



Canadian Scholarship Trust **Plan II**

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>	\$ 4,438	\$ 4,482
Cash and cash equivalents	3,529	3,310
Short-term investments	8,317	9,080
Accrued interest and other receivables	114	126
Receivables for securities sold	4	14
	16,402	17,012
Liabilities		
Accounts payable, accrued liabilities and unclaimed contributors' funds	9,695	9,712
Payables for securities purchased	11	24
Contributors' deposits <i>(Note 6)</i>	110	342
	9,816	10,078
Net Assets Available for Education Assistance Payments	6,586	6,934
Represented by:		
Non-Discretionary Funds		
Accumulated interest held for future education assistance payments	4,255	4,433
Government grants	773	796
Interest on Government grants	632	610
General Fund <i>(Note 7)</i>	907	1,053
Unrealized Gains	19	42
	\$ 6,586	\$ 6,934

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	\$ 83	\$ 106
Realized gains (losses)	1	(4)
	84	102
Expenses		
Plan administration and processing fees <i>(Note 3(a))</i>	6	7
Financial reporting <i>(Note 3(a))</i>	2	2
Portfolio management fees	5	6
Custodian fees	2	1
Trustee fees	2	2
	17	18
Net Investment Income	67	84
Decrease in Unrealized Gains	(23)	(60)
Increase in Net Assets from Investment Operations	\$ 44	\$ 24

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	\$ 6,934	\$ 10,865
Increase in Net Assets from Investment Operations	44	24
Transfers to internal and external plans	(14)	(9)
	30	15
Disbursements		
Government grants repaid (net of receipts)	(10)	(7)
Payments to beneficiaries		
Education assistance payments	(337)	(602)
Government grants	(11)	(18)
Return of interest	(20)	(29)
	(368)	(649)
Total Disbursements	(378)	(656)
Decrease in Net Assets Available for Education Assistance Payments	(348)	(641)
Net Assets Available for Education Assistance Payments, End of Period	\$ 6,586	\$ 10,224

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

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 in Net Assets from Investment Operations	\$ 44	\$ 24
Net proceeds (disbursements) from investment transactions	782	(609)
Items not affecting cash		
Realized losses (gains) on sale of investments	(1)	4
Decrease in Unrealized Gains	23	60
Change in non-cash operating working capital		
Decrease (Increase) in Accrued interest and other receivables	12	(8)
Decrease in Accounts payable, accrued liabilities and unclaimed contributors' funds	(17)	(69)
Cash flow from Operating Activities	843	(598)
Financing Activities		
Transfers to internal and external plans	(14)	(9)
Government grants repaid (net of receipts)	(10)	(7)
Decrease in Contributors' deposits <i>(Note 6)</i>	(232)	(507)
Payments to beneficiaries	(368)	(649)
Cash flow from Financing Activities	(624)	(1,172)
Net increase (decrease) in Cash and cash equivalents	219	(1,770)
Cash and cash equivalents, Beginning of Period	3,310	4,381
Cash and cash equivalents, End of Period	\$ 3,529	\$ 2,611

Schedule I – Statement of Investment Portfolio

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

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds			
Federal – 9.1%			
Government of Canada			
3.75%	1 Jun 2012	45	45
1.50	1 Dec 2012	90	90
1.75	1 Mar 2013	10	10
2.50	1 Jun 2013	25	26
3.50	1 Jun 2013	10	10
2.50	1 Jun 2015	30	31
Canada Housing Trust			
4.80	15 Jun 2012	15	16
2.75	15 Dec 2014	30	31
2.45	15 Dec 2015	15	15
4.10	15 Dec 2018	10	10
		284	285
Provincial – 9.7%			
Province of British Columbia			
4.25	18 Jun 2014	10	11
4.65	18 Dec 2018	40	44
Province of Ontario			
5.38	2 Dec 2012	60	64
3.25	8 Sep 2014	70	72
4.40	8 Mar 2016	10	11
Province of Quebec			
6.00	1 Oct 2012	30	32
5.50	1 Dec 2014	55	61
4.50	1 Dec 2020	10	10
		303	305
Total Fixed Investments – 18.8%		587	590
Plan Cash and Short-term Investments – 81.2%		2,543	2,543
Total Portfolio Assets – 100.0%		3,130	3,133
Investments Allocation (Note 4)			
Government Grants (Appendix I)		441	409
Canadian Scholarship Trust			
Scholarship Pool (Appendix II)		3,410	3,420
Cash and Short-term Investments (Appendices I & II)			
Investments (Appendices I & II)		9,303	9,303
Total Investment Fund		16,284	16,265
Represented by:			
Investments, at fair value		4,438	
Cash and cash equivalents		3,529	
Short-term Investments		8,317	
		16,284	

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

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 Plan II (“Plan II” or the “Plan”) is a Pooled Education Savings Plan that was established on December 1, 1979. Since August 1988, the Plan is no longer available for sale. The objective of Plan II is to assist parents and others to save for the post-secondary education of children. Plan II is managed by C.S.T. Consultants Inc. (“C.S.T.C.”), a wholly-owned subsidiary of the Canadian Scholarship Trust Foundation (the “Foundation”). The Foundation was created to encourage and promote post-secondary education by making education savings plans available to Canadian residents.

Payments are made by a contributor to an account maintained by the depository trustee on behalf of a beneficiary. Deductions of enrolment fees and account maintenance fees are made from the contributor’s contributions. The principal accumulated over the term of the contributor’s education savings plan agreement (“Agreement”) is returned to the contributor when:

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

The investment income earned on the contributors’ principal balance is transferred to the scholarship pool when the Agreement matures and is used to provide education assistance payments to qualified students. A beneficiary is deemed to be a qualified student upon receipt by the Foundation of evidence of enrolment in a qualifying educational program at an eligible institution.

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.

Plan II receives the CESG (“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 8 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, Enrolment fees and Account maintenance fees

Contributors’ deposits reflect amounts received from contributors net of enrolment fees and account maintenance fees and do not include future amounts receivable on outstanding Agreements. Enrolment fees were deducted from contributors’ deposits and were collected over periods of up to thirty-two months from the date of initial deposit. Account maintenance fees are paid annually to the Foundation from contributors’ deposits and are accrued throughout the year.

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

Plan II 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 valuation of Level 3 financial instruments as discussed in Note 8 and Accounts payable, accrued liabilities and unclaimed contributors' funds.

Note 3. Related Party Transactions

(a) Administration of Plan II

The Foundation, as the Plan sponsor, has appointed C.S.T.C. as the Investment Fund Manager to administer Plan II. Account maintenance fees and administration fees (comprising Plan administration and processing fees and Financial reporting expenses) are paid to the Foundation. Administration fees are annual fees of ½ of 1% of the total amount of principal, Government grants and income earned thereon.

(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 and were less than \$1 for the six-month periods ended April 30, 2012 and April 30, 2011. Balances included in Accounts payable, accrued liabilities and unclaimed contributors' funds in the Statement 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 Appendices I and II to the schedule, which are explained below.

The Government grants received from Human Resources and Skills Development Canada are collectively invested together with other C.S.T.C. administered plans. The principal and income received are separately tracked for each contributor's Agreement. The portfolio holdings are allocated across all plans based on the proportion of principal and income attributable to Agreements within each plan (see Appendix I to Schedule I).

Upon maturity of each Agreement, the investment income accumulated to date attributable to that Agreement is transferred to the Canadian Scholarship Trust Scholarship Pool (the "Pool"), a shared investment pool with Founders' Plan, another plan administered by C.S.T.C. (see Appendix II to Schedule I). From a contributor's perspective, the income that is transferred is tracked by plan and by year of eligibility. The portfolio holdings of the Pool are allocated based on the Plan's proportionate share of income remaining in the Pool. Income earned from the Pool is credited to the General Fund (see Note 7).

Note 5. Risks Associated with Financial Instruments

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

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

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)

The Plan's holding of debt instruments by maturity is 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)	78%	77%
1-3 years	8%	8%
3-5 years	7%	7%
Greater than 5 years	7%	8%
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 \$16,284 (October 31, 2011 – \$16,872) as per Schedule I – Statement of Investment Portfolio, would have decreased or increased by \$114 (October 31, 2011 – \$119). 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 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.

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 have increased or decreased at April 30, 2012 and October 31, 2011, by less than \$1. 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 the Canadian Securities Administrators, currently A-low. Plan II 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	9%	\$ 1,513	16%	\$ 2,634
AA/AAH/AAL	10%	1,563	7%	1,225
A/AH/AL	8%	1,362	4%	624
R-1	71%	11,651	68%	11,439
P-2	2%	195	5%	898
Short-term unrated	–	–	0%	52
Total Investment Fund	100%	\$ 16,284	100%	\$ 16,872

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 Contributor's deposits for the six-month period ended April 30, 2012 and 2011 are as follows:

	Apr 30, 2012	Apr 30, 2011
Inter-plan principal transfers	\$ (34)	\$ (23)
Account maintenance fees	–	(1)
Return of principal	(198)	(483)
Net decrease in Contributors' deposits	(232)	(507)
Balance, Beginning of Period	342	906
Balance, End of Period	\$ 110	\$ 399

Notes to the Financial Statements (continued)

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

Note 7. General Fund and Donations from the Foundation

The Canadian Scholarship Trust (the “Canadian Trust”) is a legal trust registered with Canada Revenue Agency as an Education Savings Plan. Included in the Canadian Trust are Plan I, Plan II and Founders’ Plan (the “Plans”). The General Fund is a separate account within the Canadian Trust and derives its income from the following sources:

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

According to the trust indenture, the General Fund may be used to subsidize Education Assistance Payments for qualified students to any of the active Plans within the Canadian Trust.

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

Note 8. Fair Value of Financial Instruments

Investments, at fair value, Cash and cash equivalents and Short-term investments are carried at fair value. The carrying values of other financial instruments such as Accrued interest and other receivables, Receivables for securities sold, Government grants payable, Accounts payable, accrued liabilities and unclaimed contributors’ funds, Payables for securities purchased and Contributors’ deposits approximate their fair values as these financial instruments are short term in nature.

Fair value represents the amount at which a financial instrument could be exchanged in an arm’s-length transaction between willing parties under no compulsion to act and is best evidenced by a quoted bid price in an active market, if one exists.

The following table presents the Plan’s financial instruments carried at fair value in the statement 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	\$ 3,529	\$ –	\$ –	\$ 3,529
Short-term Investments	–	8,317	–	8,317
Fixed Income Securities	–	4,427	–	4,427
Variable Rate Securities	–	–	11	11
Total Investment Fund	\$ 3,529	\$ 12,744	\$ 11	\$ 16,284

Assets Measured at Fair Value as of October 31, 2011

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 3,310	\$ –	\$ –	\$ 3,310
Short-term Investments	–	9,080	–	9,080
Fixed Income Securities	–	4,471	–	4,471
Variable Rate Securities	–	–	11	11
Total Investment Fund	\$ 3,310	\$ 13,551	\$ 11	\$ 16,872

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	\$ 11	\$ 63
Net Sales	–	(51)
Increase (decrease) in Unrealized Gains	–	(1)
Closing Balance	\$ 11	\$ 11

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

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

Canadian Scholarship Trust Scholarship Pool

(Appendix II 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 – 9.7%			
Government of Canada			
3.75% 1 Jun 2012	501	502	507
1.50 1 Dec 2012	1,665	1,669	1,681
1.75 1 Mar 2013	295	296	298
2.50 1 Jun 2013	465	472	475
3.50 1 Jun 2013	385	394	403
2.50 1 Jun 2015	870	897	885
Canada Housing Trust			
4.80 15 Jun 2012	565	567	600
2.75 15 Dec 2014	680	700	696
2.45 15 Dec 2015	360	368	368
4.10 15 Dec 2018	25	28	25
		5,893	5,938
Provincial – 11.1%			
Province of British Columbia			
4.25 18 Jun 2014	310	327	330
4.65 18 Dec 2018	660	750	729
Province of Ontario			
5.38 2 Dec 2012	970	993	1,051
4.75 2 Jun 2013	250	259	268
3.25 8 Sep 2014	1,395	1,446	1,438
4.40 8 Mar 2016	225	245	247
3.20 8 Sep 2016	230	241	243
Province of Quebec			
6.00 1 Oct 2012	580	591	636
5.50 1 Dec 2014	1,120	1,227	1,241
4.50 1 Dec 2016	230	254	257
4.50 1 Dec 2020	365	409	365
		6,742	6,804
Corporate – 25.5%			
Bank of Montreal			
5.18 6 Oct 2015	515	560	562
3.10 10 Mar 2016	300	307	307
Bank of Nova Scotia			
2.74 1 Dec 2016	450	453	452
6.28 30 Jun 2053	912	954	978
BMW Canada			
2.88 8 Sep 2016	210	210	210
Caisse Centrale Desjardins			
3.11 4 Dec 2014	443	454	452

Security	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
Bonds (continued)			
Corporate – 25.5% (continued)			
Canadian Imperial Bank of Commerce			
3.15% 2 Nov 2020	1,406	1,420	1,410
Cards II Trust			
3.10 15 Sep 2015	816	838	831
GE Capital Canada			
5.28 22 Oct 2014	412	441	443
5.10 1 Jun 2016	880	956	947
Honda Canada Finance Inc.			
5.61 12 Sep 2013	538	563	575
HSBC Canada			
2.90 13 Jan 2017	55	55	55
5.15 30 Jun 2049	1,340	1,416	1,426
Hydro One Inc.			
5.18 18 Oct 2017	110	125	126
Master Credit Card Trust			
2.63 21 Jan 2017	136	136	136
Merrill Lynch Financial Assets			
4.82 12 Feb 2015	170	178	181
National Bank Canada			
2.23 30 Jan 2015	225	225	225
3.58 26 Apr 2016	290	301	304
3.26 4 Nov 2022	230	230	230
RBC Capital Trust			
4.87 31 Dec 2049	229	244	244
5.81 31 Dec 2053	925	976	994
Real estate Asset Liquidity Series Class A			
4.61 12 Nov 2016	400	429	432
Royal Bank of Canada			
3.18 2 Nov 2020	218	220	219
Score Trust			
4.95 20 Feb 2014	684	715	726
TD Capital Trust			
6.79 31 Dec 2049	784	808	833
Toronto Dominion Bank			
3.37 2 Nov 2020	610	621	617
Toyota Credit Canada Inc.			
3.55 22 Feb 2016	345	359	355

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

Canadian Scholarship Trust Scholarship Pool (continued)

(Appendix II 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 – 25.5% (continued)			
Wells Fargo Finance Canada			
3.97% 30 Nov 2014	318	330	330
3.70 30 Mar 2016	912	945	932
		15,469	15,530
Total Fixed income Investments – 46.2%		28,104	28,272
Cash and Short-term Investments – 53.8%		32,692	32,692
Total Portfolio Assets – 100.0%		60,796	60,964
Total Investments Allocation			
Plan II		3,410	3,420
Founders' Plan		24,694	24,852
		28,104	28,272
Cash and Short-term Investments Allocation			
Plan II		9,285	9,285
Founders' Plan		23,407	23,407
		32,692	32,692

Canadian Scholarship Trust Plan

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