



# Canadian Scholarship Trust **Group Savings Plan 2001**

Semi-Annual Financial Statements  
April 30, 2011

Unaudited



Distributed by  
C.S.T. Consultants Inc.

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# Statements of Net Assets Available for Education Assistance Payments

As at April 30, 2011 and October 31, 2010 (in thousands of dollars)

	Apr 30, 2011	Oct 31, 2010
		(Audited)
<b>Assets</b>		
Investments, at fair value <i>(Note 4 and Schedule I)</i>	\$ 1,808,510	\$ 1,668,723
Cash and cash equivalents	14,698	7,515
Short-term investments	9,996	6,827
Accrued interest and other receivables	18,449	15,673
Receivables for securities sold	–	1,640
Government grants receivable	11,981	8,966
	<b>1,863,634</b>	<b>1,709,344</b>
<b>Liabilities</b>		
Accounts payable, accrued liabilities and unclaimed contributors' funds	5,102	4,242
Payables for securities purchased	9,553	3,960
Contributors' deposits <i>(Note 6)</i>	1,154,781	1,046,561
	<b>1,169,436</b>	<b>1,054,763</b>
<b>Net Assets Available for Education Assistance Payments</b>	<b>694,198</b>	<b>654,581</b>
<b>Represented by:</b>		
<b>Non-Discretionary Funds</b>		
Accumulated interest held for future education assistance payments	141,988	125,512
Government grants	381,947	349,391
Interest on Government grants	56,974	50,800
Enrolment fee refund entitlements <i>(Note 3(b) and 8)</i>	85,196	81,198
<b>Unrealized Gains</b>	<b>27,139</b>	<b>46,314</b>
<b>Discretionary Funds</b>		
Donations from the Foundation <i>(Note 7)</i>	954	1,366
	<b>\$ 694,198</b>	<b>\$ 654,581</b>

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

# Statements of Investment Operations

For the six months ended April 30, 2011 and 2010 (in thousands of dollars)

	Apr 30, 2011	Apr 30, 2010
<b>Income</b>		
Interest income	\$ 26,009	\$ 21,105
Realized gains	2,017	2,194
Other income	1,821	1,723
	<b>29,847</b>	<b>25,022</b>
<b>Expenses</b>		
Plan administration and processing fees <i>(Note 3(a))</i>	3,390	2,410
Financial reporting <i>(Note 3(a))</i>	1,161	1,140
Portfolio management fees	1,025	747
Custodian fees	98	84
Trustee fees	39	30
	<b>5,713</b>	<b>4,411</b>
<b>Net Investment Income</b>	<b>24,134</b>	<b>20,611</b>
<b>Decrease in Unrealized Gains</b>	<b>(19,175)</b>	<b>(12,309)</b>
<b>Increase in Net Assets from Investment Operations</b>	<b>\$ 4,959</b>	<b>\$ 8,302</b>

# Statements of Changes in Net Assets Available for Education Assistance Payments

For the six months ended April 30, 2011 and 2010 (in thousands of dollars)

	Apr 30, 2011	Apr 30, 2010
<b>Net Assets Available for Education Assistance Payments, Beginning of Period</b>	<b>\$ 654,581</b>	<b>\$ 494,966</b>
<b>Increase in Net Assets from Investment Operations</b>	<b>4,959</b>	<b>8,302</b>
Transfers from internal and external plans	423	693
	<b>5,382</b>	<b>8,995</b>
<b>Receipts</b>		
Government grants received (net of repayments)	35,868	35,412
<b>Disbursements</b>		
Payments to beneficiaries		
Education assistance payments	(963)	(716)
Government grants	(509)	(337)
Refund of enrolment fees	(71)	(45)
Return of interest	(90)	(62)
	<b>(1,633)</b>	<b>(1,160)</b>
<b>Receipts less Disbursements</b>	<b>34,235</b>	<b>34,252</b>
<b>Increase in Net Assets Available for Education Assistance Payments</b>	<b>39,617</b>	<b>43,247</b>
<b>Net Assets Available for Education Assistance Payments, End of Period</b>	<b>\$ 694,198</b>	<b>\$ 538,213</b>

# Statements of Cash Flows

For the six months ended April 30, 2011 and 2010 (in thousands of dollars)

	Apr 30, 2011	Apr 30, 2010
<b>Operating Activities</b>		
Increase in Net Assets from Investment Operations	\$ 4,959	\$ 8,302
Net disbursement for purchases of investments	(152,881)	(150,442)
Items not affecting cash		
Realized gains on sale of investments	(2,017)	(2,194)
Decrease in Unrealized Gains:	19,175	12,309
Change in non-cash operating working capital		
Increase in Accrued interest and other receivables	(2,776)	(1,173)
Increase in Government grants receivable	(3,015)	(382)
Increase in Accounts payable, accrued liabilities and unclaimed contributors' funds	860	1,689
<b>Cash flow from Operating Activities</b>	<b>(135,695)</b>	<b>(131,891)</b>
<b>Financing Activities</b>		
Transfers from internal and external plans	423	693
Government grants received (net of repayments)	35,868	35,412
Increase in Contributors' deposits <i>(Note 6)</i>	108,220	104,152
Payments to beneficiaries	(1,633)	(1,160)
<b>Cash flow from Financing Activities</b>	<b>142,878</b>	<b>139,097</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,183</b>	<b>7,206</b>
<b>Cash and cash equivalents, Beginning of Period</b>	<b>7,515</b>	<b>6,308</b>
<b>Cash and cash equivalents, End of Period</b>	<b>\$ 14,698</b>	<b>\$ 13,514</b>

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

# Schedule I – Statement of Investment Portfolio

As at April 30, 2011 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>				<b>Bonds (continued)</b>			
<b>Federal – 55.6%</b>				<b>Municipal and Provincial – 30.0% (continued)</b>			
Government of Canada				Province of Manitoba			
1.25% 1 Dec 2011	18,984	18,991	18,996	4.15% 3 Jun 2020	6,556	6,708	6,802
1.50 1 Jun 2012	61,355	61,412	61,343	4.40 5 Sep 2025	3,400	3,444	3,458
2.00 1 Sep 2012	74,380	74,852	74,823	4.10 5 Mar 2041	3,449	3,233	3,268
1.50 1 Dec 2012	20,710	20,675	20,655	Province of New Brunswick			
4.50 1 Jun 2015	3,175	3,439	3,336	3.35 1 Jun 2013	5,000	5,139	5,196
3.00 1 Dec 2015	28,382	29,016	28,788	4.30 3 Dec 2015	5,250	5,576	5,411
4.00 1 Jun 2016	3,050	3,258	3,021	4.70 21 Jul 2016	1,900	2,053	2,044
2.00 1 Jun 2016	31,545	30,684	30,205	4.45 26 Mar 2018	800	848	861
4.00 1 Jun 2017	7,205	7,701	7,720	4.50 2 Jun 2020	1,354	1,411	1,400
4.25 1 Jun 2018	115	125	130	4.65 26 Sep 2035	3,600	3,615	3,614
3.50 1 Jun 2020	28,658	29,325	29,427	4.55 26 Mar 2037	3,938	3,892	3,751
3.25 1 Jun 2021	38,869	38,726	38,122	Province of Newfoundland			
8.00 1 Jun 2027	400	615	533	5.60 17 Oct 2033	1,982	2,280	2,316
5.75 1 Jun 2029	10,872	13,860	13,818	4.50 14 Apr 2037	4,339	4,310	4,215
5.75 1 Jun 2033	1,175	1,532	1,407	Province of Nova Scotia			
5.00 1 Jun 2037	21,351	25,827	25,557	5.80 1 Jun 2033	6,625	7,732	7,462
4.00 1 Jun 2041	33,781	35,678	35,069	4.70 1 Jun 2041	1,565	1,596	1,675
Business Development Bank of Canada				Province of Ontario			
4.75 26 Jul 2021	425	464	424	5.00 8 Mar 2014	2,000	2,148	2,147
Canada Housing Trust				3.25 8 Sep 2014	15,940	16,340	16,231
4.60 15 Sep 2011	52,448	53,111	54,144	4.40 8 Mar 2016	1,750	1,866	1,748
4.80 15 Jun 2012	6,575	6,814	6,689	3.20 8 Sep 2016	17,580	17,705	17,500
4.00 15 Jun 2012	46,610	47,896	47,414	4.30 8 Mar 2017	14,435	15,284	13,878
4.55 15 Dec 2012	9,730	10,171	10,138	4.40 2 Jun 2019	6,106	6,394	6,262
3.60 15 Jun 2013	14,759	15,279	15,329	4.20 2 Jun 2020	15,230	15,583	15,653
3.95 15 Jun 2013	9,200	9,590	9,362	4.00 2 Jun 2021	12,767	12,731	12,562
1.45 15 Mar 2015	20,447	20,546	20,479	8.10 8 Sep 2023	3,000	4,129	4,011
3.15 15 Jun 2015	92,881	95,001	93,504	6.20 2 Jun 2031	19,465	23,798	23,988
2.75 15 Dec 2015	34,428	34,490	34,232	5.85 8 Mar 2033	6,725	7,950	7,450
1.42 15 Mar 2016	18,021	18,086	18,073	5.60 2 Jun 2035	15,590	17,982	17,870
4.10 15 Dec 2018	8,300	8,736	8,424	4.70 2 Jun 2037	10,645	10,889	10,771
Canada Post				4.60 2 Jun 2039	700	707	687
4.08 16 Jul 2025	400	409	400	4.65 2 Jun 2041	6,860	7,006	7,093
4.36 16 Jul 2040	2,112	2,186	2,111	Province of Quebec			
Farm Credit Corporation				4.50 1 Dec 2016	965	1,032	1,012
4.55 12 Apr 2021	840	903	834	4.50 1 Dec 2017	4,585	4,882	4,482
Ontario Infrastructure				4.50 1 Dec 2019	15,330	16,082	16,082
3.95 3 Jun 2013	1,533	1,588	1,526	11.00 15 Aug 2020	4,113	6,345	6,440
4.70 1 Jun 2037	1,592	1,521	1,534	4.50 1 Dec 2020	38,749	40,296	40,668
		722,507	717,567	4.25 1 Dec 2021	4,270	4,322	4,269
<b>Municipal and Provincial – 30.0%</b>				6.00 1 Oct 2029	4,195	4,964	5,107
55 School Board Trust Series A Secured Debenture				6.25 1 Jun 2032	4,222	5,170	5,168
5.90 2 Jun 2033	491	557	546	5.75 1 Dec 2036	16,833	19,675	18,901
Alberta Capital Finance				5.25 1 Jun 2034	1,905	2,055	2,049
4.45 15 Dec 2025	4,304	4,384	4,187	5.00 1 Dec 2038	9,105	9,664	9,133
Province of British Columbia				5.00 1 Dec 2041	7,940	8,483	8,650
4.70 1 Dec 2017	875	947	916	Province of Saskatchewan			
5.60 1 Jun 2018	1,000	1,134	1,098	4.65 5 Sep 2017	2,423	2,619	2,508
3.70 18 Dec 2020	5,791	5,702	5,710	3.90 28 Jul 2020	1,615	1,634	1,620
5.70 18 Jun 2029	17,934	20,846	20,590	6.40 5 Sep 2031	6,486	8,217	7,895
6.35 18 Jun 2031	4,093	5,129	5,102	4.75 1 Jun 2040	2,203	2,319	2,194
4.70 18 Jun 2037	300	310	303			390,638	385,433
4.95 18 Jun 2040	1,410	1,521	1,479				

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

# Schedule I – Statement of Investment Portfolio (continued)

As at April 30, 2011 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>				<b>Bonds (continued)</b>			
<b>Corporate – 3.7%</b>				<b>Corporate – 3.7% (continued)</b>			
Bank of Montreal				Royal Bank of Canada			
5.47% 31 Dec 2049	1,020	1,089	1,039	3.36% 11 Jan 2016	2,160	2,166	2,159
Bank of Nova Scotia				Royal Office Finance			
6.63 30 Jun 2012	1,885	1,977	2,028	5.21 12 Nov 2032	2,755	2,866	2,728
Bell Canada				Sun Life Capital Trust			
6.90 15 Dec 2011	285	294	325	6.87 31 Dec 2011	660	680	736
Cadillac Fairview Finance Trust				TransCanada Pipelines			
3.24 25 Jan 2016	7,748	7,787	7,722	9.50 20 May 2011	260	261	330
4.31 25 Jan 2021	9,003	9,105	8,938	Wells Fargo Finance Canada			
Canadian Imperial Bank of Commerce				4.40 12 Dec 2012	450	464	449
5.00 10 Sep 2012	1,000	1,040	1,042			48,451	47,661
4.75 22 Dec 2014	830	882	832	<b>Total Fixed Income – 89.3%</b>		<b>1,161,596</b>	<b>1,150,661</b>
European Investment Bank				<b>Variable Rate Securities – 9.8%</b>			
4.60 30 Jan 2037	1,560	1,493	1,560	Toronto-Dominion Bank S&P/TSX 60 Index Linked Note			
GE Capital Canada				19 Oct 2011	70,000	80,682	70,000
6.25 24 Jul 2012	385	404	428	26 Oct 2012	25,000	25,734	25,000
4.38 28 Sep 2012	1,450	1,494	1,448	Toronto-Dominion Bank Global Indices Linked Note			
2.95 10 Feb 2014	210	211	210	20 Oct 2011	20,000	20,002	20,000
Honda Canada Finance Inc.						126,418	115,000
5.68 26 Sep 2012	1,000	1,046	1,051	<b>Plan Investments – 99.1%</b>		<b>1,288,014</b>	<b>1,265,661</b>
Inter American Development Bank				<b>Plan Cash and Short-term Investments – 0.9%</b>		11,280	11,280
4.48 12 Jul 2026	1,060	1,060	1,054	<b>Plan Portfolio Assets – 100.0%</b>		<b>1,299,294</b>	<b>1,276,941</b>
Investors Group Inc.				<b>Investments Allocation (Note 4)</b>			
6.75 9 May 2011	520	521	584	<b>Government Grants (Appendix I)</b>		434,897	429,771
Manulife Financial Capital Trust				<b>Canadian Scholarship Group Savings Plan</b>			
4.85% 12 Dec 2015	215	222	215	<b>Trust Scholarship Pool (Appendix II)</b>		1,455	1,486
7.41 31 Dec 2108	825	937	825	<b>Enrolment Fee Refund Entitlements (Appendix III)</b>		84,144	84,453
Merrill Lynch Financial Assets				<b>Cash and Short-term Investments (Appendices I, II &amp; III)</b>		13,414	13,414
4.62 12 Nov 2015	155	160	155	<b>Total Investment Fund</b>		<b>1,833,204</b>	<b>1,806,065</b>
4.48 12 Jul 2037	120	124	120	<b>Represented by:</b>			
PSP Capital Inc.				<b>Investments, at fair value</b>		1,808,510	
4.57 9 Dec 2013	9,559	10,087	9,759	<b>Cash and cash equivalents</b>		14,698	
RBC Capital Trust				<b>Short-term Investments</b>		9,996	
5.81 31 Dec 2053	1,745	1,873	1,724			<b>1,833,204</b>	
Real Estate Asset Liquidity Series Class A							
4.62 12 Sep 2016	155	161	155				
5.08 12 Oct 2036	45	47	45				

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

# Notes to the Financial Statements

(Unaudited) (in thousands of dollars)

## Note 1. Nature of Operations

The Canadian Scholarship Trust Group Savings Plan 2001 (“Group Savings Plan 2001” or the “Plan”) is a Pooled Education Savings Plan that was established on May 1, 2001. The objective of the Group Savings Plan 2001 is to assist parents and others to save for the post-secondary education of children. The Group Savings Plan 2001 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 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:

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

The investment income earned on the principal deposit balance is transferred to the scholarship pool when the plan 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:

- 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;
- 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”);
- 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
- On February 21, 2007, the Québec government introduced the Québec Education Savings Incentive (“QESI”) 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 2001 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, if all required information is provided, with appropriate government authorities and, once registered, are subject to the rules for RESP’s under the *Income Tax Act* (Canada). The current tax legislation provides that income credited on contributors’ principal is not taxable income of the contributor. 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 confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required for publicly accountable enterprises. In March 2011, the Canadian Institute of Chartered Accountants (“CICA”) amended the deadline for adoption of IFRS by certain qualifying investment funds to extend the adoption date by two years. 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, 2014. 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, variable rate securities, and pooled funds.

Bonds are valued using bid prices at period 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 could be received by the Plan from redeeming its units held in the pooled funds.

Note 9 provides further guidance on fair value measurements.



# Notes to the Financial Statements (continued)

(Unaudited) (in thousands of dollars)

## Note 2. Significant Accounting Policies (continued)

### (d) Investment transactions and income recognition

Investment transactions are accounted 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 income from the EFR Entitlements Asset Fund (“EFR Fund”) is 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’ deposits. Account maintenance fees are paid annually to the Foundation by contributors of the Group Savings Plan 2001 from their contributors’ deposits. These charges are accrued throughout the year.

### (f) Income taxes

Group Savings Plan 2001 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 EFR Entitlements (see Note 3(b)) and the valuation of Level 3 financial instruments as discussed in Note 9.

## Note 3. Related Party Transactions

### (a) Distribution and Administration of the Group Savings Plan 2001

The Foundation, as the Plan sponsor, has appointed C.S.T.C., as the Investment Fund Manager to distribute and administer Group Savings Plan 2001. The distribution agreement is renewable annually on November 1.

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 agreement, C.S.T.C. has 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.

### (b) Group Savings Plan 2001 – Enrolment Fee Refund Entitlements

Group Savings Plan 2001 pays EFR Entitlements to the qualified beneficiaries in four instalments during the education assistance payment payout period. The total amount of EFR Entitlements paid for the six months period ended April 30, 2011, was \$71 (2010 – \$45). As at April 30, 2011, the EFR Entitlements amount of \$85,196 (October 31, 2010 – \$81,198) presented in the Statements of Net Assets Available for Education Assistance Payments represents the average cost of the Plan’s investments in the EFR Funds.

#### i. Agreements purchased under prospectuses dated prior to October 2, 2007

Group Savings Plan 2001 pays EFR Entitlements to the beneficiaries from the EFR Fund, which amount to 100% of enrolment fees paid for these Agreements.

As at April 30, 2011, the average cost and fair value of the Plan’s investments in the EFR Fund available for the purpose of paying EFR Entitlements amounted to \$66,637 and \$64,618, respectively (October 31, 2010 – \$65,349 and 61,375, respectively).

In accordance with the EFR deficit funding policy approved by the Board of Directors, additional funding will be provided by the Foundation in order to reduce the unfunded portion of the EFR Entitlements (see Note 8).

#### ii. Agreements purchased under prospectuses dated on or after October 2, 2007

The EFR Entitlements amount for these Agreements is comprised of a refund of at least 50% of the enrolment fees paid plus a potential additional amount not to exceed the amount of surplus (if any) in the EFR Fund. Any surplus in the EFR Fund will be calculated by the Foundation as the excess, if any, of the value of assets in the EFR Fund over the actuarial valuation of enrolment fee refund obligations at 50% of enrolment fees.

For the period ended April 30, 2011, C.S.T.C. deposited \$2,393 (2010 – \$2,481) in the EFR Fund, which is equivalent to the estimated present value of the future expected EFR Entitlements of \$100 per unit for all units sold during the year. The discount rate used is based on the expected long-term returns for fixed income as at October 31, 2010, of 5% (October 31, 2009 – 5%).

# Notes to the Financial Statements (continued)

(Unaudited) (in thousands of dollars)

## Note 3. Related Party Transactions (continued)

### (b) Group Savings Plan 2001 – Enrolment Fee Refund Entitlements (continued)

As at April 30, 2011, the average cost and fair value of the Plan's investments in the EFR Fund available for the purpose of paying EFR Entitlements amounted to \$18,559 and \$20,269, respectively (October 31, 2010 – \$15,821 and \$16,941, respectively).

### (c) 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 April 30, 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.

The Portfolio management fees in the Statements of Investment Operations include fees paid or payable to Greystone of \$439 (2010 – \$299). 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 April 30, 2011, of \$296 (October 31, 2010 – \$264).

All related-party transactions 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. The Government grant allocation across the plans is provided in 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,

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 Plan's income earned on the Pool is credited to the Plan's General Fund (Note 7).

For Agreements purchased under prospectuses dated prior to October 2, 2007, investments used to fund the EFR Entitlements of the Group Savings Plan 2001 and the Group Savings Plan are managed in a separate fund (see Appendix III to Schedule I). The fund's holdings and income are allocated to the Plan based on its proportionate share of the EFR Entitlements. The standard 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 8.

For Agreements purchased under prospectuses dated on or after October 2, 2007, investments used to fund the EFR Entitlements of Group Savings Plan 2001 are managed in a separate EFR Fund (see Appendix III 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.

# Notes to the Financial Statements (continued)

(Unaudited) (in thousands of dollars)

## Note 5. Risks Associated with Financial Instruments (continued)

### (a) Market risk (continued)

#### i. Interest rate risk (continued)

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

Debt Instruments by Maturity Date	% of Total Investment Fund	
	Apr. 30, 2011	Oct. 31, 2010
Less than 1 year (including short-term investments)	13%	20%
1-3 years	21%	23%
3-5 years	19%	15%
Greater than 5 years	44%	39%
<b>Total debt instruments</b>	<b>97%</b>	<b>97%</b>
Equity	3%	3%
<b>Total Investment Fund</b>	<b>100%</b>	<b>100%</b>

As at April 30, 2011, if prevailing interest rates had increased or decreased by 1%, the Total Investment Fund amount of \$1,833,204 (October 31, 2010 – \$1,683,065) as per Schedule I – Statement of Investment Portfolio would have decreased or increased by \$106,717 (October 31, 2010 – \$87,371). 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 11% (October 31, 2010 – 11%) of the Total Investment Fund amount as at April 30, 2011. The risk is managed by security selection and active management by external managers within approved investment policies and manager mandates.

As at April 30, 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 \$1,874 (October 31, 2010 – \$1,819). 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 comprises 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 2001 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	Apr. 30, 2011		Oct. 31, 2010	
	% of Total Investment Fund	Amount (in thousands)	% of Total Investment Fund	Amount (in thousands)
AAA	69%	\$1,265,376	68%	\$1,134,622
AA/AAH/AAL	23%	412,922	25%	421,423
A/AH/AL	3%	63,250	3%	55,778
BBB	0%	6,787	0%	5,018
R-1	2%	24,317	1%	13,623
Short-term unrated	0%	7,429	0%	5,327
Equity	3%	53,123	3%	47,274
<b>Total Investment Fund</b>	<b>100%</b>	<b>\$1,833,204</b>	<b>100%</b>	<b>\$1,683,065</b>

The October 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 and Moody's.

### (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 payments of Education Assistance Payments. The Plan primarily invests in securities that are traded in the active markets and can be readily disposed. The Plan retains sufficient cash and cash equivalents positions to meet liquidity requirements by utilizing cash forecasting models incorporating aging of Accumulated interest and Contributors' deposits. All other financial liabilities are short term and due within one year.

### (d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan holds foreign equity funds as part of the EFR Fund as well as the Global Index Linked Note which represent 2% (October 31, 2010 – 2%) of the Total Investment Fund. The Plan's Total Investment Fund will increase or decrease by approximately \$434 (October 31, 2010 – \$407) in response to a 1% depreciation or appreciation of the Canadian dollar. In practice the actual results may differ materially.

# Notes to the Financial Statements (continued)

(Unaudited) (in thousands of dollars)

## Note 6. Contributors' Deposits

The changes in Contributors' deposits for the six months ended April 30, 2011 and 2010 are as follows:

	Apr. 30, 2011	Apr. 30, 2010
Payments from contributors	\$ 150,112	\$ 142,030
Inter-Plan principal transfers	(7,651)	(5,191)
Enrolment fees collected	(23,208)	(23,474)
Account maintenance fees	(1,437)	(1,305)
Return of principal	(9,596)	(7,908)
Net increase in Contributors' deposits	108,220	104,152
<b>Balance, Beginning of Period</b>	<b>1,046,561</b>	<b>854,632</b>
<b>Balance, End of Period</b>	<b>\$ 1,154,781</b>	<b>\$ 958,784</b>

## Note 7. General Fund and Donations from the Foundation

The Group Scholarship Trust Plan (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 any of the Plans within the Group Trust. The General Fund derives its income from the following sources:

- 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;
- interest earned on the interest forfeited when a contributor's plan is terminated prior to maturity;
- income not collected by beneficiaries before the expiry of the benefit period; and
- unclaimed principal and income payments.

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 above Plans according to the payout forecast in each of the Plans.

## Note 8. 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 based on average 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 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 plans prior to maturity and participation of eligible students in the collection of education assistance payments and were updated based on the Funding Valuation (Note 8(b)). The primary economic assumption is the discount rate, which is set at the average expected long-term investment return of the portfolio as at October 31, 2010 of 6.50% (October 31, 2009 – 6.25%) 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.

#### i. Agreements purchased under prospectuses dated prior to October 2, 2007

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

	2010	2009
Present value of EFR Entitlements	\$ 90,890	\$ 74,142
Fair value of EFR Entitlement Assets <sup>1</sup>	61,375	55,356
Underfunded portion of EFR Entitlements	\$ 29,515	\$ 18,786

<sup>1</sup> Average cost of assets in EFR Entitlement Fund was \$65,349 (2009 – \$64,300)

A 1% decrease in the discount rate used will increase the present value of EFR Entitlements by \$10,862 (2009 – \$9,515).

#### ii. Agreements purchased under prospectuses dated on or after October 2, 2007

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

	2010	2009
Present value of EFR Entitlements	\$ 13,959	\$ 7,611
Fair value of EFR Entitlement Assets <sup>2</sup>	16,941	10,792
Overfunded portion of EFR Entitlements	\$ (2,982)	\$ (3,181)

<sup>2</sup> Average cost of assets in EFR Entitlement Fund was \$15,821 (2009 – 10,746)

A 1% decrease in the discount rate used will increase the present value of EFR Entitlements by \$2,333 (2009 – \$1,290).

### (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 was 5%, which resulted in an unfunded liability of \$40,000 for Agreements purchased under prospectuses dated prior to October 2, 2007, and nil for Agreements purchased under prospectuses after this date. A deficit funding policy was approved by the Board of Directors as a result of the valuation 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.

# Notes to the Financial Statements (continued)

(Unaudited) (in thousands of dollars)

## Note 9. 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 educational 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 April 30, 2011

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 14,698	\$ –	\$ –	\$ 14,698
Short-term Investments	–	9,996	–	9,996
Fixed Income Securities	–	1,614,141	–	1,614,141
Variable Rate Securities	–	–	141,246	141,246
Pooled Equity Funds (EFR Entitlements)	53,123	–	–	53,123
<b>Total Investment Fund</b>	<b>\$67,821</b>	<b>\$1,624,137</b>	<b>\$141,246</b>	<b>\$1,833,204</b>

### Assets Measured at Fair Value as of October 31, 2010

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 7,515	\$ –	\$ –	\$ 7,515
Short-term Investments	–	6,827	–	6,827
Fixed Income Securities	–	1,486,865	–	1,486,865
Variable Rate Securities	–	–	134,584	134,584
Pooled Equity Funds (EFR Entitlements)	47,274	–	–	47,274
<b>Total Investment Fund</b>	<b>\$ 54,789</b>	<b>\$1,493,692</b>	<b>\$134,584</b>	<b>\$1,683,065</b>

For the periods ended April 30, 2011 and October 31, 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

	Apr. 30, 2011	Oct. 31, 2010
Opening Balance	\$ 134,584	\$ 158,962
Net Purchases (Sales)	332	(26,455)
Increase (decrease) in Unrealized Gains/Losses	6,330	2,077
<b>Closing Balance</b>	<b>\$ 141,246</b>	<b>\$ 134,584</b>



# Government Grants

(Appendix I to Schedule I)

Statement of Investment Portfolio

As at April 30, 2011 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>			
<b>Federal – 47.6%</b>			
Government of Canada			
1.25% 1 Dec 2011	9,140	9,143	9,146
1.50 1 Jun 2012	25,915	25,939	25,910
2.00 1 Sep 2012	31,665	31,866	31,853
1.50 1 Dec 2012	10,325	10,308	10,297
0.00 1 Mar 2015	1,809	1,491	1,467
4.10 1 Jul 2015	2,000	1,690	1,668
3.00 1 Dec 2015	13,605	13,909	13,799
2.00 1 Jun 2016	14,065	13,681	13,468
4.00 1 Jun 2017	6,565	7,017	6,841
4.25 1 Jun 2018	750	813	848
3.55 1 Sep 2019	5,387	5,052	4,970
3.50 1 Jun 2020	13,483	13,797	13,843
3.25 1 Jun 2021	18,275	18,208	17,914
5.75 1 Jun 2029	3,854	4,913	4,896
5.75 1 Jun 2033	4,475	5,836	5,490
5.00 1 Jun 2037	12,337	14,923	14,530
4.00 1 Jun 2041	15,572	16,447	16,168
Business Development Bank of Canada			
4.75 26 Jul 2021	175	191	175
Canada Housing Trust			
4.60 15 Sep 2011	20,976	21,241	21,782
4.80 15 Jun 2012	2,785	2,886	2,788
4.00 15 Jun 2012	21,800	22,401	22,200
4.55 15 Dec 2012	9,045	9,455	9,444
3.60 15 Jun 2013	6,557	6,788	6,812
2.75 15 Sep 2014	5,400	5,472	5,444
1.45 15 Mar 2015	9,278	9,323	9,292
3.15 15 Jun 2015	43,300	44,289	43,510
2.75 15 Dec 2015	16,853	16,883	16,775
1.42 15 Mar 2016	8,393	8,423	8,417
4.10 15 Dec 2018	4,400	4,631	4,497
Canada Post			
4.08 16 Jul 2025	600	614	600
4.36 16 Jul 2040	1,082	1,120	1,081
Farm Credit Corporation			
4.55 12 Apr 2021	350	376	347
Ontario Infrastructure			
3.95 3 Jun 2013	877	909	873
4.70 1 Jun 2037	769	735	760
		350,770	347,905
<b>Municipal and Provincial – 27.2%</b>			
55 School Board Trust Series A Secured Debenture			
5.90 2 Jun 2033	501	568	521
Alberta Capital Finance			
4.45 15 Dec 2025	3,185	3,244	3,121
Province of British Columbia			
4.25 18 Jun 2014	4,660	4,929	4,924
4.70 1 Dec 2017	2,250	2,435	2,356
3.70 18 Dec 2020	2,734	2,692	2,699
5.70 18 Jun 2029	6,552	7,616	7,437
6.35 18 Jun 2031	1,782	2,233	2,223
4.95 18 Jun 2040	555	599	583

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Municipal and Provincial – 27.2% (continued)</b>			
Province of Manitoba			
4.15% 3 Jun 2020	3,093	3,165	3,211
4.40 5 Sep 2025	1,610	1,631	1,641
4.10 5 Mar 2041	1,626	1,524	1,541
Province of New Brunswick			
4.45 26 Mar 2018	5,060	5,363	5,444
4.50 2 Jun 2020	683	712	706
4.65 26 Sep 2035	970	974	970
4.55 26 Mar 2037	1,791	1,770	1,726
Province of Newfoundland			
5.60 17 Oct 2033	966	1,111	1,129
4.50 17 Apr 2037	1,852	1,840	1,801
Province of Nova Scotia			
5.80 1 Jun 2033	2,471	2,884	2,828
4.70 1 Jun 2041	795	811	852
Province of Ontario			
3.25 8 Sep 2014	9,580	9,820	9,768
3.20 8 Sep 2016	7,995	8,052	7,958
4.30 8 Mar 2017	7,710	8,163	7,415
4.40 2 Jun 2019	2,135	2,236	2,178
4.20 2 Jun 2020	7,120	7,285	7,308
4.00 2 Jun 2021	6,143	6,126	6,051
6.20 2 Jun 2031	9,251	11,310	11,394
5.85 8 Mar 2033	10,100	11,940	11,867
5.60 2 Jun 2035	15,885	18,323	18,135
4.70 2 Jun 2037	3,476	3,556	3,535
4.65 2 Jun 2041	2,950	3,013	3,048
Province of Quebec			
1.22 1 Dec 2014	545	540	521
4.50 1 Dec 2016	500	535	524
4.50 1 Dec 2017	1,865	1,986	1,828
4.50 1 Dec 2019	7,125	7,475	7,485
11.00 15 Aug 2020	2,001	3,087	3,132
4.50 1 Dec 2020	17,713	18,420	18,589
4.25 1 Dec 2021	1,875	1,898	1,874
6.00 1 Oct 2029	2,170	2,568	2,634
6.25 1 Jun 2032	2,005	2,455	2,454
5.25 1 Jun 2034	850	917	914
5.75 1 Dec 2036	8,856	10,351	10,003
5.00 1 Dec 2038	3,160	3,354	3,163
5.00 1 Dec 2041	3,270	3,494	3,559
Province of Saskatchewan			
4.65 5 Sep 2017	1,109	1,199	1,131
3.90 28 Jul 2020	720	728	718
6.40 5 Sep 2031	3,183	4,032	3,805
4.75 1 Jun 2040	1,087	1,144	1,071
		200,108	197,775
<b>Corporate – 20.7%</b>			
407 International Inc.			
7.13 31 Aug 2039	2,895	3,676	3,476
Access Justise Durham Ltd			
5.02 31 Aug 2039	482	451	455

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

# Government Grants (continued)

(Appendix I to Schedule I)

Statement of Investment Portfolio

As at April 30, 2011 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 20.7% (continued)</b>			
Arrow Lakes Power Corp 5.52% 5 Apr 2041	847	855	847
BAC Canada Finance 0.00 21 Feb 2014	4,108	4,112	4,108
Bank of Canada 4.05 5 May 2014	130	135	133
Bank of Montreal 4.63 29 Dec 2049	2,900	3,005	2,827
5.47 31 Dec 2049	3,335	3,560	3,519
Bank of Nova Scotia 6.63 30 Jun 2012	3,435	3,603	3,766
6.28 30 Jun 2053	1,900	2,040	2,101
BCIMC Realty Corporation 3.38 29 Jan 2015	159	161	159
4.65 10 Feb 2015	2,095	2,203	2,161
5.65 5 Jan 2018	1,385	1,521	1,506
Bell Canada 6.90 15 Dec 2011	2,500	2,579	2,758
Blue Water Bridge Authority 6.41 9 Jul 2027	2,371	2,115	2,145
Cadillac Fairview Finance Trust 3.24 25 Jan 2016	5,005	5,030	4,992
4.31 25 Jan 2021	4,301	4,350	4,270
Canadian Capital Auto Receivables Asset Trust 2.63 17 Aug 2014	2,453	2,472	2,455
2.00 17 Jul 2016	993	672	667
Canadian Imperial Bank of Commerce 4.75 22 Dec 2014	5,460	5,804	5,514
CBC 4.69 15 May 2027	3,029	3,091	3,206
Citigroup Finance Canada 4.75 17 Mar 2014	2,000	2,071	2,060
Claregold Trust 5.07 15 May 2044	1,881	1,652	1,653
Gaz Metropolitan Inc. 4.93 18 Jun 2019	2,500	2,667	2,545
GE Capital Canada 2.12 2 Oct 2014	1,033	1,036	1,033
4.65 11 Feb 2015	5,650	5,938	5,653
4.55 17 Jan 2017	800	829	750
5.53 17 Aug 2017	1,800	1,953	1,782
5.73 22 Oct 2037	2,000	2,039	1,704
Gloucester Credit Card Trust 5.38 15 May 2014	2,176	2,325	2,277
Great West Lifeco Inc. 6.14 21 Mar 2018	1,352	1,515	1,482

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 20.7% (continued)</b>			
Green Timbers LP 6.84% 30 Jun 2037	684	732	746
Health Partners Markham 0.00 31 Jan 2014	834	834	834
Honda Canada Finance Inc. 5.68 26 Sep 2012	1,150	1,203	1,227
5.61 12 Sep 2013	1,135	1,210	1,135
Inter American Development Bank 4.40 26 Jan 2026	1,380	1,380	1,372
Investors Group Inc. 6.75 9 May 2011	1,545	1,546	1,690
Leisureworld 4.81 24 Nov 2015	1,616	1,656	1,674
Manulife Financial Capital Trust 4.85 12 Dec 2015	1,865	1,926	1,880
6.70 31 Dec 2051	3,920	4,100	4,346
7.41 31 Dec 2108	1,200	1,363	1,200
Manulife Financial Corp 4.90 2 Jun 2014	706	739	738
5.16 26 Jun 2015	2,423	2,558	2,556
4.08 20 Aug 2015	792	804	800
4.98 12 Jun 2016	1,200	1,248	1,227
Maritimes and Northeast Pipelines 4.34 30 Nov 2019	3,384	3,469	3,484
Merrill Lynch Financial Assets 4.82 12 Feb 2015	815	854	820
4.62 12 Nov 2015	1,235	1,278	1,222
4.81 12 Oct 2016	1,814	1,874	1,860
4.71 12 Nov 2016	1,192	1,220	1,201
4.48 12 Jul 2037	920	950	900
Milit-Air Inc. 5.75 30 Jun 2019	3,004	3,293	3,246
N-45 First CMBS 5.67 15 Nov 2020	1,048	1,108	1,117
National Bank of Canada 5.55 15 Nov 2018	1,456	1,554	1,568
NAV Canada 4.71 24 Feb 2016	2,722	2,902	2,821
Northwest Connect Group 5.95 30 Apr 2041	2,478	2,578	2,588
OMERS Realty Corporation 4.74 4 Jun 2018	285	301	295
Ontrea Inc. 4.62 9 Apr 2018	1,100	1,108	1,100
Ornge Issuer Trust 5.73 11 Jun 2034	1,553	1,668	1,625

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

# Government Grants (continued)

(Appendix I to Schedule I)

## Statement of Investment Portfolio

As at April 30, 2011 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 20.7% (continued)</b>			
Ottawa Hydro Holding Inc. 4.93% 2 Sep 2015	1,453	1,548	1,518
Plenary Health Hamilton LP 3.16 13 Mar 2015	1,654	1,657	1,654
Plenary Properties Ltap LP 6.29 31 Jan 2044	781	834	827
Power Corp of Canada 7.57 22 Apr 2019	1,308	1,550	1,502
PSP Capital Inc. 4.57 9 Dec 2013	4,396	4,637	4,433
RBC Capital Trust 4.87 29 Dec 2049	6,000	6,283	5,950
Real Estate Asset Liquidity Series Class A 4.62 12 Sep 2016 5.08 12 Oct 2036	1,350 745	1,400 784	1,333 763
Royal Office Finance 5.21 12 Nov 2032	2,236	2,326	2,214
SNC Lavalin Group 6.63 30 Jun 2044	657	715	657
Sun Life Capital Trust 6.87 31 Dec 2011 5.86 31 Dec 2108	1,540 2,000	1,587 2,109	1,711 2,000
TransCanada Pipelines 5.65 15 Jan 2014	4,050	4,369	4,300
Wells Fargo Finance Canada 4.40 12 Dec 2012	1,400	1,445	1,377
WTH Car Rental 4.14 20 Mar 2015	2,475	2,485	2,475
		152,645	149,990
<b>Total Fixed Income – 95.5%</b>		<b>703,523</b>	<b>695,670</b>
<b>Variable Rate Securities – 3.5%</b>			
Toronto-Dominion Bank S&P/TSX 60 Index Linked Note 19 Oct 2011 26 Oct 2012	5,000 5,000	5,763 5,147	5,000 5,000
Toronto-Dominion Bank Global Indices Linked Note 20 Oct 2011	15,000	15,002	15,000
		25,912	25,000
<b>Total Fixed Income – 99.0%</b>		<b>729,435</b>	<b>720,670</b>
<b>Cash and Short-term Investments – 1.0%</b>		<b>7,185</b>	<b>7,185</b>
<b>Total Portfolio Assets – 100.0%</b>		<b>736,620</b>	<b>727,855</b>

Security	Fair Value (\$)	Average Cost (\$)
<b>Government Grant Investments Allocation</b>		
Plan II	431	411
Founders' Plan	44,081	43,492
Group Savings Plan	202,100	199,522
Group Savings Plan 2001	434,897	429,771
Family Savings Plan	44,744	44,311
Individual Savings Plan	3,182	3,163
	<b>729,435</b>	<b>720,670</b>
<b>Cash and Short-term Investments Allocation</b>		
Plan II	16	16
Founders' Plan	474	474
Group Savings Plan	2,071	2,071
Group Savings Plan 2001	4,254	4,254
Family Savings Plan	354	354
Individual Savings Plan	16	16
	<b>7,185</b>	<b>7,185</b>



# Canadian Scholarship Group Savings Plan Trust Scholarship Pool

(Appendix II to Schedule I)

Statement of Investment Portfolio

As at April 30, 2011 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>			
<b>Federal – 14.9%</b>			
Government of Canada			
4.00% 3 May 2011	1,635	1,707	1,704
3.50 1 Dec 2011	2,135	2,209	2,233
1.25 2 Dec 2011	280	280	280
3.75 1 Jun 2012	600	615	627
3.00 8 Sep 2014	1,505	1,545	1,544
3.00 1 Jun 2019	225	230	227
Canada Housing Trust			
4.80 15 Jun 2012	1,210	1,254	1,283
4.60 1 Dec 2015	90	91	93
4.10 15 Dec 2018	115	121	117
3.75 15 Mar 2020	330	336	329
		8,388	8,437
<b>Provincial – 14.8%</b>			
Province of British Columbia			
5.75 9 Jan 2012	1,280	1,319	1,356
4.65 1 Jun 2013	415	446	437
Province of Ontario			
4.40 15 Sep 2011	290	295	304
5.38 2 Dec 2012	1,105	1,167	1,191
3.25 2 Jun 2013	1,000	1,025	1,021
4.75 18 Dec 2018	1,270	1,341	1,360
Province of Quebec			
6.00 1 Oct 2012	1,635	1,733	1,774
5.50 1 Dec 2014	695	765	763
4.50 1 Dec 2020	280	291	280
		8,382	8,486
<b>Total Investments – 29.7%</b>		<b>16,770</b>	<b>16,923</b>
<b>Cash and Short-term Investments – 70.3%</b>		39,767	39,767
<b>Total Portfolio Assets – 100.0%</b>		<b>56,537</b>	<b>56,690</b>
<b>Total Investments Allocation</b>			
Group Savings Plan		15,315	15,437
Group Savings Plan 2001		1,455	1,486
		<b>16,770</b>	<b>16,923</b>
<b>Cash and Short-term Investments Allocation</b>			
Group Savings Plan		31,350	31,350
Group Savings Plan 2001		8,417	8,417
		<b>39,767</b>	<b>39,767</b>

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 April 30, 2011 (in thousands of dollars)

## Agreements purchased prior to October 2, 2007

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>			
<b>Federal – 0.7%</b>			
Government of Canada			
4.75% 1 Jun 2014	27	22	22
0.00 1 Mar 2015	950	783	770
		805	792
<b>Corporate – 35.7%</b>			
407 International Inc.			
7.13 26 Jul 2040	1,367	1,736	1,666
Access Justise Durham Ltd			
5.02 31 Aug 2039	253	236	239
Algonquin Credit Card Trust			
4.56 15 Jun 2012	724	744	694
Altasgas			
4.10 24 Mar 2016	986	987	986
6.94 29 Jun 2016	671	756	762
4.60 15 Jan 2018	442	440	442
Aon Finance			
4.76 8 Mar 2018	701	706	701
Arrow Lakes Power Corp			
5.52 5 Apr 2041	447	451	447
BAC Canada Finance			
0.00 21 Feb 2014	2,167	2,169	2,167
BCIMC Realty Corporation			
3.38 29 Jan 2015	886	895	886
4.65 10 Feb 2015	254	267	264
5.65 5 Jan 2018	482	529	518
Bell Canada			
7.85 2 Apr 2031	840	1,006	965
Blue Water Bridge Authority			
6.41 9 Jul 2027	1,211	1,080	1,096
British Columbia Telephone Company			
10.65 19 Jun 2021	530	754	736
Canadian Capital Auto Receivables Asset Trust			
2.63 17 Aug 2014	1,083	1,091	1,083
Caterpillar Financial Service Ltd.			
5.20 3 Jun 2013	479	506	501
2.64 3 Dec 2013	224	224	224
Claregold Trust			
5.07 15 May 2044	453	398	398
Cogeco Cable Inc.			
5.95 9 Jun 2014	713	766	753
GE Capital Canada			
4.75 2 May 2011	374	374	388
2.12 2 Oct 2014	627	629	627
5.53 17 Aug 2017	88	95	88
5.73 22 Oct 2037	944	963	811

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

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 35.7% (continued)</b>			
Gloucester Credit Card Trust Series A			
5.38% 15 May 2014	1,145	1,224	1,093
Greater Toronto Airports			
6.25 13 Dec 2012	460	491	509
Green Timbers LP			
6.84 30 Jun 2037	358	383	390
Health Partners Markham			
0.00 31 Jan 2014	438	438	438
Honda Canada Finance Inc.			
4.70 25 Aug 2011	203	205	212
5.68 26 Sep 2012	606	634	646
Leisureworld			
4.84 24 Nov 2015	845	866	875
Loblaw Companies			
6.00 3 Mar 2014	14	15	15
6.50 22 Jan 2029	788	814	779
5.90 18 Jan 2036	183	175	165
6.45 1 Mar 2039	31	32	30
Manulife Financial Corp			
4.90 2 Jun 2014	340	356	358
4.08 20 Aug 2015	992	1,007	992
4.98 12 Jun 2016	379	394	388
5.51 26 Jun 2018	730	777	736
Maritimes and Northeast Pipelines			
4.34 30 Nov 2019	1,787	1,832	1,839
Merrill Lynch Financial Assets			
4.62 12 Nov 2015	179	185	153
4.81 12 Oct 2016	637	658	653
4.71 12 Nov 2016	616	630	621
5.25 12 Jun 2035	73	76	70
4.48 12 Jul 2037	431	445	370
Milit-Air Inc.			
5.75 30 Jun 2019	1,462	1,603	1,611
N-45 First CMBS			
4.64 15 Dec 2019	68	31	29
5.67 15 Nov 2020	548	579	584
Northwest Connect Group			
5.95 30 Apr 2041	1,308	1,361	1,366
Ontrea Inc			
4.62 9 Apr 2018	600	605	600
Plenary Health Hamilton LP			
3.16 13 Mar 2015	869	870	869
Power Corporation of Canada			
7.57 22 Apr 2019	663	786	764

# Enrolment Fee Refund Entitlements (continued)

(Appendix III to Schedule I)

Statement of Investment Portfolio

As at April 30, 2011 (in thousands of dollars)

## Agreements purchased prior to October 2, 2007 (continued)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 35.7% (continued)</b>			
Real Estate Asset Liquidity Series Class A			
4.27% 12 Mar 2037	247	60	57
Rogers Wireless Inc.			
5.38 4 Nov 2019	443	458	443
6.11 25 Aug 2040	426	408	426
Schooner Trust			
5.19 12 May 2017	185	197	155
5.19 12 Jun 2022	28	25	22
Shaw Communications Inc.			
6.75 9 Nov 2039	2,201	2,132	2,136
SNC Lavalin Group			
6.63 30 Jun 2044	345	375	345
Strait Crossing Dev Inc			
6.17 15 Sep 2031	451	407	410
University of Ontario			
6.35 15 Oct 2034	1,320	1,425	1,396
VW Credit Canada Inc			
2.55 18 Nov 2013	652	651	649
WTH Car Rental			
4.14 20 Mar 2015	1,307	1,313	1,308
Xceed Mortgage Trust Series Class A			
4.48 18 Feb 2013	232	9	10
		42,734	41,954
<b>Total Fixed Income – 36.4%</b>		<b>43,539</b>	<b>42,746</b>
<b>Pooled Equity Funds</b>			
SRA Canadian Equity Fund	2,584	42,266	39,463
SRA US Equity Fund	2,387	14,699	17,873
SRA International Equity Fund	2,465	18,637	22,711
<b>Total Equity – 63.2%</b>		<b>75,602</b>	<b>80,047</b>
<b>Total Investments – 99.6%</b>		<b>119,141</b>	<b>122,793</b>
<b>Cash and Short-term Investments – 0.4%</b>		484	484
<b>Total Portfolio Assets – 100.0%</b>		<b>119,625</b>	<b>123,277</b>
<b>Total Investments Allocation</b>			
Group Savings Plan		54,606	56,239
Group Savings Plan 2001		64,535	66,554
		<b>119,141</b>	<b>122,793</b>
<b>Cash and Short-term Investments Allocation</b>			
Group Savings Plan		401	401
Group Savings Plan 2001		83	83
		<b>484</b>	<b>484</b>

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

# Enrolment Fee Refund Entitlements (continued)

(Appendix III to Schedule I)

Statement of Investment Portfolio

As at April 30, 2011 (in thousands of dollars)

## Agreements purchased on or after October 2, 2007

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>			
<b>Federal – 0.6%</b>			
Government of Canada			
4.75% 1 Jun 2014	2	2	2
0.00 1 Mar 2015	141	116	114
		118	116
<b>Corporate – 34.7%</b>			
407 International Inc.			
7.13 26 Jul 2040	164	208	199
Access Justise Durham Ltd			
5.02 31 Aug 2039	34	32	32
Algonquin Credit Card Trust			
4.56 15 Jun 2012	63	65	60
Altasgas			
4.10 24 Mar 2016	176	176	176
6.94 29 Jun 2016	94	106	107
4.60 15 Jan 2018	77	77	77
Aon Finance			
4.76 8 Mar 2018	110	111	110
Arrow Lakes Power Corp			
5.52 5 Apr 2041	73	74	73
BAC Canada Finance			
0.00 21 Feb 2014	341	341	341
BCIMC Realty Corporation			
3.38 29 Jan 2015	135	136	135
4.65 10 Feb 2015	41	43	43
5.65 5 Jan 2018	91	100	99
Bell Alliant			
4.37 13 Sep 2017	119	118	121
Bell Canada			
7.85 2 Apr 2031	73	87	84
Blue Water Bridge Authority			
6.41 9 Jul 2027	135	120	122
British Columbia Telephone Company			
10.65 19 Jun 2021	46	65	64
Cadillac Fairview Finance Trust			
3.24 25 Jan 2016	244	245	244
Canadian Capital Auto Receivables Asset Trust			
2.63 17 Aug 2014	210	212	210
2.00 17 Jul 2016	66	45	44
Caterpillar Financial Service Ltd.			
5.20 3 Jun 2013	42	44	44
2.64 3 Dec 2013	65	65	65
CDP Financial			
4.60 15 Jul 2020	48	50	48

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 34.7% (continued)</b>			
Claregold Trust			
5.07% 15 May 2044	155	136	136
Cogeco Cable Inc.			
5.95 9 Jun 2014	80	86	85
GE Capital Canada			
4.75 2 May 2011	33	33	34
2.12 2 Oct 2014	141	141	141
5.53 17 Aug 2017	8	9	8
5.73 22 Oct 2037	132	135	117
Gloucester Credit Card Trust Series A			
5.38 15 May 2014	147	157	145
Greater Toronto Airports			
6.25 13 Dec 2012	55	59	61
Green Timbers LP			
6.84 30 Jun 2037	51	55	56
Health Partners Markham			
0.00 31 Jan 2014	150	150	150
Honda Canada Finance Inc.			
4.70 25 Aug 2011	25	25	26
5.68 26 Sep 2012	53	55	57
Leisureworld			
4.81 24 Nov 2015	117	120	121
Loblaw Companies			
6.00 3 Mar 2014	1	1	1
6.50 22 Jan 2029	112	116	111
5.90 18 Jan 2036	16	15	14
6.45 1 Mar 2039	3	3	3
Manulife Financial Capital Trust			
4.90 2 Jun 2014	77	81	81
4.08 20 Aug 2015	205	208	205
4.98 12 Jun 2016	122	127	125
5.51 26 Jun 2018	64	68	65
Maritimes and Northeast Pipelines			
4.34 30 Nov 2019	294	301	301
Merrill Lynch Financial Assets			
4.62 12 Nov 2015	16	17	14
4.81 12 Oct 2016	150	155	154
4.71 12 Nov 2016	80	82	81
5.25 12 Jun 2035	6	6	6
4.48 12 Jul 2037	38	39	33
Milit-Air Inc.			
5.75 30 Jun 2019	128	140	141
N-45 First CMBS			
4.64 15 Dec 2019	6	3	3
5.67 15 Nov 2020	76	80	81

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

# Enrolment Fee Refund Entitlements (continued)

(Appendix III to Schedule I)

Statement of Investment Portfolio

As at April 30, 2011 (in thousands of dollars)

## Agreements purchased on or after October 2, 2007 (continued)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>			
<b>Corporate – 34.7% (continued)</b>			
Northwest Connect Group 5.95% 30 Apr 2041	214	223	223
OMERS Realty Corp 4.74 4 Jun 2018	174	184	180
Plenary Health Hamilton LP 3.16 13 Mar 2015	129	129	129
Power Corporation of Canada 7.57 22 Apr 2019	74	88	85
Real Estate Asset Liquidity Series Class A 4.64 12 Oct 2015	7	7	7
4.27 12 Mar 2037	22	5	5
Rogers Wireless Inc. 5.38 4 Nov 2019	50	52	50
6.11 25 Aug 2040	59	57	59
Schooner Trust 5.19 12 May 2017	16	17	13
5.19 12 Jun 2022	2	2	2
Shaw Communications Inc. 6.75 9 Nov 2039	361	350	350
SNC Lavalin Group 6.63 30 Jun 2044	46	50	46
Strait Crossing Dev Inc 6.17 15 Sep 2031	74	67	67
Toronto Dominion Bank 5.14 19 Nov 2012	33	35	35
University of Ontario 6.35 15 Oct 2034	217	235	230

Security	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>		
<b>Corporate – 34.7% (continued)</b>		
VW Credit Canada Inc 2.55% 18 Nov 2013	198	198
WTH Car Rental 4.14 20 Mar 2015	214	215
Xceed Mortgage Trust Series Class A 4.48 18 Feb 2013	20	1
	7,038	6,947
<b>Total Fixed Income – 35.3%</b>	<b>7,156</b>	<b>7,063</b>
<b>Pooled Equity Funds</b>		
SRA Canadian Equity Fund	426	6,973
SRA US Equity Fund	392	2,416
SRA International Equity Fund	406	3,064
<b>Total Equity – 61.5%</b>	<b>12,453</b>	<b>10,836</b>
<b>Total Investments – 96.8%</b>	<b>19,609</b>	<b>17,899</b>
<b>Cash and Short-term Investments – 3.2%</b>	660	660
<b>Total Portfolio Assets – 100.0%</b>	<b>20,269</b>	<b>18,559</b>
<b>Total Investments Allocation</b>		
Group Savings Plan 2001	19,609	17,899
	<b>19,609</b>	<b>17,899</b>
<b>Cash and Short-term Investments Allocation</b>		
Group Savings Plan 2001	660	660
	<b>660</b>	<b>660</b>

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

## Canadian Scholarship Trust Plan

### Sponsor

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2225 Sheppard Avenue East, Suite 600  
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Canadian Scholarship Trust Foundation



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