



Canadian Scholarship Trust **Group 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 Group 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 and corporate debt securities issued by public corporations. The Plan also invests in variable rate securities, which 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 characteristics of the security. Included in this asset class are structured notes that are debt instruments, whose returns are based on movements in equity indices rather than typical interest payments.

The fixed income component of the Plan is managed by Addenda Capital Inc., Greystone Managed Investments Inc., TD Asset Management Inc. and Canso Investment Counsel Ltd. The assets are allocated among different market sectors and different maturity segments at our portfolio managers’ discretion, subject to the constraints defined in our investment policies and mandates. Our investment professionals actively manage the Plan, focusing on strategies where value can be added on a sustainable basis. These strategies include sector allocation, duration management, credit research and yield curve positioning.

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 3.4% compared to the investment policy benchmark (“benchmark”) return of 4.8% and the broad-based DEX Universe All Government Bond Index return of 6.2%. The DEX Universe All 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 greater than 1 year. The Plan’s return is after the deduction of fees and expenses of 0.7%, while the benchmark and broad-based index returns do not include any costs of investing such as fees, expenses and commissions.

During the year, the Plan’s investment policy and asset allocation were revised to better match the underlying structure of the Plan’s liabilities and cash flow requirements. As a result, the Plan shortened the duration of its bond portfolio and adopted a blended benchmark which is comprised of 47% DEX Universe All Government Bond Index, 47% DEX Short-Term Government Bond Index and 6% DEX Universe Corporate Bond Index. The DEX Short-Term Government Bond Index is a broad measure of Canadian investment grade fixed income securities, issued by the Government of Canada, including Crown Corporations and provincial governments, with maturities between 1 and 5 years. The DEX Universe Corporate Bond Index is a broad measure of Canadian investment grade fixed income securities issued by public corporations, with maturities greater than one year. In comparison to the broad-based Index, the Plan’s current asset mix requires a higher allocation to corporate bonds and short-to-medium term government bonds.

Both federal and provincial government bonds posted strong gains throughout the year. Early in 2011, government bond yields increased 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 took advantage of these market opportunities and maintained overweight positions in provincial government securities, which benefited the Plan’s performance.

During the year, the portfolio holdings of Variable Rate Securities matured and the proceeds were re-invested in government and corporate bonds. As at October 31, 2011, 99.6% of the Plan’s assets were invested in Government and Corporate Bonds and 0.4% in Cash and Short-Term Investments.

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, Canso Investment Counsel Ltd., a leading bond manager, was retained to focus on a corporate bond mandate and enhance the Plan's performance on a sustainable basis.

We are confident that our investment strategy and conservative management approach will continue to provide value over the long-term horizon of our Plans. Our goal, as always, is to provide safety of principal and deliver steady long-term 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	\$1,091,259	\$ 1,110,305	\$ 1,085,993	\$ 1,038,096	\$ 1,042,087
Net Assets	541,313	533,710	491,057	432,096	449,209
% Change of Net Assets	1.4%	8.7%	13.6%	(3.8)%	10.0%
Statement of Investment Operations					
Net Investment Income	\$ 56,786	\$ 34,485	\$ 45,500	\$ 37,130	\$ 32,516
Statement of Changes in Net Assets					
Education Assistance Payments	\$ (16,373)	\$ (14,730)	\$ (14,180)	\$ (10,947)	\$ (8,553)
Government Grants Received (net of repayments)	5,148	8,140	9,602	10,298	11,516
Government Grant payments to Beneficiaries	(5,713)	(4,828)	(3,819)	(2,940)	(2,180)
Other					
Total number of units	529,806	543,233	553,168	562,375	570,599
% Change in the total number of units	(2.5)%	(1.8)%	(1.6)%	(1.4)%	(1.4)%

Management Fees

Administration Fees

An administration fee of \$5,304 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 ½ of 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 0.11% 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.

The Plan 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 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 Investments Inc. of \$345 (2010 – \$347) thousand.

Trustee and Custodian Fees

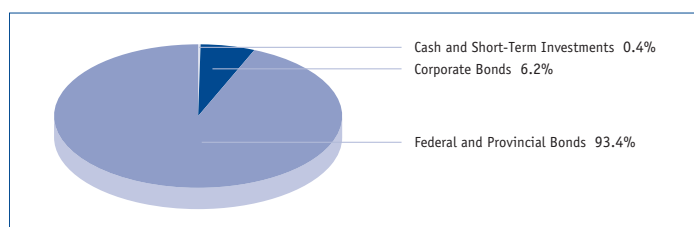
The Plan pays trustee and custodian fees to RBC Dexia Investor Services Trust to settle all investment trades and disburse fees, EAPs and other amounts in accordance with the terms of the Plan Agreement. For 2011 these fees charged to the Plan amounted to \$157 thousand.

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. Furthermore, income earned on Group Scholarship Pool assets is allocated to eligible beneficiaries collecting EAP payments that year on a pro-rata basis. 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, Group Scholarship Pool and Enrolment Fee Refund Entitlements 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 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
Canada Housing Trust	3.15%	15 Jun 2015	46,778	6.1%
Government of Canada	1.50%	01 Dec 2012	39,665	5.2%
Canada Housing Trust	2.75%	15 Jun 2016	38,652	5.0%
Canada Housing Trust	4.55%	15 Dec 2012	27,533	3.6%
Canada Housing Trust	2.70%	15 Dec 2013	25,507	3.3%
Canada Housing Trust	2.75%	15 Sep 2014	24,831	3.2%
Canada Housing Trust	1.34%	15 Sep 2016	20,960	2.7%
Province of Ontario	4.75%	02 Jun 2013	20,149	2.6%
Province of Quebec	5.25%	01 Oct 2013	19,905	2.6%
Canada Housing Trust	2.75%	15 Dec 2014	18,503	2.4%
Province of Alberta	3.15%	15 Jun 2014	18,028	2.3%
Province of New Brunswick	4.30%	03 Dec 2015	16,384	2.1%
Canada Housing Trust	3.60%	15 Jun 2013	15,598	2.0%
Province of Ontario	4.40%	08 Mar 2016	15,426	2.0%
Province of New Brunswick	3.35%	01 Jun 2013	15,179	2.0%
Canada Housing Trust	3.95%	15 Jun 2013	14,121	1.8%
Province of Nova Scotia	4.50%	01 Jun 2013	13,673	1.8%
Canada Housing Trust	4.00%	15 Jun 2012	13,604	1.8%
Province of British Columbia	4.25%	18 Jun 2014	12,896	1.7%
Province of Quebec	1.22%	01 Dec 2014	12,456	1.6%
Province of Ontario	3.25%	08 Sep 2014	11,575	1.5%
Government of Canada	2.00%	01 Sep 2012	11,010	1.4%
Province of Ontario	4.50%	08 Mar 2015	10,283	1.3%
Province of British Columbia	5.30%	18 Jun 2014	10,022	1.3%
Canada Housing Trust	1.41%	15 Mar 2016	9,883	1.3%

Top long positions as a percentage of Plan portfolio assets **62.6%**

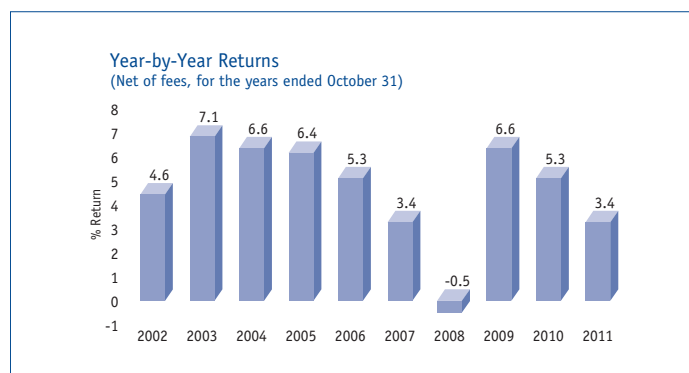
Past Performance

Our investment philosophy has always been to safeguard our contributors' investments while providing stable and consistent returns. The Foundation's investment strategy is expected to return consistent and strong financial performance and provide the capability to deliver long-term sustainable EAP values to Plan beneficiaries in the future.

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, Group Scholarship Pool and Enrolment Fee Refund Entitlements. Investment returns have been calculated using market values and time-weighted cash flows during the periods. Total expenses incurred by the Plan, including administration, portfolio management, custody and trustee fees 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 DEX Universe All Government Bond Index. Effective July 2011, the asset allocation for the Plan was revised and a blended benchmark was adopted which is comprised of:

47%	DEX Short-Term Government Bond Index*
47%	DEX Universe All Government Bond Index*
6%	DEX Short-Term Corporate Bond Index*

The broad-based index is the DEX Universe All Government Bond Index.

	Period			
	1 Year	3 Years	5 Years	10 Years
Net Plan Return	3.4	5.1	3.6	4.8
Benchmark*	4.8	7.0	5.5	5.8
Broad-based Index: DEX Universe				
All Government Bond Index**	6.2	7.4	5.8	5.9

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

**DEX Universe All Government Bond Index was the Plan's benchmark prior to July 2011.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Canadian Scholarship Trust Group Savings Plan (the "Plan") are prepared by management and are approved by the Board of Directors of the Canadian Scholarship Trust Foundation (the "Foundation"). Management is responsible for the information and representations contained in these financial statements. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

The Foundation, through C.S.T. Consultants Inc., a wholly-owned subsidiary which administers the Plan, maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with 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 Group 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 Group 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.



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
Assets		
Investments, at fair value <i>(Note 4 and Schedule I)</i>	\$ 1,052,868	\$ 1,065,298
Cash and cash equivalents	7,686	13,339
Short-term investments	15,636	18,452
Accrued interest and other receivables	10,838	10,637
Receivables for securities sold	3,441	1,492
Government grants receivable	790	1,087
	1,091,259	1,110,305
Liabilities		
Accounts payable, accrued liabilities and unclaimed contributors' funds	4,168	2,033
Payables for securities purchased	4,984	3,315
Contributors' deposits <i>(Schedule II)</i>	540,794	571,247
	549,946	576,595
Net Assets Available for Education Assistance Payments	541,313	533,710
Represented by:		
Non-Discretionary Funds		
Accumulated interest held for future education assistance payments <i>(Schedule II)</i>	270,033	242,840
Government grants	140,567	143,064
Interest on Government grants	59,369	53,629
Enrolment fee refund entitlements <i>(Notes 3(b) and 7)</i>	52,584	54,472
Unrealized Gains	17,578	38,118
Discretionary Funds		
Donations from the Foundation <i>(Notes 3(c) and 6)</i>	1,182	1,587
	\$ 541,313	\$ 533,710

Approved on behalf of the Board of Canadian Scholarship Trust Foundation



Blair A. Corkum, CA
Director



Sherry J. MacDonald, CA
Director

Statements of Investment Operations

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

	2011	2010
Income		
Interest income	\$ 33,390	\$ 33,362
Realized gains	28,529	6,255
Other income	1,622	1,497
	63,541	41,114
Expenses		
Plan administration and processing fees <i>(Note 3(a))</i>	3,992	3,445
Financial reporting <i>(Note 3(a))</i>	1,312	1,817
Portfolio management fees	1,294	1,227
Custodian fees	109	107
Trustee fees	48	33
	6,755	6,629
Net Investment Income	56,786	34,485
(Decrease) increase in Unrealized Gains	(20,540)	25,299
Increase in Net Assets from Investment Operations	\$ 36,246	\$ 59,784

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
Net Assets Available for Education Assistance Payments, Beginning of Year	\$ 533,710	\$ 491,057
Increase in Net Assets from Investment Operations	36,246	59,784
Transfers to internal and external plans	(4,042)	(1,297)
	32,204	58,487
Receipts		
Government grants received (net of repayments)	5,148	8,140
Contribution received from the Foundation <i>(Note 3(c))</i>	700	2,300
	5,848	10,440
Disbursements		
Payments to beneficiaries		
Education assistance payments <i>(Schedule III)</i>	(16,373)	(14,730)
Government grants	(5,713)	(4,828)
Refund of enrolment fees	(5,235)	(4,216)
Return of interest	(3,128)	(2,500)
	(30,449)	(26,274)
Receipts less Disbursements	(24,601)	(15,834)
Increase in Net Assets Available for Education Assistance Payments	7,603	42,653
Net Assets Available for Education Assistance Payments, End of Year	\$ 541,313	\$ 533,710

Statements of Cash Flows

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

	2011	2010
Operating Activities		
Increase in Net Assets from Investment Operations	\$ 36,246	\$ 59,784
Net proceeds from investment transactions	22,955	13,880
Items not affecting cash		
Realized gains on sale of investments	(28,529)	(6,255)
Decrease (increase) in Unrealized Gains	20,540	(25,299)
Change in non-cash operating working capital		
(Increase) decrease in Accrued interest and other receivables	(201)	298
Decrease (increase) in Government grants receivable	297	(443)
Increase in Accounts payable, accrued liabilities and unclaimed contributors' funds	2,135	136
Cash flow from Operating Activities	53,443	42,101
Financing Activities		
Transfers to internal and external plans	(4,042)	(1,297)
Contributions received from the Foundation	700	2,300
Government grants received (net of repayments)	5,148	8,140
Decrease in Contributors' deposits <i>(Schedule II)</i>	(30,453)	(19,449)
Payments to beneficiaries	(30,449)	(26,274)
Cash flow from Financing Activities	(59,096)	(36,580)
Net (decrease) increase in Cash and cash equivalents	(5,653)	5,521
Cash and cash equivalents, Beginning of Year	13,339	7,818
Cash and cash equivalents, End of Year	\$ 7,686	\$ 13,339

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 (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)				
Bonds				Bonds (continued)							
Federal – 52.3%				Municipal and Provincial – 41.1% (continued)							
Government of Canada				Province of British Columbia							
1.25%	1 Dec 2011	8,178	8,180	8,186	5.30%	18 Jun 2014	9,100	10,022	10,060		
1.50	1 Jun 2012	6,270	6,290	6,269	4.25	18 Jun 2014	12,000	12,896	12,806		
2.00	1 Sep 2012	10,915	11,010	10,980	3.70	18 Dec 2020	1,190	1,254	1,175		
1.50	1 Dec 2012	39,430	39,665	39,571	5.70	18 Jun 2029	2,957	3,752	3,346		
1.75	1 Mar 2013	8,043	8,127	8,084	6.35	18 Jun 2031	1,093	1,493	1,387		
3.50	1 Jun 2013	5,530	5,748	5,777	4.30	18 Jun 2042	950	1,038	964		
3.75	1 Mar 2015	220	152	151	Province of Manitoba						
3.00	1 Dec 2015	8,200	8,720	8,450	4.30	1 Mar 2016	827	912	921		
3.25	1 Jun 2021	6,450	6,979	6,820	2.05	1 Dec 2016	573	574	573		
5.00	1 Jun 2037	3,188	4,357	3,913	4.15	3 Jun 2020	1,408	1,532	1,459		
4.00	1 Jun 2041	2,876	3,484	3,196	4.40	5 Sep 2025	1,147	1,263	1,184		
Canada Housing Trust				4.10				5 Mar 2041	1,105	1,162	1,046
4.80	15 Jun 2012	5,595	5,724	5,594	Province of New Brunswick						
4.00	15 Jun 2012	13,360	13,604	13,666	5.88	6 Dec 2012	9,000	9,463	9,550		
4.55	15 Dec 2012	26,495	27,533	27,439	3.35	1 Jun 2013	14,685	15,179	15,172		
3.95	15 Jun 2013	13,500	14,121	13,534	4.30	3 Dec 2015	14,925	16,384	15,474		
3.60	15 Jun 2013	14,992	15,598	15,576	4.70	21 Jul 2016	4,700	5,273	5,174		
2.70	15 Dec 2013	24,715	25,507	25,435	4.50	2 Jun 2020	242	268	250		
3.15	15 Jun 2014	17,210	18,028	17,927	4.55	26 Mar 2037	810	884	775		
2.75	15 Sep 2014	23,900	24,831	24,691	Province of Newfoundland and Labrador						
2.75	15 Dec 2014	17,787	18,503	18,378	5.60	17 Oct 2033	517	654	604		
1.44	15 Mar 2015	2,429	2,430	2,433	4.50	17 Apr 2037	801	885	778		
3.15	15 Jun 2015	44,293	46,778	45,297	Province of Nova Scotia						
2.75	15 Dec 2015	5,581	5,823	5,590	4.50	1 Jun 2013	13,000	13,673	13,699		
2.45	15 Dec 2015	4,000	4,126	4,125	4.70	14 Jan 2015	9,000	9,873	9,785		
1.41	15 Mar 2016	9,902	9,883	9,937	4.60	18 Aug 2016	7,000	7,833	7,682		
2.75	15 Jun 2016	37,046	38,652	37,906	5.80	1 Jun 2033	703	898	782		
1.34	15 Sep 2016	21,097	20,960	21,068	4.70	1 Jun 2041	435	494	466		
Canada Post				Province of Ontario							
4.36	16 Jul 2040	655	759	655	4.50	2 Dec 2012	2,115	2,192	2,206		
Ontario Infrastructure				5.38				2 Dec 2012	8,500	8,889	8,957
3.95	3 Jun 2013	240	250	239	4.75	2 Jun 2013	19,085	20,149	20,199		
4.70	1 Jun 2037	475	506	470	5.00	8 Mar 2014	4,600	4,988	4,924		
PSP Capital Inc				3.25				8 Sep 2014	11,030	11,575	11,313
4.57	9 Dec 2013	5,224	5,547	5,303	4.50	8 Mar 2015	9,400	10,283	10,115		
			401,875	396,660	3.15	8 Sep 2015	2,600	2,738	2,674		
Municipal and Provincial – 41.1%				4.40				8 Mar 2016	13,945	15,426	14,490
55 School Board Trust				3.20				8 Sep 2016	1,785	1,886	1,777
5.90	2 Jun 2033	235	289	249	4.30	8 Mar 2017	2,185	2,421	2,089		
Alberta Capital Finance				4.40				2 Jun 2019	1,131	1,256	1,180
4.45	15 Dec 2025	562	627	557	4.20	2 Jun 2020	2,830	3,085	2,949		
Province of Alberta				4.00				2 Jun 2021	8,731	9,339	8,751
1.38	27 May 2016	8,916	8,862	8,916	6.20	2 Jun 2031	3,816	5,109	4,702		
1.85	1 Sep 2016	1,500	1,502	1,498	5.85	8 Mar 2033	3,510	4,557	3,626		
				5.60				2 Jun 2035	4,890	6,216	5,486
				4.65				2 Jun 2041	150	172	155

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

Schedule I – Statement of Investment Portfolio (continued)

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

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)				
Bonds (continued)				Bonds (continued)							
Municipal and Provincial – 41.1% (continued)				Corporate – 6.2% (continued)							
Province of Quebec				CBC							
5.25%	1 Oct 2013	18,500	19,905	19,919	4.69%	15 May 2027	1,417	1,537	1,490		
1.22	1 Dec 2014	12,560	12,456	12,560	CSS Partnership						
5.00	1 Dec 2015	1,730	1,946	1,907	6.92	31 Jul 2042	413	501	481		
4.50	1 Dec 2017	1,755	1,961	1,694	GE Capital Canada						
4.50	1 Dec 2019	1,885	2,095	1,975	2.12	10 Feb 2014	745	739	748		
11.00	15 Aug 2020	962	1,543	1,515	5.73	22 Oct 2037	1,323	1,375	1,375		
4.50	1 Dec 2020	5,395	5,968	5,666	Gloucester Credit Card Trust						
4.25	1 Dec 2021	7,438	8,048	7,890	5.38	15 May 2014	760	818	820		
9.38	16 Jan 2023	805	1,248	1,196	Great West Lifeco Inc.						
6.00	1 Oct 2029	1,970	2,531	2,363	6.14	21 Mar 2018	1,123	1,283	1,289		
6.25	1 Jun 2032	2,828	3,767	3,537	Green Timbers LP						
5.25	11 Jun 2034	820	965	882	6.84	30 Jun 2037	535	619	619		
5.75	1 Dec 2036	6,444	8,246	6,871	Hospital Infrastructure Partners						
5.00	1 Dec 2038	485	568	490	5.44	31 Jan 2045	668	703	700		
5.00	1 Dec 2041	2,395	2,840	2,648	Leisureworld						
Province of Saskatchewan				Manulife Financial Capital Trust							
4.65	5 Sep 2017	595	674	610	4.85	12 Dec 2015	710	536	504		
6.40	5 Sep 2031	1,056	1,466	1,273	Manulife Financial Corporation						
4.75	6 Jan 2040	609	717	603	5.16	26 Jun 2015	1,402	1,491	1,498		
			316,164	305,524	4.08	20 Aug 2015	612	629	624		
Corporate – 6.2%				Maritimes and Northeast Pipelines							
407 International Inc.				4.34				30 Nov 2019	326	340	338
7.13	26 Jul 2040	1,158	1,568	1,506	6.90	30 Nov 2019	170	193	197		
BAC Canada Finance				Merrill Lynch Financial Assets							
2.73	21 Feb 2014	1,586	1,547	1,574	4.82	12 Feb 2015	485	515	504		
Bank of Canada				4.62				12 Nov 2015	560	597	560
4.05	5 May 2014	1,416	1,491	1,488	4.98	6 Dec 2016	498	534	533		
Bank of Montreal				4.48				12 Jul 2037	410	436	410
3.10	10 Mar 2016	2,094	2,149	2,138	Milit-Air Inc.						
BCIMC Realty Corporation				5.75				30 Jun 2019	601	676	679
5.65	5 Jan 2018	1,846	2,126	2,092	NAV Canada						
Blue Water Bridge Authority				4.71				24 Feb 2016	1,361	1,498	1,479
6.41	9 Jul 2027	831	742	768	Ornge Issuer Trust						
Cadillac Fairview Finance Trust				5.73				11 Jun 2034	548	651	614
3.24	25 Jan 2016	4,405	4,575	4,433	Ottawa Hydro Holdings						
4.31	25 Jan 2021	1,710	1,839	1,698	4.93	9 Feb 2015	545	592	590		
Canadian Capital Auto Receivables Asset Trust				Plenary Health Bridepoint LP							
2.63	17 Aug 2014	904	917	918	7.69	31 May 2042	438	635	597		
Canadian Imperial Bank of Commerce				7.25				31 Aug 2042	476	618	591
3.05	3 Jun 2013	2,084	2,128	2,128							
Caterpillar Financial Service Ltd.											
5.20	3 Jun 2013	152	160	160							

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

Schedule I – Statement of Investment Portfolio (continued)

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

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 6.2% (continued)			
Real Estate Asset Liquidity Series Class A			
4.62%	9 Dec 2016	515	548
5.08	12 Oct 2036	390	412
Royal Bank of Canada			
3.36	11 Jan 2016	2,019	2,094
Royal Office Finance			
5.21	12 Nov 2032	1,433	1,615
Toronto Dominion Bank			
4.85	13 Feb 2013	2,034	2,119
Toronto Hospital			
5.64	8 Dec 2022	781	883
Transcanada Pipelines			
8.05	17 Feb 2039	596	893
WTH Car Rental			
4.14	15 Mar 2020	1,674	1,716
		47,536	46,644
Total Fixed Income Investments – 99.6%		765,575	748,828
Plan Cash and Short-term Investments – 0.4%		3,007	3,007
Total Portfolio Assets – 100.0%		768,582	751,835
Investments Allocation (Note 4)			
Government Grants (Appendix I)		206,716	201,137
Canadian Scholarship Group Savings Plan			
Trust Scholarship Pool (Appendix II)		31,745	31,735
Enrolment Fee Refund			
Entitlements (Appendix III)		48,832	53,590
Cash and Short-term			
Investments (Appendices I, II & III)		20,315	20,315
Total Investment Fund		1,076,190	1,058,612
Represented by:			
Investments, at fair value		1,052,868	
Cash and cash equivalents		7,686	
Short-term Investments		15,636	
		1,076,190	

Schedule II – Contributors’ Deposits and Accumulated Interest

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

The following is a summary of Group Savings Plan Units, Contributors’ Deposits and Accumulated Interest by year of eligibility.

Year of Eligibility	Opening Units	Inflow Units ¹	Outflow Units ²	Closing Units	Contributors’ Deposits	Accumulated Interest ³
2010 and prior to 2010	59,983	1,295	9,856	51,422	\$ 6,208	\$ 23,856
2011	25,518	30,136	14,285	41,369	30,912	31,132
2012	42,190	44,720	28,823	58,087	92,879	45,568
2013	49,138	39,136	34,356	53,918	75,630	34,690
2014	58,372	47,396	39,580	66,188	80,923	35,886
2015	76,789	54,534	48,339	82,984	89,647	38,168
2016	76,893	51,899	55,316	73,476	72,607	28,461
2017	74,534	54,782	52,737	76,579	69,718	24,803
2018	64,925	15,661	55,107	25,479	22,035	7,351
2019	14,610	641	15,038	213	165	96
2020	203	77	203	77	57	17
2021	67	11	74	4	7	2
2022 and thereafter	11	14	15	10	6	3
TOTAL	543,233	340,302	353,729	529,806	\$ 540,794	\$ 270,033

1 Inflow units are comprised of new units, additional units and transfers in.

2 Outflow units are comprised of maturities, terminations, transfers out and education assistance payments.

3 Accumulated interest represents both interest allocated to contributors’ accounts and interest held for future education assistance payments.

The changes in Contributors’ deposits are as follows:

	2011	2010
Net payments from contributors	\$ 28,664	\$ 33,564
Inter-Plan principal transfers	(9,381)	(6,350)
Enrolment fees refunded	5	5
Account maintenance fees	(623)	(705)
Return of principal	(49,118)	(45,963)
Net decrease in Contributors’ deposits	(30,453)	(19,449)
Balance, Beginning of Year	571,247	590,696
Balance, End of Year	\$ 540,794	\$ 571,247

Schedule III – Education Assistance Payments

As at October 31, 2011 and 2010 (in thousands of dollars, except for per unit amounts)

The following tables provide the total dollar payments, number of eligible units paid, and the education assistance payment amount by year of eligibility.

Education Assistance Payments	2011	2010	Education Assistance Payments	2011	2010
Current year payments	\$12,118	\$10,225	Non-Discretionary	\$15,268	\$11,899
Deferred payments	4,008	4,302	Discretionary	1,105	2,831
Advance payments	247	203			
	\$16,373	\$14,730		\$16,373	\$14,730

	Number of Education Assistance Payment units				Amount of Education Assistance Payment per unit			
	Year of Eligibility				Year of Eligibility			
	2011	2010	2009	2008	2011	2010	2009	2008
First	22,148.4	17,810.1	11,234.6	8,756.7	\$ 214	\$ 223	\$ 410	\$ 460
Second		13,477.1	9,066.9	7,070.8		266	350	445
Third			7,139.4	5,563.3			324	350
Fourth				4,417.3				335

Notes to the Financial Statements

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

Note 1. Nature of Operations

The Canadian Scholarship Trust Group Savings Plan (“Group Savings Plan”, or the “Plan”) is a Pooled Education Savings Plan, that was established on September 1, 1991. The objective of the Group Savings Plan is to assist parents and others to save for the post-secondary education of children. The Group Savings 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 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 and account maintenance 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 to the contributor when:

- i. the Agreement matures and the beneficiary is a qualified student eligible to receive the first education assistance payment,
- ii. the Agreement matures and the beneficiary is not yet a qualified student, in which case the beneficiary will forfeit all Government grants (as defined below), or
- iii. the Agreement is terminated.

The investment income earned on the contributors’ principal balance is transferred to the scholarship pool when the Agreement matures and is used to provide education assistance payments 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:

- 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 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
- iii. 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 Group Savings Plan receives the CESG, 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, variable rate securities and pooled funds.

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 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.

Investments in pooled funds used to pay the Enrolment Fee Refund Entitlements (“EFR Entitlements”) referred to in Note 3(b) are valued at net asset values (“NAVs”) of the pooled funds at the valuation date, as these represent the value that would be received by the Plan from redeeming its units held in the pooled funds.

Note 8 provides further guidance on fair value measurements.

Notes to the Financial Statements (continued)

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

Note 2. Significant Accounting Policies (continued)

(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. Dividends are accrued as of the ex-dividend date. 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. All interest income and realized gains and losses from the EFR Entitlements Asset Fund ("EFR Fund") are included in Other income in the Statements of Investment Operations.

(e) Contributors' deposits, Enrolment fees and Account maintenance fees

Contributors' deposits reflect amounts received from contributors net of enrolment fees and account maintenance fees and do not include future amounts receivable on outstanding Agreements. Enrolment fees paid by contributors are collected over periods of up to thirty-two months from the date of initial deposit. Enrolment fees collected during the reporting period are paid to C.S.T.C. as a deduction from contributors' contributions. Account maintenance fees are paid annually to the Foundation from contributors' deposits and are accrued throughout the year.

(f) Income taxes

The Group 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 Enrolment Fee Refund Entitlements ("EFR Entitlements") (see Note 3(b)) and the valuation of Level 3 financial instruments as discussed in Note 8.

Note 3. Related Party Transactions

(a) Administration of the Group Savings Plan

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

Account maintenance fees and administration fees (comprising Plan administration and processing fees and Financial reporting expenses) 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.

Enrolment fees paid by contributors and deducted from their contributions are paid to C.S.T.C. In accordance with the distribution agreement, C.S.T.C. agreed to set aside a portion of the enrolment fee income in the EFR Fund each year in order to assist the Plan in paying EFR Entitlements when they become due. The amount funded was equivalent to 50% of the estimated present value of the future expected amount as determined at the time of collection.

(b) Enrolment Fee Refund Entitlements

Group Savings Plan pays EFR Entitlements to the beneficiaries from the EFR Fund, which amount to 100% of enrolment fees paid. The EFR Entitlement is paid with the first instalment of the education assistance payment payouts to qualified beneficiaries for the Plan. The total amount of EFR Entitlements paid for the year ended October 31, 2011 was \$5,235 (2010 – \$4,216).

As at October 31, 2011, the EFR Entitlements amount of \$52,584 (2010 – \$54,472) presented in the Statements of Net Assets Available for Education Assistance Payments represents the average cost of the investments in the EFR Fund of \$53,794 (2010 – \$54,627), less funds to be transferred to the Scholarship Pool of \$1,210 (2010 – \$155) for EFR payments made to beneficiaries. The fair value of the investments in the EFR Fund as at October 31, 2011 amounted to \$49,036 (2010 – \$51,363). See Appendix III of Schedule 1.

For the year ended October 31, 2011 the Foundation provided deficit funding of \$1,000 (2010 – \$nil) and directed C.S.T.C. to contribute \$1,000 (2010 – \$1,500) to the EFR Fund (see Note 7(b)).

(c) Contributions received from the Canadian Scholarship Trust Foundation

During the year, the Foundation contributed a donation to Group Savings Plan of \$700 (2010 – \$2,300). Donations from the Foundation are subject to the availability of surplus revenues in any given year, and are solely at the discretion of the Foundation.

(d) 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 (October 31, 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 \$345 (October 31, 2010 – \$347). Included in Accounts payable, accrued liabilities and unclaimed contributors' funds in

Notes to the Financial Statements (continued)

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

Note 3. Related Party Transactions (continued)

(d) Other Related Party Transactions (continued)

the Statements of Net Assets Available for Education Assistance Payments are the accrued amounts owing to Greystone as at October 31, 2011, of \$113 (2010 – \$122).

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 Appendices I – III to the schedule, which are explained below.

The Government grants received from Human Resources and Skills Development Canada 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).

Upon maturity of each Agreement, the investment income accumulated to date attributable to that Agreement is transferred to the Canadian Scholarship Group Savings Plan Trust Scholarship Pool (the "Pool"), a shared investment pool with the Group Savings Plan 2001, another plan administered by C.S.T.C. (see Appendix II to Schedule I). From a contributor's perspective, the income that is transferred is tracked by plan and by year of eligibility. The portfolio holdings of the Pool are allocated based on the Plan's proportionate share of income remaining in the Pool. The income earned from the Pool is credited to the General Fund (see Note 6).

Investments used to fund the EFR Entitlements of the Group Savings Plan and the Group Savings Plan 2001 are managed in a separate fund (see Appendix III to Schedule 1). The EFR Fund's holdings and income are allocated to the Plan based on the Plan's proportionate share of the EFR Entitlements. The investment restrictions set out in National Policy 15 of the Canadian Securities Administrators do not apply to assets invested to meet the EFR entitlements referred to in Notes 3(b) and 7.

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)	8%	24%
1-3 years	37%	19%
3-5 years	32%	13%
Greater than 5 years	20%	41%
Total debt instruments	97%	97%
Equity	3%	3%
Total Investment Fund	100%	100%

As at October 31, 2011, if prevailing interest rates had increased or decreased by 1%, the Total Investment Fund amount of \$1,076,190 (2010 – \$1,097,089) as per Schedule I – Statement of Investment Portfolio, would have decreased or increased by \$38,343 (2010 – \$58,210). 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 classes that are most impacted by other price risk are the equity component of the EFR Fund and variable rate securities, which combined make up 3% (2010 – 13%) of the Total Investment Fund amount as at October 31, 2011. The risk associated with the equity component of the EFR Entitlements is managed by security selection and active management by external managers within approved investment policies and manager mandates. For variable rate 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 equity and underlying indices prices had increased or decreased by 1%, with all other variables held constant, the Total Investment Fund amount as per Schedule I – Statement of Investment Portfolio would have increased or decreased by approximately \$314 (2010 – \$1,399). In practice, the actual trading results may differ materially.

Notes to the Financial Statements (continued)

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

Note 5. Risks Associated with Financial Instruments (continued)

(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 the Canadian Securities Administrators, currently A-low. Group 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:

Credit rating	2011		2010	
	% of Total Investment Fund	Amount (in thousands)	% of Total Investment Fund	Amount (in thousands)
AAA	69%	\$ 744,558	60%	\$ 663,108
AA/AAH/AAL	19%	201,728	29%	307,853
A/AH/AL	6%	69,517	5%	56,591
BBB	1%	5,819	0%	3,207
R-1	2%	20,830	2%	27,266
P-2	0%	1,767	nil	-
Short-term unrated	0%	725	1%	7,101
Equity	3%	31,246	3%	31,963
Total Investment Fund	100%	\$1,076,190	100%	\$1,097,089

The October 31, 2010 comparative figures have been reclassified to conform with 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 including EFR Entitlements. 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 maturity distribution of Contributors' deposits and accumulated income. All other financial liabilities are short term and due within one year. See note 7 for an assessment of the funding of the EFR Entitlements.

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan holds foreign equity funds as part of the EFR Fund, which represents 1% (2010 - 4%) of the Total Investment Fund. The Plan's Total Investment Fund would increase or decrease by approximately \$143 (2010 - \$156) in response to a 1% depreciation or appreciation of the Canadian dollar currency exchange rate. In practice the actual change may differ materially.

Note 6. General Fund and Donations from the Foundation

The Canadian Group Scholarship Savings Plan Trust (the "Group Trust") is a legal trust registered with the Canada Revenue Agency as an Education Savings Plan. Included in the Group Trust are Group Savings Plan and Group Savings Plan 2001 (the "Plans"). According to the trust indenture, the General Fund may be used to subsidize Education Assistance Payments for qualified students to either of the Plans within the Group Trust. The General Fund derives its income from the following sources:

- i) interest earned on Contributors' deposits and Accumulated interest from the date of maturity to the date the funds are paid to qualified students as Education Assistance Payments;
- ii) interest earned on the interest forfeited when a contributor's plan is terminated prior to maturity;
- iii) income not collected by beneficiaries before the expiry of the benefit period; and
- iv) unclaimed principal and income payments.

Receipts and Disbursements of the General Fund for the years ended October 31, 2011 and 2010 are as follows:

	2011	2010
Receipts		
Net investment income	\$ 1,006	\$ 1,753
Disbursements		
Education assistance payments	(1,006)	(1,752)
Refund of Enrolment Fee	-	(1)
Excess of Receipts over Disbursements	-	-
Balance, Beginning of Year	-	-
Balance, End of Year	\$ -	\$ -

Donations from the Foundation represent a discretionary pool of funds shared between the Plans. These funds are used to supplement Education Assistance Payments when the General Fund is depleted. The amount is allocated annually between the plans according to the payout forecast in each of the plans.

Receipts and Disbursements in the Donations from the Foundation for the years ended October 31, 2011 and 2010 are as follows:

	2011	2010
Receipts		
Contributions received from the Foundation	\$ 700	\$ 2,300
Disbursements		
Education assistance payments	(1,105)	(2,831)
Deficit of Receipts over Disbursements	(405)	(531)
Balance, Beginning of Year	1,587	2,118
Balance, End of Year	\$ 1,182	\$ 1,587

Note 7. Enrolment Fee Refund Entitlements Valuations

On an annual basis a valuation of EFR Entitlements is conducted for financial reporting purposes by an external actuary. This valuation is used to estimate the current status of funding for EFR Entitlements

Notes to the Financial Statements (continued)

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

Note 7. Enrolment Fee Refund Entitlements Valuations (continued)

based on expected long-term investment rates. In addition, actuarial funding valuations are performed at least every two years to assess the adequacy of assets and the funding policy to meet EFR Entitlements in future years. This valuation uses more conservative assumptions regarding long-term investment returns to better ensure that obligations for future EFR Entitlements will be fully funded.

(a) Financial Reporting Valuation

The actuarial assumptions used in determining the valuation of EFR Entitlements reflect management's best estimate of future payments to beneficiaries and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as termination of Agreements prior to maturity and participation of eligible students in the collection of education assistance payments. The primary economic assumption is the discount rate, which is set at the average expected long-term investment return of the EFR Fund at October 31, 2011 of 6.4% (2010 – 6.1%) based on the investment policy approved by the Board. As underlying conditions change over time, actuarial assumptions may also change, which could cause a material change in the present value of the EFR Entitlements.

The funding status of the EFR Entitlements at October 31 was:

	2011	2010
Present value of EFR Entitlements	\$ 68,403	\$ 66,826
Fair value of EFR Fund ¹	49,036	51,363
Underfunded portion of EFR Entitlements	\$ 19,367	\$ 15,463

¹ Average cost of assets in EFR Fund was \$53,794 (2010 – \$54,627)

A 1% decrease in the discount rate used will increase the present value of EFR Entitlements by \$2,318 (2010 – \$3,123).

(b) Actuarial Funding Valuation

An actuarial valuation was completed in 2010 based on assets and obligations as at October 31, 2009. The long-term investment return used was 5%, which resulted in an unfunded liability of \$21,000. In June 2010, a funding policy was established to ensure assets are sufficient to meet future EFR Entitlements.

The next actuarial funding valuation will be performed in 2012 based on assets and obligations as at October 31, 2011.

Note 8. 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*:

- "Level 1" financial instruments are valued using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- "Level 2" financial instruments are valued using observable inputs other than quoted prices included in Level 1.
- "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	\$ 7,686	\$ –	\$ –	\$ 7,686
Short-term Investments	–	15,636	–	15,636
Fixed Income Securities	–	1,020,152	–	1,020,152
Variable Rate Securities	–	–	1,470	1,470
Pooled Equity Funds (EFR Entitlements)	31,246	–	–	31,246
Total Investment Fund	\$ 38,932	\$ 1,035,788	\$ 1,470	\$ 1,076,190

Assets Measured at Fair Value as of October 31, 2010

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 13,339	\$ –	\$ –	\$ 13,339
Short-term Investments	–	18,452	–	18,452
Fixed Income Securities	–	925,405	–	925,405
Variable Rate Securities	–	–	107,930	107,930
Pooled Equity Funds (EFR Entitlements)	31,963	–	–	31,963
Total Investment Fund	\$ 45,302	\$ 943,857	\$ 107,930	\$ 1,097,089

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 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, liquidity and currency risks referred to in Note 5. There are no reasonable alternative assumptions.

Level 3 – Variable Rate Securities

	2011	2010
Opening Balance	\$ 107,930	\$ 162,272
Sales	(101,391)	(56,047)
Increase (decrease) in Unrealized Gains/Losses	(5,069)	1,705
Closing Balance	\$ 1,470	\$ 107,930

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 (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)				
Bonds				Bonds (continued)							
Federal – 56.8%				Municipal and Provincial – 22.9% (continued)							
Government of Canada				Province of New Brunswick							
1.25%	1 Dec 2011	10,246	10,249	10,253	4.45%	26 Mar 2018	5,060	5,636	5,444		
1.50	1 Jun 2012	910	913	910	5.65	27 Dec 2028	500	620	572		
2.00	1 Sep 2012	16,615	16,759	16,714	5.50	27 Jan 2034	10,300	12,676	11,864		
1.50	1 Dec 2012	39,640	39,876	39,767	4.65	26 Sep 2035	970	1,073	970		
1.75	1 Mar 2013	30,137	30,453	30,291	Province of Nova Scotia						
3.50	1 Jun 2013	4,085	4,246	4,268	5.80	1 Jun 2033	1,250	1,596	1,481		
3.75	1 Mar 2015	1,809	1,251	1,238	Province of Ontario						
4.10	1 Jul 2015	2,000	1,694	1,630	4.50	2 Dec 2012	3,065	3,176	3,197		
3.00	1 Dec 2015	8,573	9,117	8,684	4.75	2 Jun 2013	9,960	10,515	10,541		
3.55	1 Sep 2019	5,387	5,199	4,861	3.25	8 Sep 2014	12,405	13,017	12,698		
3.25	1 Jun 2021	2,375	2,570	2,565	3.15	8 Sep 2015	10,664	11,228	10,968		
4.40	26 Jan 2026	1,380	1,503	1,372	4.40	8 Mar 2016	5,508	6,093	6,150		
5.00	1 Jun 2037	5,275	7,209	6,419	3.20	8 Sep 2016	2,865	3,027	2,852		
4.00	1 Jun 2041	2,685	3,253	2,889	4.30	8 Mar 2017	5,460	6,050	5,251		
Canada Housing Trust				4.40				2 Jun 2019	3,235	3,593	3,358
4.80	15 Jun 2012	2,785	2,849	2,788	4.20	2 Jun 2020	3,180	3,467	3,266		
4.00	15 Jun 2012	19,785	20,146	20,148	4.00	2 Jun 2021	6,420	6,867	6,471		
4.55	15 Dec 2012	27,645	28,728	28,849	7.60	2 Jun 2027	1,400	2,071	1,989		
3.60	15 Jun 2013	6,857	7,134	7,125	5.85	8 Mar 2033	375	487	453		
2.70	15 Dec 2013	26,535	27,386	27,108	5.60	2 Jun 2035	6,060	7,703	6,850		
2.20	15 Mar 2014	12,000	12,270	12,138	4.70	2 Jun 2037	3,380	3,846	3,588		
3.15	15 Jun 2014	26,850	28,127	27,762	4.65	2 Jun 2041	485	556	501		
2.75	15 Sep 2014	28,914	30,072	29,496	Province of Quebec						
1.44	15 Mar 2015	7,804	7,809	7,815	5.25	1 Oct 2013	7,200	7,747	7,742		
3.15	15 Jun 2015	25,084	26,492	25,255	1.22	1 Dec 2014	545	540	521		
2.75	15 Dec 2015	24,653	25,720	24,885	5.00	1 Dec 2015	6,210	6,987	6,849		
1.41	15 Mar 2016	18,823	18,786	18,891	4.50	1 Dec 2017	1,200	1,341	1,192		
2.75	15 Jun 2016	36,965	38,568	37,466	4.50	1 Dec 2019	7,875	8,751	8,292		
1.34	15 Sep 2016	32,563	32,351	32,541	4.50	1 Dec 2020	7,540	8,341	7,899		
4.10	15 Dec 2018	5,150	5,748	5,301	4.25	1 Dec 2021	2,195	2,375	2,204		
Ontario Infrastructure				9.38				16 Jan 2023	865	1,341	1,286
3.95	3 Jun 2013	927	965	925	6.00	1 Oct 2029	1,395	1,792	1,688		
PSP Capital Inc.				6.25				1 Jun 2032	215	286	290
4.57	9 Dec 2013	4,396	4,666	4,433	5.25	11 Jun 2034	850	1,000	914		
		452,109		444,787	5.75	1 Dec 2036	4,320	5,528	4,895		
Municipal and Provincial – 22.9%				5.00				1 Dec 2038	3,660	4,286	3,725
Province of Alberta				5.00				1 Dec 2041	1,905	2,260	2,108
1.38	27 May 2016	12,693	12,616	12,692			182,249		174,206		
Province of British Columbia				Corporate – 19.1%							
4.25	18 Jun 2014	4,660	5,008	4,924	407 International Inc.						
4.70	1 Dec 2017	2,250	2,553	2,356	7.13	26 Jul 2040	3,226	4,370	3,897		
5.70	18 Jun 2029	200	254	242	Access Justice Durham Ltd.						
4.30	18 Jun 2042	640	699	649	5.02	31 Aug 2039	323	340	307		
Province of Manitoba				Arrow Lakes Power Corp							
4.30	1 Mar 2016	2,902	3,200	3,232	5.52	5 Apr 2041	847	919	847		
2.05	1 Dec 2016	2,044	2,047	2,042	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 Metropolitan 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 Group Savings Plan Trust Scholarship Pool

(Appendix II 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 – 7.6%			
Government of Canada			
3.75% 1 Jun 2012	1,445	1,468	1,482
1.50 1 Dec 2012	1,045	1,051	1,055
1.75 1 Mar 2013	220	222	222
3.50 1 Jun 2013	360	374	376
2.50 1 Jun 2015	565	588	575
Canada Housing Trust			
4.80 15 Jun 2012	420	430	445
2.75 15 Dec 2014	490	510	501
4.10 15 Dec 2018	115	129	117
		4,772	4,773
Provincial – 8.1%			
Province of British Columbia			
5.75 9 Jan 2012	775	782	816
4.25 18 Jun 2014	160	172	170
4.65 18 Dec 2018	210	238	221
Province of Ontario			
5.38 2 Dec 2012	755	790	813
4.75 2 Jun 2013	425	449	455
3.25 8 Sep 2014	910	955	935
Province of Quebec			
6.00 1 Oct 2012	280	292	304
5.50 1 Dec 2014	955	1,068	1,056
4.50 1 Dec 2020	280	309	281
		5,055	5,051
Corporate – 43.0%			
Bank of Montreal			
4.63 29 Dec 2049	1,049	1,109	1,111
5.47 31 Dec 2049	1,397	1,508	1,514
Bank of Nova Scotia			
5.25 1 Nov 2017	382	395	397
6.28 30 Jun 2053	2,015	2,145	2,151
BCIMC Realty Corporation			
5.25 19 Sep 2012	118	122	123
Caisse Centrale Desjardins			
3.11 4 Dec 2014	1,605	1,643	1,640
Canadian Imperial Bank of Commerce			
3.15 2 Nov 2020	2,550	2,572	2,560
Cards II Trust			
3.10 15 Sep 2015	641	659	655
Caterpillar Financial Services Ltd.			
2.64 3 Dec 2013	194	197	197

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 43.0% (continued)			
GE Capital Canada			
5.28% 22 Oct 2014	1,642	1,761	1,755
5.10 1 Jun 2016	815	877	877
Honda Canada Finance Inc.			
5.68 26 Sep 2012	245	254	256
5.08 9 May 2013	813	850	851
5.61 12 Sep 2013	578	615	619
HSBC Canada			
5.15 30 Jun 2049	1,563	1,671	1,672
RBC Capital Trust			
4.87 31 Dec 2049	1,043	1,111	1,109
5.81 31 Dec 2053	1,175	1,260	1,263
Royal Bank of Canada			
3.18 2 Nov 2020	189	191	190
Score Trust			
4.95 20 Feb 2014	2,074	2,194	2,199
TD Capital Trust			
6.79 31 Dec 2049	765	806	813
Toronto Dominion Bank			
3.37 2 Nov 2020	1,785	1,815	1,807
Toyota Credit Canada Inc.			
3.55 22 Feb 2016	383	399	396
VW Credit Canada Inc.			
3.60 1 Feb 2016	200	203	204
Wells Fargo Finance Canada			
4.33 6 Dec 2013	391	408	408
3.97 3 Nov 2014	1,091	1,133	1,133
3.70 30 Mar 2016	965	991	988
	25,668	26,889	26,888
Total Fixed Income Investments – 58.7%		36,716	36,712
Cash and Short-term Investments – 41.3%		25,821	25,821
Total Portfolio Assets – 100.0%		62,537	62,533
Total Investments Allocation			
Group Savings Plan		31,745	31,735
Group Savings Plan 2001		4,971	4,977
		36,716	36,712
Cash and Short-term Investments Allocation			
Group Savings Plan		19,023	19,023
Group Savings Plan 2001		6,798	6,798
		25,821	25,821

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

Enrolment Fee Refund Entitlements

(Appendix III 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 – 0.6%			
Canada Government			
4.75% 1 Jun 2014	27	22	22
3.75 1 Mar 2015	950	657	650
		679	672
Provincial – 1.3%			
Province of Ontario			
6.35 15 Oct 2034	1,307	1,479	1,383
		1,479	1,383
Corporate – 36.6%			
407 International Inc.			
7.13 26 Jul 2040	1,367	1,852	1,666
Altasgas			
4.10 24 Mar 2016	486	498	486
6.94 29 Jun 2016	271	310	308
4.60 15 Jan 2018	442	454	442
Aon Finance			
4.76 8 Mar 2018	1,304	1,353	1,312
Arrow Lakes Power Corp			
5.52 5 Apr 2041	100	108	100
BAC Canada Finance			
2.73 21 Feb 2014	2,423	2,363	2,418
BCIMC Realty Corporation			
5.65 5 Jan 2018	52	60	56
Bell Canada			
7.85 2 Apr 2031	840	1,030	965
Blue Water Bridge Authority			
6.41 9 Jul 2027	1,211	1,082	1,078
British Columbia Telephone Company			
10.65 19 Jun 2021	530	797	736
Canadian Capital Auto Receivables Asset Trust			
2.63 17 Aug 2014	1,083	1,099	1,083
Claregold Trust			
5.07 15 May 2044	453	351	352
Cogeco Cable Inc.			
5.95 9 Jun 2014	713	767	753
GE Capital Canada			
2.12 10 Feb 2014	1,175	1,166	1,176
5.53 17 Aug 2014	88	96	88
5.73 22 Oct 2037	1,024	1,064	895

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 36.6% (continued)			
Gloucester Credit Card Trust			
5.38% 15 May 2014	1,145	1,233	1,093
Green Timbers LP			
6.84 30 Jun 2037	358	414	390
Health Montreal Collective			
6.72 30 Sep 2049	539	589	539
Health Partners Markham			
3.43 31 Jan 2014	438	438	438
Hospital Infrastructure Partners			
5.44 31 Jan 2045	211	222	211
Leisureworld			
4.81 24 Nov 2015	1,306	1,356	1,354
Loblaw Companies			
6.00 3 Mar 2014	14	15	15
6.50 22 Jan 2029	788	845	779
5.90 18 Jan 2036	183	182	165
6.45 1 Mar 2039	31	33	30
Manulife Financial Capital Trust			
4.90 2 Jun 2014	340	355	358
4.08 20 Aug 2015	1,144	1,175	1,148
5.51 26 Jun 2018	730	779	736
Maritimes and Northeast Pipelines			
4.34 30 Nov 2019	2,178	2,272	2,244
Merrill Lynch Financial Assets			
4.62 12 Nov 2015	179	191	153
4.64 12 Oct 2016	285	248	245
4.81 12 Oct 2016	637	678	653
4.71 12 Nov 2016	616	634	621
4.98 6 Dec 2016	379	406	388
5.25 12 Jun 2035	73	76	70
4.48 12 Jul 2037	431	458	370
Milit-Air Inc.			
5.75 30 Jun 2019	1,394	1,569	1,536
N-45 First CMBS			
4.64 15 Dec 2019	68	13	11
5.67 15 Nov 2020	548	583	584
Northwest Connect Group			
5.95 30 Apr 2041	1,308	1,492	1,366
Ontrea Inc.			
4.62 9 Apr 2018	723	768	727

Enrolment Fee Refund Entitlements (continued)

(Appendix III to Schedule I)

Statement of Investment Portfolio

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

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)/ # Shares	Fair Value (\$)	Average Cost (\$)
Bonds (continued)				Pooled Equity Funds			
Corporate – 36.6% (continued)							
Plenary Properties Ltap LP				SRA Canadian Equity Fund			
3.16%	13 Mar 2015	869	883	869	2,589	36,591	39,521
6.29	31 Jan 2044	401	469	448	2,501	14,818	18,488
Power Corporation of Canada				SRA International Equity Fund			
7.57	22 Apr 2019	663	806	764	2,370	16,171	21,816
Real Estate Asset Liquidity Series Class A				Total Equity – 61.2%			
4.27	12 Mar 2037	247	56	53		67,580	79,825
Rogers Communications				Total Fixed Income Investments – 99.7%			
6.11	25 Aug 2040	426	431	426		110,204	120,660
Rogers Wireless Inc.				Cash and Short-term Investments – 0.3%			
5.38	4 Nov 2019	499	538	501		278	278
Schooner Trust				Total Portfolio Assets – 100.0%			
5.19	12 May 2017	185	205	155		110,482	120,938
5.19	12 Jun 2022	28	25	21			
Shaw Communications Inc.				Total Investments Allocation			
6.75	9 Nov 2039	2,283	2,264	2,216		48,832	53,590
SNC Lavalin Group				Group Savings Plan			
6.63	30 Jun 2044	345	410	345		61,372	67,070
Strait Crossing Dev Inc.							
6.17	15 Sep 2031	451	432	407		110,204	120,660
Toronto Hospital				Cash and Short-term Investments Allocation			
5.64	8 Dec 2022	708	801	792		204	204
Viking Rideau Corp				Group Savings Plan			
6.75	10 Mar 2014	205	214	217		74	74
WTH Car Rental							
4.14	15 Mar 2020	1,423	1,458	1,428		278	278
		40,466				38,780	
		Total Fixed Income Investments – 38.5%				42,624	
						40,835	

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