Canadian Scholarship Trust
Family Savings Plan

Audited Financial Statements and Management Report of Fund Performance

October 31, 2011 and 2010

Distributed by
C.S.T. Consultants Inc.

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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 Family Savings Plan ("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 or SEDAR at www.sedar.com, or by calling our customer service area at 1-877-333-7377, or by writing to us at 2225 Sheppard Avenue East, Suite 600, Toronto, Ontario M2J 5C2.

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 important contributors to overall corporate performance and long-term investment returns, and as such we support the proxy voting guidelines established by our investment managers. Investment restrictions contained in Canadian Securities Administrators' policy, as well as the Foundation's investment policy, result in the Plan primarily investing in federal and provincial government fixed income securities. As a result, proxy voting is not applicable at this time.

Investment Objective and Strategy

The Plan invests in a prudent manner, with a focus over the long term to protect your principal and deliver a positive return on your investment. The Plan invests primarily in fixed income securities issued by the Canadian federal or provincial governments, corporate debt securities issued by public corporations, as well as money market securities issued by Canadian chartered banks and federally or provincially licensed trust and loan companies.

McLean Budden Limited and TD Asset Management Inc. manage the Plan's assets and focus on strategies where value can be added on a sustainable basis while meeting the short to medium-term cash flow requirements of the Plan.

Risk

The overall risk of the Plan remains as described in the prospectus. There were no material changes to the Plan over the financial year that affected the level of risk.

Results of Operation

For 2011, the Plan's rate of return, net of fees, was 1.7% compared to the investment policy benchmark ("benchmark") return of 2.7% and the broad-based DEX Short-Term Government Bond Index return of 3.5%. The DEX Short-Term Government Bond Index ("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 from 1 to 5 years. The Plan's return is after the deduction of fees and expenses of 1.3%, while the benchmark and broad-based index returns do not include any costs of investing such as fees, expenses and commissions.

Given the structure of the Plan's liabilities, the composition of the Plan's assets are managed to meet the short term cash flow requirements of Planholders. During the year, the Plan's investment policy and asset allocation were revised to allow the Plan to invest in higher yielding corporate bonds. As a result, the Plan adopted a blended benchmark comprised of 64% DEX Short-Term Government Bond Index, 6% DEX Short Term Corporate Bond Index and 30% DEX 91-Day Treasury Bill Index. The DEX Short Term Corporate Bond Index is a broad measure of Canadian investment grade fixed income securities issued by public corporations, with maturities from 1 to 5 years. The DEX 91-Day Treasury-Bill Index is based upon the average daily yield of 91-Day Treasury-Bills. In comparison to the broad-based Index, the Plan's current asset mix requires a higher allocation of lower yielding money market securities to best meet its short-term obligations to Planholders.

Throughout 2011, money market yields remained relatively unchanged as the Bank of Canada maintained its policy overnight rate at 1.00%, whereas, both federal and provincial government bonds continued to post strong gains. Early in 2011, government bond yields increased across all maturities and credit spreads on corporate bonds narrowed. As concerns over the European sovereign debt crisis and the slow pace of the U.S. economic recovery increased, investors retreated to the safety and quality of Canadian government bonds in the latter part of the year. This drove down yields on government bonds with medium and longer-term maturities. Our investment managers capitalized on these market opportunities and maintained overweight positions in short and medium-term government bonds versus money market securities.

At October 31, 2011, 28.4% of the Plan assets were invested in Cash and Money Market Securities, and 71.6% in Short and Mid-Term Government and Corporate Bonds.

Recent Developments and Other Information

Recently, investor confidence has been impacted by the continued uncertainty within the global economy. The ongoing struggle within the European Union to stabilize the economies of Greece, Italy and Spain continues to place stress on economies both within and outside the region. Although a rescue plan was eventually agreed upon in October 2011, financial market concerns about the potential global recession continue.

During 2011, the U.S. continued to implement monetary programs that put downward pressure on long-term interest rates, in an effort to maintain the economy's positive growth. The U.S. Federal Reserve Board has indicated that it will continue to support economic momentum and growth by maintaining low interest rates through mid-2013. U.S. economic growth is expected to gradually improve to 2% in the latter half of 2012 and then rebound closer to 3% in 2013, as households slowly reduce their debt loads within a subdued labour market. In addition, China's growth in the third quarter showed signs of slowing momentum at 9.1%.

Although Canada's economy contracted by 0.5% in the second quarter, it improved to an annualized growth of 3.5% in the third quarter of 2011 on improved exports and strong residential construction. However, the intensifying structural adjustments within European countries and an uneven economic recovery in the U.S. will continue to place downward pressure on consumer and business confidence and Canadian GDP growth in the fourth quarter of 2011 and into 2012.

Central banks around the world continue to maintain interest rates at low levels in attempts to keep the global recovery on track. In October 2011, the Bank of Canada indicated that it will likely refrain from raising interest rates until the latter part of 2012 given the concerns over the European debt crisis and the slow growing U.S. economy.

Looking beyond 2011, as market volatility subsides, market observers expect that Canada's economy will experience a cautious recovery, with growth momentum increasing in 2013 alongside gradual improvements in the U.S. economy. With continued low interest rates, economists are looking to strong business investment and improved household expenditures, rather than government expenditures and net exports, to drive economic growth. At the same time, the unemployment rate is expected to increase in early 2012 and then slowly decline to 7.2% by year end in an environment of low and relatively stable core inflation.

During the year, TD Asset Management, a leading bond manager, was retained to manage the corporate fixed income component of the Plan's assets and add value through security selection, credit research and yield curve positioning.

We are confident that our investment strategy and conservative management approach will continue to provide value. Our goal, as always, is to provide safety of principal and deliver competitive returns for our contributors and beneficiaries.

Future Accounting Standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for publicly accountable enterprises. In December 2011, the AcSB amended the deadline for adoption of IFRS by certain qualifying investment funds to extend the adoption date to years beginning on or after January 1, 2014. Therefore, IFRS will replace Canadian GAAP and become effective for the Plan's interim and annual financial statements relating to the fiscal year ending October 31, 2015. We are taking the following steps to transition to IFRS:

- Identification of areas where changes in disclosure will be required under IFRS;
- Identification of operational areas impacted by the adoption of IFRS;
- Identification of major differences between current accounting policies and IFRS;
- Assessment of current reporting systems and their readiness for IFRS implementation; and
- Implementation of an IFRS transition plan.

Financial and Operating Highlights (with comparative figures)

The following table shows key financial data for the Plan and is intended to help you understand the financial results for the past five fiscal years ended October 31.

($ thousands)	**2011**	2010	2009	2008	2007
Statement of Net Assets					
Total Assets	**$ 175,657**	$ 150,687	$ 130,824	$ 115,467	$ 99,059
Net Assets	**75,221**	63,879	57,716	48,761	42,460
% Change of Net Assets	**17.8%**	10.7%	18.4%	14.8%	16.7%
Statement of Investment Operations					
Net Investment Income	**$ 3,953**	$ 2,743	$ 4,965	$ 2,821	$ 2,115
Statement of Changes in Net Assets					
Education Assistance Payments	**$ (8,287)**	$ (6,974)	$ (6,717)	$ (5,936)	$ (5,595)
Government Grants Received (net of repayments)	**(1,094)**	(3,547)	432	293	281
Government Grant Payments to Beneficiaries	**(2,328)**	(1,642)	(1,405)	(1,169)	(1,028)
Other					
Total number of units	**38,851**	33,968	30,140	26,601	23,467
% Change in the total number of units	**14.4%**	12.7%	13.3%	13.4%	13.0%

Management Fees

Administration Fees

An administration fee of $1,795 thousand comprising Plan administration and processing fees and financial reporting expenses was paid to the Canadian Scholarship Trust Foundation, the sponsor and administrator of the Plan, in accordance with contributors' 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% of the total amount of Principal, Government Grants and income in the contributors' accounts, which 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 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 paid to the portfolio managers is 0.13% of the weighted average monthly net assets. The portfolio managers provide investment advisory and discretionary managed account services with respect to purchasing, selling and dealing in securities.

Included in the Plan's portfolio management fees is an allocation for the services of Greystone Managed Investments Inc., an investment management firm and wholly-owned subsidiary of Greystone Capital Management Inc. ("Greystone") in relation to the Government Grants asset pool. As at October 31, 2011, two directors of the Foundation were members of the Board of Greystone. These directors did not have any beneficial ownership of Greystone equity. The directors do not participate in any of the Foundation's Board deliberations concerning the investment management of the Plan, nor do they vote on any resolutions recommended by the Investment Committee of the Foundation. The portfolio management fees in the Statements of Investment Operations include fees paid or payable to Greystone Managed Investment Inc. of $17 thousand (2010 – $12 thousand).

Trustee and Custodian Fees

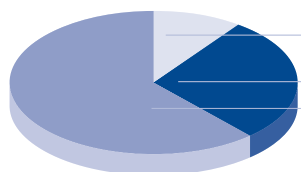
The Plan pays trustee and custodian fees to RBC Dexia Investor Services Trust to settle all investment trades and disburse fees, EAPs and other amounts in accordance with the terms of the Plan Agreement. For 2011 these fees charged to the Plan amounted to $27 thousand.

Summary of Plan Investment Portfolio

The Plan's Total Portfolio Assets are comprised of the principal and accumulated investment income on all education savings plan agreements that have not reached their maturity date. The income earned on the Plan's pre-maturity assets is the main component in determining the value of EAPs to be paid to beneficiaries. Government Grant assets and related investment income are specific to each beneficiary. Any payments to beneficiaries from Government Grant assets are treated as separate payments and not included in EAP values paid out. As a result, the Plan's Total Portfolio Assets as presented reflect the pre-maturity assets and does not include the allocation of assets from the Government Grants belonging to this Plan.

The following chart illustrates the Plan's Total Portfolio assets by appropriate investment categories.

Asset Mix (as at October 31, 2011)



The Family Savings Plan is a self-determined plan. The following table details the top 25 long positions in the Plan. The Plan is prohibited from holding short positions in securities.

Issuer			Fair Value ($ 000's)	% of Plan Portfolio Assets
Government of Canada	1.50%	01 Dec 2012	10,346	8.6%
Province of Quebec	5.50%	01 Dec 2014	8,651	7.2%
Government of Canada	3.75%	01 Jun 2012	7,855	6.5%
Province of Ontario	3.25%	08 Sep 2014	6,595	5.5%
Government of Canada	3.50%	01 Jun 2013	6,544	5.4%
Province of Ontario	4.75%	02 Jun 2013	5,743	4.8%
Province of Ontario	5.38%	02 Dec 2012	5,234	4.3%
Province of British Columbia	5.75%	09 Jan 2012	4,225	3.5%
Canada Housing Trust	2.75%	15 Dec 2014	3,963	3.3%
Government of Canada	2.50%	01 Jun 2015	3,499	2.9%
Canada Housing Trust	4.80%	15 Jun 2012	2,548	2.1%
Province of British Columbia	4.65%	18 Dec 2018	2,507	2.1%
Province of Quebec	6.00%	01 Oct 2012	2,062	1.7%
Province of Quebec	4.50%	01 Dec 2020	1,699	1.4%
Province of British Columbia	4.25%	18 Jun 2014	1,397	1.2%
Canadian Imperial Bank of Commerce	3.15%	02 Nov 2020	1,205	1.0%
Government of Canada	1.75%	01 Mar 2013	1,177	1.0%
Bank of Nova Scotia	6.28%	30 Jun 2053	930	0.8%
HSBC Bank Canada	5.15%	30 Jun 2049	893	0.7%
Bank of Montreal	5.47%	31 Dec 2049	763	0.6%
Toyota Credit Canada	3.55%	22 Feb 2016	762	0.6%
TD Capital Trust	6.79%	31 Dec 2049	657	0.5%
GE Capital Canada	5.10%	01 Jun 2016	637	0.5%
GE Capital Canada	5.28%	22 Oct 2014	563	0.5%
Wells Fargo Finance Canada	3.70%	30 Mar 2016	559	0.5%
Top long positions as a percentage of Plan portfolio assets				**67.2%**

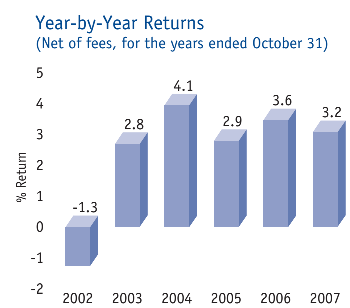
Past Performance

Our investment philosophy has always been to safeguard our contributors' investments while providing stable and consistent returns.

Past performance of the Plan is set out in the following chart and the annual compound returns table and is based on the growth in assets over the term of the Plan to maturity. The returns presented are based on the income earned on the Plan's investment portfolio only and do not reflect the investment income or allocation 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 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 Plan's annual performance in each of the past ten years to October 31, 2011. The chart illustrates in percentage terms how much an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year:



Annual Compound Returns

The following table illustrates the Plan's annual compounded returns, for the periods shown ended on October 31, 2011.

Prior to July 2011, the Plan compared its returns to the following blended benchmark:

70% DEX Short-Term Government Bond Index*
30% DEX 91-Day Treasury Bill Index*

Effective July 2011, the asset allocation for the Plan was revised and the following blended benchmark was adopted:

64% DEX Short-Term Government Bond Index*
6% DEX Short Term Corporate Bond Index*
30% DEX 91-Day Treasury Bill Index*

The broad-based index is the DEX Short-Term Government Bond Index.

	Period			
	1 Year	3 Years	5 Years	10 Years
Net Plan Return	1.7	2.0	2.5	2.4
Benchmark*,[1]	2.7	3.3	4.0	3.9
Broad-based index: DEX Short-Term Government Bond Index*	3.5	4.4	4.9	4.5

*Notes: Investors cannot invest in the index without incurring fees, expenses and commissions, which are not reflected in the index returns.

[1] The returns for the Plan's current and previous Benchmark, were the same for the 1, 3, 5 and 10 year reporting periods.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Canadian Scholarship Trust Family 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 Canadian generally accepted accounting principles 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 & Touche 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, CA
President and Chief Executive Officer

Joe Spagnuolo, CA
Chief Financial Officer and Treasurer

Toronto, Ontario
January 5, 2012

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 Canadian Scholarship Trust Family Savings Plan, which comprise the statements of net assets available for education assistance payments as at October 31, 2011 and 2010, and the statements of investment operations, changes in net assets available for education assistance payments and cash flows for the years then ended, 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 Canadian generally accepted accounting principles, 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 Family Savings Plan as at October 31, 2011 and 2010 and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
January 5, 2012

Statements of Net Assets Available for Education Assistance Payments

As at October 31, 2011 and 2010 (in thousands of dollars)

	2011	2010
		(Note 2(i))
Assets		
Investments, at fair value *(Note 4 and Schedule I)*	$ 138,341	$ 116,066
Cash and cash equivalents	9,704	11,556
Short-term investments	24,861	21,604
Accrued interest and other receivables	1,982	1,387
Receivables for securities sold	728	33
Government grants receivable	41	41
	175,657	150,687
Liabilities		
Accounts payable, accrued liabilities and unclaimed contributors' funds	5,724	4,524
Payables for securities purchased	464	102
Contributors' deposits *(Schedule II)*	94,248	82,182
	100,436	86,808
Net Assets Available for Education Assistance Payments	75,221	63,879
Represented by:		
Non-Discretionary Funds		
Accumulated interest held for future education assistance payments *(Schedule II)*	39,400	34,773
Government grants	24,840	20,023
Interest on Government grants	9,923	7,472
Unrealized Gains	1,058	1,611
	$ 75,221	$ 63,879

Approved on behalf of the Board of Canadian Scholarship Trust Foundation

Blair A. Corkum, CA
Director

Sherry J. MacDonald, CA
Director

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

Statements of Investment Operations

For the years ended October 31, 2011 and 2010 (in thousands of dollars)

		2011		2010
Income				
Interest income	$	4,964	$	4,535
Realized gains (losses)		1,013		(74)
		5,977		4,461
Expenses				
Plan administration and processing fees *(Note 3(a))*		1,351		991
Financial reporting *(Note 3(a))*		444		523
Portfolio management fees		202		181
Custodian fees		17		15
Trustee fees		10		8
		2,024		1,718
Net Investment Income		3,953		2,743
(Decrease) increase in Unrealized Gains		(553)		609
Increase in Net Assets from Investment Operations	$	3,400	$	3,352

Statements of Changes in Net Assets Available for Education Assistance Payments

For the years ended October 31, 2011 and 2010 (in thousands of dollars)

		2011		2010
				(Note 2(i))
Net Assets Available for Education Assistance Payments, Beginning of Year	$	63,879	$	57,716
Increase in Net Assets from Investment Operations		3,400		3,352
Transfers from internal and external plans		19,703		15,018
		23,103		18,370
Disbursements				
Government grants received (net of repayments)		(1,094)		(3,547)
Payments to beneficiaries				
Education assistance payments		(8,287)		(6,974)
Government grants		(2,328)		(1,642)
Return of interest		(52)		(44)
		(10,667)		(8,660)
Total Disbursements		(11,761)		(12,207)
Increase in Net Assets Available for Education Assistance Payments		11,342		6,163
Net Assets Available For Education Assistance Payments, End of Year	$	75,221	$	63,879

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

Statements of Cash Flows

For the years ended October 31, 2011 and 2010 (in thousands of dollars)

	2011	2010
		(Note 2(i))
Operating Activities		
Increase in Net Assets from Investment Operations	$ 3,400	$ 3,352
Net disbursements for investment transactions	(25,405)	(14,644)
Items not affecting cash		
Realized (gains) losses on sale of investments	(1,013)	74
Decrease (increase) in Unrealized Gains/losses	553	(609)
Change in non-cash operating working capital		
(Increase) decrease in Accrued interest and other receivables	(595)	311
Increase in Government grants receivable	–	(22)
Increase in Accounts payable, accrued liabilities and unclaimed contributors' funds	1,200	3,414
Cash flow from Operating Activities	(21,860)	(8,124)
Financing Activities		
Transfers from internal and external plans	19,703	15,018
Government grants received (net of repayments)	(1,094)	(3,547)
Increase in Contributors' deposits *(Schedule II)*	12,066	10,399
Payments to beneficiaries	(10,667)	(8,660)
Cash flow from Financing Activities	20,008	13,210
Net (decrease) increase in Cash and cash equivalents	(1,852)	5,086
Cash and cash equivalents, Beginning of Year	11,556	6,470
Cash and cash equivalents, End of Year	$ 9,704	$ 11,556

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

Schedule I – Statement of Investment Portfolio

As at October 31, 2011 (in thousands of dollars)

Security		Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds				
Federal – 29.8%				
Government of Canada				
3.75%	1 Jun 2012	7,730	7,855	7,925
1.50	1 Dec 2012	10,285	10,346	10,379
1.75	1 Mar 2013	1,165	1,177	1,178
3.50	1 Jun 2013	6,295	6,544	6,585
2.50	1 Jun 2015	3,360	3,499	3,420
Canada Housing Trust				
4.80	15 Jun 2012	2,490	2,548	2,667
2.75	15 Dec 2014	3,810	3,963	3,901
4.10	15 Dec 2018	55	62	57
			35,994	36,112
Provincial – 31.6%				
Province of British Columbia				
5.75	9 Jan 2012	4,190	4,225	4,448
4.25	18 Jun 2014	1,300	1,397	1,384
4.65	18 Dec 2018	2,215	2,507	2,305
Province of Ontario				
5.38	2 Dec 2012	5,005	5,234	5,349
4.75	2 Jun 2013	5,440	5,743	5,832
3.25	8 Sep 2014	6,285	6,595	6,453
Province of Quebec				
6.00	1 Oct 2012	1,975	2,062	2,119
5.50	1 Dec 2014	7,735	8,651	8,516
4.50	1 Dec 2020	1,535	1,699	1,533
			38,113	37,939
Corporate – 10.2%				
Bank of Montreal				
4.63	29 Dec 2049	388	410	410
5.47	31 Dec 2049	707	763	766
Bank of Nova Scotia				
5.25	1 Nov 2017	232	240	241
6.28	30 Jun 2053	874	930	934
BCIMC Realty Corporation				
5.25	19 Sep 2012	426	439	442
Caisse Centrale Desjardins				
3.11	4 Dec 2014	375	384	382
Canadian Imperial Bank of Commerce				
3.15	2 Nov 2020	1,195	1,205	1,199
Cards II Trust				
3.10	15 Sep 2015	314	323	318
Caterpillar Financial Services Ltd.				
2.64	3 Dec 2013	120	122	121
GE Capital Canada				
5.28	22 Oct 2014	525	563	563
5.10	1 Jun 2016	592	637	638

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

Security		Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds (continued)				
Corporate – 10.2% (continued)				
Honda Canada Finance Inc				
5.68%	26 Sep 2012	240	248	250
5.08	9 May 2013	115	120	121
5.61	12 Sep 2013	350	372	374
HSBC Canada				
5.15	30 Jun 2049	836	893	889
RBC Capital Trust				
4.87	31 Dec 2049	457	487	488
5.81	31 Dec 2053	470	504	506
Royal Bank of Canada				
3.18	2 Nov 2020	177	179	177
Score Trust				
4.95	20 Feb 2014	348	368	369
TD Capital Trust				
6.79	31 Dec 2049	624	657	662
Toronto Dominion Bank				
3.37	2 Nov 2020	510	518	515
Toyota Credit Canada Inc				
3.55	22 Feb 2016	732	762	758
VW Credit Canada Inc				
3.60	1 Feb 2016	100	102	102
Wells Fargo Finance Canada				
4.33	6 Dec 2013	206	215	215
3.97	3 Nov 2014	251	262	261
3.70	30 Mar 2016	544	559	554
			12,262	12,255
Total Fixed Income Investments – 71.6.%			**86,369**	**86,306**
Plan Cash and Short-term Investments – 28.4%			34,343	34,343
Total Portfolio Assets – 100.0%			**120,712**	**120,649**
Investments Allocation *(Note 4)*				
Government Grants *(Appendix I)*			51,972	50,977
Cash and Short-term Investments *(Appendix I)*			222	222
Total Investment Fund			**172,906**	**171,848**
Represented by:				
Investments, at fair value			138,341	
Cash and cash equivalents			9,704	
Short-term Investments			24,861	
			172,906	

Schedule II – Contributors' Deposits and Accumulated Interest

As at October 31, 2011 and 2010 (in thousands of dollars)

The following table provides a summary of Family Savings Plan agreements, Contributors' Deposits and Accumulated Interest:

Opening Agreements	Inflow Agreements	Outflow Agreements	Closing Agreements	Contributors' Deposits	Accumulated Interest
33,968	9,162	4,279	38,851	$ 94,248	$ 39,400

The changes in Contributors' deposits are as follows:

	2011	2010
Payments from contributors[1]	$ 6,041	$ 5,682
Inter-Plan principal transfers	31,813	25,393
Return of principal	(25,788)	(20,676)
Net increase in Contributors' deposits	12,066	10,399
Balance, Beginning of Year	82,182	71,783
Balance, End of Year	$ 94,248	$ 82,182

1 Net of Enrolment fees collected of $25 (2010 – $25)

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

Notes to the Financial Statements

October 31, 2011 and 2010 (in thousands of dollars)

Note 1. Nature of Operations

The Canadian Scholarship Trust Family Savings Plan ("Family Savings Plan" or the "Plan") is a self-determined Education Savings Plan that was established on March 1, 1997. The objective of the Family Savings Plan is to assist parents and others to save for the post-secondary education of children. The Family Savings 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 Foundation was created to encourage and promote post-secondary education by making education savings plans available to Canadian residents.

Payments are made by a contributor to an account maintained by the depository trustee on behalf of a beneficiary. Deductions of enrolment fees are made from the contributor's contributions. The principal accumulated over the term of the contributor's education savings plan agreement ("Agreement") is returned in whole or in part at any time at the request of the contributor. 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 paid to qualified students from the Family Savings Plan are determined by the contributor and are paid from the income earned on the contributor's principal.

There are a number of government grants that may be available to beneficiaries:

i. The Canada Education Savings Grant Program ("CESG") is a grant from the Federal Government whereby Registered Education Savings Plans ("RESPs") receive grant amounts dependent on family income;
ii. Any child born on or after January 1, 2004, and who also qualifies for the National Child Benefit Supplement may be eligible for the Canada Learning Bond ("CLB");
iii. Any child born in the province of Alberta on or after January 1, 2005, may be eligible for the initial Alberta Centennial Education Savings Grant ("ACES"). Subsequent grants may be paid to all children attending school in Alberta at certain eligible ages; and
iv. The Québec Education Savings Incentive ("QESI") is available for beneficiaries who are under eighteen years of age and reside in Québec on December 31 of each year. The amount of QESI to be received by a beneficiary will depend on annual family income.

The Family Savings Plan receives the CESG, CLB, ACES and QESI (collectively, "Government grants"), which are paid directly into a beneficiary's RESP 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 RESPs under the *Income Tax Act* (Canada). The current tax legislation provides that income credited on contributors' principal is not taxable income of the contributor unless withdrawn early. The deposits are not deductible for income tax purposes and are not taxable when returned to the contributor. Payments made to a qualified student will constitute taxable income of that student in the year that the payments are made.

Note 2. Significant Accounting Policies

(a) Generally accepted accounting principles

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

(b) Future accounting standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for publicly accountable enterprises. In December 2011, the AcSB amended the deadline for adoption of IFRS by certain qualifying investment funds to extend the adoption date to years beginning on or after January 1, 2014. Therefore, IFRS will replace Canadian GAAP and become effective for the Plan's interim and annual financial statements relating to the fiscal year ending October 31, 2015. Management is in the process of developing a transition plan, which will include identifying differences between the Plan's current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on the financial statements of the Plan.

(c) Investment valuation

Investments, at fair value include the following types of securities: bonds, money market securities and variable rate securities.

Bonds and money market securities are valued using bid prices at year end. In the event that quoted market prices are not available, the fair values presented are estimated using present value or other valuation techniques.

Variable rate securities are hybrid financial debt instruments issued by governments, Canadian chartered banks and licensed trust and loan companies that have embedded components that change the risk/return profile of the security. Included in this class are structured notes that are debt instruments whose returns are based on indices or underlying assets rather than typical interest payments. Variable rate securities are carried at fair values using external pricing models to value their components.

Note 6 provides further guidance on the fair value measurements.

(d) Investment transactions and income recognition

Investment transactions are accounted for on a trade-date basis. Interest income on investments is recognized using the effective interest method. 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.

(e) Contributors' deposits and Enrolment Fees

Contributors' deposits reflect amounts received from contributors and do not include future amounts receivable on outstanding Agreements. An enrolment fee is required as part of the initial contribution under each educational savings plan Agreement. Enrolment fees collected during the reporting period are paid to C.S.T.C.

Notes to the Financial Statements (continued)

October 31, 2011 and 2010 (in thousands of dollars)

Note 2. Significant Accounting Policies (continued)

(f) Income taxes

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

(g) Cash and cash equivalents

Cash and cash equivalents include short-term investments with a purchase date to maturity of 90 days or less.

(h) Use of estimates

In preparing the financial statements, management is required to use estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the current estimates. Significant estimates included in these financial statements relate to valuation of Level 3 financial instruments as discussed in Note 6.

(i) Prior year adjustments

The Plan has restated prior year comparative balances relating to Government grants repayable to Human Resources and Skill Development Canada ("HRSDC") on principal returned to contributors, which was previously recorded as capital. The effect to the Statement of Net Assets Available for Education Assistance Payments, was to increase Accounts payable, accrued liabilities and unclaimed contributors' funds by $3,885 and decrease Government grants as at October 31, 2010, by the same amount.

Note 3. Related Party Transactions

(a) Distribution and Administration of the Family Savings Plan

The Foundation, as the Plan sponsor, has appointed C.S.T.C. as the Investment Fund Manager to administer and distribute the Family Savings Plan. The distribution agreement is renewable annually on November 1. Administration fees (comprising Plan administration and processing fees and Financial reporting expenses) are paid to the Foundation. Administration fees are annual fees of 1% of the total amount of principal, Government grants and income earned thereon. Enrolment fees are paid to C.S.T.C.

(b) Other Related Party Transactions

The Foundation retains the services of Greystone Managed Investments Inc., an investment management firm and wholly-owned subsidiary of Greystone Capital Management Inc. ("Greystone"). As at October 31, 2011, two directors of the Foundation were members of the Board of Directors of Greystone. Total ownership of Greystone equity held by the directors is nil (2010 – 0.32%). The directors do not participate in any of the Foundation's Board deliberations concerning the investment management of the Plan, nor do they vote on any resolutions recommended by the Investment Committee of the Foundation.

Portfolio management fees in the Statements of Investment Operations include fees paid or payable to Greystone of $17 (2010 – $12). Included in Accounts payable, accrued liabilities and unclaimed contributors' funds in the Statements of Net Assets Available for Education Assistance Payments are the accrued amounts owing to Greystone as at October 31, 2011 of $6 (2010 – $5).

All related party transactions are in the normal course of business and are measured at the exchange amount.

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 are explained below.

The Government grants received from HRSDC are collectively invested together with other C.S.T.C. administered plans. The principal and income received are separately tracked for each contributor'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 (which includes interest rate risk and other price risk), credit risk, liquidity risk and currency risk.

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

(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	
	2011	2010
Less than 1 year (including short-term investments)	32%	35%
1-3 years	32%	37%
3-5 years	21%	7%
Greater than 5 years	15%	21%
Total debt instruments	**100%**	**100%**

Notes to the Financial Statements (continued)

October 31, 2011 and 2010 (in thousands of dollars)

Note 5. Risks Associated with Financial Instruments (continued)

(a) Market risk (continued)

i. Interest rate risk (continued)

As at October 31, 2011, if prevailing interest rates had increased or decreased by 1%, the Total Investment Fund amount of $172,906 (2010 – $149,226) as per the Statement of Investment Portfolio would have decreased or increased by $3,791 (2010 – $4,430). This 1% change assumes a parallel shift in the yield curve with all other variables held constant. In practice, the actual trading 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 all 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 variable rate securities, which represents 0.1% (2010 – 1.0%) of the Total Investment Fund amount as at October 31, 2011. For these securities, positive returns are capped and the return of principal at maturity is protected from any negative performance. These features limit volatility and mitigate the downward impact on the value of these securities.

As at October 31, 2011, 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 $nil (October 31, 2010 – $12). In practice, the actual trading 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, currently A-low. Family Savings 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 listed below:

	2011		2010	
Credit rating	% of Total Investment Fund	Amount (in thousands)	% of Total Investment Fund	Amount (in thousands)
AAA	60%	$ 104,217	61%	$ 90,365
AA/AAH/AAL	15%	26,242	7%	9,820
A/AH/AL	5%	7,882	10%	15,413
R-1	19%	33,133	22%	33,563
P-2	1%	1,595	nil	–
Short-term unrated	0%	(163)	0%	65
Total Investment	**100%**	**$ 172,906**	100%	$ 149,226

The October 31, 2010 comparative figures have been reclassified to conform to the classification adopted in 2011.

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 obligations on time. The Plan's exposure to liquidity risk is concentrated in principal repayments to subscribers and Education Assistance Payments to beneficiaries. The Plan primarily invests in securities that are traded in the 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 distribution of Contributors' deposits and accumulated interest. 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 is not exposed to currency risk as it holds only Canadian securities.

Note 6. Fair Value of Financial Instruments

Investments, at fair value, Cash and cash equivalents and Short-term investments are carried at fair value. The carrying values of other financial instruments such as Accrued interest and other receivables, Receivables for securities sold, Government grants receivable, Accounts payable, accrued liabilities and unclaimed contributors' funds, Payables for securities purchased and Contributors' deposits approximate their fair values as these financial instruments are short term in nature.

Fair value represents the amount at which a financial instrument could be exchanged in an arm's-length transaction between willing parties under no compulsion to act and is best evidenced by a quoted bid price in an active market, if one exists.

The following table presents the Plan's financial instruments carried at fair value in the statements of net assets available for education assistance payments classified by the fair value hierarchy set out in CICA Handbook Section 3862 *Financial Instruments – Disclosures:*

i. "Level 1" financial instruments are valued using quoted prices (unadjusted) in active markets for identical assets or liabilities.
ii. "Level 2" financial instruments are valued using observable inputs other than quoted prices included in Level 1.
iii. "Level 3" financial instruments are valued using unobservable inputs for the asset or liability.

Assets Measured at Fair Value as of October 31, 2011

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 9,704	$ –	$ –	$ 9,704
Short-term Investments	–	24,861	–	24,861
Fixed Income Securities	–	138,088	–	138,088
Variable Rate Securities	–	–	253	253
Total Investment Fund	**$ 9,704**	**$ 162,949**	**$ 253**	**$ 172,906**

Notes to the Financial Statements (continued)

October 31, 2011 and 2010 (in thousands of dollars)

Note 6. Fair Value of Financial Instruments (continued)

Assets Measured at Fair Value as of October 31, 2010

	Level 1	Level 2	Level 3	**Total**
Cash and Cash Equivalents	$ 11,556	$ –	$ –	**$ 11,556**
Short-term Investments	–	21,604	–	**21,604**
Fixed Income Securities	–	114,847	–	**114,847**
Variable Rate Securities	–	–	1,219	**1,219**
Total Investment Fund	**$ 11,556**	**$ 136,451**	**$ 1,219**	**$ 149,226**

For the years ended October 31, 2011 and 2010, there were no transfers between Levels 1, 2, or 3. The Plan's financial instruments classified as Level 3 represent the Plan's investment in Equity Linked Notes, which are principal protected by a major Canadian bank (DBRS rating "AA"). Equity Linked Notes are hybrid securities comprised of a bond and an option. The price of the variable rate securities are based on external pricing models provided from third-party brokers. These valuations are derived from the information on similar publicly traded bonds and options using standard pricing methodology. Such techniques include assumptions related to the assessment and quantification of market, credit, and liquidity risks referred to in Note 5. There are no reasonable alternative assumptions.

Level 3 – Variable Rate Securities

	2011	2010
Opening Balance	**$ 1,219**	$ 1,302
Sales	**(953)**	(97)
Increase in Unrealized Gains/Losses	**(13)**	14
Closing Balance	**$ 253**	$ 1,219

Government Grants

(Appendix I to Schedule I)

Statement of Investment Portfolio

As at October 31, 2011 (in thousands of dollars)

Security		Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds				
Federal – 56.8%				
Government of Canada				
1.25%	1 Dec 2011	10,246	10,249	10,253
1.50	1 Jun 2012	910	913	910
2.00	1 Sep 2012	16,615	16,759	16,714
1.50	1 Dec 2012	39,640	39,876	39,767
1.75	1 Mar 2013	30,137	30,453	30,291
3.50	1 Jun 2013	4,085	4,246	4,268
3.75	1 Mar 2015	1,809	1,251	1,238
4.10	1 Jul 2015	2,000	1,694	1,630
3.00	1 Dec 2015	8,573	9,117	8,684
3.55	1 Sep 2019	5,387	5,199	4,861
3.25	1 Jun 2021	2,375	2,570	2,565
4.40	26 Jan 2026	1,380	1,503	1,372
5.00	1 Jun 2037	5,275	7,209	6,419
4.00	1 Jun 2041	2,685	3,253	2,889
Canada Housing Trust				
4.80	15 Jun 2012	2,785	2,849	2,788
4.00	15 Jun 2012	19,785	20,146	20,148
4.55	15 Dec 2012	27,645	28,728	28,849
3.60	15 Jun 2013	6,857	7,134	7,125
2.70	15 Dec 2013	26,535	27,386	27,108
2.20	15 Mar 2014	12,000	12,270	12,138
3.15	15 Jun 2014	26,850	28,127	27,762
2.75	15 Sep 2014	28,914	30,072	29,496
1.44	15 Mar 2015	7,804	7,809	7,815
3.15	15 Jun 2015	25,084	26,492	25,255
2.75	15 Dec 2015	24,653	25,720	24,885
1.41	15 Mar 2016	18,823	18,786	18,891
2.75	15 Jun 2016	36,965	38,568	37,466
1.34	15 Sep 2016	32,563	32,351	32,541
4.10	15 Dec 2018	5,150	5,748	5,301
Ontario Infrastructure				
3.95	3 Jun 2013	927	965	925
PSP Capital Inc.				
4.57	9 Dec 2013	4,396	4,666	4,433
			452,109	444,787
Municipal and Provincial – 22.9%				
Province of Alberta				
1.38	27 May 2016	12,693	12,616	12,692
Province of British Columbia				
4.25	18 Jun 2014	4,660	5,008	4,924
4.70	1 Dec 2017	2,250	2,553	2,356
5.70	18 Jun 2029	200	254	242
4.30	18 Jun 2042	640	699	649
Province of Manitoba				
4.30	1 Mar 2016	2,902	3,200	3,232
2.05	1 Dec 2016	2,044	2,047	2,042

Security		Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds (continued)				
Municipal and Provincial – 22.9% (continued)				
Province of New Brunswick				
4.45%	26 Mar 2018	5,060	5,636	5,444
5.65	27 Dec 2028	500	620	572
5.50	27 Jan 2034	10,300	12,676	11,864
4.65	26 Sep 2035	970	1,073	970
Province of Nova Scotia				
5.80	1 Jun 2033	1,250	1,596	1,481
Province of Ontario				
4.50	2 Dec 2012	3,065	3,176	3,197
4.75	2 Jun 2013	9,960	10,515	10,541
3.25	8 Sep 2014	12,405	13,017	12,698
3.15	8 Sep 2015	10,664	11,228	10,968
4.40	8 Mar 2016	5,508	6,093	6,150
3.20	8 Sep 2016	2,865	3,027	2,852
4.30	8 Mar 2017	5,460	6,050	5,251
4.40	2 Jun 2019	3,235	3,593	3,358
4.20	2 Jun 2020	3,180	3,467	3,266
4.00	2 Jun 2021	6,420	6,867	6,471
7.60	2 Jun 2027	1,400	2,071	1,989
5.85	8 Mar 2033	375	487	453
5.60	2 Jun 2035	6,060	7,703	6,850
4.70	2 Jun 2037	3,380	3,846	3,588
4.65	2 Jun 2041	485	556	501
Province of Quebec				
5.25	1 Oct 2013	7,200	7,747	7,742
1.22	1 Dec 2014	545	540	521
5.00	1 Dec 2015	6,210	6,987	6,849
4.50	1 Dec 2017	1,200	1,341	1,192
4.50	1 Dec 2019	7,875	8,751	8,292
4.50	1 Dec 2020	7,540	8,341	7,899
4.25	1 Dec 2021	2,195	2,375	2,204
9.38	16 Jan 2023	865	1,341	1,286
6.00	1 Oct 2029	1,395	1,792	1,688
6.25	1 Jun 2032	215	286	290
5.25	11 Jun 2034	850	1,000	914
5.75	1 Dec 2036	4,320	5,528	4,895
5.00	1 Dec 2038	3,660	4,286	3,725
5.00	1 Dec 2041	1,905	2,260	2,108
			182,249	174,206
Corporate – 19.1%				
407 International Inc.				
7.13	26 Jul 2040	3,226	4,370	3,897
Access Justice Durham Ltd.				
5.02	31 Aug 2039	323	340	307
Arrow Lakes Power Corp				
5.52	5 Apr 2041	847	919	847
BAC Canada Finance				
2.73	21 Feb 2014	4,550	4,438	4,539

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, 2011 (in thousands of dollars)

Security		Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds (continued)				
Corporate – 19.1% (continued)				
Bank of Montreal				
3.10%	10 Mar 2016	4,262	4,373	4,352
4.63	29 Dec 2049	2,900	3,066	2,827
5.47	31 Dec 2049	3,335	3,599	3,519
Bank of Nova Scotia				
6.63	30 Jun 2012	3,435	3,534	3,766
6.28	30 Jun 2053	1,900	2,023	2,101
BCIMC Realty Corporation				
4.65	10 Feb 2015	166	178	178
5.65	5 Jan 2018	1,953	2,249	2,158
Blue Water Bridge Authority				
6.41	9 Jul 2027	2,371	2,118	2,112
Cadillac Fairview Finance Trust				
3.24	25 Jan 2016	3,953	4,105	3,945
Canadian Capital Auto Receivables Asset Trust				
2.63	17 Aug 2014	2,580	2,618	2,584
2.00	17 Jul 2016	993	283	282
Canadian Imperial Bank of Commerce				
4.75	22 Dec 2014	5,460	5,888	5,514
Caterpillar Financial Services Ltd.				
2.64	3 Dec 2013	250	254	255
CBC				
4.69	15 May 2027	2,968	3,218	3,140
Citigroup Finance Canada				
4.75	17 Mar 2014	2,000	2,035	2,060
Claregold Trust				
5.07	15 May 2044	1,881	1,459	1,465
Gaz Metropolitain Inc.				
4.93	18 Jun 2019	2,500	2,813	2,545
GE Capital Canada				
2.12	10 Feb 2014	1,268	1,258	1,267
4.65	11 Feb 2015	4,400	4,641	4,402
5.10	1 Jun 2016	1,000	1,076	1,082
5.53	17 Aug 2017	800	877	778
5.73	22 Oct 2037	3,083	3,204	2,812
Gloucester Credit Card Trust				
5.38	15 May 2014	2,176	2,343	2,277
Great West Lifeco Inc.				
6.14	21 Mar 2018	2,837	3,241	3,263
Green Timbers LP				
6.84	30 Jun 2037	684	792	746
Health Partners Markham				
3.43	31 Jan 2014	834	834	834

Security		Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds (continued)				
Corporate – 19.1% (continued)				
Hospital Infrastructure Partners				
5.44%	31 Jan 2045	398	419	398
Leisureworld				
4.81	24 Nov 2015	2,463	2,557	2,553
Manulife Financial Capital Trust				
4.85	12 Dec 2015	1,865	1,408	1,340
6.70	31 Dec 2051	3,920	4,028	4,346
Manulife Financial Corporation				
4.90	2 Jun 2014	706	738	738
5.16	26 Jun 2015	2,423	2,577	2,556
4.08	20 Aug 2015	1,933	1,986	1,965
Maritimes and Northeast Pipelines				
4.34	30 Nov 2019	4,096	4,272	4,219
Merrill Lynch Financial Assets				
4.82	12 Feb 2015	815	865	820
4.62	12 Nov 2015	1,235	1,316	1,222
4.81	12 Oct 2016	1,814	1,932	1,860
4.71	12 Nov 2016	1,192	1,227	1,201
4.98	6 Dec 2016	1,200	1,287	1,227
4.48	12 Jul 2037	920	978	900
Milit-Air Inc.				
5.75	30 Jun 2019	2,865	3,222	3,095
N-45 First CMBS				
5.67	15 Nov 2020	1,048	1,116	1,117
NAV Canada				
4.71	24 Feb 2016	1,722	1,896	1,785
Northwest Connect Group				
5.95	30 Apr 2041	2,478	2,827	2,588
Ontrea Inc.				
4.62	9 Apr 2018	1,493	1,585	1,505
Ornge Issuer Trust				
5.73	11 Jun 2034	1,553	1,844	1,625
Ottawa Hydro Holdings				
4.93	9 Feb 2015	1,453	1,579	1,518
Plenary Properties Ltap LP				
3.16	13 Mar 2015	1,654	1,681	1,654
6.29	31 Jan 2044	2,431	2,844	2,671
Power Corporation of Canada				
7.57	22 Apr 2019	1,308	1,590	1,502
RBC Capital Trust				
4.87	31 Dec 2049	6,000	6,393	5,950
5.81	31 Dec 2053	3,200	3,431	3,450
Real Estate Asset Liquidity Series Class A				
4.62	9 Dec 2016	1,350	1,437	1,333
5.08	12 Oct 2036	745	787	763

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, 2011 (in thousands of dollars)

Security		Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds (continued)				
Corporate – 19.1% (continued)				
Royal Bank of Canada				
3.36%	11 Jan 2016	5,101	5,290	5,250
SNC Lavalin Group				
6.63	30 Jun 2044	657	781	657
Toronto Dominion Bank				
4.85	13 Feb 2013	5,137	5,351	5,355
Toronto Hospital				
5.64	8 Dec 2022	1,327	1,500	1,484
Transcanada Pipelines				
8.05	17 Feb 2039	1,707	2,556	2,557
Wells Fargo Finance Canada				
4.40	12 Dec 2012	900	923	885
4.38	30 Jun 2015	1,500	1,583	1,579
WTH Car Rental				
4.14	15 Mar 2020	4,180	4,286	4,249
			152,238	147,771
Total Fixed Income Investments – 98.8%			**786,596**	**766,764**
Variable Rate Securities – 0.6%				
Toronto-Dominion Bank S&P/TSX 60 Index Linked Note				
	26 Oct 2012	5,000	4,973	5,000
			4,973	5,000
Plan Investments – 99.4%			**791,569**	**771,764**
Cash and Short-term Investments – 0.6%			4,372	4,372
Total Portfolio Assets – 100.0%			**795,941**	**776,136**
Government Grant Investments Allocation				
Plan II			451	409
Founders’ Plan			42,472	41,247
Group Savings Plan			206,716	201,137
Group Savings Plan 2001			486,437	474,515
Family Savings Plan			51,972	50,977
Individual Savings Plan			3,521	3,479
			791,569	**771,764**
Cash and Short-term Investments Allocation				
Plan II			9	9
Founders’ Plan			240	240
Group Savings Plan			1,088	1,088
Group Savings Plan 2001			2,801	2,801
Family Savings Plan			222	222
Individual Savings Plan			12	12
			4,372	**4,372**

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

Canadian Scholarship Trust Plan

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

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Canadian Scholarship Trust Foundation

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