 Mar 2033	9,425	13,081	12,900	City of Toronto	5.20	1 Jun 2040	1,350	1,751	1,764
Province of Ontario	5.60	2 Jun 2035	7,150	9,848	9,260	City of Toronto	4.70	10 Jun 2041	325	398	383
Province of Ontario	4.70	2 Jun 2037	8,945	11,278	10,416	City of Toronto	3.80	13 Dec 2042	550	591	578
Province of Ontario	4.60	2 Jun 2039	7,340	9,218	8,619	City of Toronto	4.15	10 Mar 2044	225	256	246
Province of Ontario	4.65	2 Jun 2041	18,800	23,949	22,960	City of Toronto	3.25	24 Jun 2046	709	696	680
Province of Ontario	3.50	2 Jun 2043	9,000	9,711	9,565	City of Vancouver	3.70	18 Oct 2052	145	155	166
Province of Ontario	3.45	2 Jun 2045	22,175	23,799	22,775	City of Winnipeg	4.10	1 Jun 2045	42	46	48
Province of Ontario	2.90	2 Dec 2046	12,913	12,515	12,135	City of Winnipeg	4.30	15 Nov 2051	450	524	512
Province of Ontario	2.80	2 Jun 2048	10,495	10,011	9,817	Municipal Finance Authority of British Columbia	5.10	20 Nov 2018	350	372	389
Province of Québec	4.50	1 Dec 2018	1,025	1,083	1,114	Municipal Finance Authority of British Columbia	4.88	3 Jun 2019	350	377	392
Province of Québec	4.50	1 Dec 2019	2,775	3,016	3,057	Municipal Finance Authority of British Columbia	4.15	1 Jun 2021	273	302	306
Province of Québec	4.50	1 Dec 2020	1,200	1,334	1,279	Municipal Finance Authority of British Columbia	3.75	26 Sep 2023	225	250	251
Province of Québec	4.25	1 Dec 2021	2,550	2,862	2,883	Municipal Finance Authority of British Columbia	2.50	19 Apr 2026	822	836	823
Province of Québec	3.50	1 Dec 2022	3,425	3,759	3,747	Region of Peel	2.30	2 Nov 2026	77	76	77
Province of Québec	3.00	1 Sep 2023	3,250	3,485	3,467	Region of Peel	5.10	29 Jun 2040	550	706	694
Province of Québec	3.75	1 Sep 2024	2,775	3,118	2,946	Region of Peel	3.85	30 Oct 2042	300	325	317
Province of Québec	2.50	1 Sep 2026	1,629	1,671	1,661	Regional Municipality of York	2.60	15 Dec 2025	1,350	1,381	1,319
Province of Québec	2.75	1 Sep 2027	985	1,025	993	Regional Municipality of York	2.50	2 Jun 2026	77	78	79
Province of Québec	6.00	1 Oct 2029	3,375	4,609	4,544	Regional Municipality of York	4.00	31 May 2032	300	335	329
Province of Québec	6.25	1 Jun 2032	4,875	6,979	6,790	Regional Municipality of York	4.05	1 May 2034	625	701	688
Province of Québec	5.25	1 Jun 2034	3,000	3,907	3,800					17,686	17,410
Province of Québec	5.75	1 Dec 2036	10,015	14,150	13,577						

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

# Government Grants (continued)

## Appendix I to Schedule I

### Statement of Investment Portfolio

As at April 30, 2017 (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 – 31.3%</b>						<b>Corporate – 31.3% (continued)</b>					
407 International Inc.	6.47	27 Jul 2029	213	294	289	Loblaw Companies Limited	6.50	22 Jan 2029	1,827	2,337	2,268
407 International Inc.	6.75	27 Jul 2039	1,249	1,714	1,521	Loblaw Companies Limited	6.54	17 Feb 2033	595	766	737
Arrow Lakes Power Corporation	5.52	5 Apr 2041	831	989	831	Loblaw Companies Limited	5.90	18 Jan 2036	24	30	29
Bank Nederlandse Gemeenten	5.15	7 Mar 2025	143	168	170	Manufacturers Life Insurance Company	2.82	26 Feb 2023	1,204	1,218	1,218
Bank of Montreal	1.04	29 Mar 2018	7,949	7,983	7,987	Manufacturers Life Insurance Company	2.81	21 Feb 2024	1,180	1,205	1,207
Bank of Montreal	1.21	11 Apr 2019	1,431	1,436	1,435	Manufacturers Life Insurance Company	2.64	15 Jan 2025	4,357	4,463	4,418
Bank of Montreal	2.10	6 Oct 2020	1,380	1,409	1,403	Manufacturers Life Insurance Company	2.10	1 Jun 2025	3,484	3,520	3,454
Bank of Montreal	1.88	31 Mar 2021	1,751	1,772	1,756	Manufacturers Life Insurance Company	2.39	5 Jan 2026	4,968	5,049	4,941
Bank of Montreal	3.40	23 Apr 2021	10,783	11,536	11,657	Manufacturers Life Insurance Company	3.18	22 Nov 2027	3,680	3,874	3,760
Bank of Montreal	4.61	10 Sep 2025	8,900	10,532	10,318	Maritimes and Northeast Pipelines Limited Partnership	4.34	30 Nov 2019	1,208	1,235	1,248
Bank of Nova Scotia	2.24	22 Mar 2018	2,680	2,707	2,723	Maritimes and Northeast Pipelines Limited Partnership	6.90	30 Nov 2019	496	526	560
Bank of Nova Scotia	1.07	20 Apr 2018	5,518	5,547	5,543	Metropolitan Life Insurance Company	3.11	16 Apr 2021	732	768	762
Bank of Nova Scotia	2.46	14 Mar 2019	21,008	21,481	21,539	MILLT-AIR Inc.	5.75	30 Jun 2019	1,434	1,504	1,571
Bank of Nova Scotia	2.40	28 Oct 2019	10,064	10,322	10,308	Morgan Stanley	1.22	11 Jan 2018	522	524	524
Bank of Nova Scotia	2.09	9 Sep 2020	3,564	3,632	3,609	National Bank of Canada	2.40	28 Oct 2019	11,840	12,147	12,192
Bank of Nova Scotia	1.90	2 Dec 2021	7,020	7,076	7,045	NAV Canada	7.56	1 Mar 2027	1,620	2,082	2,039
Bank of Nova Scotia	1.84	27 Apr 2022	1,770	1,773	1,769	North Battleford Power L.P.	4.96	31 Dec 2032	966	1,107	982
Bankers Hall L.P.	4.38	20 Nov 2023	2,460	2,570	2,460	Ontrea Inc.	4.62	9 Apr 2018	1,926	1,964	1,974
Bell Canada	6.17	26 Feb 2037	345	440	430	Ornge Issuer Trust	5.73	11 Jun 2034	3,259	3,895	3,700
Caisse Centrale Desjardins	2.80	19 Nov 2018	3,956	4,051	4,092	Pearson International Fuel Facilities Corporation	5.09	9 Mar 2032	2,069	2,286	2,218
Caisse Française de Financement Local S.A.	5.00	9 Mar 2020	380	415	416	Public Sector Pension Investment Board	3.27	12 Jun 2020	2,740	2,812	2,740
Canadian Imperial Bank of Commerce	0.82	26 Jun 2017	190	190	190	Rogers Communications Inc.	6.68	4 Nov 2039	1,231	1,673	1,571
Canadian Imperial Bank of Commerce	1.70	9 Oct 2018	3,480	3,506	3,490	Rogers Communications Inc.	6.56	22 Mar 2041	220	298	285
Canadian Imperial Bank of Commerce	1.90	26 Apr 2021	2,350	2,379	2,369	Royal Bank of Canada	2.77	11 Dec 2018	11,420	11,700	11,789
Canadian Imperial Bank of Commerce	1.64	12 Jul 2021	2,740	2,744	2,734	Royal Bank of Canada	1.06	23 Mar 2020	4,963	4,990	4,963
Canadian Imperial Bank of Commerce	2.04	21 Mar 2022	7,084	7,180	7,091	Royal Bank of Canada	2.03	15 Mar 2021	6,179	6,280	6,223
Canadian Pacific Railway Company	6.91	1 Oct 2024	510	322	347	Royal Bank of Canada	1.65	15 Jul 2021	14,757	14,760	14,649
Capital Desjardins Inc.	5.19	5 May 2020	7,270	8,022	8,128	Royal Bank of Canada	1.58	13 Sep 2021	5,875	5,850	5,863
Capital Desjardins Inc.	4.95	15 Dec 2026	4,723	5,347	5,311	Royal Bank of Canada	1.97	2 Mar 2022	2,660	2,686	2,649
Cogeco Inc.	5.15	16 Nov 2020	26	29	29	Royal Bank of Canada	2.00	21 Mar 2022	9,944	10,048	9,887
Cogeco Inc.	4.18	26 May 2023	1,503	1,612	1,563	Shaw Communications Inc.	6.75	9 Nov 2039	3,341	4,222	4,058
CSS Partnership	6.92	31 Jul 2042	2,143	2,960	2,743	SNC-Lavalin Group Inc.	6.19	3 Jul 2019	541	588	589
Enbridge Inc.	4.57	11 Mar 2044	1,231	1,285	1,167	SP1 Limited Partnership	3.21	15 Jun 2019	3,026	2,788	2,735
EUROFIMA Maple Bond	4.55	30 Mar 2027	913	1,066	1,022	St. Clair Holding ULC	4.88	31 Aug 2031	434	459	461
GE Capital Canada Funding Company	2.18	6 Feb 2023	3,071	3,181	3,071	Strait Crossing Development Inc.	6.17	15 Sep 2031	858	777	770
Greater Toronto Airports Authority	6.45	30 Jul 2029	1,557	1,972	1,914	Sun Life Capital Trust	7.09	30 Jun 2052	3,955	5,305	5,142
Great-West Lifeco Inc.	6.14	21 Mar 2018	2,749	2,869	2,924	Toronto Dominion Bank	2.45	2 Apr 2019	6,641	6,793	6,833
Great-West Lifeco Inc.	6.67	21 Mar 2033	1,506	2,052	2,011	Toronto Dominion Bank	2.05	8 Mar 2021	1,080	1,099	1,089
Heathrow Funding Limited	3.25	21 May 2027	567	597	570	Toronto Dominion Bank	1.68	8 Jun 2021	3,521	3,543	3,504
HSBC Bank Canada	2.08	26 Nov 2018	9,760	9,881	9,821	Toronto Dominion Bank	1.91	18 Jul 2023	2,866	2,860	2,868
HSBC Bank Canada	2.91	29 Sep 2021	12,980	13,594	13,231	Toronto Dominion Bank	3.23	24 Jul 2024	15,323	16,505	16,152
Hydro One Inc.	8.90	18 Aug 2022	1,000	1,362	1,422	Toronto Dominion Bank	2.98	30 Sep 2025	2,565	2,643	2,568
Hydro One Inc.	8.25	22 Jun 2026	2,950	4,374	4,397	TransCanada PipeLines Limited	11.80	20 Nov 2020	1,994	2,643	3,033
Hydro-Québec	1.00	25 May 2019	775	775	772	TransCanada PipeLines Limited	8.05	17 Feb 2039	1,553	2,486	2,492
Hydro-Québec	11.00	15 Aug 2020	3,000	3,934	4,332	UniCredit Group	2.67	29 May 2018	2,401	2,411	2,451
Hydro-Québec	6.50	15 Feb 2035	1,000	1,491	1,463	University Health Network	5.64	8 Dec 2022	5,170	5,729	5,929
Hydro-Québec	6.00	15 Feb 2040	8,000	11,869	11,489	University of Ontario Institute of Technology	6.35	15 Oct 2034	295	359	348
Hydro-Québec	5.00	15 Feb 2045	1,450	1,969	1,901						
Hydro-Québec	5.00	15 Feb 2050	1,500	2,109	2,014						
Kraft Canada Inc.	1.62	6 Jul 2020	3,800	3,841	3,800						

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

# Government Grants (continued)

## Appendix I to Schedule I

### Statement of Investment Portfolio

As at April 30, 2017 (in thousands of Canadian dollars)

Security	Interest Rate %	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Number of Securities	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>						<b>Equities – 5.8% (continued)</b>			
<b>Corporate – 31.3% (continued)</b>						Magna International Inc.	36	2,058	2,012
Wells Fargo Financial Corporation Canada	3.04	29 Jan 2021	630	661	657	Manulife Financial Corporation	14	333	239
Wells Fargo Financial Corporation Canada	3.46	24 Jan 2023	919	989	975	Methanex Corporation	9	563	385
WTH Car Rental ULC	2.54	20 Aug 2019	2,960	2,987	2,960	METRO Inc.	3	158	130
				377,803	374,652	Morguard Corporation	2	470	331
						Mullen Group Ltd.	82	1,218	1,379
<b>Total Fixed Income Investments – 79.9%</b>				<b>964,240</b>	<b>947,211</b>	Onex Corporation	11	1,040	842
						Pason System Inc.	60	1,215	1,099
						Power Corporation of Canada	24	773	690
						PrairieSky Royalty Ltd.	49	1,470	1,148
						Restaurant Brands International Inc.	6	466	371
						Ritchie Brothers Auctioneers	37	1,645	1,392
						ShawCor Ltd.	27	928	785
						Stella-Jones Inc.	7	291	280
						Suncor Energy Inc.	65	2,770	2,213
						TELUS Corporation	51	2,302	2,107
						Toromont Industries Ltd.	16	796	514
						Toronto Dominion Bank	58	3,748	3,008
						Total Energy Services Inc.	33	445	470
						Wajax Corporation	18	435	376
						Westshore Terminals Investment Corporation	51	1,208	1,137
						Winpak Ltd.	9	522	415
						<b>Total Equities</b>		<b>70,043</b>	<b>61,614</b>
						<b>Exchange-traded Funds – 14.1%</b>			
						BMO S&P 500 Hedged to CAD Index ETF	2,351	85,593	72,315
						iShares Core S&P 500 Hedged to CAD Index ETF	3,126	85,306	71,681
								170,899	143,996
						<b>Total Equities and ETFs – 19.9%</b>		<b>240,942</b>	<b>205,610</b>
						<b>Cash and cash equivalents – 0.2%</b>			
								<b>2,727</b>	<b>2,727</b>
						<b>Total Portfolio Assets – 100.0%</b>			
								<b>1,207,909</b>	<b>1,155,548</b>
						<b>Government Grant Investment Allocation</b>			
						Plan II		876	824
						Founders' Plan		16,703	15,706
						Group Savings Plan		144,727	137,370
						Group Savings Plan 2001		950,764	910,628
						Family Savings Plan		89,100	85,413
						Individual Savings Plan		3,012	2,880
								<b>1,205,182</b>	<b>1,152,821</b>
						<b>Cash and Short-term Investments Allocation</b>			
						Plan II		2	2
						Founders' Plan		37	37
						Group Savings Plan		325	325
						Group Savings Plan 2001		2,154	2,154
						Family Savings Plan		202	202
						Individual Savings Plan		7	7
								<b>2,727</b>	<b>2,727</b>

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



# Canadian Scholarship Trust Plan

## Sponsor

Canadian Scholarship Trust Foundation  
2235 Sheppard Avenue East, Suite 1600  
Toronto, Ontario M2J 5B8  
1.877.333.RESP (7377)

## Investment Fund Manager and Distributor

C.S.T. Consultants Inc.  
2235 Sheppard Avenue East, Suite 1600  
Toronto, Ontario M2J 5B8

## Trustee

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

## Auditor

Deloitte LLP  
Bay Adelaide East  
22 Adelaide Street West, Suite 200  
Toronto, Ontario M5H 0A9

## Bank

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

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

