



Canadian Scholarship Trust **Family Savings Plan**

Semi-Annual Financial Statements
April 30, 2012

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, 2012 and October 31, 2011 (in thousands of dollars)

	Apr 30, 2012	Oct 31, 2011
		(Audited)
Assets		
Investments, at fair value <i>(Note 4 and Schedule I)</i>	\$ 144,001	\$ 138,341
Cash and cash equivalents	9,336	9,704
Short-term investments	28,642	24,861
Accrued interest and other receivables	3,778	1,982
Receivables for securities sold	109	728
Government grants receivable	13	41
	185,879	175,657
Liabilities		
Accounts payable, accrued liabilities and unclaimed contributors' funds	3,578	5,724
Payables for securities purchased	285	464
Contributors' deposits <i>(Note 6)</i>	101,446	94,248
	105,309	100,436
Net Assets Available for Education Assistance Payments	80,570	75,221
Represented by:		
Non-Discretionary Funds		
Accumulated interest held for future education assistance payments	41,333	39,400
Government grants	28,065	24,840
Interest on Government grants	11,089	9,923
Unrealized Gains	83	1,058
	\$ 80,570	\$ 75,221

Statements of Investment Operations

For the six months ended April 30, 2012 and 2011 (in thousands of dollars)

	Apr 30, 2012	Apr 30, 2011
Income		
Interest income	\$ 2,454	\$ 2,401
Realized losses	(218)	(50)
	2,236	2,351
Expenses		
Plan administration and processing fees <i>(Note 3(a))</i>	739	642
Financial reporting <i>(Note 3(a))</i>	239	220
Portfolio management fees	109	94
Custodian fees	9	8
Trustee fees	8	5
	1,104	969
Net Investment Income	1,132	1,382
Decrease in Unrealized Gains	(975)	(1,724)
Increase (decrease) in Net Assets from Investment Operations	\$ 157	\$ (342)

Statements of Changes in Net Assets Available for Education Assistance Payments

For the six months ended April 30, 2012 and 2011 (in thousands of dollars)

	Apr 30, 2012	Apr 30, 2011
Net Assets Available for Education Assistance Payments, Beginning of Period	\$ 75,221	\$ 67,764
Increase (decrease) in Net Assets from Investment Operations	157	(342)
Transfers from internal and external plans	10,575	8,328
	10,732	7,986
Disbursements		
Government grants repaid (net of receipts)	(5)	(296)
Payments to beneficiaries		
Education assistance payments	(4,238)	(3,092)
Government grants	(1,077)	(743)
Return of interest	(63)	(22)
	(5,378)	(3,857)
Total Disbursements	(5,383)	(4,153)
Increase in Net Assets Available for Education Assistance Payments	5,349	3,833
Net Assets Available for Education Assistance Payments, End of Period	\$ 80,570	\$ 71,597

Statements of Cash Flows

For the six months ended April 30, 2012 and 2011 (in thousands of dollars)

	Apr 30, 2012	Apr 30, 2011
Operating Activities		
Increase (decrease) in Net Assets from Investment Operations	\$ 157	\$ (342)
Net disbursements for investment transactions	(10,194)	(19,094)
Items not affecting cash		
Realized losses on sale of investments	218	50
Decrease in Unrealized Gains	975	1,724
Change in non-cash operating working capital		
Increase in Accrued interest and other receivables	(1,796)	(253)
Decrease (increase) in Government grants receivable	28	(36)
Increase (decrease) in Accounts payable, accrued liabilities and unclaimed contributors' funds	(2,146)	541
Cash flow from Operating Activities	(12,758)	(17,410)
Financing Activities		
Transfers from internal and external plans	10,575	8,328
Government grants repaid (net of receipts)	(5)	(296)
Increase in Contributors' deposits <i>(Note 6)</i>	7,198	7,254
Payments to beneficiaries	(5,378)	(3,857)
Cash flow from Financing Activities	12,390	11,429
Net decrease in Cash and cash equivalents	(368)	(5,981)
Cash and cash equivalents, Beginning of Period	9,704	11,556
Cash and cash equivalents, End of Period	\$ 9,336	\$ 5,575

Schedule I – Statement of Investment Portfolio

As at April 30, 2012 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)		
Bonds				Bonds (continued)					
Federal – 27.5%				Corporate – 11.9% (continued)					
Government of Canada				Canadian Imperial Bank of Commerce					
3.75%	1 Jun 2012	2,002	2,006	2,052	2.65%	11 Aug 2016	90	90	91
1.50	1 Dec 2012	10,285	10,303	10,379	3.15	2 Nov 2020	1,320	1,333	1,325
1.75	1 Mar 2013	1,165	1,170	1,178	Cards II Trust				
2.50	1 Jun 2013	1,840	1,869	1,878	3.10	15 Sep 2015	314	322	318
3.50	1 Jun 2013	7,125	7,294	7,444	Caterpillar Financial Services Ltd.				
2.50	1 Jun 2015	3,810	3,927	3,888	2.64	12 Mar 2013	120	121	121
Canada Housing Trust				GE Capital Canada					
4.80	15 Jun 2012	2,550	2,561	2,728	5.28	22 Oct 2014	575	615	617
2.75	15 Dec 2014	3,810	3,922	3,901	5.10	1 Jun 2016	692	751	747
2.45	15 Dec 2015	2,215	2,267	2,267	Honda Canada Finance Inc.				
			35,319	35,715	5.08	9 May 2013	115	119	121
Provincial – 31.3%				5.61 12 Sep 2013 500 524 533					
Province of British Columbia				HSBC Canada					
4.25	18 Jun 2014	1,335	1,410	1,422	2.90	13 Jan 2017	350	352	353
4.65	18 Dec 2018	4,560	5,185	5,016	5.15	30 Jun 2049	836	884	889
Province of Ontario				Hydro One Inc.					
5.38	2 Dec 2012	5,005	5,123	5,349	5.18	18 Oct 2017	200	227	230
4.75	2 Jun 2013	3,645	3,775	3,907	Master Credit Card Trust				
3.25	8 Sep 2014	9,120	9,453	9,403	2.63	21 Jan 2017	106	106	106
4.40	8 Mar 2016	2,015	2,194	2,209	Merrill Lynch Financial Assets				
3.20	8 Sep 2016	225	236	240	4.82	12 Feb 2015	140	147	149
Province of Quebec				National Bank Canada					
6.00	1 Oct 2012	1,975	2,014	2,119	2.23	30 Jan 2015	205	205	205
5.50	1 Dec 2014	7,735	8,472	8,516	3.58	26 Apr 2016	375	389	392
4.50	1 Dec 2016	175	193	197	3.26	4 Nov 2022	180	180	180
4.50	1 Dec 2020	1,950	2,182	2,005	RBC Capital Trust				
			40,237	40,383	4.87	31 Dec 2049	457	487	488
Corporate – 11.9%				5.81 31 Dec 2053 510 538 549					
Bank of Montreal				Real Estate Asset Liquidity Series Class A					
5.18	6 Oct 2015	740	804	808	4.61	12 Nov 2016	375	402	405
2.96	2 Aug 2016	75	76	76	Royal Bank of Canada				
3.10	10 Mar 2016	250	256	256	3.18	2 Nov 2020	267	270	268
Bank of Nova Scotia				Score Trust					
2.74	1 Dec 2016	365	367	367	4.95	20 Feb 2014	348	364	369
2.60	27 Feb 2017	160	160	161	TD Capital Trust				
6.28	30 Jun 2053	874	914	934	6.79	31 Dec 2049	674	695	715
BCIMC Realty Corporation				Toronto Dominion Bank					
5.25	19 Sep 2012	150	152	156	3.37	2 Nov 2020	610	621	617
BMW Canada				Toyota Credit Canada Inc.					
2.88	8 Sep 2016	180	180	180	3.55	22 Feb 2016	732	762	758
Caisse Centrale Desjardins									
3.11	4 Dec 2014	375	384	382					

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

Schedule I – Statement of Investment Portfolio (continued)

As at April 30, 2012 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 11.9% (continued)			
VW Credit Canada Inc.			
3.60%	1 Feb 2016	100	103
Wells Fargo Finance Canada			
4.33	6 Dec 2013	301	312
3.97	30 Nov 2014	451	468
3.70	30 Mar 2016	584	605
		15,287	15,344
Total Fixed Income Investments – 70.7%		90,842	91,442
Plan Cash and Short-term Investments – 29.3%		37,528	37,528
Total Portfolio Assets – 100.0%		128,370	128,972
Investments Allocation (Note 4)			
Government Grants (Appendix I)		53,159	52,474
Cash and Short-term			
Investments (Appendix I)		450	450
Total Investment Fund		181,979	181,896
Represented by:			
Investments, at fair value		144,001	
Cash and cash equivalents		9,336	
Short-term Investments		28,642	
		181,979	

Notes to the Financial Statements

Six months ended April 30, 2012 and 2011 (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 that was established on March 1, 1997. The objective of the Family Savings Plan is to assist parents and others to save for the post-secondary education of children. The Family Savings Plan is managed and distributed by C.S.T. Consultants Inc. ("C.S.T.C."), a wholly-owned subsidiary of the Canadian Scholarship Trust Foundation (the "Foundation"). The Foundation was created to encourage and promote post-secondary education by making education savings plans available to Canadian residents.

Payments are made by a contributor to an account maintained by the depository trustee on behalf of a beneficiary. Payments of enrolment fees are made with the contributor's initial contribution. The principal accumulated over the term of the contributor's education savings plan agreement ("Agreement") is returned in whole or in part at any time at the request of the contributor. A beneficiary is deemed to be a qualified student upon receipt by the Foundation of evidence of enrolment in a qualifying educational program at an eligible institution. Education assistance payments paid to qualified students from the Family Savings Plan are determined by the contributor and are paid from the income earned on the contributor's principal.

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

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

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

Agreements are registered with appropriate government authorities if all required information is provided, and once registered are subject to the rules for 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, unless withdrawn early. The deposits are not deductible for income tax purposes and are not taxable when returned to the contributor. Payments made to a qualified student will constitute taxable income of that student in the year that the payments are made.

Note 2. Significant Accounting Policies

(a) Generally accepted accounting principles

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

(b) Future accounting standards

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

(c) Investment valuation

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

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

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

Note 7 provides further guidance on the fair value measurements.

(d) Investment transactions and income recognition

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

(e) Contributors' deposits and enrolment fees

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

Notes to the Financial Statements (continued)

Six months ended April 30, 2012 and 2011 (Unaudited, in thousands of dollars)

Note 2. Significant Accounting Policies (continued)

(f) Income taxes

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

(g) Cash and cash equivalents

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

(h) Use of estimates

In preparing the financial statements, management is required to use estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the current estimates. Significant estimates included in these financial statements relate to the valuation of Level 3 financial instruments as discussed in Note 7 and Accounts payable, accrued liabilities and unclaimed contributors' funds.

Note 3. Related Party Transactions

(a) Distribution and Administration of the Family Savings Plan

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

(b) Other Related Party Transactions

The Foundation retains the services of Greystone Managed Investments Inc., an investment management firm and wholly-owned subsidiary of Greystone Capital Management Inc. ("Greystone"). As at April 31, 2012, two directors of the Foundation were members of the Board of Directors of Greystone and they did not have any equity ownership in the company. The directors do not participate in any of the Foundation's Board deliberations concerning the investment management of the Plan, nor do they vote on any resolutions recommended by the Investment Committee of the Foundation.

Portfolio management fees in the Statements of Investment Operations include fees paid or payable to Greystone of \$8 (2011 – \$17). 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, 2012 of \$6 (October 31, 2011 – \$6).

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

Note 4. Investment Holdings

The investment holdings are disclosed in Schedule I – Statement of Investment Portfolio and the related Appendix I to the schedule, which 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 (see Appendix I to Schedule I).

Note 5. Risks Associated with Financial Instruments

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

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

(a) Market risk

i. Interest rate risk

Interest rate risk is the risk of a decrease in the Plan's yield on interest-bearing investments as a result of fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of bonds. This risk is actively managed using duration, yield curve analysis, sector and credit selection. There is reduced risk to interest rate changes for cash and cash equivalents due to their short-term nature.

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

Debt Instruments by Maturity Date	% of Total Investment Fund	
	Apr 30, 2012	Oct 31, 2011
Less than 1 year (including short-term investments)	35%	32%
1-3 years	30%	32%
3-5 years	19%	21%
Greater than 5 years	16%	15%
Total debt instruments	100%	100%

As at April 30, 2012 if prevailing interest rates had increased or decreased by 1%, the Total Investment Fund amount of \$181,979 (October 31, 2011 – \$172,906) as per the Statement of Investment Portfolio would have decreased or increased by \$4,229 (October 31, 2011 – \$3,791). 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.

Notes to the Financial Statements (continued)

Six months ended April 30, 2012 and 2011 (Unaudited, in thousands of dollars)

Note 5. Risks Associated with Financial Instruments (continued)

(a) Market risk (continued)

ii. Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk. Factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment affect other price risk. The asset class that is most impacted by other price risk is variable rate securities, which represents 0.1% (October 31, 2011 – 0.1%) of the Total Investment Fund amount as at April 30, 2012. For these securities, positive returns are capped and the return of principal at maturity is protected from any negative performance. These features limit volatility and mitigate the downward impact on the value of these securities.

As at April 30, 2012, if underlying indices prices had increased or decreased by 1%, with all other variables held constant, the Total Investment Fund amount as per Schedule I – Statement of Investment Portfolio would not have increased or decreased at April 30, 2012 or at October 31, 2011. In practice, the actual trading results may differ materially.

(b) Credit risk

Credit risk refers to the ability of the issuer of debt securities to make interest payments and repay principal. The Plan's portfolio is comprised of bonds issued or guaranteed by federal or provincial governments along with corporate debt instruments with a minimum approved credit rating as set by Canadian Securities Administrators, currently A-low. Family Savings Plan has a concentration of investments in government and government guaranteed bonds, which are considered to be high credit quality investments thereby moderating credit risk.

The Plan's credit risk exposure is listed below:

Credit rating	Apr 30, 2012		Oct 31, 2011	
	% of Total Investment Fund	Amount (in thousands)	% of Total Investment Fund	Amount (in thousands)
AAA	37%	\$ 66,476	60%	\$ 104,217
AA/AAH/AAL	24%	44,254	15%	26,242
A/AH/AL	18%	33,269	5%	7,882
R-1	20%	36,697	19%	33,133
P-2	1%	1,092	1%	1,595
Short-term unrated	0%	191	0%	(163)
Total Investment Fund	100%	\$ 181,979	100%	\$ 172,906

The Dominion Bond Rating Service ("DBRS") was the primary source for obtaining credit ratings. Secondary sources used include Standard & Poor's Financial Services LLC and Moody's Investors Service, Inc.

(c) Liquidity risk

Liquidity risk is the risk that the Plan may not be able to meet its obligations on time. The Plan's exposure to liquidity risk is concentrated in principal repayments to subscribers and Education Assistance Payments to beneficiaries. The Plan primarily invests in securities that are traded in the active markets and can be readily sold. The Plan retains sufficient cash and cash equivalents positions to meet liquidity requirements by utilizing cash forecasting models that reflect the distribution of Contributors' deposits and accumulated income. All other financial liabilities are short term and due within one year.

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan is not exposed to currency risk as it holds only Canadian securities.

Note 6. Contributors' Deposits

The changes in Contributors' deposits for the six-month period ended April 30, 2012 and 2011, are as follows:

	Apr 30, 2012	Apr 30, 2011
Payments from contributors	\$ 3,607	\$ 3,364
Inter-plan principal transfers	15,717	13,636
Return of principal	(12,126)	(9,746)
Net increase in Contributors' deposits	7,198	7,254
Balance, Beginning of Period	94,248	82,182
Balance, End of Period	\$ 101,446	\$ 89,436

The April 30, 2011 comparative figures have been reclassified to conform to the presentation adopted in 2012.

Note 7. 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.

Notes to the Financial Statements (continued)

Six months ended April 30, 2012 and 2011 (Unaudited, in thousands of dollars)

Note 7. Fair Value of Financial Instruments (continued)

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

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

Assets Measured at Fair Value as of April 30, 2012

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 9,336	\$ –	\$ –	\$ 9,336
Short-term Investments	–	28,642	–	28,642
Fixed Income Securities	–	143,754	–	143,754
Variable Rate Securities	–	–	247	247
Total Investment Fund	\$ 9,336	\$ 172,396	\$ 247	\$ 181,979

Assets Measured at Fair Value as of October 31, 2011

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

For the six-month period ended April 30, 2012 and year ended October 31, 2011, there were no transfers between Levels 1, 2, or 3.

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

Level 3 – Variable Rate Securities

	April 30, 2012	October 31, 2011
Opening Balance	\$ 253	\$ 1,219
Sales	(5)	(953)
Decrease in Unrealized Gains	(1)	(13)
Closing Balance	\$ 247	\$ 253

Government Grants

(Appendix I to Schedule I)

Statement of Investment Portfolio

As at April 30, 2012 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds			
Federal – 46.2%			
Government of Canada			
1.75% 1 Mar 2013	31,672	31,802	31,841
1.50 1 Nov 2013	10,680	10,709	10,788
0.75 1 May 2014	3,314	3,275	3,281
3.00 1 Dec 2015	8,733	9,180	8,855
5.00 1 Jun 2037	6,425	9,184	8,065
4.00 1 Jun 2041	2,295	2,941	2,448
Canada Housing Trust			
2.70 15 Dec 2013	17,080	17,424	17,478
2.20 15 Mar 2014	16,125	16,350	16,367
3.15 15 Jun 2014	29,629	30,657	30,709
2.75 15 Sep 2014	25,925	26,650	26,889
2.75 15 Dec 2014	29,581	30,452	30,783
1.43 15 Mar 2015	8,264	8,297	8,277
3.15 15 Jun 2015	25,249	26,362	25,440
2.75 15 Dec 2015	46,872	48,450	48,085
1.40 15 Mar 2016	15,862	15,905	15,917
2.75 15 Jun 2016	43,172	44,687	44,003
1.33 15 Sep 2016	34,163	34,140	34,134
1.85 15 Dec 2016	9,805	9,772	9,857
4.10 15 Dec 2018	2,105	2,350	2,220
3.80 15 Jun 2021	2,200	2,427	2,460
Ontario Infrastructure			
3.95 3 Jun 2013	927	951	925
PSP Capital Inc.			
4.57 9 Dec 2013	2,800	2,926	2,825
		384,891	381,647
Municipal and Provincial – 19.5%			
Province of Alberta			
1.38 27 May 2016	12,753	12,729	12,752
1.85 1 Sep 2016	2,736	2,736	2,735
Province of British Columbia			
4.25 18 Jun 2014	6,010	6,346	6,377
4.70 1 Dec 2017	2,925	3,308	3,126
Province of Manitoba			
2.05 1 Dec 2016	6,316	6,324	6,363
Province of New Brunswick			
4.45 26 Mar 2018	4,705	5,230	5,113
5.65 27 Dec 2028	650	818	761
5.50 27 Jan 2034	13,300	16,805	15,632
4.65 26 Sep 2035	1,245	1,420	1,282
Province of Newfoundland and Labrador			
5.25 4 Jun 2014	2,735	2,940	2,947
Province of Nova Scotia			
5.80 1 Jun 2033	1,600	2,098	1,937

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Municipal and Provincial – 19.5% (continued)			
Province of Ontario			
4.50% 2 Dec 2012	1,700	1,732	1,773
4.75 2 Jun 2013	4,670	4,836	4,936
3.25 8 Sep 2014	6,475	6,711	6,659
3.15 8 Sep 2015	10,524	10,955	10,827
4.40 8 Mar 2016	6,108	6,652	6,810
3.20 8 Sep 2016	3,700	3,875	3,738
4.30 8 Mar 2017	5,560	6,108	5,471
4.40 2 Jun 2019	2,835	3,155	2,960
4.20 2 Jun 2020	3,805	4,183	3,953
4.00 2 Jun 2021	2,105	2,276	2,172
7.60 2 Jun 2027	2,075	3,089	3,003
5.60 2 Jun 2035	3,145	4,096	3,568
4.70 2 Jun 2037	3,760	4,466	4,105
Province of Quebec			
5.25 1 Oct 2013	8,800	9,263	9,462
4.50 1 Dec 2016	8,952	9,886	10,021
4.50 1 Dec 2019	6,200	6,941	6,532
4.50 1 Dec 2020	6,295	7,047	6,595
5.75 1 Dec 2036	2,025	2,673	2,342
5.00 1 Dec 2038	3,235	3,918	3,298
		162,616	157,251
Corporate – 32.7%			
407 International Inc.			
7.13 26 Jul 2040	6,113	8,751	8,073
Access Justice Durham Ltd.			
5.02 31 Aug 2039	320	346	305
Arrow Lakes Power Corp.			
5.52 5 Apr 2041	847	962	847
BAC Canada Finance			
2.71 21 Feb 2014	8,217	8,100	8,004
Bank of Montreal			
4.78 30 Apr 2014	3,290	3,475	3,483
5.18 6 Oct 2015	3,350	3,642	3,657
3.10 10 Mar 2016	3,575	3,656	3,657
Bank of Nova Scotia			
3.34 25 Mar 2015	3,440	3,549	3,551
2.74 1 Dec 2016	3,200	3,218	3,203
2.60 27 Feb 2017	1,050	1,048	1,047
6.28 30 Jun 2053	3,275	3,425	3,520
BCIMC Realty Corporation			
4.65 10 Feb 2015	166	176	178
5.65 5 Jan 2018	2,371	2,715	2,638
Blue Water Bridge Authority			
6.41 9 Jul 2027	2,371	2,072	2,077

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, 2012 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 32.7% (continued)			
BMW Canada			
2.88% 8 Sep 2016	1,000	1,001	1,000
Cadillac Fairview Finance Trust			
3.24 25 Jan 2016	3,803	3,919	3,794
Canadian Capital Auto Receivables Asset Trust			
2.63 17 Aug 2014	4,537	4,610	4,560
Canadian Credit Card Trust			
2.31 24 Apr 2015	1,580	1,582	1,580
Canadian Imperial Bank of Commerce			
4.75 22 Dec 2014	2,769	2,954	2,837
3.15 2 Nov 2020	2,700	2,727	2,710
CBC			
4.69 15 May 2027	3,774	4,160	4,027
CDP Financial Inc.			
4.60 15 Jul 2020	164	182	181
Citigroup Finance Canada			
4.75 17 Mar 2014	2,000	2,062	2,060
Claregold Trust			
5.07 15 May 2044	3,953	2,686	2,689
CSS Partnership			
6.92 31 Jul 2042	2,507	3,172	3,207
Enbridge Inc.			
5.16 24 Sep 2014	3,200	3,436	3,447
First National Financial			
1.33 1 Mar 2015	2,509	1,402	1,400
GE Capital Canada			
2.10 10 Feb 2014	1,268	1,271	1,267
4.65 2 Nov 2015	5,700	6,033	5,774
5.10 1 Jun 2016	1,450	1,574	1,566
3.35 23 Nov 2016	1,750	1,782	1,748
5.53 17 Aug 2017	800	894	778
5.68 10 Sep 2019	1,640	1,855	1,795
5.73 22 Oct 2037	4,418	4,939	4,228
Gloucester Credit Card Trust			
5.38 15 May 2014	2,624	2,787	2,760
Great West Lifeco Inc.			
6.14 21 Mar 2018	4,510	5,228	5,154
Greater Toronto Airport Authority			
6.45 30 Jul 2029	5,976	7,357	7,354
4.53 12 Feb 2041	430	455	430
Green Timbers LP			
6.84 30 Jun 2037	684	828	746
Health Partners Markham			
3.43 31 Jan 2014	834	834	834

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 32.7% (continued)			
Honda Canada Finance Inc.			
5.61% 12 Sep 2013	220	230	231
1.34 23 Feb 2015	8,310	8,286	8,310
Hospital Infrastructure Partners			
5.44 31 Jan 2045	398	436	398
HSBC Bank Canada			
2.90 13 Jan 2017	1,390	1,399	1,390
Inter American Development Bank			
4.40 26 Jan 2026	1,380	1,526	1,372
Leisureworld			
4.81 24 Nov 2015	5,214	5,424	5,448
Manufacturers Life Insurance Company			
4.21 18 Nov 2021	3,673	3,754	3,659
4.17 1 Jun 2022	2,769	2,814	2,777
Manulife Financial Capital Trust			
6.70 30 Jun 2012	3,920	3,947	4,346
4.85 12 Dec 2015	2,365	1,569	1,543
Manulife Financial Corporation			
4.90 2 Jun 2014	706	734	738
5.16 26 Jun 2015	1,695	1,795	1,788
Maritimes and Northeast Pipelines			
4.34 30 Nov 2019	4,596	4,768	4,743
Master Credit Card Trust			
2.63 21 Jan 2017	488	488	489
Merrill Lynch Financial Assets			
4.82 12 Feb 2015	1,560	1,637	1,614
4.62 12 Nov 2015	1,235	1,299	1,222
4.98 12 Jun 2016	2,979	3,172	3,153
4.66 12 Jul 2016	500	273	283
4.64 12 Oct 2016	578	430	435
4.81 12 Oct 2016	2,814	2,968	2,933
4.71 12 Nov 2016	3,409	3,452	3,474
4.48 12 Jul 2037	920	965	900
4.75 12 Jan 2040	2,009	2,130	2,155
Milit-Air Inc.			
5.75 30 Jun 2019	2,721	3,015	2,940
N-45 First CMBS			
5.67 15 Nov 2020	2,048	2,142	2,179
National Bank Canada			
2.23 30 Jan 2015	1,275	1,274	1,275
3.26 4 Nov 2022	480	480	479
NAV Canada			
4.71 24 Feb 2016	1,722	1,873	1,785
7.56 1 Mar 2027	4,822	6,213	6,137

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, 2012 (in thousands of dollars)

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 32.7% (continued)			
Northwest Connect Group			
5.95% 30 Apr 2041	2,462	2,854	2,571
Ontrea Inc.			
4.62 9 Apr 2018	1,754	1,860	1,783
Ornge Issuer Trust			
5.73 11 Jun 2034	1,553	1,774	1,625
Ottawa Hydro Holdings			
4.93 9 Feb 2015	1,263	1,351	1,320
Pearson International Fuel Facilities Corporation			
5.09 9 Mar 2032	3,464	3,627	3,713
Peoples Trust			
4.10 1 Jul 2015	2,000	1,630	1,591
Plenary Properties Ltap LP			
3.16 13 Mar 2015	1,762	1,778	1,764
2.63 18 May 2015	5,500	5,464	5,502
7.25 31 Aug 2042	2,500	3,358	3,327
6.29 31 Jan 2044	2,431	2,982	2,671
Power Corporation of Canada			
7.57 22 Apr 2019	1,308	1,596	1,502
RBC Capital Trust			
4.87 31 Dec 2049	7,725	8,240	7,793
5.81 31 Dec 2053	4,435	4,680	4,750
Real Estate Asset Liquidity Series Class A			
4.62 12 Sep 2016	1,975	2,101	2,008
5.08 12 Oct 2036	745	782	763
Royal Bank of Canada			
2.68 8 Dec 2016	1,350	1,353	1,350
2.58 13 Apr 2017	1,500	1,493	1,500
3.55 1 Sep 2019	5,542	5,235	4,898
SNC Lavalin Group			
6.63 30 Jun 2044	1,851	2,332	2,147
Sun Life Financial Inc.			
4.80 23 Nov 2035	800	811	811
4.95 1 Jun 2036	1,772	1,799	1,806
Toronto Dominion Bank			
2.95 2 Aug 2016	3,210	3,272	3,284
3.37 2 Nov 2020	3,430	3,490	3,490
Toronto Hospital			
5.64 8 Dec 2022	4,596	5,195	5,249

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 32.7% (continued)			
Transcanada Pipelines			
8.05% 17 Feb 2039	1,707	2,706	2,557
4.55 15 Nov 2041	5,168	5,425	5,173
Wells Fargo Finance Canada			
4.38 30 Jun 2015	3,225	3,409	3,402
2.77 9 Feb 2017	1,610	1,599	1,610
WTH Car Rental			
4.14 20 Mar 2015	6,817	6,944	7,001
		272,498	267,323
Total Fixed Income Investments – 98.4%		820,005	806,221
Variable Rate Securities – 0.6%			
Toronto-Dominion Bank S&P/TSX 60 Index Linked Note			
26 Oct 2012	5,000	4,966	5,000
		4,966	5,000
Plan Investments – 99.0%		824,971	811,221
Cash and Short-term Investments – 1.0%		9,043	9,043
Total Portfolio Assets – 100.0%		834,014	820,264
Government Grant Investments Allocation			
Plan II		441	409
Founders' Plan		40,483	39,631
Group Savings Plan		205,383	201,478
Group Savings Plan 2001		521,756	513,509
Family Savings Plan		53,159	52,474
Individual Savings Plan		3,749	3,720
		824,971	811,221
Cash and Short-term Investments Allocation			
Plan II		18	18
Founders' Plan		515	515
Group Savings Plan		2,371	2,371
Group Savings Plan 2001		5,667	5,667
Family Savings Plan		450	450
Individual Savings Plan		22	22
		9,043	9,043

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

Canadian Scholarship Trust Plan

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