

C.S.T. Consultants Inc.

Canadian Scholarship Trust Group Savings Plan

Audited Financial Statements and
Management Report of Fund Performance

October 31, 2015 and 2014



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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, SEDAR at 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.

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.

Beginning in late September 2015 and completed in October, the Plan implemented changes to its investment structure to enhance diversification and yield, and improve liability matching with assets. While the majority of Principal assets remain invested in Canadian government fixed income securities, they are now managed using a passive¹ approach. A dedicated allocation of Principal assets was also moved into actively² managed Canadian financial institution debt securities rated A (mid) and above. Income assets remain invested in both corporate fixed income and U.S. hedged equity Exchange Traded Funds (“ETFs”), however, Canadian equities are now actively managed instead of invested in passive ETFs.

With these changes, the Plan modified the blend of indices comprising its Benchmark beginning October 1, 2015 to the following, which more closely reflects the Plan’s new strategic investment mix (see *Annual Compound Returns* for further details):

| | |
|-------|--|
| 30.9% | FTSE TMX Canada Short Term Government Bond Index |
| 13.2% | FTSE TMX Canada 91-Day Treasury Bill Index |
| 18.9% | FTSE TMX Canada Financials Bond Index |
| 19.0% | FTSE TMX Canada All Corporate Bond Index |
| 13.0% | S&P 500 CAD Hedged Index |
| 5.0% | S&P/TSX Capped Composite Index |

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

In October 2015, the Plan completed changes to its strategic investment mix as described in the Investment Objective and Strategy section above. These changes provide greater diversification in the investment of Plan assets, enhancement of yield, and improvement in matching assets with liabilities and did not materially affect the overall level of risk associated with an investment in the Plan. The risks associated with investing in the Plan remain as outlined in the Plan’s prospectus.

Results of Operation

2015 Plan Performance

For 2015, the Plan’s rate of return, net of fees, was 2.0% compared to the investment policy benchmark (“Benchmark”) return of 2.8% and the FTSE TMX Canada All Government Bond Index return of 4.9% (“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.

1 Passive strategies are designed to replicate or mimic the performance of a market index or benchmark.

2 Active management refers to a portfolio management strategy in which the manager makes specific investments with the intent of outperforming a market index or benchmark.

In comparison to the Benchmark, the Plan's overweight allocation to short-term federal bonds detracted from relative results as yields fell in response to the Bank of Canada's January 2015 Bank Rate drop. Outperformance generated by the corporate bond allocation helped partially offset a portion of relative underperformance. The impact of the Plan transition completed in October was marginally positive relative to the Benchmark.

In comparison to the Broad-based Index, the Plan's allocation to Canadian equity, and to a lesser extent, corporate bonds, detracted from relative performance as both asset classes underperformed relative to the FTSE TMX Canada All Government Bond Index. Similar to the Plan Benchmark, the Plan's overweight allocation to short-term federal bonds detracted from performance relative to the Broad-based Index given yield movement as described previously. The impact of the Plan transition completed in October was modestly positive relative to the Broad-based Index.

Economic Review

Global growth declined in the first half of 2015 with a weaker than anticipated recovery for developed economies. Financial market volatility rose sharply throughout the summer with declining commodity prices and an abrupt correction in equity prices worldwide. Temporary surges in volatility were associated with events related to Greek debt negotiations and steep stock market declines in China. Despite a modest improvement over the latter half of the year, 2015 growth rate forecasts remained below those of 2014.

In the United States, real GDP, measured on an annualized basis, rose 3.9% in the second quarter of 2015, following a 0.6% gain in the first, supported in large part by consumer spending, private fixed investment and exports. The Federal Reserve Board ended speculation in September with the decision to maintain the funds target rate at 0.25%; citing global economic weakness as a key factor in refraining from any immediate rate hikes.

The Canadian economy experienced a two-quarter recession in the first half of 2015. Real GDP declined 0.1% in the second quarter, following a 0.2% contraction in the first due in large part to the decline in oil prices and lower export sales. The Bank of Canada ("BoC") responded with two rate cuts; once in January that was largely unanticipated by the market, followed with an additional cut in July lowering the overnight rate to 0.5%. GDP modestly strengthened in June, July, and August supported by gains in manufacturing and oil and gas extraction. Excluding energy prices, annual consumer inflation remained within the BoC's target range of 1% – 3%.

Canadian bond yields trended downwards at a modest pace early in the fiscal year only to plunge in response to the BoC's surprise rate cut in January. Despite a second rate cut in July, yields tended to recover upward, albeit ending the year at levels modestly below those of October 2014. Both medium and long-term yields also fell throughout the period, although not to the same extent as short term bonds. These actions contributed to a steepening of the yield curve throughout the fiscal period. Despite the impact of rising yields in the latter half of fiscal 2015, long term government bonds outperformed relative to mid and short term issues over the course of the full year. In this environment, provincial bonds outperformed relative to federals at the short and mid portion of the curve, but underperformed at the long end. Corporate spreads widened modestly throughout the year, contributing to underperformance relative to government bonds throughout the fiscal year.

The S&P 500 (reflective of U.S. large cap stocks) was relatively flat throughout the first half of 2015, and despite a modest pull back in the third quarter, witnessed a strong rally in October to pull the annual return back into positive territory with a gain of 5.2% (U.S. dollar return).

The S&P/TSX Composite Capped Index (reflective of Canadian large cap stocks) declined by 4.6% over the year, and was largely impacted by the heavily weighted energy and materials sectors as commodity prices remain depressed in light of a weak global demand. The index was buoyed in part earlier in the year by health care firm Valeant Pharmaceuticals International Inc. which witnessed its stock price peak in August, only to tumble in late September due to questions about its sales and accounting practices.

Portfolio Manager Changes

With the implementation of the updated investment strategy, the Plan's portfolio managers and mandates were either re-aligned or changed. Beutel Goodman who primarily managed active government bonds on behalf of the Plan was replaced in September 2015 with assets transferred to passive strategies managed by TD Asset Management Inc. and CIBC Asset Management Inc. A portion of Plan assets allocated to government bonds was transferred to an actively managed financial institution bond mandate managed by Greystone Managed Investments Inc. and TD Asset Management Inc. Lastly, passively managed Canadian equity ETF assets were transferred to active managers Sionna Investment Managers Inc. and CGOV Asset Management.

As at October 31, 2015, 35.5% of the Plan's Total Portfolio Assets were invested in Government bonds, 34.3% in Corporate and Financial Institution Bonds, 15.8% in US ETFs, 5.7% Canadian Equity, and 8.7% in Cash and Short-Term Investments.

Recent Developments and Other Information

Growth in advanced economies is projected to increase modestly in 2015 and into 2016 according to a report released by the International Monetary Fund ("IMF") in October, 2015. Prospects across regions remain uneven, and in particular for those in emerging markets reliant upon commodity and oil-exports, as weakness in pricing is expected to persist.

On December 2nd, 2015, the BoC announced that it is maintaining the overnight rate at 0.5%. The BoC noted in an accompanying statement that global economic growth is evolving essentially as anticipated in its October Monetary Policy Report (MPR). The economy continues to undergo an adjustment aided by the ongoing US recovery, a lower Canadian dollar and the BoC's monetary policy easing this year. The resource sector is still contending with lower prices for commodities. The BoC expects GDP growth to moderate in the fourth quarter of 2015 before moving to a rate above potential in 2016. Total CPI inflation remains near the bottom of the BoC's target range, owing to declines in consumer energy prices. Core inflation is close to 2% as the effects of the lower dollar and the output gap continue to offset each other. While bond yields are slightly higher, financial conditions remain accommodative in Canada.

On December 16th, 2015, for the first time in almost a decade, the Federal Reserve Board raised the benchmark interest rate by 0.25 percentage points. Recent U.S. economic data appears encouraging as employers added 271,000 people to payrolls in October, and unemployment fell to 5%. Job openings in September climbed to the second highest on record, while the consumer price index, minus food and energy, rose 1.9% last month from a year earlier.

We are confident that the changes in 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.

International Financial Reporting Standards

International Financial Reporting Standards (“IFRS”) replaced Canadian generally accepted accounting standards as defined in Part V of the Chartered Professional Accountants of Canada Handbook (“Canadian GAAP”) for certain qualifying investment funds for years beginning on or after January 1, 2014. Therefore, the Plan adopted IFRS to replace Canadian GAAP on November 1, 2014, with a transition date of November 1, 2013. In accordance with IFRS, the Plan has reclassified subscribers’ deposits with other amounts owing to subscribers and beneficiaries and renamed these as Net Assets Attributable to 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) | 2015 ¹ | 2014 ¹ | 2013 ² | 2012 ² | 2011 ² |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Statements of Financial Position | | | | | |
| Total Assets | \$691,290 | \$823,046 | \$928,431 | \$1,030,378 | \$1,091,259 |
| Net Assets | 680,892 | 817,873 | 483,334 | 528,230 | 541,313 |
| % Change of Net Assets Attributable to Subscribers and Beneficiaries | (16.7%) | 69.2% | (8.5%) | (2.4%) | 1.4% |
| Statements of Comprehensive Income | | | | | |
| Net Investment Income | \$ 18,678 | \$ 26,256 | \$ 19,601 | \$ 41,498 | \$ 56,786 |
| Statements of Changes in Net Assets | | | | | |
| Education Assistance Payments | \$ (38,270) | \$ (32,630) | \$ (28,176) | \$ (23,185) | \$ (16,373) |
| Government Grants Received (net of repayments) | 1,975 | 2,891 | 4,557 | 4,743 | 5,148 |
| Government Grant Payments to Beneficiaries | (12,743) | (10,723) | (9,179) | (7,495) | (5,713) |
| Other | | | | | |
| Total number of units | 430,137 | 463,792 | 492,028 | 511,019 | 529,806 |
| % Change in the total number of units | (7.3%) | (5.7%) | (3.7%) | (3.6%) | (2.5%) |

Note:

1 Based on financial statements in accordance with IFRS

2 Based on financial statements in accordance with Canadian GAAP

Management Fees**Administration Fees**

An administration fee of \$4,173 thousand (2014 – \$4,764 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 0.13% including taxes (2014 – 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 2015 these fees charged to the Plan amounted to \$145 thousand (2014 – \$163 thousand) and were 0.02% including taxes (2014 – 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.

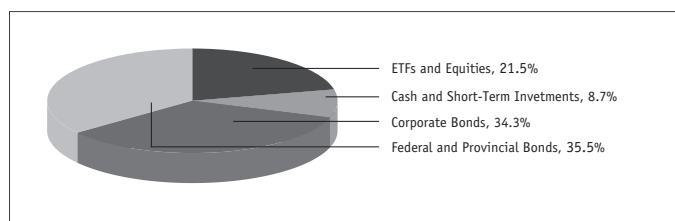
Government Grant assets and related investment income are specific to each beneficiary, but are invested together with funds from other Plans administered by the Foundation. Any payments to beneficiaries from Government Grant assets are treated as separate payments and not included in EAP values paid 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, 2015



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 |
|--|-------|---------------|-----------------------|----------------------------|
| BMO S&P 500 Hedged To CAD Index ETF | | | 37,683 | 8.0% |
| iShares Core S&P 500 Hedged to CAD Index ETF | | | 36,623 | 7.8% |
| Government of Canada | 0.43% | 31 Dec 2015 | 27,205 | 5.7% |
| Government of Canada | 2.05% | 15 Jun 2018 | 14,267 | 3.0% |
| Government of Canada | 4.00% | 01 Jun 2017 | 10,642 | 2.3% |
| Government of Canada | 1.50% | 01 Sep 2017 | 10,410 | 2.2% |
| Canada Housing Trust | 3.75% | 15 Mar 2020 | 8,532 | 1.8% |
| Royal Bank of Canada | 2.77% | 11 Dec 2018 | 8,496 | 1.8% |
| National Bank of Canada | 2.69% | 21 Aug 2017 | 7,572 | 1.6% |
| Royal Bank of Canada | 1.39% | 23 Mar 2020 | 7,205 | 1.5% |
| Ornge Issuer Trust | 5.73% | 11 Jun 2034 | 6,962 | 1.5% |
| GE Capital Canada Funding Company | 1.62% | 15 Feb 2022 | 6,374 | 1.4% |
| Bank of Nova Scotia | 2.46% | 14 Mar 2019 | 6,237 | 1.3% |
| Province of Ontario | 2.10% | 08 Sep 2019 | 5,980 | 1.3% |
| Province of Quebec | 4.50% | 01 Dec 2017 | 5,934 | 1.3% |
| Canada Housing Trust | 1.20% | 15 Jun 2020 | 5,093 | 1.1% |
| Province of Ontario | 4.30% | 08 Mar 2017 | 4,740 | 1.0% |
| Toronto Dominion Bank | 3.23% | 24 Jul 2024 | 4,573 | 1.0% |
| HSBC Bank Canada | 2.91% | 29 Sep 2021 | 4,468 | 0.9% |
| Canada Housing Trust | 1.95% | 15 Jun 2019 | 4,154 | 0.9% |

| Issuer | Rate | Maturity Date | Fair Value (\$ 000's) | % of Plan Portfolio Assets |
|----------------------|-------|---------------|-----------------------|----------------------------|
| Government of Canada | 1.50% | 01 Feb 2017 | 4,118 | 0.9% |
| Government of Canada | 3.75% | 01 Jun 2019 | 3,991 | 0.8% |
| Milit-Air Inc. | 5.75% | 30 Jun 2019 | 3,760 | 0.8% |
| Royal Bank of Canada | 2.58% | 13 Apr 2017 | 3,727 | 0.8% |
| Royal Bank of Canada | 2.26% | 12 Mar 2018 | 3,582 | 0.8% |

Top 25 long positions as a percentage of the Total Portfolio

Assets of the Plan **51.5%**

Past Performance

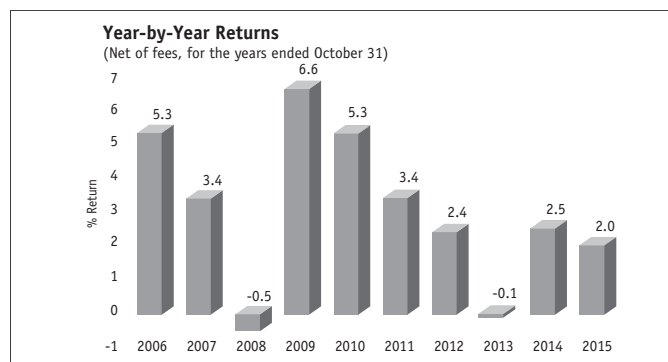
The returns presented in the following chart and the annual compound returns table are based on the investment performance of the Plan's Total Portfolio Assets only and do not reflect the investment performance of assets from the Government Grants and Sales Charge Refund Entitlements. Investment returns 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.

In October 2015, the investment strategies of the Plan changed in order to improve diversification and allow flexibility to invest in fixed income securities issued by Canadian financial institutions rated A (mid) and above.

These changes could have affected the performance of the Plan's Total Portfolio Assets had they been in effect throughout the performance measurement periods presented.

Year-by-Year Returns

The following bar chart illustrates the annual performance in each of the past ten years to October 31, 2015 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: | To: | To: | Current: |
|---|-----------------|------------------|-----------------|----------------|
| | July 1, 2011 | July 31, 2014 | Sep 30, 2015 | 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, 2015.

| | Period | | | |
|---|------------|------------|------------|------------|
| | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
| Net Plan Return* | 2.0 | 1.5 | 2.0 | 3.0 |
| Benchmark | 2.8 | 2.4 | 3.1 | 4.3 |
| Broad-based Index: FTSE TMX Canada All Government Bond Index | | | | |
| | 4.9 | 3.3 | 4.2 | 4.9 |

* 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.

Securities regulations require that we also show what the benchmark returns would have been for the applicable time periods if the Benchmark was not modified as previously described (the "Former Benchmark"). The Former Benchmark returns for the above time periods were 2.8% (1 Year), 2.5% (3 year), 3.1% (5 Year) and 4.4% (10 Year).

The Former Benchmark is comprised of the following specified indices in the weights and for the periods of time indicated:

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

In comparison to the Former Benchmark, the Plan's overweight allocation to short term Federal bonds detracted from relative results as yields dropped throughout the first half of the fiscal year. Outperformance generated by the corporate bond allocation helped partially offset a portion of relative underperformance. Beginning in late September and completed in October 2015, the Plan transitioned to an updated strategic mix in which government fixed income assets are invested according to custom bond index blend with a portion of the Principal assets invested in Canadian Financial Institution bonds. Given the timing of these changes relative to the year end, the impact to Plan performance was marginal.

Management's Responsibility for Financial Reporting

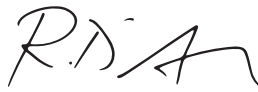
The accompanying financial statements of the Canadian Scholarship Trust – Group Savings Plan (the “Plan”) are prepared by management and are approved by the Board of Directors of the Canadian Scholarship Trust Foundation (the “Foundation”). Management is responsible for the information and representations 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
January 7, 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, 2015, October 31, 2014 and November 1, 2013, 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, 2015 and October 31, 2014, 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, 2015, October 31, 2014 and November 1, 2013 and the results of its financial performance, changes in its net assets attributable to subscribers and beneficiaries and its cash flows for the years ended October 31, 2015 and October 31, 2014 in accordance with International Financial Reporting Standards.



Chartered Professional Accountants
Licensed Public Accountants
January 7, 2016

Statements of Financial Position

As at October 31, 2015, October 31, 2014 and November 1, 2013
(in thousands of Canadian dollars)

| | Oct 31, 2015 | Oct 31, 2014 (Note 9) | Nov 1, 2013 (Note 9) |
|--|------------------|--------------------------|-------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 42,433 | \$ 3,264 | \$ 31,585 |
| Receivables for securities sold | 1,516 | - | 312 |
| Investments, at fair value <i>(Note 4 and Schedule I)</i> | 638,292 | 801,506 | 887,942 |
| Accrued interest and other receivables | 8,856 | 17,948 | 8,111 |
| Government grants receivable | 193 | 328 | 481 |
| | 691,290 | 823,046 | 928,431 |
| Liabilities | | | |
| Payables for securities purchased | 1,425 | 187 | 607 |
| Accounts payable, accrued liabilities and unclaimed subscribers' funds | 8,973 | 4,986 | 8,378 |
| | 10,398 | 5,173 | 8,985 |
| Net Assets Attributable to Subscribers and Beneficiaries | 680,892 | 817,873 | 919,446 |
| Represented by: | | | |
| Non-Discretionary Funds | | | |
| Accumulated income held for future education assistance payments | 182,985 | 218,288 | 249,663 |
| Subscribers' deposits <i>(Schedule II)</i> | 289,938 | 370,046 | 436,112 |
| Government grants | 104,233 | 117,604 | 127,983 |
| Income on Government grants | 54,940 | 59,301 | 61,553 |
| Sales charge refund entitlements <i>(Note 7)</i> | 37,627 | 44,071 | 47,517 |
| General Fund <i>(Note 6)</i> | 365 | 1,793 | - |
| Unrealized Gains (Losses) | 9,572 | 5,538 | (4,614) |
| Discretionary Funds | | | |
| Donations from the Foundation <i>(Note 6)</i> | 1,232 | 1,232 | 1,232 |
| | \$680,892 | \$817,873 | \$919,446 |

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, 2015 and 2014 (in thousands of Canadian dollars)

| | 2015 | 2014 |
|---|-----------------|-----------------|
| Income | | |
| Interest for allocation to subscriber accounts | \$16,770 | \$24,729 |
| Realized losses on sale of investments | (548) | (3,655) |
| Change in unrealized gains | 4,034 | 10,152 |
| Dividends | 3,754 | 1,112 |
| | 24,010 | 32,338 |
| Expenses | | |
| Administration and account maintenance fees <i>(Note 3(a))</i> | 4,173 | 4,764 |
| Portfolio management fees | 999 | 1,136 |
| Custodian and trustee fees | 145 | 163 |
| Independent Review Committee fees | 15 | 19 |
| | 5,332 | 6,082 |
| Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries | \$18,678 | \$26,256 |

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the years ended October 31, 2015 and 2014 (in thousands of Canadian dollars)

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Year | \$ 817,873 | \$ 919,446 |
| Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries | 18,678 | 26,256 |
| Transfers to internal and external plans | (6,412) | (4,842) |
| | 12,266 | 21,414 |
| Receipts | | |
| Government grants received (net of repayments) | 1,975 | 2,891 |
| Disbursements | | |
| Net decrease in Subscribers' deposits <i>(Schedule II)</i> | (80,108) | (66,066) |
| Payments to beneficiaries | | |
| Education assistance payments | (38,270) | (32,630) |
| Government grants | (12,743) | (10,723) |
| Refund of Sales Charge | (11,954) | (9,805) |
| Return of interest | (8,147) | (6,654) |
| Total payments to beneficiaries | (71,114) | (59,812) |
| Receipts less Disbursements | (149,247) | (122,987) |
| Change in Net Assets Attributable to Subscribers and Beneficiaries | (136,981) | (101,573) |
| Net Assets Attributable to Subscribers and Beneficiaries, End of Year | \$ 680,892 | \$ 817,873 |

Statements of Cash Flows

For the years ended October 31, 2015 and 2014 (in thousands of Canadian dollars)

| | 2015 | 2014 |
|---|------------------|------------------|
| Operating Activities | | |
| Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries | \$ 18,678 | \$ 26,256 |
| Net disbursements from investment transactions | 166,422 | 92,825 |
| Items not affecting cash | | |
| Realized losses on sale of investments | 548 | 3,655 |
| Change in unrealized gains (losses) | (4,034) | (10,152) |
| Change in non-cash operating working capital | | |
| Decrease (increase) in Accrued interest and other receivables | 9,092 | (9,837) |
| Decrease in Government grants receivable | 135 | 153 |
| Increase (decrease) in Accounts payable, accrued liabilities and unclaimed subscribers' funds | 3,987 | (3,392) |
| Cash flow from Operating Activities | 194,828 | 99,508 |
| Financing Activities | | |
| Transfers to internal and external plans | (6,412) | (4,842) |
| Government grants received (net of repayments) | 1,975 | 2,891 |
| Net decrease in Subscribers' deposits (<i>Schedule II</i>) | (80,108) | (66,066) |
| Payments to beneficiaries | (71,114) | (59,812) |
| Cash flow used in Financing Activities | (155,659) | (127,829) |
| Net increase (decrease) in Cash and cash equivalents | 39,169 | (28,321) |
| Cash and cash equivalents, Beginning of Year | 3,264 | 31,585 |
| Cash and cash equivalents, End of Year | \$ 42,433 | \$ 3,264 |
| Supplemental cash flow information: | | |
| Withholding Taxes | \$ 223 | \$ 37 |
| Interest Income Received | 18,119 | 27,465 |

Schedule I – Statement of Investment Portfolio

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

| Security | | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | Security | | Par Value (\$) | Fair Value (\$) | Average Cost (\$) |
|--|-------------|----------------|-----------------|-------------------|--|-------------|----------------|-----------------|-------------------|
| Bonds | | | | | Bonds (continued) | | | | |
| Federal – 26.7% | | | | | Municipal and Provincial – 8.7% (continued) | | | | |
| Government of Canada | | | | | Province of Alberta | | | | |
| 0.55% | 5 Nov 2015 | 2,950 | 2,949 | 2,949 | 1.75 | 15 Jun 2017 | 425 | 431 | 433 |
| 0.42 | 3 Dec 2015 | 60 | 60 | 60 | 4.00 | 1 Dec 2019 | 775 | 857 | 855 |
| 0.43 | 31 Dec 2015 | 255 | 255 | 255 | 1.25 | 1 Jun 2020 | 3,136 | 3,113 | 3,102 |
| 0.42 | 14 Jan 2016 | 290 | 290 | 290 | Province of British Columbia | | | | |
| 0.42 | 28 Jan 2016 | 2,950 | 2,947 | 2,947 | 4.80% | 1 Dec 2017 | 200 | 215 | 216 |
| 0.42 | 11 Feb 2016 | 2,950 | 2,946 | 2,946 | 5.10 | 20 Nov 2018 | 125 | 139 | 139 |
| 0.42 | 25 Feb 2016 | 2,985 | 2,981 | 2,981 | 4.65 | 18 Dec 2018 | 650 | 721 | 730 |
| 0.43 | 10 Mar 2016 | 2,950 | 2,945 | 2,945 | 2.05 | 2 Jun 2019 | 1,750 | 1,790 | 1,791 |
| 0.43 | 24 Mar 2016 | 2,950 | 2,945 | 2,945 | 4.88 | 3 Jun 2019 | 175 | 196 | 196 |
| 0.44 | 7 Apr 2016 | 2,950 | 2,944 | 2,944 | 4.10 | 18 Dec 2019 | 500 | 556 | 565 |
| 0.45 | 21 Apr 2016 | 2,950 | 2,944 | 2,944 | 4.45 | 1 Jun 2020 | 125 | 141 | 141 |
| 1.00 | 1 Nov 2016 | 1,700 | 1,708 | 1,708 | Province of Manitoba | | | | |
| 1.50 | 1 Feb 2017 | 4,070 | 4,118 | 4,121 | 2.05 | 1 Dec 2016 | 250 | 254 | 256 |
| 1.50 | 1 Mar 2017 | 2,000 | 2,025 | 2,026 | 1.85 | 5 Sep 2018 | 314 | 321 | 314 |
| 4.00 | 1 Jun 2017 | 10,100 | 10,642 | 10,676 | 5.50 | 15 Nov 2018 | 970 | 1,096 | 1,118 |
| 1.25 | 1 Aug 2017 | 3,200 | 3,237 | 3,240 | Province of New Brunswick | | | | |
| 1.50 | 1 Sep 2017 | 10,238 | 10,410 | 10,407 | 4.45 | 26 Mar 2018 | 225 | 243 | 243 |
| 1.25 | 1 Mar 2018 | 3,400 | 3,452 | 3,456 | 4.40 | 3 Jun 2019 | 225 | 249 | 250 |
| 4.25 | 1 Jun 2018 | 2,000 | 2,186 | 2,190 | 4.50 | 2 Jun 2020 | 300 | 340 | 340 |
| 2.05 | 15 Jun 2018 | 13,846 | 14,267 | 14,162 | Province of Ontario | | | | |
| 1.25 | 1 Sep 2018 | 1,400 | 1,425 | 1,426 | 4.30 | 8 Mar 2017 | 4,527 | 4,740 | 4,862 |
| 1.75 | 1 Mar 2019 | 1,700 | 1,761 | 1,762 | 1.90 | 8 Sep 2017 | 1,300 | 1,324 | 1,325 |
| 1.88 | 1 May 2019 | 19 | 18 | 18 | 4.20 | 8 Mar 2018 | 750 | 806 | 817 |
| 3.75 | 1 Jun 2019 | 3,600 | 3,991 | 4,000 | 5.50 | 2 Jun 2018 | 375 | 417 | 418 |
| 1.75 | 1 Sep 2019 | 2,000 | 2,077 | 2,080 | 4.95 | 27 Jun 2018 | 75 | 82 | 82 |
| 1.50 | 1 Mar 2020 | 2,000 | 2,062 | 2,065 | 2.10 | 8 Sep 2018 | 1,525 | 1,570 | 1,573 |
| 3.50 | 1 Jun 2020 | 1,000 | 1,120 | 1,124 | 4.40 | 2 Jun 2019 | 1,560 | 1,734 | 1,742 |
| 0.75 | 1 Sep 2020 | 2,300 | 2,285 | 2,289 | 2.10 | 8 Sep 2019 | 5,800 | 5,980 | 5,999 |
| Canada Housing Trust | | | | | 4.20 | 2 Jun 2020 | 1,925 | 2,161 | 2,161 |
| 0.85 | 1 Sep 2016 | 750 | 448 | 449 | Province of Quebec | | | | |
| 1.85 | 15 Dec 2016 | 2,050 | 2,077 | 2,082 | 4.50 | 1 Dec 2016 | 750 | 780 | 782 |
| 2.05 | 15 Jun 2017 | 2,110 | 2,155 | 2,157 | 4.50 | 1 Dec 2017 | 5,525 | 5,934 | 6,039 |
| 1.70 | 15 Dec 2017 | 2,100 | 2,140 | 2,142 | 4.50 | 1 Dec 2018 | 1,250 | 1,379 | 1,380 |
| 2.35 | 15 Dec 2018 | 2,400 | 2,502 | 2,505 | 4.50 | 1 Dec 2019 | 2,200 | 2,476 | 2,477 |
| 4.10 | 15 Dec 2018 | 1,600 | 1,754 | 1,756 | Province of Saskatchewan | | | | |
| 1.95 | 15 Jun 2019 | 4,025 | 4,154 | 4,170 | 1.95 | 1 Mar 2019 | 250 | 257 | 253 |
| 2.00 | 15 Dec 2019 | 2,300 | 2,379 | 2,373 | Regional Municipality of York | | | | |
| 1.22 | 1 Mar 2020 | 2,500 | 2,470 | 2,291 | 5.00 | 29 Apr 2019 | 200 | 224 | 224 |
| 3.75 | 15 Mar 2020 | 7,691 | 8,532 | 8,528 | | | | | |
| 1.45 | 15 Jun 2020 | 1,100 | 1,111 | 1,108 | | | | | |
| 1.20 | 15 Jun 2020 | 5,100 | 5,093 | 5,084 | | | | | |
| | | | 125,805 | 125,601 | | | | | |
| Municipal and Provincial – 8.7% | | | | | Corporate – 34.3% | | | | |
| City of Toronto | | | | | 407 International Inc. | | | | |
| 5.05 | 18 Jul 2017 | 75 | 80 | 80 | 7.13% | 26 Jul 2040 | 563 | 813 | 821 |
| 4.50 | 2 Dec 2019 | 100 | 112 | 112 | Access Justice Durham Ltd. | | | | |
| City of Montreal | | | | | 5.02 | 31 Aug 2039 | 1 | 1 | 1 |
| 5.00 | 1 Dec 2017 | 125 | 135 | 135 | Bank of Montreal | | | | |
| 5.45 | 1 Dec 2019 | 200 | 229 | 230 | 2.10 | 6 Oct 2020 | 1,481 | 1,481 | 1,481 |
| | | | | | 4.61 | 10 Sep 2025 | 2,230 | 2,557 | 2,577 |

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

Schedule I – Statement of Investment Portfolio (continued)

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

| Security | | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | Security | | Par Value (\$) | Fair Value (\$) | Average Cost (\$) |
|--------------------------------------|-------------|----------------|-----------------|-------------------|---|-------------|----------------|-----------------|-------------------|
| Bonds (continued) | | | | | Bonds (continued) | | | | |
| Corporate – 34.3% (continued) | | | | | Corporate – 34.3% (continued) | | | | |
| Bank of Nova Scotia | | | | | HSBC Bank Canada (continued) | | | | |
| 2.60 | 27 Feb 2017 | 937 | 952 | 954 | 3.56 | 4 Oct 2017 | 680 | 704 | 706 |
| 4.10 | 8 Jun 2017 | 2,920 | 3,042 | 3,050 | 2.45 | 29 Jan 2021 | 414 | 413 | 414 |
| 2.24 | 22 Mar 2018 | 3,360 | 3,409 | 3,414 | 2.91 | 29 Sep 2021 | 4,400 | 4,468 | 4,475 |
| 2.46 | 14 Mar 2019 | 6,107 | 6,237 | 6,256 | Kraft Canada Inc. | | | | |
| 2.40 | 28 Oct 2019 | 3,045 | 3,097 | 3,116 | 2.30 | 6 Jul 2020 | 2,450 | 2,401 | 2,450 |
| Bankers Hall LP | | | | | Kreditanstalt fur Wiederaufbau Global | | | | |
| 4.38 | 20 Nov 2023 | 431 | 458 | 461 | 5.05 | 4 Feb 2025 | 674 | 816 | 819 |
| BNG Bank | | | | | Loblaw Companies Limited | | | | |
| 5.15 | 7 Mar 2025 | 194 | 229 | 230 | 6.50 | 22 Jan 2029 | 1,374 | 1,662 | 1,705 |
| Caisse centrale Desjardins | | | | | 6.54 | 17 Feb 2033 | 494 | 597 | 612 |
| 3.50 | 5 Oct 2017 | 2,975 | 3,085 | 3,101 | Manufacturers Life Insurance Company | | | | |
| Canadian Imperial Bank of Commerce | | | | | 2.81 | 21 Feb 2024 | 550 | 562 | 563 |
| 2.35 | 18 Oct 2017 | 2,480 | 2,521 | 2,525 | 2.64 | 15 Jan 2025 | 550 | 558 | 558 |
| 1.70 | 9 Oct 2018 | 867 | 868 | 867 | 2.10 | 1 Jun 2025 | 550 | 543 | 544 |
| Capital Desjardins Inc. | | | | | 2.39 | 5 Jan 2026 | 1,649 | 1,638 | 1,638 |
| 5.19 | 5 May 2020 | 2,830 | 3,160 | 3,165 | Manulife Finance L.P. | | | | |
| 4.95 | 15 Dec 2026 | 1,098 | 1,228 | 1,229 | 4.45 | 15 Dec 2026 | 3,034 | 3,122 | 3,137 |
| CBC Monetization Trust | | | | | Maritimes and Northeast Pipelines Limited Partnership | | | | |
| 4.69 | 15 May 2027 | 479 | 559 | 509 | 4.34% | 30 Nov 2019 | 431 | 444 | 449 |
| Central 1 Credit Union | | | | | 6.90 | 30 Nov 2019 | 90 | 99 | 104 |
| 1.31 | 24 Nov 2016 | 372 | 373 | 372 | Metropolitan Life Insurance Company | | | | |
| Cogeco Cable Inc. | | | | | 2.31 | 25 Sep 2017 | 1,824 | 1,817 | 1,835 |
| 4.18 | 26 May 2023 | 1,843 | 1,908 | 1,917 | 2.68 | 16 Apr 2019 | 568 | 581 | 577 |
| DEPFA Bank plc. | | | | | Milit-Air Inc. | | | | |
| 5.25 | 31 Mar 2025 | 2,763 | 3,279 | 3,392 | 5.75 | 30 Jun 2019 | 3,477 | 3,760 | 3,845 |
| 4.90 | 24 Aug 2035 | 1,861 | 2,150 | 2,301 | National Bank of Canada | | | | |
| Enbridge Inc. | | | | | 2.02 | 13 Apr 2017 | 702 | 708 | 710 |
| 1.73 | 13 Mar 2017 | 886 | 877 | 882 | 2.69 | 21 Aug 2017 | 7,414 | 7,572 | 7,591 |
| 4.57 | 11 Mar 2044 | 1,269 | 1,137 | 1,334 | NAV Canada | | | | |
| EUROFIMA | | | | | 7.56 | 1 Mar 2027 | 290 | 374 | 372 |
| 4.55 | 30 Mar 2027 | 1,057 | 1,190 | 1,216 | North Battleford Power L.P. | | | | |
| GE Capital Canada Funding Company | | | | | 4.96 | 31 Dec 2032 | 1,792 | 2,019 | 1,989 |
| 1.62 | 15 Feb 2022 | 6,423 | 6,374 | 6,275 | Ornge Issuer Trust | | | | |
| 2.18 | 6 Feb 2023 | 284 | 287 | 284 | 5.73 | 11 Jun 2034 | 5,922 | 6,962 | 6,698 |
| Greater Toronto Airport Authority | | | | | Pearson International Fuel Facilities Corporation | | | | |
| 6.45 | 30 Jul 2029 | 2,345 | 2,986 | 2,901 | 5.09 | 9 Mar 2032 | 1,655 | 1,802 | 1,793 |
| Green Timbers L.P. | | | | | Public Sector Pension Investment Board | | | | |
| 6.84 | 30 Jun 2037 | 905 | 1,158 | 1,130 | 3.27 | 12 Jun 2020 | 2,969 | 3,061 | 2,991 |
| Heathrow Funding Limited | | | | | Royal Bank of Canada | | | | |
| 4.00 | 3 Jul 2019 | 56 | 60 | 60 | 3.66 | 25 Jan 2017 | 430 | 442 | 443 |
| Honda Canada Finance Inc. | | | | | 2.58 | 13 Apr 2017 | 3,663 | 3,727 | 3,733 |
| 1.93 | 3 Dec 2018 | 338 | 336 | 339 | 2.36 | 21 Sep 2017 | 890 | 905 | 907 |
| HSBC Bank Canada | | | | | 2.26 | 12 Mar 2018 | 3,529 | 3,582 | 3,593 |
| 2.90 | 13 Jan 2017 | 2,183 | 2,222 | 2,228 | 2.77 | 11 Dec 2018 | 8,238 | 8,501 | 8,437 |
| | | | | | 1.39 | 23 Mar 2020 | 7,276 | 7,205 | 7,276 |

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

Schedule I – Statement of Investment Portfolio (continued)

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

| Security | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | Security | Number of Securities | Fair Value (\$) | Average Cost (\$) | |
|---|----------------|-----------------|-------------------|------------------------------------|---|-----------------|-------------------|-------|
| Bonds (continued) | | | | Equities – 5.7% (continued) | | | | |
| Corporate – 34.3% (continued) | | | | Brookfield Asset Management Inc. | 11 | 492 | 443 | |
| Royal Bank of Canada (continued) | | | | CAE Inc. | 58 | 852 | 800 | |
| 1.97 | 2 Mar 2022 | 1,219 | 1,187 | 1,190 | Calfrac Well Services Ltd. | 22 | 50 | 81 |
| Royal Bank of Scotland | | | | Canadian National Railway Company | 11 | 868 | 805 | |
| 5.88 | 12 May 2016 | 157 | 160 | 167 | Canadian Natural Resources Ltd. | 17 | 506 | 433 |
| Shaw Communications Inc. | | | | Canadian Oil Sands Limited | 45 | 446 | 286 | |
| 6.75 | 9 Nov 2039 | 2,280 | 2,663 | 2,802 | Canadian Pacific Railway Company | 3 | 523 | 531 |
| SP1 Limited Partnership | | | | Canadian Western Bank | 6 | 162 | 149 | |
| 3.21 | 15 Jun 2019 | 2,170 | 2,090 | 2,057 | Celestica Inc. | 11 | 154 | 175 |
| St.Clair Holding ULC | | | | Cenovus Energy Inc. | 7 | 140 | 144 | |
| 4.88 | 31 Aug 2031 | 152 | 160 | 161 | Colliers International Group Inc. | 2 | 116 | 105 |
| Strait Crossing Development Inc. | | | | Dream Unlimited Corporation | 15 | 112 | 112 | |
| 6.17 | 15 Sep 2031 | 174 | 157 | 159 | Empire Company Ltd. | 10 | 284 | 281 |
| Sun Life Capital Trust | | | | Enbridge Inc. | 6 | 341 | 306 | |
| 7.09 | 30 Jun 2052 | 1,450 | 1,821 | 1,887 | Enerflex Ltd. | 41 | 522 | 536 |
| Toronto Dominion Bank | | | | Enerplus Corporation | 36 | 219 | 243 | |
| 2.45 | 2 Apr 2019 | 3,028 | 3,096 | 3,115 | Ensign Energy Services Inc. | 10 | 79 | 80 |
| 1.53 | 18 Feb 2020 | 1,789 | 1,771 | 1,789 | Fairfax Financial Holdings Limited | 1 | 364 | 332 |
| 3.23 | 24 Jul 2024 | 4,419 | 4,573 | 4,622 | Finning International Inc. | 23 | 472 | 435 |
| 2.98 | 30 Sep 2025 | 3,203 | 3,185 | 3,203 | FirstService Corporation | 3 | 131 | 127 |
| 4.78 | 14 Dec 2105 | 3,334 | 3,434 | 3,462 | Franco Nevada Corporation | 6 | 364 | 321 |
| TransCanada Pipelines Limited | | | | Freehold Royalties Ltd. | 33 | 329 | 362 | |
| 11.80 | 20 Nov 2020 | 125 | 179 | 182 | GMP Capital Inc. | 24 | 97 | 97 |
| UniCredit Group | | | | Goldcorp Inc. | 12 | 203 | 210 | |
| 2.25 | 29 May 2018 | 1,902 | 1,932 | 1,947 | Granite REIT | 10 | 368 | 359 |
| University Health Network | | | | Great Canadian Gaming Corporation | 13 | 227 | 233 | |
| 5.64 | 8 Dec 2022 | 2,777 | 3,166 | 3,186 | Great West Lifeco Inc. | 6 | 200 | 184 |
| University of Ontario Institute of Technology | | | | Home Capital Group Inc. | 27 | 858 | 855 | |
| 6.35 | 15 Oct 2034 | 229 | 278 | 264 | IGM Financial Inc. | 7 | 270 | 251 |
| Wells Fargo Financial Corporation Canada | | | | Imperial Oil Limited | 13 | 577 | 542 | |
| 3.04 | 29 Jan 2021 | 384 | 400 | 400 | Intact Financial Corporation | 10 | 973 | 973 |
| 3.46 | 24 Jan 2023 | 330 | 348 | 348 | Laurentian Bank of Canada | 3 | 176 | 163 |
| WTH Car Rental ULC | | | | Loblaw Companies Limited | 5 | 365 | 364 | |
| 2.62 | 20 Dec 2016 | 1,135 | 1,136 | 1,153 | Magna International Inc. | 8 | 531 | 467 |
| 2.54 | 20 Aug 2019 | 814 | 822 | 814 | Methanex Corporation | 9 | 494 | 437 |
| | | | 161,637 | 162,260 | Metro Inc. | 4 | 167 | 161 |
| Total Fixed Income Investments – 69.8% | | 328,524 | 329,241 | | Morguard Corporation | 1 | 204 | 194 |
| | | | | | Mullen Group Ltd. | 21 | 372 | 380 |
| | | | | | Onex Corporation | 3 | 255 | 256 |
| | | | | | Open Text Corporation | 1 | 70 | 69 |
| | | | | | Pason System Inc. | 27 | 515 | 513 |
| | | | | | Potash Corporation of Saskatchewan Inc. | 25 | 650 | 687 |
| | | | | | Power Corporation of Canada | 11 | 317 | 295 |
| | | | | | PrairieSky Royalty Ltd. | 10 | 247 | 243 |
| | | | | | Quebecor World Inc. | 6 | 184 | 173 |
| | | | | | Ritchie Bros. Auctioneers Inc. | 8 | 255 | 258 |
| | | | | | Royal Bank of Canada | 4 | 267 | 257 |
| | | | | | ShawCor Ltd. | 11 | 300 | 315 |
| | | | | | SNC-Lavalin Group inc. | 11 | 454 | 410 |
| | | | | | Suncor Energy Inc. | 40 | 1,548 | 1,381 |
| | | | | | Teck Resources Limited | 32 | 242 | 207 |
| | | | | | TELUS Corporation | 25 | 1,100 | 1,070 |
| | | | | | Toromont Industries Ltd. | 8 | 262 | 251 |
| | | | | | Toronto Dominion Bank | 35 | 1,851 | 1,769 |

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

Schedule I – Statement of Investment Portfolio (continued)

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

| Security | Number of Securities | Fair Value (\$) | Average Cost (\$) |
|---|----------------------|-----------------|-------------------|
| Equities – 5.7% (continued) | | | |
| Total Energy Services Inc. | 13 | 185 | 186 |
| Wajax Corporation | 9 | 211 | 194 |
| West Fraser Timber Co. Ltd. | 3 | 134 | 134 |
| Westshore Terminals Investment Corporation | | 709 | 811 |
| | 33 | | |
| Whistler Blackcomb Holdings Inc. | 1 | 18 | 20 |
| Total Equities | 985 | 26,901 | 25,850 |
| Exchange-traded Funds – 15.8% | | | |
| BMO S&P 500 Hedged to CAD Index ETF | 1,178 | 37,683 | 35,985 |
| iShares Core S&P 500 Hedged to CAD Index ETF | 1,525 | 36,623 | 34,691 |
| | 2,703 | 74,306 | 70,676 |
| Total Equities and ETFs – 21.5% | | 101,207 | 96,526 |
| Cash and cash equivalents – 8.7% | | 41,090 | 41,090 |
| Total Portfolio Assets – 100.0% | | 470,821 | 466,857 |
| Investments Allocation (Note 4) | | | |
| Government Grants (Appendix I) | | 168,034 | 165,542 |
| Sales Charge Refund | | | |
| Entitlements (Appendix II) | | 40,527 | 37,411 |
| Cash and cash equivalents (Appendices I, & II) | | 1,343 | 1,343 |
| Total Investment Fund | | 680,725 | 671,153 |
| Represented by: | | | |
| Cash and cash equivalents | | 42,433 | |
| Investments, at fair value | | 638,292 | |
| | | 680,725 | |

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

Schedule II – Subscribers’ Deposits and Accumulated Income

As at October 31, 2015 and 2014 (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 ¹ | Outflow Units ² | Closing Units | Subscribers’ Deposits | Accumulated Income ³ |
|------------------------|----------------|---------------------------|----------------------------|----------------|-----------------------|---------------------------------|
| 2014 and prior to 2014 | 193,081 | 2,711 | 33,683 | 162,109 | \$ 23,699 | \$ 7,124 |
| 2015 | 97,953 | 6,160 | 31,498 | 72,615 | 37,201 | 11,570 |
| 2016 | 72,336 | 25,206 | 2,257 | 95,285 | 116,434 | 64,185 |
| 2017 | 75,120 | 368 | 627 | 74,861 | 85,099 | 57,122 |
| 2018 | 24,912 | 146 | 217 | 24,841 | 27,059 | 41,400 |
| 2019 | 230 | 7 | 19 | 218 | 234 | 631 |
| 2020 | 109 | 17 | 1 | 125 | 107 | 534 |
| 2021 | 14 | 3 | 1 | 16 | 24 | 328 |
| 2022 | 23 | 11 | – | 34 | 43 | 71 |
| 2023 and thereafter | 14 | 19 | – | 33 | 38 | 20 |
| TOTAL | 463,792 | 34,648 | 68,303 | 430,137 | \$ 289,938 | \$ 182,985 |

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:

| | 2015 | 2014 |
|---------------------------------------|-------------------|-------------------|
| Payments from subscribers | \$ 8,838 | \$ 13,713 |
| Inter-Plan principal transfers | (11,465) | (11,375) |
| Account maintenance fees | (266) | (342) |
| Return of principal | (77,215) | (68,062) |
| Net decrease in Subscribers’ deposits | (80,108) | (66,066) |
| Balance, Beginning of Year | 370,046 | 436,112 |
| Balance, End of Year | \$ 289,938 | \$ 370,046 |

Schedule III – Education Assistance Payments

For the years ended October 31, 2015 and 2014 (in thousands of Canadian 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.

| Education Assistance Payments | 2015 | 2014 | Education Assistance Payments | 2015 | 2014 |
|--------------------------------------|-----------------|-------------|--------------------------------------|-----------------|-------------|
| Current year payments | \$24,342 | \$21,385 | Non-Discretionary | \$38,270 | \$32,630 |
| Deferred payments | 13,697 | 11,047 | Discretionary | – | – |
| Advance payments | 231 | 198 | | \$38,270 | \$32,630 |
| | \$38,270 | \$32,630 | | | |

| | Number of education assistance payment units | | | | Amount of education assistance payment per unit | | | |
|--------|---|-----------------|-----------------|----------|--|--------|--------|--------|
| | Year of Eligibility | | | | Year of Eligibility | | | |
| | 2015 | 2014 | 2013 | 2012 | 2015 | 2014 | 2013 | 2012 |
| First | 39,816.1 | 34,444.8 | 28,622.5 | 23,212.2 | \$ 155 | \$ 179 | \$ 207 | \$ 227 |
| Second | 30,389.6 | 24,295.1 | 20,275.6 | | 221 | 227 | 237 | |
| Third | | 22,199.1 | 18,188.2 | | 276 | 275 | | |
| Fourth | | | 15,948.9 | | 334 | | | |

Notes to the Financial Statements

October 31, 2015 and 2014 and November 1, 2013 (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 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 are the Plan’s first annual financial statements prepared in accordance with IFRS; previously the Plan prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) as defined in Part V of the Chartered Professional Accountants of Canada Handbook. The date of transition to IFRS (the “Transition Date”) is November 1, 2013. IFRS 1, First Time Adoption of International Financial Reporting Standards (“IFRS 1”) has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Plan is provided in Note 9. The accounting policies have been selected to be consistent with IFRS that were effective on October 31, 2015. The accounting policies have been consistently applied to all periods presented.

These financial statements were approved by the Board of the Foundation on January 7, 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”)

IFRS 9 was issued in November 2009 to replace 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.

IFRS 9 introduces new requirements for the classification and measurement of financial assets, reducing the number of classifications from those in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

(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.

Notes to the Financial Statements (continued)

October 31, 2015 and 2014 and November 1, 2013 (in thousands of Canadian dollars)

Note 2. Significant Accounting Policies (continued)

(d) Financial instruments (continued)

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 ⁱ |
| Cash and cash equivalents | Loans and receivables ⁱⁱ |
| Accrued interest and other receivables | Loans and receivables ⁱⁱ |
| Receivables for securities sold | Loans and receivables ⁱⁱ |
| Accounts payable, accrued liabilities and unclaimed subscriber funds | Other financial liabilities ⁱⁱⁱ |
| Payables for securities purchased | Other financial liabilities ⁱⁱⁱ |

ⁱ 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 recognized in Net Income and Comprehensive Income Attributable to Subscribers and Beneficiaries.

ⁱⁱ 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.

ⁱⁱⁱ 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.

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 7(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 8 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: 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 7(b).

Notes to the Financial Statements (continued)

October 31, 2015 and 2014 and November 1, 2013 (in thousands of Canadian dollars)

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 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, 2015, \$4,173 was recognized as an expense for Administration and account maintenance fees (2014 – \$4,764). Administration and account maintenance fees included in Accounts payable, accrued liabilities and unclaimed subscribers’ funds at October 31, 2015 was \$42 (October 31, 2014 – \$103; November 1, 2013 – \$107).

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 7).

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

For the year ended October 31, 2015, the Foundation provided deficit funding payments of \$2,800 (2014 – \$4,000) to the SCR Fund (see Note 7(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, 2015, the Plan recognized an expense of \$15 (2014 – \$19) for the services of the IRC. IRC fees included in Accounts payable, accrued liabilities and unclaimed subscribers’ funds at October 31, 2015 was \$1 (October 31, 2014 – \$nil; November 1, 2013 – \$3).

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

Included in Portfolio management fees on the Statements of Comprehensive Income is \$135 (2014 – \$70) 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 \$6 owing from C.S.T.C. at October 31, 2015 (\$22 at October 31, 2014; \$nil at November 1, 2013) 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. 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.

Notes to the Financial Statements (continued)

October 31, 2015 and 2014 and November 1, 2013 (in thousands of Canadian dollars)

Note 5. Risks Associated with Financial Instruments (continued)

(a) Market risk (continued)

i. Interest rate risk (continued)

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

| Debt Instruments by Maturity Date | % of Total Investment Fund | | |
|-----------------------------------|----------------------------|--------------|-------------|
| | Oct 31, 2015 | Oct 31, 2014 | Nov 1, 2013 |
| Less than 1 year | 10% | 5% | 12% |
| 1-3 years | 21% | 30% | 40% |
| 3-5 years | 20% | 22% | 23% |
| Greater than 5 years | 26% | 21% | 22% |
| Total debt instruments | 77% | 78% | 97% |

As at October 31, 2015, if prevailing interest rates had increased by 1%, the Total Investment Fund amount of \$680,725 (October 31, 2014 – \$804,770; November 1, 2013 – \$919,527) as per Schedule I – Statement of Investment Portfolio, would have decreased by \$19,630 (October 31, 2014 – \$21,356; November 1, 2013 – \$31,978). If prevailing interest rates had decreased by 1%, the Total Investment Fund would have increased by \$23,957 (October 31, 2014 – \$23,806; November 1, 2013 – \$37,288). 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 23% (October 31, 2014 – 22%; November 1, 2013 – 3%) of the Total Investment Fund amount as at October 31, 2015. 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, 2015, if equity and underlying indices prices had increased or decreased by 1%, with all other variables held constant, the Total Investment Fund amount as per Schedule I – Statement of Investment Portfolio would have increased or decreased by approximately \$1,584 (October 31, 2014 – \$1,761; November 1, 2013 – \$288). 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, 2015 | | October 31, 2014 | | November 1, 2013 | |
|-------------------------------|----------------------------|-------------------|----------------------------|-------------------|----------------------------|-------------------|
| | % of Total Investment Fund | Amount | % of Total Investment Fund | Amount | % of Total Investment Fund | Amount |
| | (in thousands) | | (in thousands) | | (in thousands) | |
| AAA | 24% | \$ 159,372 | 43% | \$ 345,484 | 49% | \$ 454,677 |
| AA/AAH/AAL | 24% | 163,319 | 17% | 131,157 | 18% | 166,800 |
| A/AH/AL | 14% | 95,833 | 17% | 137,157 | 23% | 207,489 |
| BBB | 2% | 13,824 | 1% | 10,289 | 1% | 6,375 |
| R-1 | 9% | 64,148 | 0% | 2,174 | 5% | 49,195 |
| Short-term unrated | 4% | 25,856 | 0% | 2,355 | 1% | 6,685 |
| Total Debt Instruments | 77% | \$ 522,352 | 78% | \$ 628,616 | 97% | \$ 891,221 |

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 7(b)).

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan holds foreign equity funds as part of the SCR Fund, which represents 3% (October 31, 2014 – 2%; November 1, 2013 – 1%) of the Total Investment Fund. The Plan's Total Investment Fund would increase or decrease by approximately \$175 (October 31, 2014 – \$141; November 1, 2013 – \$132) 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

Notes to the Financial Statements (continued)

October 31, 2015 and 2014 and November 1, 2013 (in thousands of Canadian dollars)

Note 5. Risks Associated with Financial Instruments (continued)

(d) Currency risk (continued)

U.S. equities are and are hedged to Canadian dollars by the ETF provider.

Note 6. 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.

Receipts and disbursements of the General Fund included in the financial statements of the Plan for the years ended October 31, 2015 and 2014 are as follows:

| | 2015 | 2014 |
|--|---------------|-----------------|
| Receipts | | |
| Net investment income | \$ 1,460 | \$ 2,945 |
| Disbursements | | |
| Education assistance payments | (2,888) | (1,152) |
| Excess of (Disbursements) Receipts over (Receipts) Disbursements | (1,428) | 1,793 |
| Balance, Beginning of Year | 1,793 | - |
| Balance, End of Year | \$ 365 | \$ 1,793 |

Receipts and disbursements in the Donations from the Foundation included in the financial statement of the Plan for the years ended October 31, 2015 and 2014 are as follows:

| | 2015 | 2014 |
|---|-----------------|-----------------|
| Receipts | | |
| Contributions received from the Foundation | \$ - | \$ - |
| Disbursements | | |
| Education assistance payments | - | - |
| (Deficit) excess of Receipts over Disbursements | - | - |
| Balance, Beginning of Year | 1,232 | 1,232 |
| Balance, End of Year | \$ 1,232 | \$ 1,232 |

Note 7. 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, 2015 was \$11,954 (2014 – \$9,805).

As at October 31, 2015, the SCR Entitlements amount of \$37,627 (October 31, 2014 – \$44,071; November 1, 2013 – \$47,517) presented in the Statements of Financial Position represents the average cost of the Plan’s investments in the SCR Fund of \$37,505 (October 31, 2014 – \$44,133; November 1, 2013 – \$47,646), less funds to be transferred to the direct investment holdings of the plan of \$(30) (October 31, 2014 – \$270; November 1, 2013 – \$373) for SCR payments made to beneficiaries during the period, plus accrued interest of \$92 (October 31, 2014 – \$208; November 1, 2013 – \$244). The fair value of the investments in the SCR Fund as at October 31, 2015, after adjusting for the above, amounted to \$40,743 (October 31, 2014 – \$48,189; November 1, 2013 – \$49,443).

(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.

Notes to the Financial Statements (continued)

October 31, 2015 and 2014 and November 1, 2013 (in thousands of Canadian dollars)

Note 7. Sales Charge Refund (continued)

(b) Sales Charge Refund Entitlements Valuation (continued)

(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, 2015 of 4.2% (2014 – 5.4%) 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.

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

| | 2015 | 2014 |
|---|-----------|-----------|
| Present value of SCR Entitlements | \$ 43,730 | \$ 53,519 |
| Fair value of SCR Fund (Note 7(a)) | 40,743 | 48,189 |
| Underfunded portion of SCR Entitlements | \$ 2,987 | \$ 5,330 |

A 1% decrease or increase in the discount rate used will increase or decrease the present value of SCR Entitlements by \$635 or \$618, respectively (2014 – \$979 or \$948, respectively).

(ii) Funding Valuation

An actuarial valuation was completed based on assets and obligations as at October 31, 2013. 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 5.3%, which resulted in an unfunded liability of \$11,000. 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 2016 based on assets and obligations as at October 31, 2015.

Note 8. 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:

- Level 1 financial instruments are valued using quoted market prices.
- Level 2 financial instruments are valued using directly or indirectly observable inputs.
- 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, 2015

| | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|-------------------|-------------|-------------------|
| Fixed income securities | \$ - | \$ 479,919 | \$ - | \$ 479,919 |
| Equity Securities and Pooled equity funds | 158,373 | - | - | 158,373 |
| Total Investment Fund | \$ 158,373 | \$ 479,919 | \$ - | \$ 638,292 |

Assets Measured at Fair Value as of October 31, 2014

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|-------------------|-------------------|-------------|-------------------|
| Fixed income securities | \$ - | \$ 625,352 | \$ - | \$ 625,352 |
| ETFs and Pooled equity funds | 176,154 | - | - | 176,154 |
| Total Investment Fund | \$ 176,154 | \$ 625,352 | \$ - | \$ 801,506 |

Assets Measured at Fair Value as of November 1, 2013

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|------------------|-------------------|-------------|-------------------|
| Fixed income securities | \$ - | \$ 859,636 | \$ - | \$ 859,636 |
| Pooled equity funds | 28,306 | - | - | 28,306 |
| Total Investment Fund | \$ 28,306 | \$ 859,636 | \$ - | \$ 887,942 |

For the year ended October 31, 2015 and 2014, there were no transfers between Levels 1 or 2.

Notes to the Financial Statements (continued)

October 31, 2015 and 2014 and November 1, 2013 (in thousands of Canadian dollars)

Note 9. Transition to IFRS

This note summarizes the effect of the Plan's transition to IFRS.

(a) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective at the end of an entity's first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Plan has elected to apply one optional exemption and designate its Investments, at fair value as FVTPL at the transition date (November 1, 2013). Investments, at fair value were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, Investment Companies. This designation did not have any effect on the Plan's financial statements on adoption of IFRS.

The Plan has not elected to apply any other optional exemptions under IFRS 1.

IFRS 1 does not permit changes to estimates that have been made previously. Estimates used in the preparation of the Plan's opening IFRS statement of financial position, and other comparative information restated to comply with IFRS, are consistent with those made previously under Canadian GAAP.

(b) Changes in accounting policies

In accordance with IAS 32 "Financial Instruments – Presentation", the Subscribers' deposits are classified with other amounts owing to subscribers and beneficiaries, renamed Net Assets Attributable to Subscribers and Beneficiaries. The amounts were previously presented as liabilities under Canadian GAAP.

The adoption of IFRS did not result in any other changes to the accounting policies of the Plan as compared with its most recent annual financial statements prepared under Canadian GAAP. Aside from the reclassification of Subscribers' deposits, the adoption of IFRS had no other effect on the presentation or measurement of the assets, liabilities, total equity, income or expenses of the Plan.

(c) Reconciliations of Net assets and Comprehensive Income

| | October 31, 2014 | November 1, 2013 |
|--|---------------------|---------------------|
| Net assets available for education assistance payments under Canadian GAAP | \$ 447,827 | \$ 483,334 |
| Reclassification of subscribers' deposits | 370,046 | 436,112 |
| Net assets attributable to subscribers and beneficiaries under IFRS | \$ 817,873 | \$ 919,446 |

The adoption of IFRS had no effect on the Net Income and Comprehensive Income Attributable to Subscribers and Beneficiaries or the Statements of Cash Flows. As such, no reconciliation has been provided.

Government Grants

Appendix I to Schedule I

Statement of Investment Portfolio

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

| Security | | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | Security | | Par Value (\$) | Fair Value (\$) | Average Cost (\$) |
|---|-------------|----------------|-----------------|-------------------|---|-------------|----------------|-----------------|-------------------|
| Bonds | | | | | Bonds (continued) | | | | |
| Federal – 20.0% | | | | | Municipal and Provincial – 29.8% (continued) | | | | |
| Government of Canada | | | | | Province of Alberta | | | | |
| 0.43% | 31 Dec 2015 | 535 | 535 | 535 | 4.00% | 1 Dec 2019 | 155 | 171 | 171 |
| 0.42 | 14 Jan 2016 | 675 | 674 | 674 | 1.25 | 1 Jun 2020 | 1,902 | 1,888 | 1,883 |
| 1.50 | 1 Sep 2017 | 6,566 | 6,676 | 6,615 | 3.90 | 1 Dec 2033 | 1,972 | 2,157 | 2,120 |
| 2.05 | 15 Jun 2018 | 13,179 | 13,580 | 13,481 | 3.45 | 1 Dec 2043 | 995 | 1,012 | 1,043 |
| 1.75 | 1 Sep 2019 | 1,200 | 1,246 | 1,246 | Province of British Columbia | | | | |
| 1.50 | 1 Mar 2020 | 2,500 | 2,577 | 2,577 | 4.70 | 1 Dec 2017 | 4,000 | 4,314 | 4,416 |
| 3.50 | 1 Jun 2020 | 3,000 | 3,361 | 3,361 | 2.05 | 2 Jun 2019 | 1,000 | 1,023 | 1,024 |
| 0.75 | 1 Sep 2020 | 3,200 | 3,180 | 3,179 | 3.30 | 18 Dec 2023 | 2,500 | 2,716 | 2,591 |
| 3.25 | 1 Jun 2021 | 3,000 | 3,365 | 3,364 | 5.70 | 18 Jun 2029 | 2,000 | 2,645 | 2,675 |
| 2.75 | 1 Jun 2022 | 1,500 | 1,649 | 1,649 | 6.35 | 18 Jun 2031 | 2,800 | 3,972 | 3,990 |
| 1.50 | 1 Jun 2023 | 3,400 | 3,439 | 3,221 | 4.70 | 18 Jun 2037 | 4,920 | 6,051 | 6,017 |
| 2.25 | 1 Jun 2025 | 8,600 | 9,137 | 9,193 | 4.95 | 18 Jun 2040 | 3,700 | 4,752 | 4,777 |
| 1.50 | 1 Jun 2026 | 3,000 | 2,943 | 2,968 | 4.30 | 18 Jun 2042 | 9,230 | 10,931 | 10,618 |
| 8.00 | 1 Jun 2027 | 2,000 | 3,300 | 3,357 | 3.20 | 18 Jun 2044 | 1,000 | 992 | 956 |
| 5.75 | 1 Jun 2029 | 9,600 | 13,941 | 14,098 | Province of Manitoba | | | | |
| 5.75 | 1 Jun 2033 | 7,700 | 11,737 | 11,841 | 1.85 | 5 Sep 2018 | 400 | 409 | 401 |
| 5.00 | 1 Jun 2037 | 17,910 | 26,164 | 24,891 | 5.50 | 15 Nov 2018 | 1,000 | 1,130 | 1,154 |
| 4.00 | 1 Jun 2041 | 15,570 | 20,587 | 20,287 | 3.85 | 1 Dec 2021 | 1,000 | 1,117 | 1,088 |
| 3.50 | 1 Dec 2045 | 18,000 | 22,640 | 23,038 | 4.40 | 5 Sep 2025 | 2,800 | 3,230 | 3,148 |
| 2.75 | 1 Dec 2048 | 8,500 | 9,310 | 9,439 | 4.10 | 5 Mar 2041 | 6,100 | 6,729 | 6,923 |
| 2.75 | 1 Dec 2064 | 3,800 | 4,325 | 4,386 | 3.35 | 5 Mar 2043 | 1,300 | 1,268 | 1,298 |
| Canada Housing Trust | | | | | 4.05 | 5 Sep 2045 | 11,150 | 12,339 | 13,263 |
| 1.04 | 1 Apr 2016 | 931 | 472 | 473 | Province of New Brunswick | | | | |
| 1.85 | 15 Dec 2016 | 6,000 | 6,079 | 6,089 | 4.45 | 26 Mar 2018 | 400 | 432 | 435 |
| 2.05 | 15 Jun 2017 | 5,200 | 5,311 | 5,324 | 4.40 | 3 Jun 2019 | 1,400 | 1,552 | 1,556 |
| 1.75 | 15 Jun 2018 | 1,220 | 1,248 | 1,227 | 2.85 | 2 Jun 2023 | 850 | 886 | 833 |
| 2.05 | 1 Nov 2018 | 251 | 206 | 207 | 3.65 | 3 Jun 2024 | 900 | 984 | 944 |
| 1.95 | 15 Jun 2019 | 5,500 | 5,676 | 5,646 | 6.47 | 30 Nov 2027 | 5,721 | 7,161 | 7,097 |
| 1.75 | 1 Aug 2019 | 280 | 262 | 263 | 5.65 | 27 Dec 2028 | 1,195 | 1,532 | 1,466 |
| 1.16 | 1 Dec 2019 | 1,475 | 1,341 | 1,349 | 5.50 | 27 Jan 2034 | 2,075 | 2,674 | 2,441 |
| 1.26 | 1 Feb 2020 | 3,776 | 3,732 | 3,490 | 4.65 | 26 Sep 2035 | 710 | 835 | 739 |
| 3.75 | 15 Mar 2020 | 3,685 | 4,088 | 4,090 | 4.55 | 26 Mar 2037 | 1,700 | 1,972 | 1,986 |
| 3.80 | 15 Jun 2021 | 130 | 146 | 144 | 4.80 | 26 Sep 2039 | 1,200 | 1,446 | 1,494 |
| 2.40 | 15 Dec 2022 | 9,103 | 9,523 | 9,512 | 3.55 | 3 Jun 2043 | 2,000 | 2,003 | 2,016 |
| 2.90 | 15 Jun 2024 | 9,410 | 10,117 | 10,104 | Province of Newfoundland and Labrador | | | | |
| 1.95 | 15 Dec 2025 | 8,000 | 7,859 | 7,895 | 2.30 | 2 Jun 2025 | 1,100 | 1,067 | 1,095 |
| | | 220,426 | | 219,213 | 6.15 | 17 Apr 2028 | 600 | 796 | 799 |
| Municipal and Provincial – 29.8% | | | | | 6.55 | 17 Oct 2030 | 600 | 838 | 839 |
| City of Montreal | | | | | 3.83 | 1 Jun 2037 | 4,000 | 4,595 | 4,414 |
| 3.00 | 1 Sep 2025 | 750 | 751 | 755 | 4.65 | 17 Oct 2040 | 1,350 | 1,588 | 1,593 |
| City of Toronto | | | | | 3.86 | 1 Dec 2045 | 2,200 | 2,602 | 2,641 |
| 3.90 | 29 Sep 2023 | 1,200 | 1,324 | 1,329 | Province of Nova Scotia | | | | |
| Alberta Capital Finance Authority | | | | | 5.80 | 1 Jun 2033 | 1,775 | 2,371 | 2,160 |
| 4.45 | 15 Dec 2025 | 1,785 | 2,089 | 2,052 | 4.40 | 1 Jun 2042 | 1,600 | 1,857 | 1,813 |

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, 2015 (in thousands of Canadian dollars)

| Security | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | Security | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | | |
|---|----------------|-----------------|-------------------|---|----------------------------------|-----------------|-------------------|---------|--------|
| Bonds (continued) | | | | Bonds (continued) | | | | | |
| Municipal and Provincial – 29.8% (continued) | | | | Municipal and Provincial – 29.8% (continued) | | | | | |
| Province of Nova Scotia (continued) | | | | Province of Saskatchewan (continued) | | | | | |
| 3.45% | 1 Jun 2045 | 1,700 | 1,698 | 1,708 | 2.75% | 2 Dec 2046 | 2,000 | 1,757 | 1,753 |
| Province of Ontario | | | | 329,064 | | | | 325,620 | |
| 4.30 | 8 Mar 2017 | 3,019 | 3,161 | 3,211 | Corporate – 31.4% | | | | |
| 1.90 | 8 Sep 2017 | 950 | 968 | 958 | 407 East Development Group | | | | |
| 4.20 | 8 Mar 2018 | 4,099 | 4,407 | 4,479 | 6.75 | 27 Jul 2039 | 1,283 | 1,716 | 1,563 |
| 2.10 | 8 Sep 2018 | 2,460 | 2,532 | 2,546 | 407 International Inc. | | | | |
| 4.40 | 2 Jun 2019 | 2,000 | 2,223 | 2,166 | 2.81 | 18 Dec 2016 | 375 | 376 | 380 |
| 4.20 | 2 Jun 2020 | 2,000 | 2,245 | 2,155 | Arrow Lakes Power Corporation | | | | |
| 4.00 | 2 Jun 2021 | 7,515 | 8,452 | 8,149 | 5.52 | 5 Apr 2041 | 847 | 975 | 847 |
| 3.15 | 2 Jun 2022 | 1,675 | 1,805 | 1,734 | Bank of Montreal | | | | |
| 2.85 | 2 Jun 2023 | 4,700 | 4,935 | 4,580 | 2.10 | 6 Oct 2020 | 3,972 | 3,971 | 3,971 |
| 3.50 | 2 Jun 2024 | 4,890 | 5,332 | 5,053 | 4.61 | 10 Sep 2025 | 5,950 | 6,823 | 6,875 |
| 2.60 | 2 Jun 2025 | 3,000 | 3,033 | 3,041 | Bank of Nova Scotia | | | | |
| 7.60 | 2 Jun 2027 | 2,545 | 3,779 | 3,655 | 2.60 | 27 Feb 2017 | 2,515 | 2,557 | 2,562 |
| 6.50 | 8 Mar 2029 | 3,250 | 4,542 | 4,536 | 4.10 | 8 Jun 2017 | 7,860 | 8,189 | 8,209 |
| 6.20 | 2 Jun 2031 | 1,500 | 2,081 | 2,090 | 2.24 | 22 Mar 2018 | 9,030 | 9,163 | 9,175 |
| 5.85 | 8 Mar 2033 | 6,200 | 8,417 | 8,448 | 2.46 | 14 Mar 2019 | 16,408 | 16,757 | 16,807 |
| 5.60 | 2 Jun 2035 | 3,200 | 4,287 | 3,855 | 2.40 | 28 Oct 2019 | 8,168 | 8,309 | 8,359 |
| 4.70 | 2 Jun 2037 | 7,145 | 8,676 | 8,190 | Bankers Hall LP | | | | |
| 4.60 | 2 Jun 2039 | 6,340 | 7,638 | 7,415 | 4.38 | 20 Nov 2023 | 2,530 | 2,692 | 2,530 |
| 4.65 | 2 Jun 2041 | 14,515 | 17,746 | 17,519 | BNG Bank | | | | |
| 3.50 | 2 Jun 2043 | 6,000 | 6,159 | 6,384 | 5.15 | 7 Mar 2025 | 143 | 169 | 170 |
| 3.45 | 2 Jun 2045 | 23,100 | 23,604 | 23,727 | Caisse centrale Desjardins | | | | |
| 2.90 | 2 Dec 2046 | 5,500 | 5,042 | 5,035 | 3.50 | 5 Oct 2017 | 7,983 | 8,278 | 8,322 |
| Province of Quebec | | | | Canadian Imperial Bank of Commerce | | | | | |
| 4.50 | 1 Dec 2016 | 800 | 832 | 857 | 0.70 | 18 Feb 2016 | 200 | 199 | 199 |
| 4.50 | 1 Dec 2017 | 5,218 | 5,604 | 5,757 | 2.35 | 18 Oct 2017 | 6,680 | 6,792 | 6,800 |
| 4.50 | 1 Dec 2018 | 1,000 | 1,103 | 1,116 | 1.70 | 9 Oct 2018 | 2,334 | 2,337 | 2,333 |
| 4.50 | 1 Dec 2019 | 1,550 | 1,745 | 1,711 | Canadian Pacific Railway Company | | | | |
| 11.00 | 15 Aug 2020 | 3,000 | 4,310 | 4,332 | 6.91 | 1 Oct 2024 | 510 | 380 | 387 |
| 4.50 | 1 Dec 2020 | 1,000 | 1,143 | 1,057 | Capital Desjardins Inc. | | | | |
| 3.75 | 1 Sep 2024 | 7,000 | 7,755 | 7,431 | 5.19 | 5 May 2020 | 7,600 | 8,487 | 8,500 |
| 6.00 | 1 Oct 2029 | 2,000 | 2,685 | 2,693 | 4.95 | 15 Dec 2026 | 2,963 | 3,313 | 3,317 |
| 6.25 | 1 Jun 2032 | 4,000 | 5,577 | 5,597 | CBC Monetization Trust | | | | |
| 5.25 | 1 Jun 2034 | 3,000 | 3,784 | 3,800 | 4.69 | 15 May 2027 | 2,609 | 3,049 | 2,818 |
| 5.75 | 1 Dec 2036 | 2,690 | 3,657 | 3,348 | Cogeco Cable Inc. | | | | |
| 5.00 | 1 Dec 2038 | 2,940 | 3,694 | 3,045 | 4.18 | 26 May 2023 | 1,469 | 1,521 | 1,528 |
| 5.00 | 1 Dec 2041 | 11,400 | 14,515 | 14,524 | CSS Partnership | | | | |
| 4.25 | 1 Dec 2043 | 4,500 | 5,182 | 5,175 | 6.92 | 31 Jul 2042 | 2,187 | 2,803 | 2,800 |
| 3.50 | 1 Dec 2045 | 11,000 | 11,218 | 11,134 | | | | | |
| Province of Saskatchewan | | | | | | | | | |
| 3.20 | 3 Jun 2024 | 80 | 85 | 83 | | | | | |
| 6.40 | 5 Sep 2031 | 4,037 | 5,686 | 5,700 | | | | | |
| 4.75 | 1 Jun 2040 | 1,400 | 1,715 | 1,727 | | | | | |
| 3.90 | 2 Jun 2045 | 3,700 | 4,054 | 4,093 | | | | | |

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, 2015 (in thousands of Canadian dollars)

| Security | | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | Security | | Par Value (\$) | Fair Value (\$) | Average Cost (\$) |
|---|-------------|----------------|-----------------|-------------------|---|-------------|----------------|-----------------|-------------------|
| Bonds (continued) | | | | | Bonds (continued) | | | | |
| Corporate – 31.4% (continued) | | | | | Corporate – 31.4% (continued) | | | | |
| DEPFA Bank plc. | | | | | Maritimes and Northeast Pipelines Limited Partnership (continued) | | | | |
| 5.25% | 31 Mar 2025 | 2,623 | 3,112 | 3,207 | 6.90% | 30 Nov 2019 | 744 | 823 | 840 |
| 4.90 | 24 Aug 2035 | 2,115 | 2,443 | 2,585 | Master Asset Vehicle Trust | | | | |
| Enbridge Inc. | | | | | 0.78 | 15 Jul 2056 | 36 | 36 | 36 |
| 1.73 | 13 Mar 2017 | 792 | 784 | 787 | Milit-Air Inc. | | | | |
| 4.57 | 11 Mar 2044 | 431 | 386 | 400 | 5.75 | 30 Jun 2019 | 2,202 | 2,381 | 2,412 |
| EUROFIMA | | | | | National Bank of Canada | | | | |
| 4.55 | 30 Mar 2027 | 913 | 1,027 | 1,022 | 2.02 | 13 Apr 2017 | 1,891 | 1,908 | 1,911 |
| GE Capital Canada Funding Company | | | | | 2.69 | 21 Aug 2017 | 19,914 | 20,337 | 20,391 |
| 1.62 | 15 Feb 2022 | 1,966 | 1,951 | 1,803 | NAV Canada | | | | |
| 2.18 | 6 Feb 2023 | 3,071 | 3,098 | 3,071 | 7.56 | 1 Mar 2027 | 3,444 | 4,444 | 4,335 |
| Greater Toronto Airport Authority | | | | | North Battleford Power L.P. | | | | |
| 6.45 | 30 Jul 2029 | 2,140 | 2,725 | 2,631 | 4.96 | 31 Dec 2032 | 1,011 | 1,139 | 1,028 |
| Heathrow Funding Limited | | | | | Ontrea Inc. | | | | |
| 3.25 | 21 May 2027 | 414 | 411 | 410 | 4.62 | 9 Apr 2018 | 1,990 | 2,126 | 2,040 |
| HSBC Bank Canada | | | | | Ornge Issuer Trust | | | | |
| 2.90 | 13 Jan 2017 | 5,855 | 5,959 | 5,975 | 5.73 | 11 Jun 2034 | 3,416 | 4,015 | 3,879 |
| 3.56 | 4 Oct 2017 | 1,832 | 1,898 | 1,903 | Pearson International Fuel Facilities Corporation | | | | |
| 2.45 | 29 Jan 2021 | 1,111 | 1,109 | 1,111 | 5.09 | 9 Mar 2032 | 2,203 | 2,398 | 2,362 |
| 2.91 | 29 Sep 2021 | 11,840 | 12,023 | 12,041 | Public Sector Pension Investment Board | | | | |
| Hydro-Québec | | | | | 3.27 | 12 Jun 2020 | 2,836 | 2,924 | 2,836 |
| 6.50 | 15 Feb 2035 | 1,000 | 1,449 | 1,463 | Royal Bank of Canada | | | | |
| 6.00 | 15 Feb 2040 | 8,000 | 11,414 | 11,489 | 3.66 | 25 Jan 2017 | 1,160 | 1,194 | 1,196 |
| 5.00 | 15 Feb 2045 | 1,450 | 1,880 | 1,901 | 2.58 | 13 Apr 2017 | 9,860 | 10,033 | 10,049 |
| 5.00 | 15 Feb 2050 | 1,500 | 1,988 | 2,014 | 2.36 | 21 Sep 2017 | 2,390 | 2,429 | 2,435 |
| Kraft Canada Inc. | | | | | 2.26 | 12 Mar 2018 | 9,478 | 9,620 | 9,649 |
| 2.30 | 6 Jul 2020 | 3,800 | 3,724 | 3,800 | 2.77 | 11 Dec 2018 | 22,122 | 22,811 | 22,815 |
| Kreditanstalt für Wiederaufbau Global | | | | | 1.63 | 11 Feb 2020 | 333 | 328 | 333 |
| 5.05 | 4 Feb 2025 | 1,196 | 1,448 | 1,474 | 1.39 | 23 Mar 2020 | 5,878 | 5,821 | 5,878 |
| Loblaw Companies Limited | | | | | 1.97 | 2 Mar 2022 | 3,140 | 3,057 | 3,066 |
| 6.50 | 22 Jan 2029 | 1,827 | 2,210 | 2,268 | Shaw Communications Inc. | | | | |
| 6.54 | 17 Feb 2033 | 595 | 719 | 737 | 6.75 | 9 Nov 2039 | 1,894 | 2,212 | 2,311 |
| Manufacturers Life Insurance Company | | | | | SP1 Limited Partnership | | | | |
| 2.81 | 21 Feb 2024 | 1,479 | 1,511 | 1,514 | 3.21 | 15 Jun 2019 | 3,026 | 2,914 | 2,837 |
| 2.64 | 15 Jan 2025 | 1,479 | 1,501 | 1,501 | St. Clair Holding ULC | | | | |
| 2.10 | 1 Jun 2025 | 1,479 | 1,461 | 1,462 | 4.88 | 31 Aug 2031 | 476 | 502 | 505 |
| 2.39 | 5 Jan 2026 | 4,438 | 4,408 | 4,408 | Strait Crossing Development Inc. | | | | |
| Manulife Finance L.P. | | | | | 6.17 | 15 Sep 2031 | 226 | 204 | 207 |
| 4.45 | 15 Dec 2026 | 8,146 | 8,381 | 8,423 | Sun Life Capital Trust | | | | |
| Maritimes and Northeast Pipelines Limited Partnership | | | | | 7.09 | 30 Jun 2052 | 3,905 | 4,903 | 5,082 |
| 4.34 | 30 Nov 2019 | 2,588 | 2,665 | 2,674 | | | | | |

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, 2015 (in thousands of Canadian dollars)

| Security | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | Security | Number of Securities | Fair Value (\$) | Average Cost (\$) |
|---|----------------|-----------------|-------------------|--|----------------------|-----------------|-------------------|
| Bonds (continued) | | | | Equities – 4.9% (continued) | | | |
| Corporate – 31.4% (continued) | | | | Enbridge Inc. | | | |
| Toronto Dominion Bank | | | | Enerflex Ltd. | | | |
| 1.53% | 2 Apr 2019 | 8,123 | 8,305 | 8,357 | 81 | 1,019 | 1,045 |
| 3.23 | 24 Jul 2024 | 12,095 | 12,517 | 12,650 | 70 | 429 | 476 |
| 2.98 | 30 Sep 2025 | 8,628 | 8,578 | 8,628 | 20 | 167 | 169 |
| 4.78 | 14 Dec 2105 | 8,944 | 9,212 | 9,286 | 20 | 167 | 169 |
| TransCanada Pipelines Limited | | | | Ensign Energy Services Inc. | | | |
| 11.80 | 20 Nov 2020 | 1,994 | 2,853 | 3,033 | 1 | 767 | 698 |
| 8.05 | 17 Feb 2039 | 1,553 | 2,248 | 2,492 | 48 | 991 | 915 |
| UniCredit Group | | | | Finning International Inc. | | | |
| 2.25 | 29 May 2018 | 2,401 | 2,439 | 2,451 | 6 | 275 | 268 |
| University Health Network | | | | FirstService Corporation | | | |
| 5.64 | 8 Dec 2022 | 6,215 | 7,088 | 7,126 | 11 | 716 | 631 |
| University of Ontario Institute of Technology | | | | Franco Nevada Corporation | | | |
| 6.35 | 15 Oct 2034 | 203 | 246 | 234 | 64 | 644 | 708 |
| Wells Fargo Financial Corporation Canada | | | | Freehold Royalties Ltd. | | | |
| 3.04 | 29 Jan 2021 | 1,038 | 1,081 | 1,082 | 50 | 203 | 204 |
| 3.46 | 24 Jan 2023 | 889 | 937 | 939 | 24 | 398 | 412 |
| WTH Car Rental ULC | | | | Granite REIT | | | |
| 2.54 | 20 Aug 2019 | 2,960 | 2,988 | 2,960 | 20 | 774 | 755 |
| | | | 347,592 | 348,197 | 27 | 478 | 490 |
| Total Fixed Income Investments – 81.2% | | 897,082 | 893,030 | Great Canadian Gaming Corporation | | | |
| | | | | Great West Lifeco Inc. | | | |
| | | | | Home Capital Group Inc. | | | |
| | | | | IGM Financial Inc. | | | |
| | | | | Imperial Oil Limited | | | |
| | | | | Intact Financial Corporation | | | |
| | | | | Laurentian Bank of Canada | | | |
| | | | | Loblaw Companies Limited | | | |
| | | | | Magna International Inc. | | | |
| | | | | Methanex Corporation | | | |
| | | | | Metro Inc. | | | |
| | | | | Morguard Corporation | | | |
| | | | | Mullen Group Ltd. | | | |
| | | | | Onex Corporation | | | |
| | | | | Open Text Corporation | | | |
| | | | | Pason System Inc. | | | |
| | | | | Potash Corporation of Saskatchewan Inc. | | | |
| | | | | Power Corporation of Canada | | | |
| | | | | PrairieSky Royalty Ltd. | | | |
| | | | | Quebecor World Inc. | | | |
| | | | | Ritchie Bros. Auctioneers Inc. | | | |
| | | | | Royal Bank of Canada | | | |
| | | | | ShawCor Ltd. | | | |
| | | | | SNC-Lavalin Group inc. | | | |
| | | | | Suncor Energy Inc. | | | |
| | | | | Teck Resources Limited | | | |
| | | | | TELUS Corporation | | | |
| | | | | Toromont Industries Ltd. | | | |
| | | | | Toronto Dominion Bank | | | |
| | | | | Total Energy Services Inc. | | | |
| | | | | Wajax Corporation | | | |
| | | | | West Fraser Timber Co. Ltd. | | | |
| | | | | Westshore Terminals Investment Corporation | | | |
| | | | | Whistler Blackcomb Holdings Inc. | | | |
| | | | | Total Equities | | | |
| | | | | 1,990 | | | |
| | | | | 54,652 | | | |
| | | | | 52,463 | | | |

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, 2015 (in thousands of Canadian dollars)

| Security | Number of Securities | Fair Value (\$) | Average Cost (\$) |
|---|----------------------|------------------|-------------------|
| Exchange-traded Funds – 13.2% | | | |
| BMO S&P 500 Hedged to CAD Index ETF | 2,305 | 73,753 | 70,306 |
| iShares Core S&P 500 Hedged to CAD Index ETF | 2,995 | 71,950 | 68,046 |
| | 5,300 | 145,703 | 138,352 |
| Total Equities and ETFs – 18.1% | | 200,355 | 190,815 |
| Cash and cash equivalents – 0.7% | | 8,178 | 8,178 |
| Total Portfolio Assets – 100.0% | | 1,105,615 | 1,092,023 |
| Government Grant Investment Allocation | | | |
| Plan II | | 1,766 | 1,741 |
| Founders' Plan | | 24,540 | 24,137 |
| Group Savings Plan | | 168,034 | 165,542 |
| Group Savings Plan 2001 | | 826,581 | 816,801 |
| Family Savings Plan | | 73,700 | 72,842 |
| Individual Savings Plan | | 2,816 | 2,781 |
| | | 1,097,437 | 1,083,844 |
| Cash and Short-term Investments Allocation | | | |
| Plan II | | 13 | 13 |
| Founders' Plan | | 182 | 182 |
| Group Savings Plan | | 1,249 | 1,249 |
| Group Savings Plan 2001 | | 6,163 | 6,163 |
| Family Savings Plan | | 550 | 550 |
| Individual Savings Plan | | 21 | 21 |
| | | 8,178 | 8,178 |

Sales Charge Refund Entitlements

Appendix II to Schedule I

Statement of Investment Portfolio

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

Agreements Purchased prior to October 2, 2007

| Security | Par Value (\$) | Fair Value (\$) | Average Cost (\$) |
|---|----------------|-----------------|-------------------|
| Bonds – 1.9% | | | |
| Canada Housing Trust | | | |
| 1.31% 1 Aug 2020 | 2,400 | 2,359 | 2,357 |
| | | 2,359 | 2,357 |
| Provincial – 0.6% | | | |
| Province of New Brunswick | | | |
| 6.47 30 Nov 2027 | 628 | 786 | 766 |
| | | 786 | 766 |
| Corporate – 33.1% | | | |
| Blue Water Bridge Authority | | | |
| 6.41 9 Jul 2027 | 1,246 | 821 | 948 |
| Central 1 Credit Union | | | |
| 1.31 24 Nov 2016 | 1,341 | 1,343 | 1,341 |
| Cogeco Cable Inc. | | | |
| 4.18 26 May 2023 | 1,483 | 1,535 | 1,477 |
| DEPFA Bank plc. | | | |
| 5.25 31 Mar 2025 | 1,534 | 1,820 | 1,868 |
| 4.9 24 Aug 2035 | 1,041 | 1,202 | 1,267 |
| Enbridge Inc. | | | |
| 4.57 11 Mar 2044 | 570 | 511 | 530 |
| EUROFIMA | | | |
| 4.55 30 Mar 2027 | 212 | 239 | 237 |
| GE Capital Canada Funding Company | | | |
| 1.62 15 Feb 2022 | 1,947 | 1,936 | 1,787 |
| 2.18 6 Feb 2023 | 807 | 814 | 807 |
| Greater Toronto Airport Authority | | | |
| 6.45 30 Jul 2029 | 1,361 | 1,733 | 1,655 |
| Honda Canada Finance Inc. | | | |
| 1.93 3 Dec 2018 | 1,244 | 1,237 | 1,244 |
| InPower BC General Partnership | | | |
| 4.47 31 Mar 2033 | 535 | 569 | 532 |
| Kraft Canada Inc. | | | |
| 2.30 6 Jul 2020 | 1,783 | 1,747 | 1,783 |
| Kreditanstalt für Wiederaufbau Global | | | |
| 5.05 4 Feb 2025 | 256 | 310 | 309 |
| Maritimes and Northeast Pipelines Limited Partnership | | | |
| 4.34 30 Nov 2019 | 1,032 | 1,062 | 1,063 |
| 6.90 30 Nov 2019 | 84 | 93 | 95 |

| Security | Par Value (\$) | Fair Value (\$) | Average Cost (\$) |
|--|----------------|-----------------|-------------------|
| Bonds – 1.9% (continued) | | | |
| Corporate – 33.1% (continued) | | | |
| McCain Finance Limited | | | |
| 3.87% 7 Feb 2023 | 737 | 800 | 737 |
| Milit-Air Inc. | | | |
| 5.75 30 Jun 2019 | 1,095 | 1,184 | 1,206 |
| NAV Canada | | | |
| 7.56 1 Mar 2027 | 1,984 | 2,561 | 2,494 |
| Nova Gas Transmission Ltd. | | | |
| 9.90 16 Dec 2024 | 109 | 162 | 167 |
| Ontrea Inc. | | | |
| 4.62 9 Apr 2018 | 789 | 842 | 800 |
| Ornge Issuer Trust | | | |
| 5.73 11 Jun 2034 | 1,885 | 2,216 | 2,174 |
| Public Sector Pension Investment Board | | | |
| 3.27 12 Jun 2020 | 1,752 | 1,806 | 1,761 |
| Royal Bank of Canada | | | |
| 1.63 11 Feb 2020 | 310 | 306 | 310 |
| 1.39 23 Mar 2020 | 2,394 | 2,371 | 2,394 |
| Royal Bank of Scotland | | | |
| 5.88 12 May 2016 | 176 | 179 | 187 |
| Shaw Communications Inc. | | | |
| 6.75 9 Nov 2039 | 1,654 | 1,932 | 1,605 |
| SNC Lavalin Group Inc. | | | |
| 6.19 3 Jul 2019 | 1,551 | 1,759 | 1,762 |
| SP1 Limited Partnership | | | |
| 3.21 15 Jun 2019 | 1,373 | 1,322 | 1,287 |
| St.Clair Holding ULC | | | |
| 4.88 31 Aug 2031 | 425 | 449 | 425 |
| Strait Crossing Development Inc. | | | |
| 6.17 15 Sep 2031 | 451 | 407 | 372 |
| TransCanada Pipelines Limited | | | |
| 11.8 20 Nov 2020 | 172 | 246 | 260 |
| UniCredit Group | | | |
| 2.25 29 May 2018 | 200 | 203 | 204 |
| University Health Network | | | |
| 5.64 8 Dec 2022 | 1,979 | 2,257 | 2,257 |

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

Sales Charge Refund Entitlements (continued)

Appendix II to Schedule I

Statement of Investment Portfolio

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

Agreements Purchased prior to October 2, 2007 (continued)

| Security | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | Security | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | |
|---|----------------|-----------------|-------------------|---|---|-----------------|-------------------|--------|
| Bonds – 1.9% (continued) | | | | Pooled Equity Funds | | | | |
| Corporate – 33.1% (continued) | | | | SRA Canadian Equity Fund | 1,929 | 27,051 | 28,855 | |
| University of Ontario Institute of Technology | | | | SRA US Equity Fund | 2,417 | 27,177 | 20,656 | |
| 6.35% | 15 Oct 2034 | 1,246 | 1,511 | 1,323 | SRA International Equity Fund | 2,239 | 24,800 | 21,525 |
| WTH Car Rental ULC | | | | Total Equities – 64.2% | 79,028 | 71,036 | | |
| 2.54 | 20 Aug 2019 | 1,215 | 1,226 | 1,215 | Total Investments – 99.8% | 122,884 | 114,042 | |
| | | | 40,711 | 39,883 | Cash and cash equivalents – 0.2% | 286 | 286 | |
| Total Fixed Investments – 35.6% | | 43,856 | 43,006 | Total Portfolio Assets – 100.0% | 123,170 | 114,328 | | |
| | | | | Total Investments Allocation | | | | |
| | | | | Group Savings Plan 2001 | | 82,357 | 76,631 | |
| | | | | Group Savings Plan | | 40,527 | 37,411 | |
| | | | | | | 122,884 | 114,042 | |
| | | | | Cash and cash equivalents Allocation | | | | |
| | | | | Group Savings Plan 2001 | | 192 | 192 | |
| | | | | Group Savings Plan | | 94 | 94 | |
| | | | | | | 286 | 286 | |

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, 2nd Floor
Toronto, Ontario M5V 3L3

Auditor

Deloitte LLP
Bay Adelaide East
22 Adelaide Street West, Suite 200
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Bank

Royal Bank of Canada
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For updates on your Plan account, login to Online Services at www.cst.org
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