

Canadian Scholarship Trust **Family Savings Plan**

Semi-Annual Financial Statements
April 30, 2010
Unaudited



Contents

Statements of Net Assets Available for Education Assistance Payments	1
Statements of Investment Operations	2
Statements of Changes in Net Assets Available for Education Assistance Payments	2
Statements of Cash Flows	3
Schedule I – Statement of Investment Portfolio	4
Notes to the Financial Statements	5
Government Grants (Appendix I to Schedule I)	9

Statements of Net Assets Available for Education Assistance Payments

As at April 30, 2010 and October 31, 2009 (in thousands of dollars)

	Apr 30, 2010	Oct 31, 2009
		(Audited)
Assets		
Investments, at fair value <i>(Note 4 and Schedule I)</i>	\$ 111,282	\$ 103,342
Cash and cash equivalents	7,773	6,470
Short-term investments	19,915	19,276
Accrued interest and other receivables	1,424	1,698
Receivables for securities sold	39	19
Government grants receivable	9	19
	140,442	130,824
Liabilities		
Accounts payable, accrued liabilities and unclaimed contributors' funds	1,540	1,110
Payables for securities purchased	319	215
Contributors' deposits <i>(Note 6)</i>	77,781	71,783
	79,640	73,108
Net Assets Available for Education Assistance Payments	60,802	57,716
Represented by:		
Non-Discretionary Funds		
Accumulated interest held for future education assistance payments	33,929	32,291
Government grants	21,194	18,610
Interest on government grants	6,557	5,813
Unrealized (Losses) Gains	(878)	1,002
	\$ 60,802	\$ 57,716

Statements of Investment Operations

For the six months ended April 30, 2010 and 2009 (in thousands of dollars)

	Apr 30, 2010	Apr 30, 2009
Income		
Interest income	\$ 2,201	\$ 1,991
Realized gains	112	456
	2,313	2,447
Expenses		
Plan administration and processing fees <i>(Note 3)</i>	487	418
Financial reporting <i>(Note 3)</i>	230	198
Portfolio management fees	86	80
Custodian fees	7	6
Trustee fees	4	2
	814	704
Net Investment Income	1,499	1,743
(Decrease) increase in Unrealized Gains/Losses	(1,879)	1,107
(Decrease) increase in Net Assets from Investment Operations	\$ (380)	\$ 2,850

Statements of Changes in Net Assets Available for Education Assistance Payments

For the six months ended April 30, 2010 and 2009 (in thousands of dollars)

	Apr 30, 2010	Apr 30, 2009
Net Assets Available for Education Assistance Payments, Beginning of Period	\$ 57,716	\$ 48,761
(Decrease) increase in Net Assets from Investment Operations	(380)	2,850
Transfers from internal and external plans	6,575	6,182
	6,195	9,032
Receipts		
Government grants received (net of repayments)	200	289
Disbursements		
Payments to beneficiaries		
Education assistance payments	(2,769)	(2,635)
Government grants	(519)	(465)
Return of interest	(21)	(17)
	(3,309)	(3,117)
Receipts less Disbursements	(3,109)	(2,828)
Increase in Net Assets Available for Education Assistance Payments	3,086	6,204
Net Assets Available for Education Assistance Payments, End of Period	\$ 60,802	\$ 54,965

Statements of Cash Flows

For the six months ended April 30, 2010 and 2009 (in thousands of dollars)

	Apr 30, 2010	Apr 30, 2009
Operating Activities		
(Decrease) increase in Net Assets from Investment Operations	\$ (380)	\$ 2,850
Items not affecting cash		
Realized gains on sale of investments	(112)	(456)
(Decrease) increase in Unrealized Gains/Losses	1,879	(1,107)
Changes in other operating activities		
Decrease (increase) in Accrued interest and other receivables	274	(3,239)
Decrease (increase) in Government grants receivable	10	(84)
Increase in Accounts payable, accrued liabilities and unclaimed contributors' funds	430	84
Net purchases of investments	(10,346)	(2,807)
(Increase) decrease in Receivables for securities sold	(20)	595
Increase (decrease) in Payables for securities purchased	104	(1,880)
Cash flow from Operating Activities	(8,161)	(6,044)
Financing Activities		
Transfers from internal and external plans	6,575	6,182
Government grants received	200	289
Increase in Contributors' deposits <i>(Note 6)</i>	5,998	5,441
Payments to beneficiaries	(3,309)	(3,117)
Cash flow from Financing Activities	9,464	8,795
Net increase in Cash and cash equivalents	1,303	2,751
Cash and cash equivalents, Beginning of Period	6,470	2,840
Cash and cash equivalents, End of Period	\$ 7,773	\$ 5,591

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

Schedule I – Statement of Investment Portfolio

As at April 30, 2010 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds			
Federal – 36.8%			
Government of Canada			
1.00% 1 Sep 2011	1,505	1,494	1,498
3.75 1 Jun 2012	6,645	6,875	6,953
3.50 1 Jun 2013	5,725	5,892	5,991
4.50 1 Jun 2015	2,020	2,163	2,204
3.75 1 Jun 2019	8,725	8,839	8,986
Canada Housing Trust			
4.60 15 Sep 2011	6,250	6,497	6,417
4.80 15 Jun 2012	5,820	6,130	6,245
4.10 15 Dec 2018	645	658	657
		38,548	38,951
Provincial – 36.7%			
Province of British Columbia			
6.38 23 Aug 2010	6,935	7,057	7,377
4.65 18 Dec 2018	2,420	2,513	2,518
Province of Ontario			
4.40 2 Dec 2011	6,180	6,417	6,505
5.38 2 Dec 2012	4,370	4,673	4,669
4.75 2 Jun 2013	4,570	4,821	4,911
Province of Quebec			
6.00 1 Oct 2012	6,790	7,341	7,293
5.50 1 Dec 2014	5,150	5,615	5,592
		38,437	38,865
Plan Investments – 73.5%		76,985	77,816
Plan Cash and Short-term Investments – 26.5%		27,166	27,166
Plan Portfolio Assets – 100.0%		104,151	104,982
Investments Allocation <i>(Note 4)</i>			
Government Grants <i>(Appendix I)</i>		34,297	34,344
Cash and Short-term Investments <i>(Appendix I)</i>		522	522
Total Investment Fund		138,970	139,848
Represented by:			
Investments, at fair value		111,282	
Cash and cash equivalents		7,773	
Short-term Investments		19,915	
		138,970	

Notes to the Financial Statements

(Unaudited) (in thousands of dollars)

Note 1. Nature of Operations

The Canadian Scholarship Trust Family Savings Plan (“Family Savings Plan” or the “Plan”) is a self-determined Education Savings Plan, established on March 1, 1997. The objective of the Family Savings Plan is to assist parents and others to save for the post-secondary education of children.

Deposits are made by a contributor to an account maintained by the depository trustee on behalf of a beneficiary. The contributor authorizes deductions of enrolment fees from deposits and depository charges from their principal deposit balance. The principal accumulated over the term of the education savings plan agreement is returned in whole or in part at any time at the request of the contributor. A beneficiary is deemed to be a qualified student upon receipt by the Canadian Scholarship Trust Foundation (the “Foundation”) of evidence of enrolment in a qualifying educational program at an eligible institution. Education assistance payments paid to qualified students from the Family Savings Plan are determined by the contributor and are paid from the income earned on the contributor’s principal.

Effective January 1, 2005, the Federal Government enhanced the Canada Education Savings Grant Program (“CESG”) 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.

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 will depend on annual family income.

The Family Savings Plan receives the CESG, CLB, ACES and QESI (collectively, “Government Grants”) which are paid directly into a beneficiary’s RESP and invests these funds in accordance with the Plan’s investment policies. The Government Grants along with investment income earned thereon are paid to qualified students.

Contributor education savings plan contracts (“agreements”) are registered, if all required information is provided, with appropriate government authorities 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’ deposits 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.

The Family Savings Plan is administered and distributed through the Foundation and its wholly-owned subsidiary, C.S.T. Consultants Inc. (“C.S.T.C.”). The Foundation was created to encourage and promote post-secondary education by making education savings plans available to Canadian families.

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) Adoption of accounting standards

i. Amendments to Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3862

In June 2009, the Canadian Accounting Standards Board (“AcSB”) approved amendments to CICA Handbook Section 3862 “Financial Instruments – Disclosures”. The amendments require publicly accountable enterprises to classify fair value measurements based on a three-level fair value hierarchy. “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. The breakdown of the Plan’s Total Investment Fund into the three-level hierarchy is provided in Note 7. Adoption of the amendments did not impact the financial results of the Plan.

ii. EIC-173

In January 2009, the CICA’s Emerging Issues Committee issued Abstract No. 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (“EIC-173”). EIC-173 requires that an entity’s own credit risk and the risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Management has reviewed its policies concerning valuation of assets and liabilities and believes that the fair values ascribed to the financial assets and financial liabilities in the Plan’s financial statements incorporate appropriate levels of credit risk.

(c) Future accounting standards

In February 2008 the Canadian AcSB confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required for publicly accountable enterprises. IFRS will replace Canadian GAAP and becomes effective for the Plan’s interim and annual financial statements relating to fiscal year ending October 31, 2012. 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.

Notes to the Financial Statements (continued)

(Unaudited) (in thousands of dollars)

Note 2. Significant Accounting Policies (continued)

(d) Investment valuation

All bonds are carried at fair value, using bid prices at period end. Fair value represents the amount at which a security could be exchanged in an arms' length transaction and is best evidenced by a quoted bid price, if one exists. If quoted market prices are not available, the fair values presented are estimates derived using present value or other valuation techniques. Such techniques include assumptions related to the assessment and quantification of market, credit, liquidity and currency risks referred to in Note 5.

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.

Short-term notes are carried at fair value.

(e) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. Interest income on investments is recognized using the effective interest method. Realized gains (losses) on the sale of investments and change in unrealized gains (losses) on investments are calculated with reference to the average cost of the related investments and are recognized in the period that such gains (losses) occur.

(f) Contributors' deposits and enrolment fees

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

(g) Income taxes

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

(h) Cash and cash equivalents

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

(i) Use of estimates

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

Note 3. Related Party Transactions

Distribution and Administration of the Family Savings Plan

The Foundation has appointed its wholly-owned subsidiary, C.S.T.C., to administer and distribute the Family Savings Plan. This distribution agreement is renewable annually on November 1st. Administration fees (comprising Plan administration and processing fees and Financial reporting expenses) are paid to the Foundation. Administration fees are annual fees of 1% of the total amount of principal, Government Grants and income earned thereon and are paid monthly. Enrolment fees are paid to C.S.T.C.

Note 4. Investment Holdings

The investment holdings are disclosed in Schedule I – Statement of Investment Portfolio and the related Appendix I to the schedule, which is explained below.

The Government Grants 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.

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 the 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, 2010	Oct. 31, 2009
Less than 1 year (including short-term investments)	27%	27%
1-3 years	33%	35%
3-5 years	17%	12%
Greater than 5 years	23%	26%
Total debt instruments	100%	100%

As at April 30, 2010, if prevailing interest rates had increased or decreased by 1%, the Total Investment Fund amount of \$138,970 (October 31, 2009 – \$129,088) as per the Statement of Investment Portfolio would have decreased or increased by approximately \$4,525 (October 31, 2009 – \$4,031). This 1% change assumes a parallel shift in the yield curve with all other variables held constant. In practice, the actual trading results may differ materially.

ii. Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk. Factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment affect other price risk. The asset class that is most impacted by other price risk is variable rate securities which represent 1% (October 31, 2009 – 1%) of the Total Investment Fund amount as at April 30, 2010. The risk is managed by security selection and active management by external managers within approved investment policies and manager mandates.

As at April 30, 2010, if underlying indices prices had increased or decreased by 1%, with all other variables held constant, the Total Investment Fund amount as per the Statement of Investment Portfolio would have decreased or increased by approximately \$2 (October 31, 2009 – \$0). 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 Canadian Securities Administrators, currently A-low. Family Savings Plan has a concentration of investments in government and government guaranteed bonds, which are considered to be high credit quality investments thereby moderating credit risk.

The Plan's credit risk exposure is listed below:

Credit rating	Apr 30, 2010		Oct 31, 2009	
	% of Total Investment Fund	Amount (in thousands)	% of Total Investment Fund	Amount (in thousands)
AAA/AAH/AAL	62%	\$ 86,417	62%	\$ 79,424
AA/AH/AL	7%	9,082	16%	20,677
A	11%	15,469	2%	2,809
R-1	20%	27,923	20%	25,681
Short-term unrated	0%	79	0%	497
Total Investment Fund	100%	\$ 138,970	100%	\$ 129,088

The Dominion Bond Rating Service 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 is not exposed to currency risk as it only holds Canadian securities.

Note 6. Contributors' Deposits

The changes in Contributor's deposits for the six months ended April 30, 2010 and 2009 are as follows:

	Apr 30, 2010	Apr 30, 2009
Payments from contributors	\$ 3,201	\$ 2,700
Inter-Plan principal transfers	11,193	10,782
Enrolment fees collected	(15)	(17)
Return of principal	(8,381)	(8,024)
Net increase in Contributors' deposits	5,998	5,441
Balance, Beginning of Period	71,783	63,496
Balance, End of Period	\$ 77,781	\$ 68,937

Notes to the Financial Statements (continued)

(Unaudited) (in thousands of dollars)

Note 7. Fair Value of Financial Instruments

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 market price, if one exists. Investments and Cash equivalents are carried at fair value as set out in Note 2. 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.

The following table presents the Plan's financial instruments measured at fair value classified by the fair value hierarchy set out in CICA Section 3862 as described in Note 2(b).

Assets Measured at Fair Value as of April 30, 2010

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 7,773	\$ -	\$ -	\$ 7,773
Short-term Investments	-	19,915	-	19,915
Fixed Income Securities	-	109,910	-	109,910
Variable Rate Securities	-	-	1,372	1,372
Total Investment Fund	\$ 7,773	\$ 129,825	\$ 1,372	\$ 138,970

Assets Measured at Fair Value as of October 31, 2009

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 6,470	\$ -	\$ -	\$ 6,470
Short-term Investments	-	19,276	-	19,276
Fixed Income Securities	-	102,040	-	102,040
Variable Rate Securities	-	-	1,302	1,302
Total Investment Fund	\$ 6,470	\$ 121,316	\$ 1,302	\$ 129,088

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 is derived from the information on similar publicly traded bonds and options using standard pricing methodology. No alternative pricing methodology is deemed possible.

Level 3 – Variable Rate Securities

	Apr 30, 2010	Oct 31, 2009
Opening Balance	\$ 1,302	\$ 13,010
Net Purchases (Sales)	63	(15,752)
Increase in Unrealized Gains/Losses	7	4,044
Closing Balance	\$ 1,372	\$ 1,302

Government Grants

(Appendix I to Schedule I)

Statement of Investment Portfolio

As at April 30, 2010 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds			
Federal – 44.7%			
Government of Canada			
3.75% 1 Jun 2010	5,065	5,079	5,247
2.75 1 Dec 2010	41,550	42,006	42,676
1.25 1 Jun 2011	28,080	28,054	28,161
3.00 1 Jun 2014	10,285	10,357	10,596
4.10 1 Jul 2015	2,000	1,720	1,742
3.00 1 Dec 2015	4,965	4,932	4,905
4.00 1 Jun 2017	4,225	4,397	4,334
4.25 1 Jun 2018	750	791	848
3.75 1 Jun 2019	14,975	15,171	15,465
3.55 1 Sep 2019	4,051	3,818	3,882
5.75 1 Jun 2033	4,475	5,609	5,490
5.00 1 Jun 2037	22,678	26,362	26,308
4.00 1 Jun 2041	6,984	7,024	6,973
Business Development Bank of Canada			
4.75 26 Jul 2021	175	185	175
Canada Housing Trust			
4.60 15 Sep 2011	20,958	21,786	21,899
4.00 15 Jun 2012	7,955	8,247	7,928
4.80 15 Jun 2012	2,785	2,933	2,788
4.55 15 Dec 2012	9,045	9,513	9,444
0.39 15 Jun 2013	3,920	3,906	3,912
3.15 15 Jun 2014	24,729	24,809	25,161
0.80 15 Sep 2014	5,235	5,302	5,277
2.75 15 Sep 2014	5,400	5,318	5,444
2.75 15 Dec 2014	16,424	16,122	16,330
2.95 15 Mar 2015	6,224	6,142	6,214
0.48 15 Mar 2015	15,106	15,157	15,130
4.10 15 Dec 2018	4,400	4,483	4,497
3.75 15 Mar 2020	4,935	4,848	4,898
Farm Credit Corporation			
4.55 12 Apr 2021	350	366	347
Ontario Infrastructure			
3.95 3 Jun 2013	877	898	873
4.70 1 Jun 2037	769	705	760
		286,040	287,704
Municipal and Provincial – 27.0%			
55 School Board Trust Series A Secured Debenture			
5.90 2 Jun 2033	501	542	521
City of Montreal			
5.00 1 Dec 2018	635	652	630
City of Toronto			
4.95 27 Jun 2018	635	658	633
Alberta Capital Finance			
4.45 15 Dec 2025	3,185	3,078	3,121
Province of British Columbia			
4.70 1 Dec 2017	2,250	2,355	2,356
4.10 18 Dec 2019	3,300	3,260	3,280
4.80 15 Jun 2021	441	455	442
8.75 19 Aug 2022	801	1,120	1,155
5.70 18 Jun 2029	5,969	6,668	6,496
4.95 18 Jun 2040	525	542	551

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Municipal and Provincial – 27.0% (continued)			
Province of Manitoba			
4.75% 11 Feb 2020	4,676	4,830	4,661
Province of New Brunswick			
4.55 26 Mar 2037	1,731	1,636	1,658
Province of Newfoundland			
5.60 17 Oct 2033	488	532	533
4.50 17 Apr 2037	2,501	2,355	2,400
Province of Nova Scotia			
5.80 1 Jun 2033	2,421	2,698	2,767
Province of Ontario			
0.29 3 Dec 2010	4,255	4,255	4,248
3.25 8 Sep 2014	2,400	2,394	2,457
4.40 8 Mar 2016	6,408	6,644	6,773
4.30 8 Mar 2017	7,710	7,887	7,415
4.40 2 Jun 2019	9,471	9,560	9,605
6.50 8 Mar 2029	2,990	3,606	3,565
6.20 2 Jun 2031	4,607	5,422	5,466
5.85 8 Mar 2033	4,000	4,530	4,705
5.60 2 Jun 2035	15,895	17,573	18,124
4.70 2 Jun 2037	16,030	15,693	15,990
4.60 2 Jun 2039	2,400	2,322	2,342
Province of Quebec			
6.25 1 Dec 2010	55	57	59
0.43 16 May 2011	550	550	552
0.41 16 Sep 2013	3,275	3,251	3,280
0.42 10 Dec 2013	2,685	2,672	2,680
0.35 1 Dec 2014	6,790	6,699	6,765
4.50 1 Dec 2016	500	518	524
4.50 1 Dec 2017	1,865	1,916	1,828
4.50 1 Dec 2018	2,570	2,618	2,519
4.50 1 Dec 2019	11,282	11,378	11,562
11.00 15 Aug 2020	1,751	2,681	2,746
4.50 1 Dec 2020	530	530	524
5.75 1 Dec 2036	8,265	9,217	9,300
5.00 1 Dec 2038	11,030	11,136	11,009
Province of Saskatchewan			
4.65 5 Sep 2017	1,109	1,160	1,131
6.40 5 Sep 2031	4,218	5,121	5,066
4.75 1 Jun 2040	1,087	1,089	1,071
		171,860	172,510
Corporate – 21.9%			
407 International Inc.			
7.00 26 Jul 2010	2,895	3,501	3,476
Bank of Montreal			
6.02 2 May 2018	3,060	3,387	3,365
4.63 29 Dec 2049	2,900	2,936	2,826
5.47 31 Dec 2049	3,335	3,524	3,518
Bank of Nova Scotia			
6.63 30 Jun 2012	3,435	3,689	3,766
5.04 8 Apr 2013	3,317	3,493	3,535
6.28 29 Dec 2049	1,900	2,048	2,101

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, 2010 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 21.9% (continued)			
BCIMC Realty Corporation			
3.38% 29 Jan 2015	159	156	159
4.65 10 Feb 2015	2,095	2,164	2,161
5.65 5 Jan 2018	1,385	1,485	1,506
Bell Canada			
6.90 15 Dec 2011	2,500	2,677	2,758
Blue Water Bridge Authority			
6.41 9 Jul 2027	2,371	2,181	2,210
Canadian Capital Auto Receivables Asset Trust			
2.00 17 Jul 2016	993	980	993
Canadian Imperial Bank of Commerce			
4.75 22 Dec 2014	8,680	9,068	8,918
Caterpillar Financial Services Ltd.			
5.20 3 Jun 2013	950	1,006	999
CDP Financial			
4.60 15 Jul 2020	793	795	791
Citigroup Finance Canada			
4.75 17 Mar 2014	2,000	1,984	2,060
Enbridge Gas Distribution			
4.49 12 Nov 2019	2,365	2,367	2,363
Gaz Metropolitan Inc.			
4.93 18 Jun 2019	2,500	2,581	2,545
GE Capital Canada			
4.65 11 Feb 2015	5,650	5,850	5,653
4.55 17 Jan 2017	800	801	750
5.53 17 Aug 2017	1,800	1,892	1,782
5.73 22 Oct 2037	2,000	1,970	1,704
Gloucester Credit Card Trust			
5.38 15 May 2014	2,176	2,268	2,277
Great West Lifeco Inc.			
6.14 21 Mar 2018	1,352	1,501	1,482
Greater Toronto Airports			
5.96 20 Nov 2019	3,399	3,732	3,712
Honda Canada Finance Inc.			
5.68 26 Sep 2012	1,200	1,276	1,280
5.08 9 May 2013	83	87	88
5.61 12 Sep 2013	1,135	1,214	1,135
Hydro One Inc			
5.49 16 Jul 2040	3,200	3,269	3,214
Investors Group Inc.			
6.75 9 May 2011	1,545	1,616	1,690
Manulife Financial Capital Trust			
6.70 30 Jun 2012	3,920	4,207	4,346
7.41 31 Dec 2108	1,200	1,371	1,200

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 21.9% (continued)			
Merrill Lynch Financial Assets			
4.82% 12 Feb 2015	815	802	820
4.62 12 Nov 2015	1,235	1,179	1,222
4.85 12 Dec 2015	1,865	1,880	1,880
4.71 12 Nov 2016	1,192	1,180	1,201
4.48 12 Jul 2037	920	883	900
Milit-Air Inc.			
5.75 30 Jun 2019	3,272	3,494	3,535
National Bank of Canada			
5.55 15 Nov 2018	1,456	1,550	1,568
NAV Canada			
4.71 24 Feb 2016	3,500	3,668	3,628
OMERS Realty Corporation			
4.74 4 Jun 2018	3,585	3,660	3,710
Ontrea Inc.			
5.57 9 Apr 2013	1,328	1,424	1,411
Ottawa Hydro Holding Inc.			
4.93 9 Feb 2015	1,453	1,528	1,518
Power Corporation of Canada			
7.57 22 Apr 2019	1,308	1,526	1,502
PSP Capital Inc.			
4.57 9 Dec 2013	4,196	4,400	4,219
RBC Capital Trust			
4.87 29 Dec 2049	6,000	6,164	5,950
Real Estate Asset Liquidity Series Class A			
4.62 12 Sep 2016	1,350	1,313	1,333
5.08 12 Oct 2036	745	752	763
Rogers Wireless Inc.			
4.03 26 May 2015	961	967	961
Royal Bank of Canada			
5.00 20 Jan 2014	3,110	3,290	3,342
3.18 16 Mar 2015	313	307	313
Royal Office Finance			
5.21 12 Nov 2032	2,236	2,256	2,224
Sun Life Capital Trust			
6.87 31 Dec 2011	1,540	1,640	1,711
5.86 31 Dec 2108	2,000	2,072	2,000
Toronto Community Housing Corporation			
4.88 11 May 2037	283	262	284
5.40 22 Feb 2040	791	793	791
Toronto Dominion Bank			
4.85 13 Feb 2013	2,380	2,498	2,538
Transcanada Pipelines			
5.65 15 Jan 2014	4,050	4,378	4,300
8.29 5 Feb 2026	1,800	2,317	2,253

Government Grants (continued)

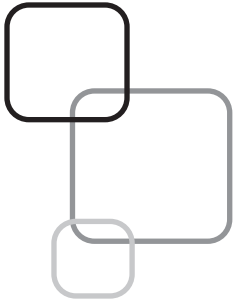
(Appendix I to Schedule I)

Statement of Investment Portfolio

As at April 30, 2010 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 21.9% (continued)			
Vancouver Fraser			
4.63% 20 Apr 2020	1,243	1,255	1,243
Wells Fargo Finance Canada			
3.60 28 Jun 2010	375	377	372
4.40 12 Dec 2012	1,400	1,446	1,377
		140,337	139,232
Total Fixed Income – 93.6%		598,237	599,446
Variable Rate Securities – 4.7%			
Toronto-Dominion Bank S&P/TSX 60 Index Linked Note			
26 Oct 2010	5,000	4,978	5,000
19 Oct 2011	5,000	5,412	5,000
26 Oct 2012	5,000	4,957	5,000
Toronto-Dominion Bank Global Indices Linked Note			
20 Oct 2011	15,000	14,748	15,000
		30,095	30,000
Total Fixed Income – 98.3%		628,332	629,446
Cash and Short-term Investments – 1.7%		11,681	11,681
Total Portfolio Assets – 100.0%		640,013	641,127
Government Grant Investments Allocation			
Plan II		518	521
Founders' Plan		46,591	46,668
Group Savings Plan		193,163	193,468
Group Savings Plan 2001		350,998	351,677
Family Savings Plan		34,297	34,344
Individual Savings Plan		2,765	2,768
		628,332	629,446
Cash and Short-term Investments Allocation			
Plan II		31	31
Founders' Plan		931	931
Group Savings Plan		3,683	3,683
Group Savings Plan 2001		6,488	6,488
Family Savings Plan		522	522
Individual Savings Plan		26	26
		11,681	11,681

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



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