

C.S.T. Consultants Inc.

Canadian Scholarship Trust Individual 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 Individual 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.

The Plan invests Principal and any Government Grants received in debt securities of Canadian federal and provincial governments. Income earned on Principal and Government Grants (“Income”) is invested in debt securities issued by corporations, including debt securities rated BBB and above.

The investments of the Plan are managed by TD Asset Management Inc. The assets are allocated among different market sectors and different maturity segments at the portfolio manager’s discretion, subject to our investment policies and mandates. The portfolio manager actively manages the Plan, focusing on strategies where value can be added on a sustainable basis while meeting the short to medium-term cash flow requirements of the Plan. These strategies include sector allocation, duration management, credit research and yield curve positioning.

Risk

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

Results of Operation

2015 Plan Performance

For 2015, the Plan’s rate of return, net of fees, was 1.2% compared to the investment policy benchmark (“Benchmark”) return of 2.5% and the FTSE TMX Canada Short Term Government Bond Index return of 2.7% (“Broad-based Index”). The Plan’s return is after the deduction of fees and expenses of 1.2%, while the Benchmark and Broad-based Index returns do not include any costs of investing such as fees, expenses and commissions.

In comparison to the Benchmark, the Plan’s modest overweight to provincial and corporate bonds detracted from relative returns as yields fell and spreads widened throughout the course of the year. Overall, the Plan’s strategic investment positioning was largely neutral compared to the Benchmark.

In comparison to the Broad-based Index, the Plan’s overweight allocation of lower yielding money market securities to best meet its short-term obligations to Planholders, contributed negatively to relative performance as government bond yields declined and ended the year lower. Overall, the Plan’s strategic investment positioning was largely neutral compared 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.

At October 31, 2015, 73.0% of the Plan's Total Portfolio Assets were invested in Short and Mid-Term Government Bonds, 24.6% in Corporate Bonds, and 2.4% in Cash and Money Market Securities.

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, which includes assets and income allocated from Government Grants. 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	\$12,192	\$12,237	\$12,255	\$11,249	\$10,365
Net Assets	12,138	12,070	4,208	4,107	3,739
% Change of Net Assets Attributable to Subscribers and Beneficiaries	0.6%	186.6%	2.5%	9.8%	5.8%
Statements of Comprehensive Income					
Net Investment Income	\$ 107	\$ 94	\$ 17	\$ 61	\$ 196
Statements of Changes in Net Assets					
Education Assistance Payments	\$ (634)	\$ (596)	\$ (582)	\$ (703)	\$ (659)
Government Grants Received (net of repayments)	197	265	320	383	294
Government Grant Payments to Beneficiaries	(436)	(374)	(344)	(233)	(175)
Other					
Total number of Agreements	3,906	3,855	3,680	3,390	3,017
% Change in the total number of Agreements	1.3%	4.8%	8.6%	12.4%	20.8%

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 \$135 thousand (2014 – \$133 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 1.0% 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 0.14% including taxes (2014 – 0.14%) 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 \$8 thousand (2014 – \$10 thousand) and are 0.08% including taxes (2014 – 0.10%) of the average market value of assets.

Summary of Plan Investment Portfolio

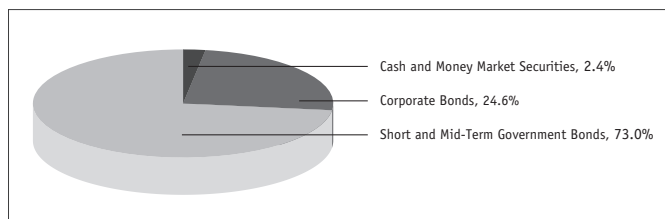
The Plan’s Total Portfolio Assets are comprised of the Principal and Income for all education savings plan agreements that have not been paid out to beneficiaries and/or withdrawn by subscribers.

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 are not included in EAP values paid out.

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 asset pool 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 in 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
Province of Ontario	4.30%	08 Mar 2017	743	12.7%
Canada Housing Trust	1.75%	15 Jun 2018	690	11.8%
Province of British Columbia	4.70%	01 Dec 2017	431	7.3%
Province of Quebec	4.50%	01 Dec 2017	396	6.7%
Canada Housing Trust	2.00%	15 Dec 2019	331	5.6%
Canada Housing Trust	2.05%	15 Jun 2017	322	5.5%
Canada Housing Trust	1.70%	15 Dec 2017	321	5.5%
Province of Quebec	4.50%	01 Dec 2019	214	3.6%
Province of Ontario	4.40%	02 Jun 2019	139	2.4%
Province of Saskatchewan	1.95%	01 Mar 2019	133	2.3%
Province of Alberta	1.70%	15 Dec 2017	132	2.3%
Bell Canada	3.35%	18 Jun 2019	114	1.9%
Canada Housing Trust	3.75%	15 Mar 2020	111	1.9%
Province of Quebec	4.50%	01 Dec 2016	94	1.6%
bcIMC Realty Corporation	2.79%	02 Aug 2018	93	1.6%
Province of New Brunswick	4.40%	03 Jun 2019	78	1.3%
Province of Manitoba	1.85%	05 Sep 2018	77	1.3%
Province of Ontario	4.20%	08 Mar 2018	75	1.3%
Bank of Montreal	3.21%	13 Sep 2018	63	1.1%
CIBC Capital Trust	9.98%	30 Jun 2108	62	1.1%
HSBC Bank Canada	3.56%	04 Oct 2017	52	0.9%
Royal Bank of Canada	2.77%	11 Dec 2018	52	0.9%
Honda Canada Finance Inc.	2.35%	04 Jun 2018	51	0.9%
HSBC Bank Canada	2.49%	13 May 2019	51	0.9%
Wells Fargo Financial Corporation Canada	2.94%	25 Jul 2019	42	0.7%

Top 25 long positions as a percentage of Plan’s

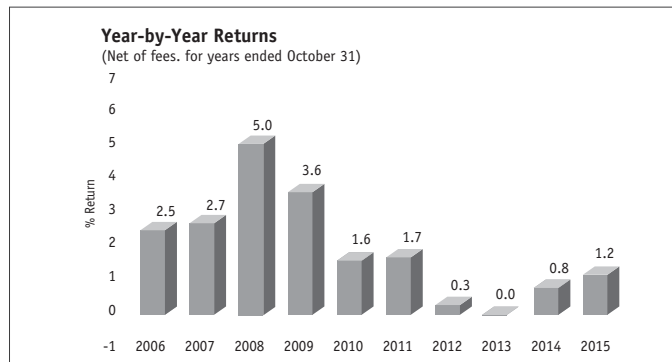
Total Portfolio Assets 83.1%

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. Investment returns have been calculated using market values and time-weighted cash flows during the periods. Total expenses incurred by the Plan, including administration, portfolio management, custody and trustee fees, and Independent Review Committee expenses have been deducted and only net returns are displayed in each period. Past returns of the Plan do not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart illustrates the annual performance in each of the past ten years to October 31, 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 Plan's Benchmark currently comprises the following specified indices in the weights and for the periods of time indicated:

Index	Prior to: Aug 1, 2014	Current: Aug 1, 2014
FTSE TMX Canada Short Term Corporate Bond Index		19.0%
FTSE TMX Canada Short Term Gov't Bond Index	70.0%	71.0%
FTSE TMX Canada 91-Day Treasury Bill Index	30.0%	10.0%

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 Short Term Corporate Bond Index is a broad measure of Canadian investment grade fixed income securities issued by corporations, 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 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*	1.2	0.7	0.8	1.9
Benchmark	2.5	1.9	2.0	3.1
Broad-based Index: FTSE TMX				
Canada Short-Term				
Government Bond Index	2.7	2.1	2.3	3.6

* Note: The Plan returns are after the deduction of fees and expenses, while the Benchmark and Broad-based Index returns do not include any costs of investing such as fees, expenses and commissions. The Plan's fees and expenses were 1.2% for the one-year, three-year and ten-year returns and 1.3% for the five-year return.

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

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canadian Scholarship Trust Individual Savings Plan (the "Plan") are prepared by management and are approved by the Board of Directors of 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 Individual 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 Individual 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 7)	Nov 1, 2013 (Note 7)
Assets			
Cash and cash equivalents	\$ 163	\$ 356	\$ 2,471
Receivables for securities sold	42	-	41
Investments, at fair value <i>(Note 4 and Schedule I)</i>	8,547	9,047	7,217
Accrued interest and other receivables	3,407	2,806	2,490
Government grants receivable	33	28	36
	12,192	12,237	12,255
Liabilities			
Payables for securities purchased	22	-	460
Accounts payable, accrued liabilities and unclaimed subscribers' funds	32	167	156
	54	167	616
Net Assets Attributable to Subscribers and Beneficiaries	12,138	12,070	11,639
Represented by:			
Non-Discretionary Funds			
Accumulated income held for future education assistance payments	1,825	1,938	1,929
Subscribers' deposits <i>(Schedule II)</i>	7,624	7,610	7,431
Government grants	2,227	2,122	1,924
Income on Government grants	453	424	370
Unrealized Gains (Losses)	9	(24)	(15)
	\$12,138	\$12,070	\$11,639

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	\$ 267	\$ 259
Realized losses on sale of investments	(48)	(1)
Change in unrealized gains (losses)	33	(9)
Dividends	11	1
	263	250
Expenses		
Administration and account maintenance fees <i>(Note 3(a))</i>	135	133
Portfolio management fees	13	13
Custodian and trustee fees	8	10
	156	156
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	\$ 107	\$ 94

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	\$ 12,070	\$ 11,639
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	107	94
Transfers from internal and external plans	844	883
	951	977
Receipts		
Net increase in Subscribers' deposits <i>(Schedule II)</i>	14	179
Government grants received (net of repayments)	197	265
Disbursements		
Payments to beneficiaries		
Education assistance payments	(634)	(596)
Government grants	(436)	(374)
Return of interest	(24)	(20)
Total payments to beneficiaries	(1,094)	(990)
Receipts less Disbursements	(883)	(546)
Change in Net Assets Attributable to Subscribers and Beneficiaries	68	431
Net Assets Attributable to Subscribers and Beneficiaries, End of Year	\$ 12,138	\$ 12,070

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	\$ 107	\$ 94
Net disbursements from investment transactions	465	(2,259)
Items not affecting cash		
Realized losses on sale of investments	48	1
Change in unrealized gains (losses)	(33)	9
Change in non-cash operating working capital		
Increase in Accrued interest and other receivables	(601)	(316)
Increase (decrease) in Government grants receivable	(5)	8
(Decrease) increase in Accounts payable, accrued liabilities and unclaimed subscribers' funds	(135)	11
Cash flow used in Operating Activities	(154)	(2,452)
Financing Activities		
Transfers from internal and external plans	844	883
Government grants received (net of repayments)	197	265
Net increase in Subscribers' deposits <i>(Schedule II)</i>	14	179
Payments to beneficiaries	(1,094)	(990)
Cash flow from Financing Activities	(39)	337
Net decrease in Cash and cash equivalents	(193)	(2,115)
Cash and cash equivalents, Beginning of Year	356	2,471
Cash and cash equivalents, End of Year	\$ 163	\$ 356
Supplemental cash flow information:		
Withholding Taxes	\$ 1	\$ -
Interest Income Received	275	231

Schedule I – Statement of Investment Portfolio

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

Security		Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security		Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds					Bonds (continued)				
Federal – 30.2%					Corporate – 24.6% (continued)				
Canada Housing Trust					Caisse centrale Desjardins				
2.05%	15 Jun 2017	315	322	322	2.80%	19 Nov 2018	40	41	41
1.70	15 Dec 2017	315	321	321	2.44	17 Jul 2019	40	41	40
1.75	15 Jun 2018	675	690	682	Caterpillar Financial Service Limited				
2.00	15 Dec 2019	320	331	325	1.75	3 Jun 2019	10	10	10
3.75	15 Mar 2020	100	111	111	CIBC Capital Trust				
			1,775	1,761	9.98	30 Jun 2108	50	62	65
Provincial – 42.8%					Daimler Canada Finance Inc.				
Province of Alberta					1.78	19 Aug 2019	20	20	20
1.70	15 Dec 2017	130	132	129	Ford Credit Canada Limited				
Province of British Columbia					2.92	16 Sep 2020	20	20	20
4.70	1 Dec 2017	400	431	442	Honda Canada Finance Inc.				
Province of Manitoba					2.35	4 Jun 2018	50	51	51
1.85	5 Sep 2018	75	77	76	1.63	12 Aug 2019	10	10	10
Province of New Brunswick					HSBC Bank Canada				
4.40	3 Jun 2019	70	78	78	3.56	4 Oct 2017	50	52	52
Province of Ontario					2.49	13 May 2019	50	51	50
4.30	8 Mar 2017	710	743	758	National Bank of Canada				
4.20	8 Mar 2018	70	75	77	1.95	11 Dec 2017	10	10	10
4.40	2 Jun 2019	125	139	139	2.79	9 Aug 2018	30	31	31
Province of Quebec					1.74	3 Mar 2020	20	20	20
4.50	1 Dec 2016	90	94	97	Omers Realty Corporation				
4.50	1 Dec 2017	369	396	403	2.47	12 Nov 2019	10	10	10
4.50	1 Dec 2019	190	214	218	Royal Bank of Canada				
Province of Saskatchewan					2.82	12 Jul 2018	40	41	41
1.95	1 Mar 2019	130	133	130	2.77	11 Dec 2018	50	52	51
			2,512	2,547	2.48	4 Jun 2025	30	29	30
Corporate – 24.6%					Toronto Dominion Bank				
Bank of Montreal					1.69	2 Apr 2020	30	30	30
3.21	13 Sep 2018	60	63	63	2.69	24 Jun 2025	30	30	30
3.12	19 Sep 2024	40	40	41	2.98	30 Sep 2025	20	20	20
Bank of Nova Scotia					4.78	14 Dec 2105	20	21	21
2.75	13 Aug 2018	10	10	10	5.76	18 Dec 2106	20	21	22
2.46	14 Mar 2019	40	41	40	Toyota Credit Canada Inc.				
2.13	15 Jun 2020	30	30	30	2.75	18 Jul 2018	20	21	20
2.09	9 Sep 2020	20	20	20	2.48	19 Nov 2019	30	31	30
bcIMC Realty Corporation					1.80	19 Feb 2020	40	40	40
2.79	2 Aug 2018	90	91	93					
Bell Canada									
3.35	18 Jun 2019	110	114	114					
BMW Canada Inc.									
2.39	27 Nov 2017	30	30	30					
2.33	26 Sep 2018	40	40	40					
2.27	26 Nov 2018	10	10	10					

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 dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 24.6% (continued)			
VW Credit Canada Inc.			
2.90%	14 Nov 2017	30	30
2.45	20 Aug 2018	30	31
2.80	1 Oct 2019	20	20
2.50	24 Jun 2020	30	30
Wells Fargo Financial Corporation Canada			
2.78	15 Nov 2018	40	41
2.94	25 Jul 2019	40	41
		1,444	1,449
Total Fixed Investments – 97.6%		5,731	5,757
Cash and cash equivalents – 2.4%		142	142
Total Portfolio Assets – 100.0%		5,873	5,899
Investments Allocation (Note 4)			
Government Grants (Appendix I)		2,816	2,781
Cash and cash equivalents (Appendix I)		21	21
Total Investment Fund		8,710	8,701
Represented by:			
Cash and cash equivalents		163	
Investments, at fair value		8,547	
		8,710	

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 Individual Savings Plan agreements, Subscribers’ Deposits and Accumulated Income:

Opening Agreements	Inflow Agreements	Outflow Agreements	Closing Agreements	Subscribers’ Deposits	Accumulated Income
3,855	612	561	3,906	\$ 7,624	\$ 1,825

The changes in Subscribers’ deposits are as follows:

	2015	2014
Net payments from subscribers ¹	\$ 1,594	\$ 1,864
Inter-Plan principal transfers	989	1,152
Return of principal	(2,569)	(2,837)
Net increase in Subscribers’ Deposits	14	179
Balance, Beginning of Year	7,610	7,431
Balance, End of Year	\$ 7,624	\$ 7,610

¹ Net of Sales charges collected of \$13 (2014 – \$13)

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 Individual Savings Plan (the “Individual Savings Plan” or the “Plan”) is a self-determined Education Savings Plan that was established on October 1, 1999. The objective of the Plan is to assist parents and others to save for the post-secondary education of children. The Plan is managed and distributed by C.S.T. Consultants Inc. (“C.S.T.C.”), a wholly-owned subsidiary of the Canadian Scholarship Trust Foundation (the “Foundation”). The 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. Payments of sales charges are made from the subscriber’s initial contribution. The principal accumulated over the term of the subscriber’s education savings plan agreement (the “Agreement”) is returned in whole or in part at any time at the request of the subscriber. 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. Education assistance payments (“EAPs”) paid to a beneficiary from the Plan are determined by the subscriber and are paid from the income earned on the subscriber’s principal.

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

The Plan collects Government Grants, which are credited directly into subscribers’ Agreements and invests these funds in accordance with the Plan’s investment policies. The Government Grants, along with investment income earned thereon, are paid to qualified students.

Agreements are registered with appropriate government authorities if all required information is provided, and once registered are subject to the rules for 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 7. 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, and exchange-traded funds ("ETF").

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.

Note 6 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 and sales charges

Subscribers' deposits reflect amounts received from subscribers and do not include future amounts receivable on outstanding Agreements. A sales charge is required as part of the initial contribution under each Agreement. Sales charges collected during the reporting period are paid to C.S.T.C.

(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.

Note 3. Related Party Transactions

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

(a) Distribution and Administration of the Plan

The Foundation, as the Plan sponsor, has appointed C.S.T.C. as the Investment Fund Manager and Scholarship Plan Dealer to administer and distribute, respectively, the Plan. The agreements are renewable annually on November 1. Administration and account maintenance fees are paid to the Foundation. Administration fees are annual fees of 1% of the total amount of principal, Government Grants and income earned thereon.

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 (continued)

(a) Distribution and Administration of the Plan (continued)

For the year ended October 31, 2015, \$135 was recognized as an expense for Administration and account maintenance fees (2014 – \$133). Administration and account maintenance fees included in Accounts payable, accrued liabilities and unclaimed subscribers' funds at October 31, 2015 was \$5 (October 31, 2014 – \$5; November 1, 2013 – \$4).

Sales charges paid by subscribers from their initial contributions are paid to C.S.T.C. as compensation for the sale and distribution of savings plans.

For the year ended October 31, 2015, \$13 was paid to C.S.T.C. from sales charges collected (2014 – \$14). Related amounts included in Accounts payable, at October 31, 2015 were \$12 (October 31, 2014 – \$11; November 1, 2013 – \$12).

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

Included in Portfolio management fees on the Statements of Comprehensive Income is \$2 (2014 – \$1) charged by C.S.T.C. for expenses incurred to monitor and manage the portfolio managers. No amount is included in Accounts payable, accrued liabilities and unclaimed subscribers' funds owing to C.S.T.C. at October 31, 2015, October 31, 2014 or 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 Appendix I to the schedule, which is explained below.

The Government Grants are invested collectively in a separate fund with Government Grants of other RESP plans administered by C.S.T.C. The Government Grant principal received and income earned thereon are separately tracked for each subscriber's Agreement. The portfolio holdings are allocated across all plans based on the proportion of principal and income attributable to Agreements within each plan (see Appendix I to Schedule I).

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, credit risk and liquidity risk.

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

(a) Market risk

i. Interest rate risk

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

The Plan's 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	2%	4%	33%
1-3 years	48%	43%	33%
3-5 years	24%	35%	22%
Greater than 5 years	20%	13%	12%
Total debt instruments	94%	95%	100%

As at October 31, 2015, if prevailing interest rates had increased by 1%, the Total Investment Fund amount of \$8,710 (October 31, 2014 – \$9,403; November 1, 2013 – \$9,688) as per the Schedule I – Statement of Investment Portfolio would have decreased by \$313 (October 31, 2014 – \$265; November 1, 2013 – \$214). If prevailing interest rates had decreased by 1%, the Total Investment Fund would have increased by \$370 (October 31, 2014 – \$298; November 1, 2013 – \$231). 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 Government Grant asset pool, which represents 6% (October 31, 2014 – 5%; November 1, 2013 – nil%) of the Total Investment Fund amount as at October 31, 2015.

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 \$5 (October 31, 2014 – \$5; November 1, 2013 – \$nil). 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

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)

(b) Credit risk (continued)

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	Amount Fund (in thousands)	% of Total Investment	Amount Fund (in thousands)	% of Total Investment	Amount Fund (in thousands)
AAA	29%	\$ 2,536	32%	\$ 3,019	36%	\$ 3,444
AA/AAH/AAL	39%	3,314	36%	3,347	20%	1,986
A/AH/AL	22%	1,950	23%	2,173	16%	1,586
BBB	0%	43	0%	9	-	-
R-1	1%	72	2%	197	20%	1,933
Short-term unrated	3%	281	2%	161	8%	739
Total Debt instruments	94%	\$ 8,196	95%	\$ 8,906	100%	\$ 9,688

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. The Plan primarily invests in securities that are traded in active markets and can be readily sold. The Plan retains sufficient cash and cash equivalents positions to meet liquidity requirements by utilizing cash forecasting models that reflect the maturity distribution of subscribers' deposits and accumulated income. All other financial liabilities are short term and due within one year.

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan holds ETFs that invest in U.S. equities and are hedged to Canadian dollars by the ETF provider.

Note 6. 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	\$ -	\$ 8,033	\$ -	\$ 8,033
Equity Securities	514	-	-	514
Total Investment Fund	\$ 514	\$ 8,033	\$ -	\$ 8,547

Assets Measured at Fair Value as of October 31, 2014

	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ -	\$ 8,550	\$ -	\$ 8,550
Equity Securities	497	-	-	497
Total Investment Fund	\$ 497	\$ 8,550	\$ -	\$ 9,047

Assets Measured at Fair Value as of November 1, 2013

	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ -	\$ 7,217	\$ -	\$ 7,217
Total Investment Fund	\$ -	\$ 7,217	\$ -	\$ 7,217

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

Note 7. 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.

Notes to the Financial Statements (continued)

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

Note 7. Transition to IFRS (continued)

(a) First time adoption of IFRS (continued)

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	\$ 4,460	\$ 4,208
Reclassification of subscribers' deposits	7,610	7,431
Net assets attributable to subscribers and beneficiaries under IFRS	\$ 12,070	\$ 11,639

The adoption of IFRS had no effect on 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	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds					Bonds (continued)				
Federal – 20.0%					Municipal and Provincial – 29.8% (continued)				
Government of Canada					Alberta Capital Finance Authority				
0.43%	31 Dec 2015	535	535	535	4.45%	15 Dec 2025	1,785	2,089	2,052
0.42	14 Jan 2016	675	674	674	Province of Alberta				
1.50	1 Sep 2017	6,566	6,676	6,615	4.00	1 Dec 2019	155	171	171
2.05	15 Jun 2018	13,179	13,580	13,481	1.25	1 Jun 2020	1,902	1,888	1,883
1.75	1 Sep 2019	1,200	1,246	1,246	3.90	1 Dec 2033	1,972	2,157	2,120
1.50	1 Mar 2020	2,500	2,577	2,577	3.45	1 Dec 2043	995	1,012	1,043
3.50	1 Jun 2020	3,000	3,361	3,361	Province of British Columbia				
0.75	1 Sep 2020	3,200	3,180	3,179	4.70	1 Dec 2017	4,000	4,314	4,416
3.25	1 Jun 2021	3,000	3,365	3,364	2.05	2 Jun 2019	1,000	1,023	1,024
2.75	1 Jun 2022	1,500	1,649	1,649	3.30	18 Dec 2023	2,500	2,716	2,591
1.50	1 Jun 2023	3,400	3,439	3,221	5.70	18 Jun 2029	2,000	2,645	2,675
2.25	1 Jun 2025	8,600	9,137	9,193	6.35	18 Jun 2031	2,800	3,972	3,990
1.50	1 Jun 2026	3,000	2,943	2,968	4.70	18 Jun 2037	4,920	6,051	6,017
8.00	1 Jun 2027	2,000	3,300	3,357	4.95	18 Jun 2040	3,700	4,752	4,777
5.75	1 Jun 2029	9,600	13,941	14,098	4.30	18 Jun 2042	9,230	10,931	10,618
5.75	1 Jun 2033	7,700	11,737	11,841	3.20	18 Jun 2044	1,000	992	956
5.00	1 Jun 2037	17,910	26,164	24,891	Province of Manitoba				
4.00	1 Jun 2041	15,570	20,587	20,287	1.85	5 Sep 2018	400	409	401
3.50	1 Dec 2045	18,000	22,640	23,038	5.50	15 Nov 2018	1,000	1,130	1,154
2.75	1 Dec 2048	8,500	9,310	9,439	3.85	1 Dec 2021	1,000	1,117	1,088
2.75	1 Dec 2064	3,800	4,325	4,386	4.40	5 Sep 2025	2,800	3,230	3,148
Canada Housing Trust					4.10	5 Mar 2041	6,100	6,729	6,923
1.04	1 Apr 2016	931	472	473	3.35	5 Mar 2043	1,300	1,268	1,298
1.85	15 Dec 2016	6,000	6,079	6,089	4.05	5 Sep 2045	11,150	12,339	13,263
2.05	15 Jun 2017	5,200	5,311	5,324	Province of New Brunswick				
1.75	15 Jun 2018	1,220	1,248	1,227	4.45	26 Mar 2018	400	432	435
2.05	1 Nov 2018	251	206	207	4.40	3 Jun 2019	1,400	1,552	1,556
1.95	15 Jun 2019	5,500	5,676	5,646	2.85	2 Jun 2023	850	886	833
1.75	1 Aug 2019	280	262	263	3.65	3 Jun 2024	900	984	944
1.16	1 Dec 2019	1,475	1,341	1,349	6.47	30 Nov 2027	5,721	7,161	7,097
1.26	1 Feb 2020	3,776	3,732	3,490	5.65	27 Dec 2028	1,195	1,532	1,466
3.75	15 Mar 2020	3,685	4,088	4,090	5.50	27 Jan 2034	2,075	2,674	2,441
3.80	15 Jun 2021	130	146	144	4.65	26 Sep 2035	710	835	739
2.40	15 Dec 2022	9,103	9,523	9,512	4.55	26 Mar 2037	1,700	1,972	1,986
2.90	15 Jun 2024	9,410	10,117	10,104	4.80	26 Sep 2039	1,200	1,446	1,494
1.95	15 Dec 2025	8,000	7,859	7,895	3.55	3 Jun 2043	2,000	2,003	2,016
			220,426	219,213	Province of Newfoundland and Labrador				
Municipal and Provincial – 29.8%					2.30	2 Jun 2025	1,100	1,067	1,095
City of Montreal					6.15	17 Apr 2028	600	796	799
3.00	1 Sep 2025	750	751	755	6.55	17 Oct 2030	600	838	839
City of Toronto					3.83	1 Jun 2037	4,000	4,595	4,414
3.90	29 Sep 2023	1,200	1,324	1,329	4.65	17 Oct 2040	1,350	1,588	1,593
					3.86	1 Dec 2045	2,200	2,602	2,641

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	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Maturity Date	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					Province of Saskatchewan								
5.80%	1 Jun 2033	1,775	2,371	2,160	3.20%	3 Jun 2024	80	85	83				
4.40	1 Jun 2042	1,600	1,857	1,813	6.40	5 Sep 2031	4,037	5,686	5,700				
3.45	1 Jun 2045	1,700	1,698	1,708	4.75	1 Jun 2040	1,400	1,715	1,727				
Province of Ontario					3.90					2 Jun 2045	3,700	4,054	4,093
4.30	8 Mar 2017	3,019	3,161	3,211	2.75	2 Dec 2046	2,000	1,757	1,753				
1.90	8 Sep 2017	950	968	958									
4.20	8 Mar 2018	4,099	4,407	4,479									
2.10	8 Sep 2018	2,460	2,532	2,546									
4.40	2 Jun 2019	2,000	2,223	2,166									
4.20	2 Jun 2020	2,000	2,245	2,155									
4.00	2 Jun 2021	7,515	8,452	8,149									
3.15	2 Jun 2022	1,675	1,805	1,734									
2.85	2 Jun 2023	4,700	4,935	4,580									
3.50	2 Jun 2024	4,890	5,332	5,053									
2.60	2 Jun 2025	3,000	3,033	3,041									
7.60	2 Jun 2027	2,545	3,779	3,655									
6.50	8 Mar 2029	3,250	4,542	4,536									
6.20	2 Jun 2031	1,500	2,081	2,090									
5.85	8 Mar 2033	6,200	8,417	8,448									
5.60	2 Jun 2035	3,200	4,287	3,855									
4.70	2 Jun 2037	7,145	8,676	8,190									
4.60	2 Jun 2039	6,340	7,638	7,415									
4.65	2 Jun 2041	14,515	17,746	17,519									
3.50	2 Jun 2043	6,000	6,159	6,384									
3.45	2 Jun 2045	23,100	23,604	23,727									
2.90	2 Dec 2046	5,500	5,042	5,035									
Province of Quebec					Corporate – 31.4%								
4.50	1 Dec 2016	800	832	857	407 East Development Group								
4.50	1 Dec 2017	5,218	5,604	5,757	6.75	27 Jul 2039	1,283	1,716	1,563				
4.50	1 Dec 2018	1,000	1,103	1,116	407 International Inc.								
4.50	1 Dec 2019	1,550	1,745	1,711	2.81	18 Dec 2016	375	376	380				
11.00	15 Aug 2020	3,000	4,310	4,332	Arrow Lakes Power Corporation								
4.50	1 Dec 2020	1,000	1,143	1,057	5.52	5 Apr 2041	847	975	847				
3.75	1 Sep 2024	7,000	7,755	7,431	Bank of Montreal								
6.00	1 Oct 2029	2,000	2,685	2,693	2.10	6 Oct 2020	3,972	3,971	3,971				
6.25	1 Jun 2032	4,000	5,577	5,597	4.61	10 Sep 2025	5,950	6,823	6,875				
5.25	1 Jun 2034	3,000	3,784	3,800	Bank of Nova Scotia								
5.75	1 Dec 2036	2,690	3,657	3,348	2.60	27 Feb 2017	2,515	2,557	2,562				
5.00	1 Dec 2038	2,940	3,694	3,045	4.10	8 Jun 2017	7,860	8,189	8,209				
5.00	1 Dec 2041	11,400	14,515	14,524	2.24	22 Mar 2018	9,030	9,163	9,175				
4.25	1 Dec 2043	4,500	5,182	5,175	2.46	14 Mar 2019	16,408	16,757	16,807				
3.50	1 Dec 2045	11,000	11,218	11,134	2.40	28 Oct 2019	8,168	8,309	8,359				
					Bankers Hall LP								
					4.38	20 Nov 2023	2,530	2,692	2,530				
					BNG Bank								
					5.15	7 Mar 2025	143	169	170				
					Caisse centrale Desjardins								
					3.50	5 Oct 2017	7,983	8,278	8,322				
					Canadian Imperial Bank of Commerce								
					0.70	18 Feb 2016	200	199	199				
					2.35	18 Oct 2017	6,680	6,792	6,800				
					1.70	9 Oct 2018	2,334	2,337	2,333				
					Canadian Pacific Railway Company								
					6.91	1 Oct 2024	510	380	387				
					Capital Desjardins Inc.								
					5.19	5 May 2020	7,600	8,487	8,500				
					4.95	15 Dec 2026	2,963	3,313	3,317				
					CBC Monetization Trust								
					4.69	15 May 2027	2,609	3,049	2,818				

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	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)					Bonds (continued)				
Corporate – 31.4% (continued)					Corporate – 31.4% (continued)				
Cogeco Cable Inc.					Manufacturers Life Insurance Company (continued)				
4.18%	26 May 2023	1,469	1,521	1,528	2.39%	5 Jan 2026	4,438	4,408	4,408
CSS Partnership					Manulife Finance L.P.				
6.92	31 Jul 2042	2,187	2,803	2,800	4.45	15 Dec 2026	8,146	8,381	8,423
DEPFA Bank plc.					Maritimes and Northeast Pipelines Limited Partnership				
5.25	31 Mar 2025	2,623	3,112	3,207	4.34	30 Nov 2019	2,588	2,665	2,674
4.90	24 Aug 2035	2,115	2,443	2,585	6.90	30 Nov 2019	744	823	840
Enbridge Inc.					Master Asset Vehicle Trust				
1.73	13 Mar 2017	792	784	787	0.78	15 Jul 2056	36	36	36
4.57	11 Mar 2044	431	386	400	Milit-Air Inc.				
EUROFIMA					5.75 30 Jun 2019 2,202 2,381 2,412				
4.55	30 Mar 2027	913	1,027	1,022	National Bank of Canada				
GE Capital Canada Funding Company					2.02 13 Apr 2017 1,891 1,908 1,911				
1.62	15 Feb 2022	1,966	1,951	1,803	2.69 21 Aug 2017 19,914 20,337 20,391				
2.18	6 Feb 2023	3,071	3,098	3,071	NAV Canada				
Greater Toronto Airport Authority					7.56 1 Mar 2027 3,444 4,444 4,335				
6.45	30 Jul 2029	2,140	2,725	2,631	North Battleford Power L.P.				
Heathrow Funding Limited					4.96 31 Dec 2032 1,011 1,139 1,028				
3.25	21 May 2027	414	411	410	Ontrea Inc.				
HSBC Bank Canada					4.62 9 Apr 2018 1,990 2,126 2,040				
2.90	13 Jan 2017	5,855	5,959	5,975	Ornge Issuer Trust				
3.56	4 Oct 2017	1,832	1,898	1,903	5.73 11 Jun 2034 3,416 4,015 3,879				
2.45	29 Jan 2021	1,111	1,109	1,111	Pearson International Fuel Facilities Corporation				
2.91	29 Sep 2021	11,840	12,023	12,041	5.09 9 Mar 2032 2,203 2,398 2,362				
Hydro-Québec					Public Sector Pension Investment Board				
6.50	15 Feb 2035	1,000	1,449	1,463	3.27 12 Jun 2020 2,836 2,924 2,836				
6.00	15 Feb 2040	8,000	11,414	11,489	Royal Bank of Canada				
5.00	15 Feb 2045	1,450	1,880	1,901	3.66 25 Jan 2017 1,160 1,194 1,196				
5.00	15 Feb 2050	1,500	1,988	2,014	2.58 13 Apr 2017 9,860 10,033 10,049				
Kraft Canada Inc.					2.36 21 Sep 2017 2,390 2,429 2,435				
2.30	6 Jul 2020	3,800	3,724	3,800	2.26 12 Mar 2018 9,478 9,620 9,649				
Kreditanstalt für Wiederaufbau Global					2.77 11 Dec 2018 22,122 22,811 22,815				
5.05	4 Feb 2025	1,196	1,448	1,474	1.63 11 Feb 2020 333 328 333				
Loblaw Companies Limited					1.39 23 Mar 2020 5,878 5,821 5,878				
6.50	22 Jan 2029	1,827	2,210	2,268	1.97 2 Mar 2022 3,140 3,057 3,066				
6.54	17 Feb 2033	595	719	737	Shaw Communications Inc.				
Manufacturers Life Insurance Company					6.75 9 Nov 2039 1,894 2,212 2,311				
2.81	21 Feb 2024	1,479	1,511	1,514	SP1 Limited Partnership				
2.64	15 Jan 2025	1,479	1,501	1,501	3.21 15 Jun 2019 3,026 2,914 2,837				
2.10	1 Jun 2025	1,479	1,461	1,462					

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 (\$)
Equities – 4.9% (continued)			
Toronto Dominion Bank	70	3,738	3,571
Total Energy Services Inc.	26	388	390
Wajax Corporation	19	444	407
West Fraser Timber Co. Ltd.	6	281	282
Westshore Terminals Investment Corporation	64	1,384	1,584
Whistler Blackcomb Holdings Inc.	2	39	42
Total Equities	1,990	54,652	52,463
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	1,742
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	1,083,845
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

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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
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For updates on your Plan account, login to Online Services at www.cst.org
In Quebec, Canadian Scholarship Trust Plan is distributed by
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