



Canadian Scholarship Trust Founders' Plan

Semi-Annual Financial Statements
April 30, 2015

Unaudited



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Unaudited semi-annual financial statements

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

Statements of Financial Position

As at April 30, 2015, October 31, 2014 and November 1, 2013 (in thousands of Canadian dollars)

	Apr 30, 2015	Oct 31, 2014	Nov 1, 2013
Assets			
Cash and cash equivalents	\$ 372	\$ 939	\$ 16,436
Receivables for securities sold	627	-	280
Investments, at fair value <i>(Note 4 and Schedule I)</i>	105,164	110,915	136,151
Accrued interest and other receivables	958	1,083	1,178
Government grants receivable	13	16	45
	107,134	112,953	154,090
Liabilities			
Payables for securities purchased	568	-	160
Accounts payable, accrued liabilities and unclaimed subscribers' funds	6,026	4,674	4,007
	6,594	4,674	4,167
Net Assets Attributable to Subscribers and Beneficiaries	100,540	108,279	149,923
Represented by:			
Non-Discretionary Funds			
Accumulated income held for future education assistance payments	45,348	49,171	68,464
Subscribers' deposits <i>(Note 6)</i>	24,813	28,633	46,918
Government grants	15,011	16,391	20,485
Income on Government grants	10,416	10,448	11,787
General Fund <i>(Note 7)</i>	3,836	3,796	2,299
Unrealized Gains (Losses)	962	(314)	(184)
Discretionary Funds			
Donations from the Foundation <i>(Note 7)</i>	154	154	154
	\$ 100,540	\$ 108,279	\$ 149,923

Statements of Comprehensive Income

For the six months ended April 30, 2015 and 2014 (in thousands of Canadian dollars)

	Apr 30, 2015	Apr 30, 2014
Income		
Interest for allocation to subscriber accounts	\$ 1,533	\$ 1,926
Realized Losses on sale of investments	(49)	(268)
Change in unrealized gains (losses)	1,276	167
Other income	51	-
	2,811	1,825
Expenses		
Administration and account maintenance fees <i>(Note 3)</i>	273	355
Portfolio management fees	70	86
Custodian and trustee fees	15	24
Independent Review Committee fees	1	1
	359	466
Net Income and Comprehensive Income Attributable to Subscribers and Beneficiaries	\$ 2,452	\$ 1,359

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the six months ended April 30, 2015 and 2014 (in thousands of Canadian dollars)

	Apr 30, 2015	Apr 30, 2014
Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Period	\$ 108,279	\$ 149,923
Net Income and Comprehensive Income Attributable to Subscribers and Beneficiaries	2,452	1,359
Transfers to internal and external plans	(1,404)	(2,002)
	1,048	(643)
Disbursements		
Net decrease in Subscribers' deposits <i>(Note 6)</i>	(3,820)	(5,096)
Net Government grants repaid (net of receipts)	(587)	(333)
Payments to beneficiaries		
Education assistance payments	(3,445)	(3,706)
Government grants	(496)	(518)
Return of interest	(439)	(452)
Total payments to beneficiaries	(4,380)	(4,676)
Total Disbursements	(8,787)	(10,105)
Change in Net Assets Attributable to Subscribers and Beneficiaries	(7,739)	(10,748)
Net Assets Attributable to Subscribers and Beneficiaries, End of Period	\$ 100,540	\$ 139,175

Statements of Cash Flows

For the six months ended April 30, 2015 and 2014 (in thousands of Canadian dollars)

	Apr 30, 2015	Apr 30, 2014
Operating Activities		
Net Income and Comprehensive Income Attributable to Subscribers and Beneficiaries	\$ 2,452	\$ 1,359
Net proceeds from investment transactions	6,919	16,511
Items not affecting cash		
Realized losses on sale of investments	49	268
Change in unrealized gains (losses)	(1,276)	(167)
Change in non-cash operating working capital		
Decrease in Accrued interest and other receivables	125	156
Decrease in Government grants receivable	3	23
Increase in Accounts payable, accrued liabilities and unclaimed subscribers' funds	1,352	336
Cash flow from Operating Activities	9,624	18,486
Financing Activities		
Transfers to internal and external plans	(1,404)	(2,002)
Net Government grants repaid	(587)	(333)
Net decrease in Subscribers' deposits <i>(Note 6)</i>	(3,820)	(5,096)
Payments to beneficiaries	(4,380)	(4,676)
Cash flow used in Financing Activities	(10,191)	(12,107)
Net (decrease) increase in Cash and cash equivalents	(567)	6,379
Cash and cash equivalents, Beginning of Period	939	16,436
Cash and cash equivalents, End of Period	\$ 372	\$ 22,815
Supplemental cash flow information:		
Withholding Taxes	\$ 3	\$ -
Interest Income Received	1,660	2,106

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

Schedule I – Statement of Investment Portfolio

As at April 30, 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 – 46.0%					Corporate – 7.0% (continued)								
Government of Canada					Caisse Centrale Desjardins								
2.05%	15 Jun 2018	4,383	4,516	4,454	2.80%	19 Nov 2018	195	203	196				
Canada Housing Trust					Canadian Imperial Bank of Commerce								
2.75	15 Jun 2016	2,129	2,175	2,195	2.35	24 Jun 2019	49	50	49				
1.85	15 Dec 2016	5,616	5,706	5,717	GE Capital Canada								
2.05	15 Jun 2017	4,663	4,775	4,751	2.42	31 May 2018	186	191	186				
1.70	15 Dec 2017	5,694	5,799	5,765	Honda Canada Finance Inc.								
1.75	15 Jun 2018	6,075	6,204	6,136	2.33	26 Sep 2018	244	250	245				
2.35	15 Dec 2018	2,442	2,546	2,510	2.27	26 Nov 2018	127	126	127				
1.95	15 Jun 2019	2,735	2,814	2,793	HSBC Bank of Canada								
3.75	15 Mar 2020	508	565	573	2.49	13 May 2019	352	362	352				
			35,100	34,894	National Bank of Canada								
Municipal and Provincial – 47.0%					1.74					3 Mar 2020	234	232	234
Province of British Columbia					OMERS Realty Corporation								
4.70	1 Dec 2017	2,920	3,193	3,299	2.47	12 Nov 2019	205	211	205				
4.65	18 Dec 2018	762	856	857	Royal Bank of Canada								
2.25	1 Mar 2019	1,533	1,591	1,567	2.77	11 Dec 2018	654	681	656				
Province of Manitoba					Toronto Dominion Bank								
5.50	15 Nov 2018	69	80	80	1.69	2 Apr 2020	332	329	332				
Province of New Brunswick					5.76					18 Dec 2106	176	194	196
4.70	21 Jul 2016	1,367	1,430	1,505	Toyota Credit Canada Inc.								
4.40	3 Jun 2019	4,263	4,776	4,742	2.75	18 Jul 2018	107	111	110				
Province of Nova Scotia					2.48					19 Nov 2019	293	302	293
4.60	18 Aug 2016	1,235	1,294	1,345	1.80	19 Feb 2020	371	370	371				
Province of Ontario					VW Credit Canada Inc.								
4.30	8 Mar 2017	3,826	4,060	4,167	2.80	20 Aug 2018	298	309	300				
1.90	8 Sep 2017	2,321	2,368	2,345	2.50	1 Oct 2019	313	322	312				
4.20	8 Mar 2018	4,318	4,690	4,730	Wells Fargo Finance Canada								
4.40	2 Jun 2019	1,304	1,463	1,449	2.78	15 Nov 2018	127	132	129				
Province of Quebec													
4.50	1 Dec 2016	1,031	1,089	1,102				5,328	5,227				
4.50	1 Dec 2017	2,672	2,906	2,939	Total Fixed Income Investments – 100.0%								
4.50	1 Dec 2018	4,834	5,391	5,366				76,219	76,209				
4.50	1 Dec 2019	342	388	384	Total Portfolio Assets – 100.0%								
Province of Saskatchewan													
1.95	1 Mar 2019	210	216	211				76,219	76,209				
			35,791	36,088	Investments Allocation (Note 4)								
Corporate – 7.0%					Government Grants (Appendix I)								
Bank of Montreal					28,945					27,993			
3.21	13 Sep 2018	400	422	415	Cash and cash equivalents (Appendix I)								
Bank of Nova Scotia					372					372			
2.46	14 Mar 2019	156	161	157	Total Investment Fund								
BMW Canada Inc.					105,536					104,574			
2.33	26 Sep 2018	98	100	98	Represented by:								
2.27	26 Nov 2018	264	270	264	Cash and cash equivalents								
					372								
					Investments, at fair value								
					105,164								
					105,536								

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

Notes to the Financial Statements

Six months ended April 30, 2015 and 2014 (Unaudited, in thousands of Canadian dollars)

Note 1. Nature of Operations

The Canadian Scholarship Trust Founders' Plan (the "Plan") is a Pooled Education Savings Plan that was established on September 1, 1988. Since June 2000, 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 recently 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 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 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 interim financial statements prepared in accordance with IFRS; previously the Plan prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). 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. These interim financial statements were also prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

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 are expected to be 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 June 9, 2015.

(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 at FVTPL.

Notes to the Financial Statements (continued)

Six months ended April 30, 2015 and 2014 (Unaudited, 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 classified as FVTPL when acquired principally for the purpose of trading, if so designated by management. 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 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. Realized gains (losses) on the sale of investments and change in unrealized gains (losses) on investments are calculated with reference to the average cost of the related investments and are recognized in the period that such gains (losses) occur.

(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 are deducted from subscribers' deposits and are 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 securities with a purchase date to maturity of 90 days or less.

(j) 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) Administration of the Plan

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

During the six months ended April 30, 2015, \$273 was recognized as an expense for account maintenance and administration fees (2014 – \$355). Administration and account maintenance fees included in Accounts payable, accrued liabilities and unclaimed subscribers' funds at April 30, 2015 was \$33 (October 31, 2014 – \$29; November 1, 2013 – \$27).

Notes to the Financial Statements (continued)

Six months ended April 30, 2015 and 2014 (Unaudited, in thousands of Canadian dollars)

Note 3. Related Party Transactions (continued)

(b) Fees paid for services of an Independent Review Committee

An Independent Review Committee ("IRC") has been set up to provide independent review and oversight of conflicts of interest relating to the management of the Plans. For the six-month period ended April 30, 2015, the Plan recognized an expense of \$1 (2014 – \$1) for the services of the IRC. IRC fees included in Accounts payable, accrued liabilities and unclaimed subscribers' funds at April 30, 2015 was \$nil (October 31, 2014 – \$nil; November 1, 2013 – \$nil).

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

Included in Portfolio management fees on the Statements of Comprehensive Income is \$8 (2014 – \$10) 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 \$8 owing to C.S.T.C. at April 30, 2015 (\$4 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 to the schedule, which are explained below.

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

Note 5. Risks Associated with Financial Instruments

In the normal course of business the Plan may be exposed to a variety of risks arising from financial instruments. The Plan's exposures to such risks are concentrated in its investment holdings and are related to interest rate risk, credit risk and liquidity risk.

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

(a) Market risk

i. Interest rate risk

Interest rate risk is the risk of a decrease in the Plan's yield on interest-bearing investments as a result of fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of bonds. This risk is actively managed using duration, yield

curve analysis, sector and credit selection. There is reduced risk to interest rate changes for cash and cash equivalents due to their short-term nature.

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

Debt Instruments by Maturity Date	% of Total Investment Fund		
	Apr 30, 2015	Oct 31, 2014	Nov 1, 2013
Less than 1 year	2%	1%	24%
1-3 years	45%	40%	38%
3-5 years	39%	43%	28%
Greater than 5 years	10%	11%	10%
Total debt instruments	96%	95%	100%

As at April 30, 2015, if prevailing interest rates had increased by 1%, the Total Investment Fund amount of \$105,536 (October 31, 2014 – \$111,854; November 1, 2013 – \$152,587) as per Schedule I – Statement of Investment Portfolio, would have decreased by \$3,580 (October 31, 2014 – \$3,370; November 1, 2013 – \$3,619). If prevailing interest rates had decreased by 1%, the Total Investment Fund would have increased by \$3,926 (October 31, 2014 – \$3,725; November 1, 2013 – \$3,944). 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 exchanged-traded funds of the Government Grant asset pool, which represents 5% (October 31, 2014 – 5%; November 1, 2013 – nil%) of the Total Investment Fund amount as at April 30, 2015. If 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 \$54 (October 31, 2014 – \$54; 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 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.

Notes to the Financial Statements (continued)

Six months ended April 30, 2015 and 2014 (Unaudited, in thousands of Canadian dollars)

Note 5. Risks Associated with Financial Instruments (continued)

(b) Credit risk (continued)

The Plan's credit risk exposure is summarized below.

Credit rating	April 30, 2015		October 31, 2014		November 1, 2013	
	% of Total Investment Fund (in thousands)	Amount	% of Total Investment Fund (in thousands)	Amount	% of Total Investment Fund (in thousands)	Amount
AAA	43%	\$ 44,547	42%	\$ 46,795	36%	\$ 54,853
AA/AAH/AAL	27%	28,881	27%	29,949	21%	31,890
A/AH/AL	25%	26,059	26%	28,587	22%	33,543
BBB	0%	121	0%	102	0%	532
R-1	1%	563	0%	465	20%	30,820
Short-term unrated	0%	325	0%	492	1%	949
Total debt instruments	96%	\$ 100,496	95%	\$ 106,390	100%	\$ 152,587

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. 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 reflects 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's Total Portfolio Assets and/or the Government Grants hold ETFs that invest in US equities and are hedged to Canadian dollars by the ETF provider.

Note 6. Subscribers' Deposits

The changes in Subscribers' deposits for the six-month period ended April 30, 2015, and 2014 are as follows:

	Apr 30, 2015	Apr 30, 2014
Payments from subscribers	\$ 353	\$ 603
Inter-plan principal transfers	(1,568)	(2,236)
Account maintenance fees	(22)	(35)
Return of principal	(2,583)	(3,428)
Net decrease in Subscribers' deposits	(3,820)	(5,096)
Balance, Beginning of Period	28,633	46,918
Balance, End of Period	\$ 24,813	\$ 41,822

Note 7. General Fund and Donations from the Foundation

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

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

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

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.

Notes to the Financial Statements (continued)

Six months ended April 30, 2015 and 2014 (Unaudited, in thousands of Canadian dollars)

Note 8. Fair Value Measurements and Disclosures (continued)

The following table presents the level in the fair value hierarchy into which the Plan's financial instruments that are carried at fair value in the Statements of Financial Position are categorized:

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

Assets Measured at Fair Value as of April 30, 2015

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 372	\$ -	\$ -	\$ 372
Investments, at fair value:				
Fixed income securities	-	100,124	-	100,124
Exchange-traded funds	5,040	-	-	5,040
Total Investment Fund	\$ 5,412	\$ 100,124	\$ -	\$ 105,536

Assets Measured at Fair Value as of October 31, 2014

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 939	\$ -	\$ -	\$ 939
Investments, at fair value:				
Fixed income securities	-	105,451	-	105,451
Exchange-traded funds	5,464	-	-	5,464
Total Investment Fund	\$ 6,403	\$ 105,451	\$ -	\$ 111,854

Assets Measured at Fair Value as of November 1, 2013

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 16,436	\$ -	\$ -	\$ 16,436
Investments, at fair value:				
Fixed income securities	-	136,151	-	136,151
Total Investment Fund	\$ 16,436	\$ 136,151	\$ -	\$ 152,587

For the six-month period ended April 30, 2015 and year ended October 31, 2014 there were no transfers between Levels 1 or 2.

Note 9. Transition to IFRS

(a) Overview

These are the first interim financial statements of the Plan that have been prepared in accordance with IAS 34 using accounting policies consistent with IFRS. The accounting policies have been selected to be consistent with IFRS as is expected to be effective on October 31, 2015, the first annual IFRS reporting date for the Plan. Previously, the Plan prepared its interim and annual financial statements in accordance with Canadian GAAP.

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies for the annual period that are relevant to these interim financial statements will be finalized only when the first annual IFRS financial statements are prepared for the year ending October 31, 2015.

(b) 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 and short-term investments 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.

(c) 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.

Notes to the Financial Statements (continued)

Six months ended April 30, 2015 and 2014 (Unaudited, in thousands of Canadian dollars)

Note 9. Transition to IFRS (continued)

(d) Reconciliations of Net assets and Comprehensive Income.

	October 31, 2014	November 1, 2013
Net assets available for education assistance payments under Canadian GAAP	\$ 79,646	\$ 103,005
Reclassification of subscribers' deposits	28,633	46,918
Net assets attributable to subscribers and beneficiaries under IFRS	\$ 108,279	\$ 149,923

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

Government Grants

Appendix I to Schedule I

Statement of Investment Portfolio

As at April 30, 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 – 27.6%					Municipal and Provincial – 44.5% (continued)				
Government of Canada					Province of Manitoba				
0.60%	21 May 2015	210	210	210	1.85%	5 Sep 2018	2,288	2,341	2,281
0.64	16 Jul 2015	335	334	334	5.50	15 Nov 2018	1,000	1,148	1,154
3.00	1 Dec 2015	5,000	5,066	5,132	1.42	2 Apr 2019	3,853	3,867	3,858
1.25	1 Feb 2016	1,230	1,235	1,234	3.85	1 Dec 2021	4,700	5,301	5,111
1.10	1 Apr 2016	931	514	514	4.40	5 Sep 2025	2,800	3,323	3,148
1.48	15 Mar 2017	11,206	11,275	11,310	4.10	5 Mar 2041	2,900	3,448	3,163
1.50	1 Sep 2017	13,958	14,225	14,041	3.35	5 Mar 2043	1,300	1,374	1,298
2.05	15 Jun 2018	31,856	32,822	32,278	4.05	5 Sep 2045	11,150	13,382	13,263
1.75	15 Jun 2019	15,610	16,066	16,026	Province of New Brunswick				
1.75	1 Jul 2019	2,567	2,498	2,452	4.45	26 Mar 2018	7,255	7,934	7,895
1.20	1 Feb 2020	3,776	3,770	3,751	4.40	3 Jun 2019	20,640	23,126	22,941
2.75	1 Jun 2022	1,415	1,556	1,498	2.85	2 Jun 2023	8,850	9,297	8,677
1.50	1 Jun 2023	3,400	3,424	3,221	3.65	3 Jun 2024	6,680	7,412	7,004
2.50	1 Jun 2024	8,030	8,714	8,106	6.47	30 Nov 2027	6,244	7,816	7,746
5.75	1 Jun 2033	700	1,091	987	5.65	27 Dec 2028	1,195	1,589	1,466
5.00	1 Jun 2037	12,210	18,329	16,418	5.50	27 Jan 2034	13,900	18,803	16,354
4.00	1 Jun 2041	8,524	11,563	10,522	4.65	26 Sep 2035	710	880	739
3.50	1 Dec 2045	3,200	4,135	4,280	Province of Newfoundland and Labrador				
Canada Housing Trust					2.30	2 Jun 2025	2,600	2,570	2,588
2.45	15 Dec 2015	5,000	5,052	5,092	3.83	1 Jun 2037	4,000	4,777	4,414
2.75	15 Jun 2016	48,967	50,024	50,398	Province of Nova Scotia				
1.33	15 Sep 2016	39,108	39,219	39,298	4.60	18 Aug 2016	1,055	1,105	1,132
1.85	15 Dec 2016	13,700	13,920	13,882	5.80	1 Jun 2033	1,775	2,474	2,160
2.05	15 Jun 2017	14,390	14,734	14,732	4.40	1 Jun 2042	1,600	1,969	1,813
1.34	15 Mar 2018	33,831	33,957	34,032	Province of Ontario				
1.75	15 Jun 2018	1,220	1,246	1,227	4.40	8 Mar 2016	9,905	10,202	10,415
4.10	15 Dec 2018	4,832	5,337	5,405	3.20	8 Sep 2016	6,840	7,052	7,024
3.75	15 Mar 2020	3,026	3,367	3,323	4.30	8 Mar 2017	9,352	9,924	9,569
3.80	15 Jun 2021	130	147	144	1.90	8 Sep 2017	9,445	9,636	9,482
2.65	15 Mar 2022	3,002	3,194	3,069	4.20	8 Mar 2018	10,246	11,130	11,175
			307,024	302,916	4.40	2 Jun 2019	6,370	7,147	6,899
Municipal and Provincial – 44.5%					4.20	2 Jun 2020	8,265	9,343	8,905
Alberta Capital Finance					4.00	2 Jun 2021	5,765	6,524	6,180
4.45	15 Dec 2025	1,500	1,798	1,712	3.15	2 Jun 2022	9,717	10,503	10,036
Province of Alberta					2.85	2 Jun 2023	8,990	9,489	8,761
1.38	27 May 2016	16,522	16,570	16,572	3.50	2 Jun 2024	4,890	5,400	5,053
4.00	1 Dec 2019	155	173	171	7.60	2 Jun 2027	2,545	3,898	3,655
2.55	15 Dec 2022	4,746	4,960	4,772	6.20	2 Jun 2031	6,500	9,369	8,746
3.90	1 Dec 2033	1,972	2,279	2,120	5.60	2 Jun 2035	2,195	3,080	2,509
3.45	1 Dec 2043	995	1,089	1,043	4.70	2 Jun 2037	6,796	8,682	7,755
Province of British Columbia					4.60	2 Jun 2039	4,540	5,777	5,249
4.70	1 Dec 2017	22,380	24,473	24,706	4.65	2 Jun 2041	12,015	15,503	14,497
3.70	18 Dec 2020	3,200	3,573	3,475	3.50	2 Jun 2043	2,400	2,609	2,729
3.30	18 Dec 2023	15,530	17,068	16,098					
5.70	18 Jun 2029	1,700	2,330	2,195					
6.35	18 Jun 2031	4,100	6,065	5,718					
4.70	18 Jun 2037	4,920	6,389	6,017					
4.30	18 Jun 2042	15,980	20,097	18,384					
3.20	18 Jun 2044	1,000	1,056	956					

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

Government Grants (continued)

Appendix I to Schedule I

Statement of Investment Portfolio

As at April 30, 2015 (in thousands of Canadian dollars)

Security	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)				
Municipal and Provincial – 44.5% (continued)				
Province of Quebec				
5.00%	1 Dec 2015	27,140	27,791	29,276
4.50	1 Dec 2016	4,278	4,518	4,638
4.50	1 Dec 2017	9,396	10,218	10,324
4.50	1 Dec 2019	26,580	30,206	29,337
4.50	1 Dec 2020	6,760	7,796	7,144
4.25	1 Dec 2021	3,479	4,005	3,845
3.75	1 Sep 2024	7,000	7,871	7,431
6.25	1 Jun 2032	6,658	9,683	8,996
5.75	1 Dec 2036	1,690	2,419	1,974
5.00	1 Dec 2038	2,940	3,899	3,045
5.00	1 Dec 2041	3,419	4,599	4,211
Province of Saskatchewan				
3.20	3 Jun 2024	80	87	83
6.40	5 Sep 2031	2,400	3,554	3,351
			493,770	474,438
Corporate – 8.1%				
407 East Development Group				
2.81	18 Dec 2016	375	378	380
407 International Inc.				
6.75	27 Jul 2039	1,293	1,748	1,576
Arrow Lakes Power Corp				
5.52	5 Apr 2041	847	1,017	847
BAA Funding Ltd.				
4.00	3 Jul 2019	42	45	45
Bank Nederlandse Gemeenten				
5.15	7 Mar 2025	143	170	170
Bankers Hall LP				
4.38	20 Nov 2023	2,552	2,725	2,552
Canadian Imperial Bank of Commerce				
0.83	5 Aug 2015	150	149	149
1.54	14 Jul 2016	564	565	565
1.11	11 Aug 2016	283	283	283
Canadian Pacific Railway				
6.91	1 Oct 2024	510	396	400
CBC				
4.69	15 May 2027	4,100	4,769	4,428
Cogeco Cable Inc.				
4.18	26 May 2023	1,469	1,568	1,528
CSS Partnership				
6.92	31 Jul 2042	2,201	2,943	2,818
DEPFA ACS Bank				
5.25	31 Mar 2025	1,741	2,075	2,161
4.90	24 Aug 2035	1,748	2,064	2,161

Security	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)				
Corporate – 8.1% (continued)				
Enbridge Inc.				
1.73%	13 Mar 2017	792	789	787
EUROFIMA				
4.55	30 Mar 2027	913	1,045	1,022
GE Capital Canada				
1.62	15 Feb 2022	1,966	1,952	1,803
2.47	6 Feb 2023	3,071	3,221	3,006
Greater Toronto Airports Authority				
6.45	30 Jul 2029	2,233	2,867	2,745
KRC Holdings Inc.				
3.86	4 Aug 2020	571	606	599
Kreditanstalt Fur Wiederaufbau Global				
5.05	4 Feb 2025	1,196	1,456	1,474
Loblaw Companies				
5.90	18 Jan 2036	383	461	466
Maritimes and Northeast Pipelines				
4.34	30 Nov 2019	3,077	3,177	3,180
6.90	30 Nov 2019	827	921	934
Master Credit Card Trust				
1.95	15 Jul 2056	36	36	36
Milit-Air Inc.				
5.75	30 Jun 2019	2,443	2,669	2,677
Morgan Stanley				
3.13	5 Aug 2021	1,396	1,437	1,391
NAV Canada				
7.56	1 Mar 2027	3,444	4,528	4,335
North Battleford Power L.P.				
4.96	31 Dec 2032	891	1,024	891
Ontrea Inc.				
4.62	9 Apr 2018	2,010	2,021	2,061
Ornge Issuer Trust				
5.73	11 Jun 2034	3,465	4,114	3,935
Pearson International Fuel Facilities Corporation				
5.09	9 Mar 2032	2,245	2,436	2,407
Public Sector Pension Investment Board				
3.27	12 Jun 2020	2,866	2,989	2,866
Royal Bank of Canada				
1.49	11 Feb 2020	2,622	2,625	2,622
1.32	23 Mar 2020	7,624	7,579	7,624
Shaw Communications Inc.				
6.75	9 Nov 2039	1,525	1,919	1,869
SP1 LP				
3.21	15 Jun 2019	3,026	2,961	2,870

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

Government Grants (continued)

Appendix I to Schedule I

Statement of Investment Portfolio

As at April 30, 2015 (in thousands of Canadian dollars)

Security	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)				
Corporate – 8.1% (continued)				
Toronto Dominion Bank				
1.08%	21 Apr 2016	402	402	402
Transcanada Pipelines Ltd.				
11.80	20 Nov 2020	1,994	2,951	3,033
8.05	17 Feb 2039	1,553	2,497	2,492
University Health Network				
5.64	8 Dec 2022	6,544	7,508	7,503
University of Ontario Institute of Technology				
6.34	15 Oct 2034	206	253	237
WTH Car Rental ULC				
2.54	20 Aug 2019	2,960	3,037	2,960
			90,376	88,290
Total Fixed Income Investments – 80.2%			891,170	865,644
Exchange-traded Funds				
BMO S&P/500 Hedged to CAD Index ETF		2,293	73,500	69,661
BMO S&P/TSX Capped Composite Index ETF		1,417	29,126	28,914
iShares Core S&P 500 Hedged to CAD Index ETF		2,981	71,836	67,514
iShares Core S&P/TSX Capped Composite Index ETF		1,290	31,090	31,251
Total Equity – 18.5%			205,552	197,340
Total Investments – 98.7%			1,096,722	1,062,984
Cash and cash equivalents – 1.3%			14,111	14,111
Total Portfolio Assets – 100.0%			1,110,833	1,077,095
Government Grant Investments Allocation				
Group Savings Plan 2001			804,299	779,829
Family Savings Plan			69,870	67,744
Individual Savings Plan			2,856	2,769
Group Savings Plan			188,976	182,930
Founders' Plan			28,945	27,993
Plan II			1,776	1,719
			1,096,722	1,062,984
Cash and cash equivalents Allocation				
Group Savings Plan 2001			10,352	10,352
Family Savings Plan			899	899
Individual Savings Plan			37	37
Group Savings Plan			2,428	2,428
Founders' Plan			372	372
Plan II			23	23
			14,111	14,111

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

Canadian Scholarship Trust Plan

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Investment Fund Manager and Distributor

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