



Canadian Scholarship Trust **Individual 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>	\$ 8,524	\$ 7,995
Cash and cash equivalents	971	118
Short-term investments	1,296	1,993
Accrued interest and other receivables	471	194
Receivables for securities sold	5	3
Government grants receivable	16	62
	11,283	10,365
Liabilities		
Accounts payable, accrued liabilities and unclaimed contributors' funds	178	265
Payables for securities purchased	12	9
Contributors' deposits <i>(Note 6)</i>	7,004	6,352
	7,194	6,626
Net Assets Available for Education Assistance Payments	4,089	3,739
Represented by:		
Non-Discretionary Funds		
Accumulated interest held for future education assistance payments	2,160	2,015
Government grants	1,605	1,366
Interest on Government grants	328	306
Unrealized Gains (Losses)	(4)	52
	\$ 4,089	\$ 3,739

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

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	\$ 130	\$ 130
Realized losses	(13)	(3)
	117	127
Expenses		
Plan administration and processing fees <i>(Note 3(a))</i>	45	40
Financial reporting <i>(Note 3(a))</i>	15	14
Portfolio management fees	6	5
Trustee fees	2	2
	68	61
Net Investment Income	49	66
Decrease in Unrealized Gains/Losses	(56)	(93)
Decrease in Net Assets from Investment Operations	\$ (7)	\$ (27)

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	\$ 3,739	\$ 3,654
Decrease in Net Assets from Investment Operations	(7)	(27)
Transfers from internal and external plans	543	329
	536	302
Receipts		
Government grants received (net of repayments)	241	114
Disbursements		
Payments to beneficiaries		
Education assistance payments	(339)	(328)
Government grants	(78)	(68)
Return of interest	(10)	(7)
	(427)	(403)
Receipts less Disbursements	(186)	(289)
Increase in Net Assets Available for Education Assistance Payments	350	13
Net Assets Available for Education Assistance Payments, End of Period	\$ 4,089	\$ 3,667

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		
Decrease in Net Assets from Investment Operations	\$ (7)	\$ (27)
Net proceeds (disbursements) from investment transactions	100	(850)
Items not affecting cash		
Realized losses on sale of investments	13	3
Decrease in Unrealized Gains/Losses	56	93
Change in non-cash operating working capital		
Increase in Accrued interest and other receivables	(277)	(120)
Decrease in Government grants receivable	46	5
Increase (decrease) in Accounts payable, accrued liabilities and unclaimed contributors' funds	(87)	25
Cash flow from Operating Activities	(156)	(871)
Financing Activities		
Transfers from internal and external plans	543	329
Government grants received (net of repayments)	241	114
Increase in Contributors' deposits <i>(Note 6)</i>	652	808
Payments to beneficiaries	(427)	(403)
Cash flow from Financing Activities	1,009	848
Net increase (decrease) in Cash and cash equivalents	853	(23)
Cash and cash equivalents, Beginning of Period	118	63
Cash and cash equivalents, End of Period	\$ 971	\$ 40

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

Schedule I – Statement of Investment Portfolio

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

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds			
Federal – 31.9%			
Government of Canada			
3.75%	1 Jun 2012	64	66
1.50	1 Dec 2012	570	575
1.75	1 Mar 2013	100	101
2.50	1 Jun 2013	190	194
3.50	1 Jun 2013	385	402
2.50	1 Jun 2015	280	285
Canada Housing Trust			
4.80	15 Jun 2012	240	255
2.75	15 Dec 2014	235	242
2.45	15 Dec 2015	140	143
		2,237	2,263
Provincial – 36.1%			
Province of British Columbia			
4.25	18 Jun 2014	160	171
4.65	18 Dec 2018	235	267
Province of Ontario			
5.38	2 Dec 2012	330	351
4.75	2 Jun 2013	215	229
3.25	8 Sep 2014	570	588
4.40	8 Mar 2016	130	142
Province of Quebec			
6.00	1 Oct 2012	150	158
5.50	1 Dec 2014	440	483
4.50	1 Dec 2020	155	163
		2,538	2,545
Total Fixed income Investments – 68.0%		4,775	4,808
Plan Cash and Short-term Investments – 32.0%		2,245	2,245
Total Portfolio Assets – 100.0%		7,020	7,053
Investments Allocation (Note 4)			
Government Grants (Appendix I)		3,749	3,720
Cash and Short-term			
Investments (Appendix I)		22	22
Total Investment Fund		10,791	10,795
Represented by:			
Investments, at fair value		8,524	
Cash and cash equivalents		971	
Short-term Investments		1,296	
		10,791	

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 Individual Savings Plan (“Individual Savings Plan” or the “Plan”) is a self-determined Education Savings Plan that was established on October 1, 1999. The objective of the Individual Savings Plan is to assist parents and others to save for the post-secondary education of children. The Individual 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 Individual 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 Individual Savings Plan receives the CESG, CLB, ACES and QESI (collectively “Government grants”), which are paid directly into a beneficiary’s RESP and invests these funds in accordance with the Plan’s investment policies. The Government grants, along with investment income earned thereon, are paid to qualified students.

Agreements are registered with appropriate government authorities if all required information is provided, and once registered are subject to the rules for RESPs under the Income Tax Act (Canada). The current tax legislation provides that income credited on contributors’ principal is not taxable income of the contributor unless withdrawn early. The deposits are not deductible for income tax purposes and are not taxable when returned to the contributor. Payments made to a qualified student will constitute taxable income of that student in the year that the payments are made.

Note 2. Significant Accounting Policies

(a) Generally accepted accounting principles

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

(b) Future accounting standards

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

(c) Investment valuation

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

Bonds and money market securities are valued using bid prices at 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 education 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

Individual 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 Individual Savings Plan

The Foundation, as the Plan sponsor, has appointed C.S.T.C. as the Investment Fund Manager to distribute and administer the Individual 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 30, 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 \$1 (2011 – \$2). Balances included in Accounts payable, accrued liabilities and unclaimed contributors' funds in the Statements of Net Assets Available for Education Assistance Payments owing to Greystone as at April 30, 2012 and October 31, 2011, were less than \$1.

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)	36%	34%
1-3 years	31%	32%
3-5 years	19%	22%
Greater than 5 years	14%	12%
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 \$10,791 (October 31, 2011 – \$10,106) as per the Statement of Investment Portfolio would have decreased or increased by \$250 (October 31, 2011 – \$216). 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. Individual 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	41%	\$ 4,406	63%	\$ 6,411
AA/AAH/AAL	22%	2,353	6%	588
A/AH/AL	16%	1,765	10%	997
R-1	20%	2,233	20%	2,047
Short-term unrated	1%	34	1%	63
Total Investment Fund	100%	\$ 10,791	100%	\$ 10,106

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 maturity 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	\$ 1,114	\$ 959
Inter-plan principal transfers	487	516
Return of principal	(949)	(667)
Net increase in Contributors' deposits	652	808
Balance, Beginning of Period	6,352	5,453
Balance, End of Period	\$ 7,004	\$ 6,261

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.

The following table presents the Plan's financial instruments carried at 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.

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)

- 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	\$ 971	\$ -	\$ -	\$ 971
Short-term Investments	-	1,296	-	1,296
Fixed Income Securities	-	8,514	-	8,514
Variable Rate Securities	-	-	10	10
Total Investment Fund	\$ 971	\$ 9,810	\$ 10	\$ 10,791

Assets Measured at Fair Value as of October 31, 2011

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 118	\$ -	\$ -	\$ 118
Short-term Investments	-	1,993	-	1,993
Fixed Income Securities	-	7,985	-	7,985
Variable Rate Securities	-	-	10	10
Total Investment Fund	\$ 118	\$ 9,978	\$ 10	\$ 10,106

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	\$ 10	\$ 50
Sales	-	(39)
Change in Unrealized Gains/Losses	-	(1)
Closing Balance	\$ 10	\$ 10

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 Justise 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
Cadillac Fairview Finance Trust			
3.24	25 Jan 2016	3,803	3,919
Canadian Capital Auto Receivables Asset Trust			
2.63	17 Aug 2014	4,537	4,610
Canadian Credit Card Trust			
2.31	24 Apr 2015	1,580	1,582
Canadian Imperial Bank of Commerce			
4.75	22 Dec 2014	2,769	2,954
3.15	2 Nov 2020	2,700	2,727
CBC			
4.69	15 May 2027	3,774	4,160
CDP Financial Inc.			
4.60	15 Jul 2020	164	182
Citigroup Finance Canada			
4.75	17 Mar 2014	2,000	2,062
Claregold Trust			
5.07	15 May 2044	3,953	2,686
CSS Partnership			
6.92	31 Jul 2042	2,507	3,172
Enbridge Inc.			
5.16	24 Sep 2014	3,200	3,436
First National Financial			
1.33	1 Mar 2015	2,509	1,402
GE Capital Canada			
2.10	10 Feb 2014	1,268	1,271
4.65	2 Nov 2015	5,700	6,033
5.10	1 Jun 2016	1,450	1,574
3.35	23 Nov 2016	1,750	1,782
5.53	17 Aug 2017	800	894
5.68	10 Sep 2019	1,640	1,855
5.73	22 Oct 2037	4,418	4,939
Gloucester Credit Card Trust			
5.38	15 May 2014	2,624	2,787
Great West Lifeco Inc.			
6.14	21 Mar 2018	4,510	5,228
Greater Toronto Airport Authority			
6.45	30 Jul 2029	5,976	7,357
4.53	12 Feb 2041	430	455
Green Timbers LP			
6.84	30 Jun 2037	684	828
Health Partners Markham			
3.43	31 Jan 2014	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
1.34	23 Feb 2015	8,310	8,286
Hospital Infrastructure Partners			
5.44	31 Jan 2045	398	436
HSBC Bank Canada			
2.90	13 Jan 2017	1,390	1,399
Inter American Development Bank			
4.40	26 Jan 2026	1,380	1,526
Leisureworld			
4.81	24 Nov 2015	5,214	5,424
Manufacturers Life Insurance Company			
4.21	18 Nov 2021	3,673	3,754
4.17	1 Jun 2022	2,769	2,814
Manulife Financial Capital Trust			
6.70	30 Jun 2012	3,920	3,947
4.85	12 Dec 2015	2,365	1,569
Manulife Financial Corporation			
4.90	2 Jun 2014	706	734
5.16	26 Jun 2015	1,695	1,795
Maritimes and Northeast Pipelines			
4.34	30 Nov 2019	4,596	4,768
Master Credit Card Trust			
2.63	21 Jan 2017	488	488
Merrill Lynch Financial Assets			
4.82	12 Feb 2015	1,560	1,637
4.62	12 Nov 2015	1,235	1,299
4.98	12 Jun 2016	2,979	3,172
4.66	12 Jul 2016	500	273
4.64	12 Oct 2016	578	430
4.81	12 Oct 2016	2,814	2,968
4.71	12 Nov 2016	3,409	3,452
4.48	12 Jul 2037	920	965
4.75	12 Jan 2040	2,009	2,130
Milit-Air Inc.			
5.75	30 Jun 2019	2,721	3,015
N-45 First CMBS			
5.67	15 Nov 2020	2,048	2,142
National Bank Canada			
2.23	30 Jan 2015	1,275	1,274
3.26	4 Nov 2022	480	480
NAV Canada			
4.71	24 Feb 2016	1,722	1,873
7.56	1 Mar 2027	4,822	6,213

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	3,411
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

Sponsor

Canadian Scholarship Trust Foundation
2225 Sheppard Avenue East, Suite 600
Toronto, Ontario M2J 5C2
1.877.333.RESP (7377)

Investment Fund Manager and Distributor

C.S.T. Consultants Inc.
2225 Sheppard Avenue East, Suite 600
Toronto, Ontario M2J 5C2

Trustee

RBC Dexia Investor Services Trust
155 Wellington Street West, 7th Floor
Toronto, Ontario M5V 3L3

Legal Counsel

Heenan Blaikie LLP
Bay Adelaide Centre
P.O. Box 2900
333 Bay Street, Suite 2900
Toronto, Ontario M5H 2T4

Auditor

Deloitte & Touche LLP
Brookfield Place
181 Bay Street, Suite 1400
Toronto, Ontario M5J 2V1

Bank

Royal Bank of Canada
Royal Bank Plaza
South Tower
200 Bay Street, 10th Floor
Toronto, Ontario M5J 2J5

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

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