

# C.S.T. Spark Education Portfolios

CST Spark Graduation Portfolio  
CST Spark 2026 Education Portfolio  
CST Spark 2029 Education Portfolio  
CST Spark 2032 Education Portfolio  
CST Spark 2035 Education Portfolio  
CST Spark 2038 Education Portfolio  
CST Spark 2041 Education Portfolio

Audited Financial Statements and Management Report of Fund Performance

October 31, 2022



# CST Spark Education Portfolios

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# CST Spark Education Portfolios

## Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by CST Spark Inc. ("CST Spark") as manager of the CST Spark Education Portfolios (the "Funds") and approved by the Board of Directors of CST Spark. We are responsible for the information contained within the financial statements.

We have maintained appropriate procedures and controls to ensure that timely and reliable financial information is produced. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") (and they include certain amounts that are based on estimates and judgements). The significant accounting policies, which we believe are appropriate for the Funds, are described in Note 3 to the financial statements.

Deloitte LLP is the external auditor of the Plan. It has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the Board of Directors and Members of the Foundation its opinion on the financial statements. Its report is set out below.



**Sherry J MacDonald, CPA, CA**  
Chief Executive Officer  
C.S.T. Spark Inc.



**Christopher Ferris, CPA, CGA, CFA**  
Chief Financial Officer  
C.S.T. Spark Inc. and C.S.T. Spark Education Portfolios

December 14, 2022

## Independent Auditor's Report

To the Unitholders of

CST Spark Graduation Portfolio  
CST Spark 2026 Education Portfolio  
CST Spark 2029 Education Portfolio  
CST Spark 2032 Education Portfolio  
CST Spark 2035 Education Portfolio  
CST Spark 2038 Education Portfolio  
CST Spark 2041 Education Portfolio  
(each individually, the "Fund")

### Opinion

We have audited the financial statements of the Fund, which comprise the statement of financial position as at October 31, 2022, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the period from November 1, 2021 (commencement of operations) to October 31, 2022, except for CST Spark 2041 Education Portfolio, which is for the period from January 4, 2022 (commencement of operations) to October 31, 2022, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at October 31, 2022, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

# CST Spark Education Portfolios

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Ontario

December 14, 2022

# CST Spark Graduation Portfolio

## Management Report of Fund Performance

### Introduction

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of CST Spark Graduation Portfolio (the “Fund”). You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling 1-800-461-7100, by writing to us at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8, or by visiting our website at [www.ctspark.ca](http://www.ctspark.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

This management discussion of fund performance presents the portfolio management team’s view on the significant factors and developments for the period November 1, 2021 (commencement of operations) to October 31, 2022 (the “year” or “period”), that have affected the Fund’s performance and outlook.

### Investment Objective and Strategies

The Fund seeks to provide security holders with a relatively stable level of income, preserving capital and maintaining liquidity. The Fund primarily invests in a diversified asset mix consisting of exchange trade funds providing exposure to fixed income, money market, cash equivalents and equity securities.

The Fund’s assets are passively managed by BlackRock Asset Management Canada Limited (“BlackRock”) according to a pre-defined glide path mandate using exchange-traded funds (“ETFs”).

### Risk

The risks associated with investing in the Fund remain as described in the prospectus. There were no changes to the Fund during the period that materially affected the overall level of risk associated with an investment in the Fund.

### Results of Operation

As at October 31, 2022 the net asset value of the Fund was \$2.3 million. Investment performance is not provided for a fund that has been available for less than one year.

### Economic Review

The global economy experienced a number of challenges throughout the fiscal 2022 period. Inflation reached decades level highs followed by central banks responding with monetary tightening and rapid increases in interest rates. These actions, combined with Russia’s invasion of Ukraine, and China’s economic slowdown all contributed to steep losses and extreme volatility across bonds and equities. In October, the International Monetary Fund further reduced its 2023 global growth forecast from 3.2% to 2.7%. Market risk volatility measures continue to remain elevated with considerably more economic downside and potential further slowing of the global economy in the near future.

Similar to other developed global regions, in 2022 the Canadian economy experienced inflation at the highest level in decades, with the Consumer Price Index rising to 8.1% in June before partially declining to 6.9% in October. The Bank of Canada responded by rapidly raising the overnight lending rate six times

throughout the year, starting at 0.25% in February 2022 and moving to 3.75% by October. The Canadian economy continued to expand throughout 2022, albeit at a slower pace, as GDP moderated from 1.6% in December 2021 to 0.8% by July 2022. The Canadian labour market was extremely tight throughout the year with unemployment reaching a 40 year low of 4.9% in July, before slightly ticking upwards to 5.2% in October. Similar to most other global currencies, the Canadian dollar weakened relative to the US dollar, falling below 74 cents U.S., as investors sought the safety of the world’s reserve currency.

With the unprecedented speed and amount of central bank rate hikes implemented throughout the year, fixed income investors experienced some of the worst annual losses in decades. In this environment, the broad Canadian bond market (the FTSE Canada Universe Bond Index) declined by –10.4%, with longer dated maturities such as the FTSE Canada Long-Term Bond Index falling by a staggering –19.1% over the same period. Canadian corporate bonds fared slightly better as spreads over government bonds narrowed, resulting in a return of –9.9%. Investors of historically more conservative short-term bonds faced losses as well, for the FTSE Canadian Short-Term Bond Index fell by –4.2% over the year. Cash was a rare exception to the price declines as the FTSE 91 Day Treasury Index generated a positive return of 1.2% over the period.

Given the volatile global economic events described above, equity returns across almost all markets experienced broad-based price losses. Developed equity markets including both U.S. large cap equities (as represented by the S&P 500) and international equities (as reflected by the MSCI EAFE IMI Index) fell by –6.1% and –15.7%, respectively. Canadian equities (as represented by the S&P/TSX Capped Composite) provided marginally better return falling by –4.9% as the economy’s larger exposure to commodities and energy stocks helped partially cushion against losses. 2022 was an extremely difficult year for Emerging Market equities as the MSCI Emerging Markets IMI Index was down by –23.9%.

# CST Spark Graduation Portfolio

## Related Party Transactions

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The Fund is managed by C.S.T. Spark Inc. (the “Manager”). The Manager is responsible for the overall management and administration of the Fund, which includes day-to-day management, distribution, and administration, including portfolio management, trustee, record-keeping, accounting, taxation, valuation, distribution, and custody services. The Manager, at its discretion, may outsource some of these functions to third parties, in the best interest of the Fund.

## Management Fees

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As compensation for its services, the Manager is entitled to receive an annual management fee of 1.3% (the “Management Fee”) plus applicable taxes. The Management Fee is calculated daily and payable monthly, in arrears, based on the daily average net asset value (“NAV”) of the Fund.

Where a Fund invests in an underlying investment fund, including an exchange traded fund (ETF), the fees and expenses

payable by that underlying fund are in addition to the fees and expenses payable by the Fund. No sales or redemption fees, other than brokerage fees, are payable by a Fund when it buys or sells securities of an underlying fund.

The Fund holds ETFs that are managed by BlackRock. The management expense ratios of these ETFs, as reported in their most recent ETF Facts range from 0.06% to 0.72%, for a weighted average cost of 0.18% (per annum including applicable taxes). These fees are not paid directly by you but impact the prices of the ETFs that the Fund holds.

The Manager does not charge a management fee that would be reasonably expected to duplicate a fee payable by the underlying funds in which a Fund invests for the same service.

The Manager, in its sole discretion, may waive or absorb a portion of a Fund’s Management Fee. Such waivers or absorptions may be terminated at any time without notice.

During the period, a Management Fee of \$23,508 was paid to the Manager.

# CST Spark Graduation Portfolio

## Financial Highlights

For the period ended October 31, 2022

	October 31, 2022 <sup>4</sup> \$
<b>The Fund's Net Assets per Unit<sup>1</sup></b>	
Net assets, beginning of period	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.17
Total expenses	(0.15)
Realized (losses) gains	(0.07)
Unrealized (losses) gains	(0.63)
<b>Total (decrease) increase from operations<sup>2</sup></b>	<b>(0.68)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	(0.02)
From capital gains	-
Return of capital	-
<b>Total annual distributions<sup>3</sup></b>	<b>(0.02)</b>
<b>Net assets, end of period</b>	<b>9.36</b>
<b>Ratios and Supplemental Data</b>	
Total net asset value (000's)	\$ 2,227
Number of units outstanding	237,937
Management expense ratio <sup>5</sup>	1.45%
Management expense ratio before waivers or absorption <sup>6</sup>	1.45%
Trading expense ratio <sup>7</sup>	0.06%
Portfolio turnover rate <sup>8</sup>	21.43%
Net asset value per unit	9.36

<sup>1</sup> This information is derived from the Portfolio's audited annual financial statements, as applicable.

<sup>2</sup> Net Assets and Total distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

<sup>4</sup> As at October 31, 2022 or for the period from November 1, 2021 (commencement of operations) to October 31, 2022, as applicable.

<sup>5</sup> Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>6</sup> The Manager may waive or absorb a portion of the operating expenses of the Portfolio. Waivers and absorption can be terminated at any time.

<sup>7</sup> The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

<sup>8</sup> The Portfolio's turnover rate indicates how actively the Portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a Portfolio's turnover in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.

# CST Spark Graduation Portfolio

## Past Performance

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Investment performance is not provided as the Fund has been available for less than one year.

## Summary of Fund Investment Portfolio

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<b>Portfolio Allocation</b> as at October 31, 2022	<b>% of Net Asset Value</b>
Canadian Fixed Income Funds	41.7%
Money Market Funds	37.4%
U.S. Equity Funds	7.6%
Non-North American Equity Funds	5.8%
Canadian Equity Funds	3.7%
Global Real Estate Funds	1.8%
Cash/and other	2.0%
<b>Total Portfolio Allocation</b>	<b>100.0%</b>

The following Top Holdings table shows the 25 largest holdings (or all holdings if the total number of holdings is less than 25).

<b>Top 25 Holdings</b> as at October 31, 2022	<b>% of Net Asset Value</b>
iShares Premium Money Market ETF	37.4%
iShares Core Canadian Short Term Bond Index ETF	30.2%
iShares Core Canadian Universe Bond Index ETF	10.7%
iShares Core S&P 500 Index ETF	7.6%
iShares Core S&P/TSX Capped Composite Index ETF	3.7%
iShares Core MSCI EAFE IMI Index ETF	3.6%
iShares Core MSCI Emerging Markets IMI Index ETF	2.2%
iShares Global Real Estate Index ETF	1.8%
iShares Canadian Real Return Bond Index ETF	0.8%
<b>Total holdings as a percentage of net asset value</b>	<b>98.0%</b>

The prospectus and other information about the underlying investment funds in the portfolio are available at [www.sedar.com](http://www.sedar.com).



# CST Spark Graduation Portfolio

## Statement of Financial Position

As at October 31

2022

		2022
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$	8,005
Investments (Note 5)		2,182,623
Subscriptions receivable		40,033
		2,230,661
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payable for investments purchased		623
Management fees payable		2,683
Redemptions payable		515
		3,821
<b>Net Assets attributable to holders of redeemable units</b>		<b>\$2,226,840</b>
<b>Redeemable units outstanding (Note 6)</b>		<b>237,937</b>
<b>Net Assets attributable to holders of redeemable units per unit</b>		<b>\$ 9.36</b>

Approved on behalf of the Board of Directors of the Manager, C.S.T. Spark Inc.



Douglas P. McPhie, FCPA, FCA



Sherry J. MacDonald, CPA, CA

# CST Spark Graduation Portfolio

## Statement of Comprehensive Income

For the period from November 1, 2021  
(commencement of operations) to October 31, 2022

	2022
<b>Income</b>	
Other income (loss)	\$ 1,026
Net gain (loss) on investments	
Distributions from underlying funds	31,414
Interest for distribution purposes	14
Net realized (loss) gain on investments	(13,498)
Net change in unrealized (depreciation) appreciation on investments	(121,255)
Total net (loss) gain on investments	(103,325)
<b>Total (loss) income, net</b>	<b>(102,299)</b>
<b>Expenses (Note 8)</b>	
Management fees	23,508
Transaction costs (Note 3)	1,070
Harmonized sales tax	2,854
<b>Total operating expenses</b>	<b>27,432</b>
Withholding taxes (Note 7)	(672)
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>\$(130,403)</b>
<b>Weighted average number of units outstanding</b>	<b>191,109</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units per unit</b>	<b>\$ (0.68)</b>

# CST Spark Graduation Portfolio

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Net Assets attributable to holders of redeemable units – Beginning of period</b>	\$ –
<b>(Decrease) Increase in Net Assets attributable to holders of redeemable units</b>	<b>(130,403)</b>
<b>Redeemable unit transactions</b>	
Proceeds from redeemable units issued	2,711,677
Reinvestments of distributions to holders of redeemable units	1,544
Redemption of redeemable units	(354,337)
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>2,358,884</b>
<b>Distributions to holders of redeemable units</b>	
From net investment income	(1,639)
From net realized capital gains	(2)
<b>Total distributions to holders of redeemable units</b>	<b>(1,641)</b>
<b>Increase (decrease) in Net Assets attributable to holders of redeemable units during the period</b>	<b>2,226,840</b>
<b>Net Assets attributable to holders of redeemable units – End of period</b>	<b>\$2,226,840</b>

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

# CST Spark Graduation Portfolio

## Statement of Cash Flows

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Cash flows (used in) from Operating activities</b>	
(Decrease) increase in Net Assets attributable to holders of redeemable units	\$ (130,403)
<b>Adjustments to reconcile to operating cash flows:</b>	
Net realized loss (gain) on investments	13,498
Net change in unrealized depreciation (appreciation) of investments	121,255
Purchase of investments	(2,692,293)
Proceeds from investments sold	375,540
Increase (decrease) in management fees payable	2,683
<b>Net cash flows (used in) from operating activities</b>	<b>(2,309,720)</b>
<b>Cash flows from (used in) Financing activities</b>	
Proceeds from redeemable units issued	2,671,644
Redemption of redeemable units	(353,822)
Distributions paid to holders of redeemable units, net of reinvestments	(97)
<b>Net cash flows from (used in) financing activities</b>	<b>2,317,725</b>
<b>Increase (decrease) in cash</b>	
Net increase (decrease) in cash	8,005
Cash, beginning of period	-
<b>Cash, end of period</b>	<b>\$ 8,005</b>
Interest received, net of withholding taxes*	\$ 14

\* included in operating activities

# CST Spark Graduation Portfolio

## Schedule of Investment Portfolio

As at October 31, 2022

	Number of Units	Average Cost (\$)	Fair Value (\$)	Percentage of Net Assets (%)
<b>Exchange-traded funds</b>				
iShares Canadian Real Return Bond Index ETF	744	19,205	16,866	
iShares Core Canadian Short Term Bond Index ETF	26,336	710,576	673,412	
iShares Core Canadian Universe Bond Index ETF	8,804	267,537	238,500	
iShares Core MSCI EAFE IMI Index ETF	2,807	94,512	79,803	
iShares Core MSCI Emerging Markets IMI Index ETF	2,244	62,637	49,749	
iShares Core S&P 500 Index ETF	2,582	182,237	169,380	
iShares Core S&P/TSX Capped Composite Index ETF	2,651	88,376	81,970	
iShares Global Real Estate Index ETF	1,514	48,597	40,060	
iShares Premium Money Market ETF	16,651	831,005	832,883	
<b>Total Exchange-traded funds</b>		<b>2,304,682</b>	<b>2,182,623</b>	<b>98.0</b>
<b>Embedded Broker Commissions</b> <i>(Note 3)</i>		<b>(804)</b>		
<b>Total Investments</b>		<b>2,303,878</b>	<b>2,182,623</b>	<b>98.0</b>
<b>Other Assets Less Liabilities</b>			<b>44,217</b>	<b>2.0</b>
<b>Net Assets attributable to holders of redeemable units</b>			<b>2,226,840</b>	<b>100.0</b>

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

# CST Spark Graduation Portfolio

## Notes to Financial Statements – Fund Specific Information

October 31, 2022

These fund specific notes shall be read in conjunction with the accompanying notes to the financial statements which are an integral part of these financial statements. These fund specific notes can be referenced to the accompanying notes by the corresponding note number. Since they are supplemental to the accompanying notes, there may not be a corresponding specific note to match every accompanying note.

### General Information (Note 1)

The CST Spark Graduation Portfolio (the “Fund”) is an open-ended investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated November 1, 2021. Commencement of operations was November 1, 2021.

The investment objective of the Fund is to provide investors with a relatively stable level of income, preserving capital and maintaining liquidity.

### Fair Value of Financial Instruments (Note 5)

#### Classification of investments under the fair value hierarchy

The table below illustrates the classification of the Fund’s financial instruments measured at fair value at the reporting date. The amounts are based on the values recognized in the Statement of Financial Position.

As at October 31, 2022:

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$2,182,623	\$ -	\$ -	\$2,182,623
	\$2,182,623	\$ -	\$ -	\$2,182,623

There were no transfers of financial assets between Level 1, Level 2 and Level 3 for the period from November 1, 2021 to October 31, 2022. All fair value measurements above are recurring.

### Redeemable Units of the Fund (Note 6)

For the period from November 1, 2021 to October 31, 2022, changes in outstanding units were as follows:

Number of Redeemable Units	2022
Balance – Beginning of period	-
Redeemable units issued	275,355
Redeemable units reinvested	154
Redeemable units redeemed	(37,572)
	237,937
Balance – End of period	237,937

### Taxation of Fund (Note 7)

As at October 31, 2022, the Fund had unused capital losses of \$nil, which may be carried forward indefinitely to reduce future net realized capital gains. There were \$nil unused non-capital losses available for tax purposes.

### Related Party Transactions and Other Expenses (Note 8)

#### Related party transactions

On November 1, 2021, the Manager purchased 15,001 units of the Fund at per unit price of \$10 for a total consideration of \$150,010. The Manager may not redeem the initial units of the Fund that it purchased on November 1, 2021, until the Fund has received total subscriptions of \$500,000 from other investors.

#### Management fees

Management Fees of 1.3% are charged to the Fund by the Manager. As of October 31, 2022, management fees payable to the Manager was \$2,683.

### Financial Risk Management (Note 9)

#### Currency risk

The table below summarizes the Fund’s net exposure (after hedging, if any) to currency risk as at:

Currency	October 31 2022
U.S. dollar	9.0%
Japanese yen	0.6%
Chinese yuan	1.0%
Euro	0.7%
Pound sterling	0.6%
Australian dollar	0.4%
Other currencies	3.1%
Total	15.4%

As at October 31, 2022, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund’s NAV may have decreased or increased, respectively by approximately 0.2% or \$3,455. In practice, actual results could differ materially from this sensitivity analysis.

# CST Spark Graduation Portfolio

## Notes to Financial Statements – Fund Specific Information

(continued)

October 31, 2022

### Financial Risk Management (Note 9) (continued)

#### Interest rate risk

Fixed income and debt securities, excluding short-term investments, comprise 79.1% of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Maturity schedule	October 31 2022
Less than 1 year	47.8%
1-5 years	43.0%
5-10 years	4.3%
10-15 years	1.0%
15-20 years	0.9%
> 20 years	3.0%
Total	100.0%

#### Other price risk

As at October 31, 2022, the Fund was exposed to other price risk to the extent the underlying ETFs invest in securities subject to market fluctuations. Substantially all of the Fund's net assets were exposed to other price risk. If the prices of the securities held by the underlying funds had increased or decreased by 10%, with all other factors remaining constant, net asset attributable to holders of

redeemable units would have increased or decreased by approximately \$218,262. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### Credit risk

Credit-exposed securities, excluding short-term investments, comprise 79.1% of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	October 31 2022
A-1+	34.0%
A-1	13.3%
AAA	24.6%
AA	12.4%
A	9.5%
BB	6.0%
Other	0.2%
Total	100.0%

### Investments in Underlying Funds (Note 10)

The Fund's ownership interest as a percentage of NAV of each of the underlying funds is less than 0.05%. All underlying funds are established and conduct business in Canada.

# CST Spark 2026 Education Portfolio

## Management Report of Fund Performance

### Introduction

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of CST Spark 2026 Education Portfolio (the “Fund”). You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling 1-800-461-7100, by writing to us at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8, or by visiting our website at [www.cstspark.ca](http://www.cstspark.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

This management discussion of fund performance presents the portfolio management team’s view on the significant factors and developments for the period of November 1, 2021 (commencement of operations) to October 31, 2022 (the “period”), that have affected the Fund’s performance and outlook.

### Investment Objective and Strategies

The Fund seeks to provide the opportunity for capital appreciation and income for the purposes of funding a post-secondary education anticipated to begin between 2025 and 2027. The Fund primarily invests in a diversified asset mix consisting of exchange traded funds providing exposure to fixed income, money market, cash equivalents and equity securities. The actual asset mix of the Fund will be adjusted on a quarterly basis as the investment portfolio transitions over time, from an emphasis on equities to an emphasis on fixed income securities. When the Fund approaches its end date, the asset mix transitions to a substantially more conservative mix with the majority of assets allocated to fixed income securities and/or money market and cash equivalent securities.

The Fund’s assets are passively managed by BlackRock Asset Management Canada Limited (“BlackRock”) according to a pre-defined glide path mandate using exchange-traded funds (“ETFs”).

### Risk

The risks associated with investing in the Fund remain as described in the prospectus. There were no changes to the Fund during the period that materially affected the overall level of risk associated with an investment in the Fund.

### Results of Operation

As at October 31, 2022 the net asset value of the Fund was \$1.3 million. Investment performance is not provided for a fund that has been available for less than one year.

### Economic Review

The global economy experienced a number of challenges throughout the fiscal 2022 period. Inflation reached decades level highs followed by central banks responding with monetary tightening and rapid increases in interest rates. These actions, combined with Russia’s invasion of Ukraine, and China’s economic slowdown all contributed to steep losses and extreme volatility across bonds and equities. In October, the International Monetary Fund further reduced its 2023 global growth forecast from 3.2% to 2.7%. Market risk volatility measures continue to remain elevated with considerably more economic downside and potential further slowing of the global economy in the near future.

Similar to other developed global regions, in 2022 the Canadian economy experienced inflation at the highest level in decades, with the Consumer Price Index rising to 8.1% in June before partially declining to 6.9% in October. The Bank of Canada responded by rapidly raising the overnight lending rate six times throughout the year, starting at 0.25% in February 2022 and moving to 3.75% by October. The Canadian economy continued to expand throughout 2022, albeit at a slower pace, as GDP moderated from 1.6% in December 2021 to 0.8% by July 2022. The Canadian labour market was extremely tight throughout the year with unemployment reaching a 40 year low of 4.9% in July, before slightly ticking upwards to 5.2% in October. Similar to most other global currencies, the Canadian dollar weakened relative to the US dollar, falling below 74 cents U.S., as investors sought the safety of the world’s reserve currency.

With the unprecedented speed and amount of central bank rate hikes implemented throughout the year, fixed income investors experienced some of the worst annual losses in decades. In this environment, the broad Canadian bond market (the FTSE Canada Universe Bond Index) declined by –10.4%, with longer dated maturities such as the FTSE Canada Long-Term Bond Index falling by a staggering –19.1% over the same period. Canadian corporate bonds fared slightly better as spreads over government bonds narrowed, resulting in a return of –9.9%. Investors of historically more conservative short-term bonds faced losses as well, for the FTSE Canadian Short-Term Bond Index fell by –4.2% over the year. Cash was a rare exception to the price declines as the FTSE 91 Day Treasury Index generated a positive return of 1.2% over the period.

Given the volatile global economic events described above, equity returns across almost all markets experienced broad-based price losses. Developed equity markets including both U.S. large cap equities (as represented by the S&P 500) and international equities (as reflected by the MSCI EAFE IMI Index) fell by –6.1% and –15.7%, respectively. Canadian equities (as represented by the S&P/TSX Capped Composite) provided marginally better return falling by –4.9% as the economy’s larger exposure to commodities and energy stocks helped partially cushion against



# CST Spark 2026 Education Portfolio

losses. 2022 was an extremely difficult year for Emerging Market equities as the MSCI Emerging Markets IMI Index was down by -23.9%.

## Related Party Transactions

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The Fund is managed by C.S.T. Spark Inc. (the “Manager”). The Manager is responsible for the overall management and administration of the Fund, which includes day-to-day management, distribution, and administration, including portfolio management, trustee, record-keeping, accounting, taxation, valuation, distribution, and custody services. The Manager, at its discretion, may outsource some of these functions to third parties, in the best interest of the Fund.

## Management Fees

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As compensation for its services, the Manager is entitled to receive an annual management fee of 1.3% (the “Management Fee”) plus applicable taxes. The Management Fee is calculated daily and payable monthly, in arrears, based on the daily average net asset value (“NAV”) of the Fund.

Where a Fund invests in an underlying investment fund, including an exchange traded fund (ETF), the fees and expenses payable by that underlying fund are in addition to the fees and expenses payable by the Fund. No sales or redemption fees, other than brokerage fees, are payable by a Fund when it buys or sells securities of an underlying fund.

The Fund holds ETFs that are managed by BlackRock. The management expense ratios of these ETFs, as reported in their most recent ETF Facts range from 0.06% to 0.72%, for a weighted average cost of 0.20% (per annum including applicable taxes). These fees are not paid directly by you but impact the prices of the ETFs that the Fund holds.

The Manager does not charge a management fee that would be reasonably expected to duplicate a fee payable by the underlying funds in which a Fund invests for the same service.

The Manager, in its sole discretion, may waive or absorb a portion of a Fund’s Management Fee. Such waivers or absorptions may be terminated at any time without notice.

During the period, a Management Fee of \$11,956 was paid to the Manager.

# CST Spark 2026 Education Portfolio

## Financial Highlights

For the period ended October 31, 2022

	October 31, 2022 <sup>4</sup> \$
<b>The Fund's Net Assets per Unit<sup>1</sup></b>	
Net assets, beginning of period	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.23
Total expenses	(0.14)
Realized (losses) gains	(0.27)
Unrealized (losses) gains	(1.40)
<b>Total (decrease) increase from operations<sup>2</sup></b>	<b>(1.58)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	(0.05)
From capital gains	-
Return of capital	-
<b>Total annual distributions<sup>3</sup></b>	<b>(0.05)</b>
<b>Net assets, end of period</b>	<b>8.50</b>
<b>Ratios and Supplemental Data</b>	
Total net asset value (000's)	\$ 1,276
Number of units outstanding	150,127
Management expense ratio <sup>5</sup>	1.45%
Management expense ratio before waivers or absorption <sup>6</sup>	1.45%
Trading expense ratio <sup>7</sup>	0.07%
Portfolio turnover rate <sup>8</sup>	23.21%
Net asset value per unit	8.50

<sup>1</sup> This information is derived from the Portfolio's audited annual financial statements, as applicable.

<sup>2</sup> Net Assets and Total distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

<sup>4</sup> As at October 31, 2022 or for the period from November 1, 2021 (commencement of operations) to October 31, 2022, as applicable.

<sup>5</sup> Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>6</sup> The Manager may waive or absorb a portion of the operating expenses of the Portfolio. Waivers and absorption can be terminated at any time.

<sup>7</sup> The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

<sup>8</sup> The Portfolio's turnover rate indicates how actively the Portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a Portfolio's turnover in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.

# CST Spark 2026 Education Portfolio

## Past Performance

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Investment performance is not provided as the Fund has been available for less than one year.

## Summary of Fund Investment Portfolio

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<b>Portfolio Allocation</b> as at October 31, 2022	<b>% of Net Asset Value</b>
Canadian Fixed Income Funds	58.4%
U.S. Equity Funds	18.9%
Non-North American Equity Funds	11.7%
Canadian Equity Funds	6.1%
Global Real Estate Funds	3.9%
Cash and other	1.0%
<b>Total Portfolio Allocation</b>	<b>100.0%</b>

The following Top Holdings table shows the 25 largest holdings (or all holdings if the total number of holdings is less than 25).

<b>Top 25 Holdings</b> as at October 31, 2022	<b>% of Net Asset Value</b>
iShares Core Canadian Universe Bond Index ETF	38.5%
iShares Core S&P 500 Index ETF	18.9%
iShares Core Canadian Long Term Bond Index ETF	11.2%
iShares Canadian Real Return Bond Index ETF	8.7%
iShares Core MSCI EAFE IMI Index ETF	8.2%
iShares Core S&P/TSX Capped Composite Index ETF	6.1%
iShares Global Real Estate Index ETF	3.9%
iShares Core MSCI Emerging Markets IMI Index ETF	3.5%
<b>Total holdings as a percentage of net asset value</b>	<b>99.0%</b>

The prospectus and other information about the underlying investment funds in the portfolio are available at [www.sedar.com](http://www.sedar.com).

# CST Spark 2026 Education Portfolio

## Statement of Financial Position

As at October 31

2022

		2022
<b>Assets</b>		
<b>Current assets</b>		
Cash		\$ 4,647
Investments (Note 5)		1,263,246
Receivable for investments sold		11,673
Subscriptions receivable		10,266
		1,289,832
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payable for investments purchased		11,962
Management fees payable		1,520
		13,482
<b>Net Assets attributable to holders of redeemable units</b>		<b>\$1,276,350</b>
<b>Redeemable units outstanding (Note 6)</b>		<b>150,127</b>
<b>Net Assets attributable to holders of redeemable units per unit</b>		<b>\$ 8.50</b>

Approved on behalf of the Board of Directors of the Manager, C.S.T. Spark Inc.



Douglas P. McPhie, FCPA, FCA



Sherry J. MacDonald, CPA, CA

# CST Spark 2026 Education Portfolio

## Statement of Comprehensive Income

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Income</b>	
Other income (loss)	\$ 1,056
Net gain (loss) on investments	
Distributions from underlying funds	23,463
Interest for distribution purposes	8
Net realized (loss) gain on investments	(27,765)
Net change in unrealized (depreciation) appreciation on investments	(146,505)
Total net (loss) gain on investments	(150,799)
<b>Total (loss) income, net</b>	<b>(149,743)</b>
<b>Expenses</b> <i>(Note 8)</i>	
Management fees	11,956
Transaction costs <i>(Note 3)</i>	649
Harmonized sales tax	1,427
<b>Total operating expenses</b>	<b>14,032</b>
Withholding taxes <i>(Note 7)</i>	(824)
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>\$(164,599)</b>
<b>Weighted average number of units outstanding</b>	<b>104,437</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units per unit</b>	<b>\$ (1.58)</b>

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

# CST Spark 2026 Education Portfolio

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Net Assets attributable to holders of redeemable units – Beginning of period</b>	<b>\$ –</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>(164,599)</b>
<b>Redeemable unit transactions</b>	
Proceeds from redeemable units issued	1,473,212
Reinvestments of distributions to holders of redeemable units	1,942
Redemption of redeemable units	(32,143)
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>1,443,011</b>
<b>Distributions to holders of redeemable units</b>	
From net investment income	(2,017)
From net realized capital gains	(45)
<b>Total distributions to holders of redeemable units</b>	<b>(2,062)</b>
<b>Increase (decrease) in Net Assets attributable to holders of redeemable units during the period</b>	<b>1,276,350</b>
<b>Net Assets attributable to holders of redeemable units – End of period</b>	<b>\$1,276,350</b>

# CST Spark 2026 Education Portfolio

## Statement of Cash Flows

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Cash flows (used in) from Operating activities</b>	
(Decrease) increase in Net Assets attributable to holders of redeemable units	\$ (164,599)
<b>Adjustments to reconcile to operating cash flows:</b>	
Net realized loss (gain) on investments	27,765
Net change in unrealized depreciation (appreciation) of investments	146,505
Purchase of investments	(1,646,760)
Proceeds from investments sold	209,533
Increase (decrease) in management fees payable	1,520
<b>Net cash flows (used in) from operating activities</b>	<b>(1,426,036)</b>
<b>Cash flows from (used in) Financing activities</b>	
Proceeds from redeemable units issued	1,462,946
Redemption of redeemable units	(32,143)
Distributions paid to holders of redeemable units, net of reinvestments	(120)
<b>Net cash flows from (used in) financing activities</b>	<b>1,430,683</b>
<b>Increase (decrease) in cash</b>	
Net increase (decrease) in cash	4,647
Cash, beginning of period	-
<b>Cash, end of period</b>	<b>\$ 4,647</b>
Interest received, net of withholding taxes*	\$ 8

\* included in operating activities

# CST Spark 2026 Education Portfolio

## Schedule of Investment Portfolio

As at October 31, 2022

	Number of Units	Average Cost (\$)	Fair Value (\$)	Percentage of Net Assets (%)
<b>Exchange-traded funds</b>				
iShares Canadian Real Return Bond Index ETF	4,886	123,184	110,766	
iShares Core Canadian Long Term Bond Index ETF	7,576	173,618	143,035	
iShares Core Canadian Universe Bond Index ETF	18,143	530,357	491,494	
iShares Core MSCI EAFE IMI Index ETF	3,682	123,589	104,679	
iShares Core MSCI Emerging Markets IMI Index ETF	2,000	56,637	44,340	
iShares Core S&P 500 Index ETF	3,668	257,584	240,620	
iShares Core S&P/TSX Capped Composite Index ETF	2,529	84,453	78,197	
iShares Global Real Estate Index ETF	1,894	60,823	50,115	
<b>Total Exchange-traded funds</b>		<b>1,410,245</b>	<b>1,263,246</b>	<b>99.0</b>
<b>Embedded Broker Commissions</b> <i>(Note 3)</i>		<b>(494)</b>		
<b>Total Investments</b>		<b>1,409,751</b>	<b>1,263,246</b>	<b>99.0</b>
<b>Other Assets Less Liabilities</b>			<b>13,104</b>	<b>1.0</b>
<b>Net Assets attributable to holders of redeemable units</b>			<b>1,276,350</b>	<b>100.0</b>



# CST Spark 2026 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

October 31, 2022

These fund specific notes shall be read in conjunction with the accompanying notes to the financial statements which are an integral part of these financial statements. These fund specific notes can be referenced to the accompanying notes by the corresponding note number. Since they are supplemental to the accompanying notes, there may not be a corresponding specific note to match every accompanying note.

### General Information (Note 1)

The CST Spark 2026 Education Portfolio (the “Fund”) is an open-ended investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated November 1, 2021. Commencement of operations was November 1, 2021.

The investment objective of the Fund is to provide the opportunity for capital appreciation and income for the purpose of funding post-secondary education anticipated to begin between 2025 and 2027.

### Fair Value of Financial Instruments (Note 5)

#### Classification of investments under the fair value hierarchy

The table below illustrates the classification of the Fund’s financial instruments measured at fair value at the reporting date. The amounts are based on the values recognized in the Statement of Financial Position.

As at October 31, 2022:

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$1,263,246	\$ -	\$ -	\$1,263,246
	\$1,263,246	\$ -	\$ -	\$1,263,246

There were no transfers of financial assets between Level 1, Level 2 and Level 3 for the period from November 1, 2021 to October 31, 2022. All fair value measurements above are recurring.

### Redeemable Units of the Fund (Note 6)

For the period from November 1, 2021 to October 31, 2022, changes in outstanding units were as follows:

Number of Redeemable Units	2022
Balance – Beginning of period	-
Redeemable units issued	153,652
Redeemable units reinvested	190
Redeemable units redeemed	(3,715)
	150,127
Balance – End of period	150,127

### Taxation of Fund (Note 7)

As at October 31, 2022, the Fund had unused capital losses of \$nil, which may be carried forward indefinitely to reduce future net realized capital gains. There were \$nil unused non-capital losses available for tax purposes.

### Related Party Transactions and Other Expenses (Note 8)

#### Related party transactions

On November 1, 2021, the Manager purchased 15,001 units of the Fund at per unit price of \$10 for a total consideration of \$150,010. The Manager may not redeem the initial units of the Fund that it purchased on November 1, 2021, until the Fund has received total subscriptions of \$500,000 from other investors.

#### Management fees

Management Fees of 1.3% are charged to the Fund by the Manager. As of October 31, 2022, management fees payable to the Manager was \$1,520.

### Financial Risk Management (Note 9)

#### Currency risk

The table below summarizes the Fund’s net exposure (after hedging, if any) to currency risk as at:

Currency	October 31 2022
U.S. dollar	21.8%
Japanese yen	2.3%
Chinese yuan	1.0%
Euro	1.6%
Pound sterling	1.4%
Australian dollar	0.9%
Other currencies	5.7%
Total	34.7%

As at October 31, 2022, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund’s NAV may have decreased or increased, respectively by approximately 0.3% or \$4,436. In practice, actual results could differ materially from this sensitivity analysis.

# CST Spark 2026 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

(continued)

October 31, 2022

### Financial Risk Management (Note 9) (continued)

#### Interest rate risk

Fixed income and debt securities, excluding short-term investments, comprise 58.4% of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Maturity schedule	October 31 2022
Less than 1 year	0.2%
1-5 years	30.2%
5-10 years	20.6%
10-15 years	10.3%
15-20 years	8.4%
> 20 years	30.3%
Total	100.0%

#### Other price risk

As at October 31, 2022, the Fund was exposed to other price risk to the extent the underlying ETFs invest in securities subject to market fluctuations. Substantially all of the Fund's net assets were exposed to other price risk. If the prices of the securities held by the underlying funds had increased or decreased by 10%, with all other factors

remaining constant, net asset attributable to holders of redeemable units would have increased or decreased by approximately \$126,325. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### Credit risk

Credit-exposed securities, excluding short-term investments, comprise 58.4% of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	October 31 2022
AAA	42.4%
AA	34.2%
A	14.3%
BB	8.8%
Other	0.3%
Total	100.0%

### Investments in Underlying Funds (Note 10)

The Fund's ownership interest as a percentage of NAV of each of the underlying funds is less than 0.05%. All underlying funds are established and conduct business in Canada.

# CST Spark 2029 Education Portfolio

## Management Report of Fund Performance

### Introduction

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of CST Spark 2029 Education Portfolio (the “Fund”). You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling 1-800-461-7100, by writing to us at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8, or by visiting our website at [www.cstspark.ca](http://www.cstspark.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

This management discussion of fund performance presents the portfolio management team’s view on the significant factors and developments for period of November 1, 2021 (commencement of operations) to October 31, 2022 (the “period”), that have affected the Fund’s performance and outlook.

### Investment Objective and Strategies

The Fund seeks to provide the opportunity for capital appreciation and income for the purposes of funding a post-secondary education anticipated to begin between 2028 and 2030. The Fund primarily invests in a diversified asset mix consisting of exchange traded funds providing exposure to fixed income, money market, cash equivalents and equity securities. The actual asset mix of the Fund will be adjusted on a quarterly basis as the investment portfolio transitions over time, from an emphasis on equities to an emphasis on fixed income securities. When the Fund approaches its end date, the asset mix transitions to a substantially more conservative mix with the majority of assets allocated to fixed income securities and/or money market and cash equivalent securities.

The Fund’s assets are passively managed by BlackRock Asset Management Canada Limited (“BlackRock”) according to a pre-defined glide path mandate using exchange-traded funds (“ETFs”).

### Risk

The risks associated with investing in the Fund remain as described in the prospectus. There were no changes to the Fund during the period that materially affected the overall level of risk associated with an investment in the Fund.

### Results of Operation

As at October 31, 2022 the net asset value of the Fund was \$1.0 million. Investment performance is not provided for a fund that has been available for less than one year.

### Economic Review

The global economy experienced a number of challenges throughout the fiscal 2022 period. Inflation reached decades level highs followed by central banks responding with monetary tightening and rapid increases in interest rates. These actions, combined with Russia’s invasion of Ukraine, and China’s economic slowdown all contributed to steep losses and extreme volatility across bonds and equities. In October, the International Monetary Fund further reduced its 2023 global growth forecast from 3.2% to 2.7%. Market risk volatility measures continue to remain elevated with considerably more economic downside and potential further slowing of the global economy in the near future.

Similar to other developed global regions, in 2022 the Canadian economy experienced inflation at the highest level in decades, with the Consumer Price Index rising to 8.1% in June before partially declining to 6.9% in October. The Bank of Canada responded by rapidly raising the overnight lending rate six times throughout the year, starting at 0.25% in February 2022 and moving to 3.75% by October. The Canadian economy continued to expand throughout 2022, albeit at a slower pace, as GDP moderated from 1.6% in December 2021 to 0.8% by July 2022. The Canadian labour market was extremely tight throughout the year with unemployment reaching a 40 year low of 4.9% in July, before slightly ticking upwards to 5.2% in October. Similar to most other global currencies, the Canadian dollar weakened relative to the US dollar, falling below 74 cents U.S., as investors sought the safety of the world’s reserve currency.

With the unprecedented speed and amount of central bank rate hikes implemented throughout the year, fixed income investors experienced some of the worst annual losses in decades. In this environment, the broad Canadian bond market (the FTSE Canada Universe Bond Index) declined by –10.4%, with longer dated maturities such as the FTSE Canada Long-Term Bond Index falling by a staggering –19.1% over the same period. Canadian corporate bonds fared slightly better as spreads over government bonds narrowed, resulting in a return of –9.9%. Investors of historically more conservative short-term bonds faced losses as well, for the FTSE Canadian Short-Term Bond Index fell by –4.2% over the year. Cash was a rare exception to the price declines as the FTSE 91 Day Treasury Index generated a positive return of 1.2% over the period.

Given the volatile global economic events described above, equity returns across almost all markets experienced broad-based price losses. Developed equity markets including both U.S. large cap equities (as represented by the S&P 500) and international equities (as reflected by the MSCI EAFE IMI Index) fell by –6.1% and –15.7%, respectively. Canadian equities (as represented by the S&P/TSX Capped Composite) provided marginally better return falling by –4.9% as the economy’s larger exposure to commodities and energy stocks helped partially cushion against

# CST Spark 2029 Education Portfolio

losses. 2022 was an extremely difficult year for Emerging Market equities as the MSCI Emerging Markets IMI Index was down by -23.9%.

## Related Party Transactions

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The Fund is managed by C.S.T. Spark Inc. (the “Manager”). The Manager is responsible for the overall management and administration of the Fund, which includes day-to-day management, distribution, and administration, including portfolio management, trustee, record-keeping, accounting, taxation, valuation, distribution, and custody services. The Manager, at its discretion, may outsource some of these functions to third parties, in the best interest of the Fund.

## Management Fees

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As compensation for its services, the Manager is entitled to receive an annual management fee of 1.3% (the “Management Fee”) plus applicable taxes. The Management Fee is calculated daily and payable monthly, in arrears, based on the daily average net asset value (“NAV”) of the Fund.

Where a Fund invests in an underlying investment fund, including an exchange traded fund (ETF), the fees and expenses payable by that underlying fund are in addition to the fees and expenses payable by the Fund. No sales or redemption fees, other than brokerage fees, are payable by a Fund when it buys or sells securities of an underlying fund.

The Fund holds ETFs that are managed by BlackRock. The management expense ratios of these ETFs, as reported in their most recent ETF Facts range from 0.06% to 0.72%, for a weighted average cost of 0.20% (per annum including applicable taxes). These fees are not paid directly by you but impact the prices of the ETFs that the Fund holds.

The Manager does not charge a management fee that would be reasonably expected to duplicate a fee payable by the underlying funds in which a Fund invests for the same service.

The Manager, in its sole discretion, may waive or absorb a portion of a Fund’s Management Fee. Such waivers or absorptions may be terminated at any time without notice.

During the period, a Management Fee of \$9,418 was paid to the Manager.

# CST Spark 2029 Education Portfolio

## Financial Highlights

For the period ended October 31, 2022

	October 31, 2022 <sup>4</sup>
<b>The Fund's Net Assets per Unit<sup>1</sup></b>	
Net assets, beginning of period	10.00
<b>(Decrease) increase from operations:</b>	
Total revenue	0.22
Total expenses	(0.14)
Realized (losses) gains	(0.06)
Unrealized (losses) gains	(1.59)
<b>Total (decrease) increase from operations<sup>2</sup></b>	<b>(1.57)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	(0.07)
From capital gains	-
Return of capital	-
<b>Total annual distributions<sup>3</sup></b>	<b>(0.07)</b>
<b>Net assets, end of period</b>	<b>8.49</b>
<b>Ratios and Supplemental Data</b>	
Total net asset value (000's)	\$ 1,000
Number of units outstanding	117,711
Management expense ratio <sup>5</sup>	1.44%
Management expense ratio before waivers or absorption <sup>6</sup>	1.44%
Trading expense ratio <sup>7</sup>	0.06%
Portfolio turnover rate <sup>8</sup>	7.87%
Net asset value per unit	8.49

<sup>1</sup> This information is derived from the Portfolio's audited annual financial statements, as applicable.

<sup>2</sup> Net Assets and Total distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

<sup>4</sup> As at October 31, 2022 or for the period from November 1, 2021 (commencement of operations) to October 31, 2022, as applicable.

<sup>5</sup> Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>6</sup> The Manager may waive or absorb a portion of the operating expenses of the Portfolio. Waivers and absorption can be terminated at any time.

<sup>7</sup> The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

<sup>8</sup> The Portfolio's turnover rate indicates how actively the Portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a Portfolio's turnover in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.

# CST Spark 2029 Education Portfolio

## Past Performance

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Investment performance is not provided as the Fund has been available for less than one year.

## Summary of Fund Investment Portfolio

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<b>Portfolio Allocation</b> as at October 31, 2022	<b>% of Net Asset Value</b>
Canadian Fixed Income Funds	40.8%
U.S. Equity Funds	26.7%
Non-North American Equity Funds	16.8%
Canadian Equity Funds	8.5%
Global Real Estate Funds	5.6%
Cash and other	1.6%
<b>Total Portfolio Allocation</b>	<b>100.0%</b>

The following Top Holdings table shows the 25 largest holdings (or all holdings if the total number of holdings is less than 25).

<b>Top 25 Holdings</b> as at October 31, 2022	<b>% of Net Asset Value</b>
iShares Core S&P 500 Index ETF	26.7%
iShares Core Canadian Long Term Bond Index ETF	18.4%
iShares Core Canadian Universe Bond Index ETF	16.4%
iShares Core MSCI EAFE IMI Index ETF	11.8%
iShares Core S&P/TSX Capped Composite Index ETF	8.5%
iShares Canadian Real Return Bond Index ETF	6.0%
iShares Global Real Estate Index ETF	5.6%
iShares Core MSCI Emerging Markets IMI Index ETF	5.0%
<b>Total holdings as a percentage of net asset value</b>	<b>98.4%</b>

The prospectus and other information about the underlying investment funds in the portfolio are available at [www.sedar.com](http://www.sedar.com).

# CST Spark 2029 Education Portfolio

## Statement of Financial Position

As at October 31

2022

		2022
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$	3,331
Investments (Note 5)		984,344
Receivable for investments sold		12,656
Subscriptions receivable		13,304
		1,013,635
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payable for investments purchased		12,569
Management fees payable		1,170
		13,739
<b>Net Assets attributable to holders of redeemable units</b>		<b>\$ 999,896</b>
<b>Redeemable units outstanding (Note 6)</b>		<b>117,711</b>
<b>Net Assets attributable to holders of redeemable units per unit</b>		<b>\$ 8.49</b>

Approved on behalf of the Board of Directors of the Manager, C.S.T. Spark Inc.



Douglas P. McPhie, FCPA, FCA



Sherry J. MacDonald, CPA, CA

# CST Spark 2029 Education Portfolio

## Statement of Comprehensive Income

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Income</b>	
Other income (loss)	\$ 444
Net gain (loss) on investments	
Distributions from underlying funds	17,340
Interest for distribution purposes	4
Net realized (loss) gain on investments	(4,817)
Net change in unrealized (depreciation) appreciation on investments	(130,144)
Total net (loss) gain on investments	(117,617)
<b>Total (loss) income, net</b>	<b>(117,173)</b>
<b>Expenses</b> <i>(Note 8)</i>	
Management fees	9,418
Transaction costs <i>(Note 3)</i>	429
Harmonized sales tax	1,060
<b>Total operating expenses</b>	<b>10,907</b>
Withholding taxes <i>(Note 7)</i>	(905)
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>\$(128,985)</b>
<b>Weighted average number of units outstanding</b>	<b>82,369</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units per unit</b>	<b>\$ (1.57)</b>



# CST Spark 2029 Education Portfolio

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Net Assets attributable to holders of redeemable units – Beginning of period</b>	<b>\$ –</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>(128,985)</b>
<b>Redeemable unit transactions</b>	
Proceeds from redeemable units issued	1,153,513
Reinvestments of distributions to holders of redeemable units	1,762
Redemption of redeemable units	(24,599)
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>1,130,676</b>
<b>Distributions to holders of redeemable units</b>	
From net investment income	(1,792)
From net realized capital gains	(3)
<b>Total distributions to holders of redeemable units</b>	<b>(1,795)</b>
<b>Increase (decrease) in Net Assets attributable to holders of redeemable units during the period</b>	<b>999,896</b>
<b>Net Assets attributable to holders of redeemable units – End of period</b>	<b>\$ 999,896</b>

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

# CST Spark 2029 Education Portfolio

## Statement of Cash Flows

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Cash flows (used in) from Operating activities</b>	
(Decrease) Increase in Net Assets attributable to holders of redeemable units	\$ (128,985)
<b>Adjustments to reconcile to operating cash flows:</b>	
Net realized loss (gain) on investments	4,817
Net change in unrealized depreciation (appreciation) of investments	130,144
Purchase of investments	(1,175,296)
Proceeds from investments sold	55,904
Increase (decrease) in management fees payable	1,170
<b>Net cash flows (used in) from operating activities</b>	<b>(1,112,246)</b>
<b>Cash flows from (used in) Financing activities</b>	
Proceeds from redeemable units issued	1,140,209
Redemption of redeemable units	(24,599)
Distributions paid to holders of redeemable units, net of reinvestments	(33)
<b>Net cash flows from (used in) financing activities</b>	<b>1,115,577</b>
<b>Increase (decrease) in cash</b>	
Net increase (decrease) in cash	3,331
Cash, beginning of period	-
<b>Cash, end of period</b>	<b>\$ 3,331</b>
Interest received, net of withholding taxes*	\$ 4

\* included in operating activities

# CST Spark 2029 Education Portfolio

## Schedule of Investment Portfolio

As at October 31, 2022

	Number of Units	Average Cost (\$)	Fair Value (\$)	Percentage of Net Assets (%)
<b>Exchange-traded funds</b>				
iShares Canadian Real Return Bond Index ETF	2,638	66,298	59,803	
iShares Core Canadian Long Term Bond Index ETF	9,781	219,813	184,665	
iShares Core Canadian Universe Bond Index ETF	6,053	181,460	163,976	
iShares Core MSCI EAFE IMI Index ETF	4,138	138,746	117,643	
iShares Core MSCI Emerging Markets IMI Index ETF	2,278	64,238	50,503	
iShares Core S&P 500 Index ETF	4,073	285,561	267,190	
iShares Core S&P/TSX Capped Composite Index ETF	2,737	91,335	84,628	
iShares Global Real Estate Index ETF	2,114	67,426	55,936	
<b>Total Exchange-traded funds</b>		<b>1,114,877</b>	<b>984,344</b>	<b>98.4</b>
<b>Embedded Broker Commissions</b> <i>(Note 3)</i>		<b>(389)</b>		
<b>Total Investments</b>		<b>1,114,488</b>	<b>984,344</b>	<b>98.4</b>
<b>Other Assets Less Liabilities</b>			<b>15,552</b>	<b>1.6</b>
<b>Net Assets attributable to holders of redeemable units</b>			<b>999,896</b>	<b>100.0</b>

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

# CST Spark 2029 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

October 31, 2022

These fund specific notes shall be read in conjunction with the accompanying notes to the financial statements which are an integral part of these financial statements. These fund specific notes can be referenced to the accompanying notes by the corresponding note number. Since they are supplemental to the accompanying notes, there may not be a corresponding specific note to match every accompanying note.

### General Information (Note 1)

The CST Spark 2029 Education Portfolio (the “Fund”) is an open-ended investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated November 1, 2021. Commencement of operations was November 1, 2021.

The investment objective of the Fund is to provide the opportunity for capital appreciation and income for the purpose of funding post-secondary education anticipated to begin between 2028 and 2030.

### Fair Value of Financial Instruments (Note 5)

#### Classification of investments under the fair value hierarchy

The table below illustrates the classification of the Fund’s financial instruments measured at fair value at the reporting date. The amounts are based on the values recognized in the Statement of Financial Position.

As at October 31, 2022:

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$984,344	\$ -	\$ -	\$984,344
	\$984,344	\$ -	\$ -	\$984,344

There were no transfers of financial assets between Level 1, Level 2 and Level 3 for the period from November 1, 2021 to October 31, 2022. All fair value measurements above are recurring.

### Redeemable Units of the Fund (Note 6)

For the period from November 1, 2021 to October 31, 2022, changes in outstanding units were as follows:

Number of Redeemable Units	2022
Balance – Beginning of period	–
Redeemable units issued	120,432
Redeemable units reinvested	174
Redeemable units redeemed	(2,895)
	117,711
Balance – End of period	117,711

### Taxation of Fund (Note 7)

As at October 31, 2022, the Fund had unused capital losses of \$nil, which may be carried forward indefinitely to reduce future net realized capital gains. There were \$nil unused non-capital losses available for tax purposes.

### Related Party Transactions and Other Expenses (Note 8)

#### Related party transactions

On November 1, 2021, the Manager purchased 15,001 units of the Fund at per unit price of \$10 for a total consideration of \$150,010. The Manager may not redeem the initial units of the Fund that it purchased on November 1, 2021, until the Fund has received total subscriptions of \$500,000 from other investors.

#### Management fees

Management Fees of 1.3% are charged to the Fund by the Manager. As of October 31, 2022, management fees payable to the Manager was \$1,170.

### Financial Risk Management (Note 9)

#### Currency risk

The table below summarizes the Fund’s net exposure (after hedging, if any) to currency risk as at:

Currency	October 31 2022
U.S. dollar	31.1%
Japanese yen	3.3%
Chinese yuan	1.5%
Euro	2.3%
Pound sterling	2.0%
Australian dollar	1.2%
Other currencies	8.3%
Total	49.7%

As at October 31, 2022, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund’s NAV may have decreased or increased, respectively by approximately 0.5% or \$4,983. In practice, actual results could differ materially from this sensitivity analysis.

# CST Spark 2029 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

(continued)

October 31, 2022

### Financial Risk Management (Note 9) (continued)

#### Interest rate risk

Fixed income and debt securities, excluding short-term investments, comprise 40.8% of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Maturity schedule	October 31 2022
Less than 1 year	0.1%
1-5 years	19.2%
5-10 years	13.7%
10-15 years	13.8%
15-20 years	11.4%
> 20 years	41.8%
Total	100.0%

#### Other price risk

As at October 31, 2022, the Fund was exposed to other price risk to the extent the underlying ETFs invest in securities subject to market fluctuations. Substantially all of the Fund's net assets were exposed to other price risk. If the prices of the securities held by the underlying funds had increased or decreased by 10%, with all other factors

remaining constant, net asset attributable to holders of redeemable units would have increased or decreased by approximately \$98,434. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### Credit risk

Credit-exposed securities, excluding short-term investments, comprise 40.8% of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	October 31 2022
AAA	37.3%
AA	39.1%
A	14.9%
BB	8.3%
Other	0.4%
Total	100.0%

### Investments in Underlying Funds (Note 10)

The Fund's ownership interest as a percentage of NAV of each of the underlying funds is less than 0.05%. All underlying funds are established and conduct business in Canada.

# CST Spark 2032 Education Portfolio

## Management Report of Fund Performance

### Introduction

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of CST Spark 2032 Education Portfolio (the “Fund”). You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling 1-800-461-7100, by writing to us at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8, or by visiting our website at [www.cstspark.ca](http://www.cstspark.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

This management discussion of fund performance presents the portfolio management team’s view on the significant factors and developments for period from November 1, 2021 (commencement of operations) to October 31, 2022 (the “period”), that have affected the Fund’s performance and outlook.

### Investment Objective and Strategies

The Fund seeks to provide the opportunity for capital appreciation and income for the purposes of funding a post-secondary education anticipated to begin between 2031 and 2033. The Fund will primarily invest in a diversified mix consisting of exchange traded funds providing exposure to fixed income, money market, cash equivalents and equity securities. The actual asset mix of the Fund will be adjusted on a quarterly basis as the investment portfolio transitions over time, from an emphasis on equities to an emphasis on fixed income securities. When the Fund approaches its end date, the asset mix transitions to a substantially more conservative mix with the majority of assets allocated to fixed income securities and/or money market and cash equivalent securities.

The Fund’s assets are passively managed by BlackRock Asset Management Canada Limited (“BlackRock”) according to a pre-defined glide path mandate using exchange-traded funds (“ETFs”).

### Risk

The risks associated with investing in the Fund remain as described in the prospectus. There were no changes to the Fund during the period that materially affected the overall level of risk associated with an investment in the Fund.

### Results of Operation

As at October 31, 2022 the net asset value of the Fund was \$0.9 million. Investment performance is not provided for a fund that has been available for less than one year.

### Economic Review

The global economy experienced a number of challenges throughout the fiscal 2022 period. Inflation reached decades level highs followed by central banks responding with monetary tightening and rapid increases in interest rates. These actions, combined with Russia’s invasion of Ukraine, and China’s economic slowdown all contributed to steep losses and extreme volatility across bonds and equities. In October, the International Monetary Fund further reduced its 2023 global growth forecast from 3.2% to 2.7%. Market risk volatility measures continue to remain elevated with considerably more economic downside and potential further slowing of the global economy in the near future.

Similar to other developed global regions, in 2022 the Canadian economy experienced inflation at the highest level in decades, with the Consumer Price Index rising to 8.1% in June before partially declining to 6.9% in October. The Bank of Canada responded by rapidly raising the overnight lending rate six times throughout the year, starting at 0.25% in February 2022 and moving to 3.75% by October. The Canadian economy continued to expand throughout 2022, albeit at a slower pace, as GDP moderated from 1.6% in December 2021 to 0.8% by July 2022. The Canadian labour market was extremely tight throughout the year with unemployment reaching a 40 year low of 4.9% in July, before slightly ticking upwards to 5.2% in October. Similar to most other global currencies, the Canadian dollar weakened relative to the US dollar, falling below 74 cents U.S., as investors sought the safety of the world’s reserve currency.

With the unprecedented speed and amount of central bank rate hikes implemented throughout the year, fixed income investors experienced some of the worst annual losses in decades. In this environment, the broad Canadian bond market (the FTSE Canada Universe Bond Index) declined by -10.4%, with longer dated maturities such as the FTSE Canada Long-Term Bond Index falling by a staggering -19.1% over the same period. Canadian corporate bonds fared slightly better as spreads over government bonds narrowed, resulting in a return of -9.9%. Investors of historically more conservative short-term bonds faced losses as well, for the FTSE Canadian Short-Term Bond Index fell by -4.2% over the year. Cash was a rare exception to the price declines as the FTSE 91 Day Treasury Index generated a positive return of 1.2% over the period.

Given the volatile global economic events described above, equity returns across almost all markets experienced broad-based price losses. Developed equity markets including both U.S. large cap equities (as represented by the S&P 500) and international equities (as reflected by the MSCI EAFE IMI Index) fell by -6.1% and -15.7%, respectively. Canadian equities (as represented by the S&P/TSX Capped Composite) provided marginally better return falling by -4.9% as the economy’s larger exposure to commodities and energy stocks helped partially cushion against

# CST Spark 2032 Education Portfolio

losses. 2022 was an extremely difficult year for Emerging Market equities as the MSCI Emerging Markets IMI Index was down by -23.9%.

## Related Party Transactions

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The Fund is managed by C.S.T. Spark Inc. (the “Manager”). The Manager is responsible for the overall management and administration of the Fund, which includes day-to-day management, distribution, and administration, including portfolio management, trustee, record-keeping, accounting, taxation, valuation, distribution, and custody services. The Manager, at its discretion, may outsource some of these functions to third parties, in the best interest of the Fund.

## Management Fees

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As compensation for its services, the Manager is entitled to receive an annual management fee of 1.3% (the “Management Fee”) plus applicable taxes. The Management Fee is calculated daily and payable monthly, in arrears, based on the daily average net asset value (“NAV”) of the Fund.

Where a Fund invests in an underlying investment fund, including an exchange traded fund (ETF), the fees and expenses payable by that underlying fund are in addition to the fees and expenses payable by the Fund. No sales or redemption fees, other than brokerage fees, are payable by a Fund when it buys or sells securities of an underlying fund.

The Fund holds ETFs that are managed by BlackRock. The management expense ratios of these ETFs, as reported in their most recent ETF Facts range from 0.06% to 0.72%, for a weighted average cost of 0.20% (per annum including applicable taxes). These fees are not paid directly by you but impact the prices of the ETFs that the Fund holds.

The Manager does not charge a management fee that would be reasonably expected to duplicate a fee payable by the underlying funds in which a Fund invests for the same service.

The Manager, in its sole discretion, may waive or absorb a portion of a Fund’s Management Fee. Such waivers or absorptions may be terminated at any time without notice.

During the period, a Management Fee of \$8,669 was paid to the Manager.

# CST Spark 2032 Education Portfolio

## Financial Highlights

For the period ended October 31, 2022

	October 31, 2022 <sup>4</sup>
<b>The Fund's Net Assets per Unit<sup>1</sup></b>	<b>\$</b>
Net assets, beginning of period	10.00
<b>(Decrease) increase from operations:</b>	
Total revenue	0.21
Total expenses	(0.15)
Realized (losses) gains	(0.03)
Unrealized (losses) gains	(1.54)
<b>Total (decrease) increase from operations<sup>2</sup></b>	<b>(1.51)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	(0.07)
From capital gains	-
Return of capital	-
<b>Total annual distributions<sup>3</sup></b>	<b>(0.07)</b>
<b>Net assets, end of period</b>	<b>8.49</b>
<b>Ratios and Supplemental Data</b>	
Total net asset value (000's)	\$ 941
Number of units outstanding	110,796
Management expense ratio <sup>5</sup>	1.44%
Management expense ratio before waivers or absorption <sup>6</sup>	1.44%
Trading expense ratio <sup>7</sup>	0.06%
Portfolio turnover rate <sup>8</sup>	5.95%
Net asset value per unit	8.49

<sup>1</sup> This information is derived from the Portfolio's audited annual financial statements, as applicable.

<sup>2</sup> Net Assets and Total distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

<sup>4</sup> As at October 31, 2022 or for the period from November 1, 2021 (commencement of operations) to October 31, 2022, as applicable.

<sup>5</sup> Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>6</sup> The Manager may waive or absorb a portion of the operating expenses of the Portfolio. Waivers and absorption can be terminated at any time.

<sup>7</sup> The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

<sup>8</sup> The Portfolio's turnover rate indicates how actively the Portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a Portfolio's turnover in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.



# CST Spark 2032 Education Portfolio

## Past Performance

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Investment performance is not provided as the Fund has been available for less than one year.

## Summary of Fund Investment Portfolio

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<b>Portfolio Allocation</b> as at October 31, 2022	<b>% of Net Asset Value</b>
U.S. Equity Funds	32.1%
Canadian Fixed Income Funds	28.4%
Non-North American Equity Funds	20.3%
Canadian Equity Funds	10.0%
Global Real Estate Funds	6.7%
Cash and other	2.5%
<b>Total Portfolio Allocation</b>	<b>100.0%</b>

The following Top Holdings table shows the 25 largest holdings (or all holdings if the total number of holdings is less than 25).

<b>Top 25 Holdings</b> as at October 31, 2022	<b>% of Net Asset Value</b>
iShares Core S&P 500 Index ETF	32.1%
iShares Core MSCI EAFE IMI Index ETF	14.1%
iShares Core Canadian Long Term Bond Index ETF	12.9%
iShares Core Canadian Universe Bond Index ETF	11.4%
iShares Core S&P/TSX Capped Composite Index ETF	10.0%
iShares Global Real Estate Index ETF	6.7%
iShares Core MSCI Emerging Markets IMI Index ETF	6.2%
iShares Canadian Real Return Bond Index ETF	4.1%
<b>Total holdings as a percentage of net asset value</b>	<b>97.5%</b>

The prospectus and other information about the underlying investment funds in the portfolio are available at [www.sedar.com](http://www.sedar.com).

# CST Spark 2032 Education Portfolio

## Statement of Financial Position

As at October 31

2022

		2022
<b>Assets</b>		
<b>Current assets</b>		
Cash		\$ 3,322
Investments <i>(Note 5)</i>		916,889
Receivable for investments sold		11,083
Subscriptions receivable		25,535
		<b>956,829</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payable for investments purchased		10,892
Management fees payable		1,102
Redemptions payable		3,959
		<b>15,953</b>
<b>Net Assets attributable to holders of redeemable units</b>		<b>\$940,876</b>
<b>Redeemable units outstanding <i>(Note 6)</i></b>		<b>110,796</b>
<b>Net Assets attributable to holders of redeemable units per unit</b>		<b>\$ 8.49</b>

Approved on behalf of the Board of Directors of the Manager, C.S.T. Spark Inc.



Douglas P. McPhie, FCPA, FCA



Sherry J. MacDonald, CPA, CA

# CST Spark 2032 Education Portfolio

## Statement of Comprehensive Income

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Income</b>	
Other income (loss)	\$ 471
Net gain (loss) on investments	
Distributions from underlying funds	15,096
Interest for distribution purposes	6
Net realized (loss) gain on investments	(2,037)
Net change in unrealized (depreciation) appreciation on investments	(116,935)
Total net (loss) gain on investments	(103,870)
<b>Total (loss) income, net</b>	<b>(103,399)</b>
<b>Expenses</b> <i>(Note 8)</i>	
Management fees	8,669
Transaction costs <i>(Note 3)</i>	388
Harmonized sales tax	1,022
<b>Total operating expenses</b>	<b>10,079</b>
Withholding taxes <i>(Note 7)</i>	(1,002)
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>\$(114,480)</b>
<b>Weighted average number of units outstanding</b>	<b>75,817</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units per unit</b>	<b>\$ (1.51)</b>

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

# CST Spark 2032 Education Portfolio

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Net Assets attributable to holders of redeemable units – Beginning of period</b>	<b>\$ –</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>(114,480)</b>
<b>Redeemable unit transactions</b>	
Proceeds from redeemable units issued	1,085,260
Reinvestments of distributions to holders of redeemable units	1,837
Redemption of redeemable units	(29,866)
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>1,057,231</b>
<b>Distributions to holders of redeemable units</b>	
From net investment income	(1,872)
From net realized capital gains	(3)
<b>Total distributions to holders of redeemable units</b>	<b>(1,875)</b>
<b>Increase (decrease) in Net Assets attributable to holders of redeemable units during the period</b>	<b>940,876</b>
<b>Net Assets attributable to holders of redeemable units – End of period</b>	<b>\$ 940,876</b>

# CST Spark 2032 Education Portfolio

## Statement of Cash Flows

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Cash flows (used in) from Operating activities</b>	
(Decrease) Increase in Net Assets attributable to holders of redeemable units from operations	\$ (114,480)
<b>Adjustments to reconcile to operating cash flows:</b>	
Net realized loss (gain) on investments	2,037
Net change in unrealized depreciation (appreciation) of investments	116,935
Purchase of investments	(1,074,920)
Proceeds from investments sold	38,868
Increase (decrease) in management fees payable	1,102
<b>Net cash flows (used in) from operating activities</b>	<b>(1,030,458)</b>
<b>Cash flows from (used in) Financing activities</b>	
Proceeds from redeemable units issued	1,059,725
Redemption of redeemable units	(25,907)
Distributions paid to holders of redeemable units, net of reinvestments	(38)
<b>Net cash flows from (used in) financing activities</b>	<b>1,033,780</b>
<b>Increase (decrease) in cash</b>	
Net increase (decrease) in cash	3,322
Cash, beginning of period	-
<b>Cash, end of period</b>	<b>\$ 3,322</b>
Interest received, net of withholding taxes*	\$ 6

\* included in operating activities

# CST Spark 2032 Education Portfolio

## Schedule of Investment Portfolio

As at October 31, 2022

	Number of Units	Average Cost (\$)	Fair Value (\$)	Percentage of Net Assets (%)
<b>Exchange-traded funds</b>				
iShares Canadian Real Return Bond Index ETF	1,714	42,985	38,856	
iShares Core Canadian Long Term Bond Index ETF	6,420	143,747	121,210	
iShares Core Canadian Universe Bond Index ETF	3,973	118,806	107,629	
iShares Core MSCI EAFE IMI Index ETF	4,661	155,544	132,512	
iShares Core MSCI Emerging Markets IMI Index ETF	2,614	73,678	57,952	
iShares Core S&P 500 Index ETF	4,602	322,303	301,891	
iShares Core S&P/TSX Capped Composite Index ETF	3,028	100,991	93,626	
iShares Global Real Estate Index ETF	2,389	76,131	63,213	
<b>Total Exchange-traded funds</b>		<b>1,034,185</b>	<b>916,889</b>	<b>97.5</b>
<b>Embedded Broker Commissions</b> <i>(Note 3)</i>		<b>(361)</b>		
<b>Total Investments</b>		<b>1,033,824</b>	<b>916,889</b>	<b>97.5</b>
<b>Other Assets Less Liabilities</b>			<b>23,987</b>	<b>2.5</b>
<b>Net Assets attributable to holders of redeemable units</b>			<b>940,876</b>	<b>100.0</b>

# CST Spark 2032 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

October 31, 2022

These fund specific notes shall be read in conjunction with the accompanying notes to the financial statements which are an integral part of these financial statements. These fund specific notes can be referenced to the accompanying notes by the corresponding note number. Since they are supplemental to the accompanying notes, there may not be a corresponding specific note to match every accompanying note.

### General Information (Note 1)

The CST Spark 2032 Education Portfolio (the “Fund”) is an open-ended investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated November 1, 2021. Commencement of operations was November 1, 2021.

The investment objective of the Fund is to provide the opportunity for capital appreciation and income for the purpose of funding post-secondary education anticipated to begin between 2031 and 2033.

### Fair Value of Financial Instruments (Note 5)

#### Classification of investments under the fair value hierarchy

The table below illustrates the classification of the Fund’s financial instruments measured at fair value at the reporting date. The amounts are based on the values recognized in the Statement of Financial Position.

As at October 31, 2022:

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$916,889	\$ -	\$ -	\$916,889
	\$916,889	\$ -	\$ -	\$916,889

There were no transfers of financial assets between Level 1, Level 2 and Level 3 for the period from November 1, 2021 to October 31, 2022. All fair value measurements above are recurring.

### Redeemable Units of the Fund (Note 6)

For the period from November 1, 2021 to October 31, 2022, changes in outstanding units were as follows:

Number of Redeemable Units	2022
Balance – Beginning of period	-
Redeemable units issued	113,886
Redeemable units reinvested	182
Redeemable units redeemed	(3,272)
	110,796
Balance – End of period	110,796

### Taxation of Fund (Note 7)

As at October 31, 2022, the Fund had unused capital losses of \$nil, which may be carried forward indefinitely to reduce future net realized capital gains. There were \$nil unused non-capital losses available for tax purposes.

### Related Party Transactions and Other Expenses (Note 8)

#### Related party transactions

On November 1, 2021, the Manager purchased 15,001 units of the Fund at per unit price of \$10 for a total consideration of \$150,010. The Manager may not redeem the initial units of the Fund that it purchased on November 1, 2021, until the Fund has received total subscriptions of \$500,000 from other investors.

#### Management fees

Management Fees of 1.3% are charged to the Fund by the Manager. As of October 31, 2022, management fees payable to the Manager was \$1,102.

### Financial Risk Management (Note 9)

#### Currency risk

The table below summarizes the Fund’s net exposure (after hedging, if any) to currency risk as at:

Currency	October 31 2022
U.S. dollar	37.7%
Japanese yen	4.0%
Chinese yuan	1.8%
Euro	2.8%
Pound sterling	2.5%
Australian dollar	1.5%
Other currencies	10.2%
Total	60.5%

As at October 31, 2022, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund’s NAV may have decreased or increased, respectively by approximately 0.6% or \$5,962. In practice, actual results could differ materially from this sensitivity analysis.

# CST Spark 2032 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

(continued)

October 31, 2022

### Financial Risk Management (Note 9) (continued)

#### Interest rate risk

Fixed income and debt securities, excluding short-term investments, comprise 28.4% of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Maturity schedule	October 31 2022
Less than 1 year	0.1%
1-5 years	19.2%
5-10 years	13.7%
10-15 years	13.8%
15-20 years	11.4%
> 20 years	41.8%
Total	100.0%

#### Other price risk

As at October 31, 2022, the Fund was exposed to other price risk to the extent the underlying ETFs invest in securities subject to market fluctuations. Substantially all of the Fund's net assets were exposed to other price risk. If the prices of the securities held by the underlying funds had increased or decreased by 10%, with all other factors

remaining constant, net asset attributable to holders of redeemable units would have increased or decreased by approximately \$91,689. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### Credit risk

Credit-exposed securities, excluding short-term investments, comprise 28.4% of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	October 31 2022
AAA	37.2%
AA	39.2%
A	14.9%
BB	8.3%
Other	0.4%
Total	100.0%

### Investments in Underlying Funds (Note 10)

The Fund's ownership interest as a percentage of NAV of each of the underlying funds is less than 0.05%. All underlying funds are established and conduct business in Canada.



# CST Spark 2035 Education Portfolio

## Management Report of Fund Performance

### Introduction

This management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of CST Spark 2035 Education Portfolio (the “Fund”). You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling 1-800-461-7100, by writing to us at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8, or by visiting our website at [www.cstspark.ca](http://www.cstspark.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

This management discussion of fund performance presents the portfolio management team’s view on the significant factors and developments for the period from November 1, 2021 (commencement of operations) to October 31, 2022 (the “period”), that have affected the Fund’s performance and outlook.

### Investment Objective and Strategies

The Fund seeks to provide the opportunity for capital appreciation and income for the purposes of funding a post-secondary education anticipated to begin between 2034 and 2036. The Fund will primarily invest in a diversified mix consisting of exchange traded funds providing exposure to fixed income, money market, cash equivalents and equity securities. The actual asset mix of the Fund will be adjusted on a quarterly basis as the investment portfolio transitions over time, from an emphasis on equities to an emphasis on fixed income securities. When the Fund approaches its end date, the asset mix transitions to a substantially more conservative mix with the majority of assets allocated to fixed income securities and/or money market and cash equivalent securities.

The Fund’s assets are passively managed by BlackRock Asset Management Canada Limited (“BlackRock”) according to a pre-defined glide path mandate using exchange-traded funds (“ETFs”).

### Risk

The risks associated with investing in the Fund remain as described in the prospectus. There were no changes to the Fund during the period that materially affected the overall level of risk associated with an investment in the Fund.

### Results of Operation

As at October 31, 2022, the net asset value of the Fund was \$1.1 million. Investment performance is not provided for a fund that has been available for less than one year.

### Economic Review

The global economy experienced a number of challenges throughout the fiscal 2022 period. Inflation reached decades level highs followed by central banks responding with monetary tightening and rapid increases in interest rates. These actions, combined with Russia’s invasion of Ukraine, and China’s economic slowdown all contributed to steep losses and extreme volatility across bonds and equities. In October, the International Monetary Fund further reduced its 2023 global growth forecast from 3.2% to 2.7%. Market risk volatility measures continue to remain elevated with considerably more economic downside and potential further slowing of the global economy in the near future.

Similar to other developed global regions, in 2022 the Canadian economy experienced inflation at the highest level in decades, with the Consumer Price Index rising to 8.1% in June before partially declining to 6.9% in October. The Bank of Canada responded by rapidly raising the overnight lending rate six times throughout the year, starting at 0.25% in February 2022 and moving to 3.75% by October. The Canadian economy continued to expand throughout 2022, albeit at a slower pace, as GDP moderated from 1.6% in December 2021 to 0.8% by July 2022. The Canadian labour market was extremely tight throughout the year with unemployment reaching a 40 year low of 4.9% in July, before slightly ticking upwards to 5.2% in October. Similar to most other global currencies, the Canadian dollar weakened relative to the US dollar, falling below 74 cents U.S., as investors sought the safety of the world’s reserve currency.

With the unprecedented speed and amount of central bank rate hikes implemented throughout the year, fixed income investors experienced some of the worst annual losses in decades. In this environment, the broad Canadian bond market (the FTSE Canada Universe Bond Index) declined by –10.4%, with longer dated maturities such as the FTSE Canada Long-Term Bond Index falling by a staggering –19.1% over the same period. Canadian corporate bonds fared slightly better as spreads over government bonds narrowed, resulting in a return of –9.9%. Investors of historically more conservative short-term bonds faced losses as well, for the FTSE Canadian Short-Term Bond Index fell by –4.2% over the year. Cash was a rare exception to the price declines as the FTSE 91 Day Treasury Index generated a positive return of 1.2% over the period.

Given the volatile global economic events described above, equity returns across almost all markets experienced broad-based price losses. Developed equity markets including both U.S. large cap equities (as represented by the S&P 500) and international equities (as reflected by the MSCI EAFE IMI Index) fell by –6.1% and –15.7%, respectively. Canadian equities (as represented by the S&P/TSX Capped Composite) provided marginally better return falling by –4.9% as the economy’s larger exposure to commodities and energy stocks helped partially cushion against

# CST Spark 2035 Education Portfolio

losses. 2022 was an extremely difficult year for Emerging Market equities as the MSCI Emerging Markets IMI Index was down by -23.9%.

## Related Party Transactions

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The Fund is managed by C.S.T. Spark Inc. (the “Manager”). The Manager is responsible for the overall management and administration of the Fund, which includes day-to-day management, distribution, and administration, including portfolio management, trustee, record-keeping, accounting, taxation, valuation, distribution, and custody services. The Manager, at its discretion, may outsource some of these functions to third parties, in the best interest of the Fund.

## Management Fees

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As compensation for its services, the Manager is entitled to receive an annual management fee of 1.3% (the “Management Fee”) plus applicable taxes. The Management Fee is calculated and payable monthly, in arrears, based on the daily average net asset value (“NAV”) of the Fund.

Where a Fund invests in an underlying investment fund, including an exchange traded fund (ETF), the fees and expenses payable by that underlying fund are in addition to the fees and expenses payable by the Fund. No sales or redemption fees, other than brokerage fees, are payable by a Fund when it buys or sells securities of an underlying fund.

The Fund holds ETFs that are managed by BlackRock. The management expense ratios of these ETFs, as reported in their most recent ETF Facts range from 0.06% to 0.72%, for a weighted average cost of 0.20% (per annum including applicable taxes). These fees are not paid directly by you but impact the prices of the ETFs that the Fund holds.

The Manager does not charge a management fee that would be reasonably expected to duplicate a fee payable by the underlying funds in which a Fund invests for the same service.

The Manager, in its sole discretion, may waive or absorb a portion of a Fund’s Management Fee. Such waivers or absorptions may be terminated at any time without notice.

During the period, a Management Fee of \$10,150 was paid to the Manager.

# CST Spark 2035 Education Portfolio

## Financial Highlights

For the period ended October 31, 2022

	October 31, 2022 <sup>4</sup> \$
<b>The Fund's Net Assets per Unit<sup>1</sup></b>	
Net assets, beginning of period	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.20
Total expenses	(0.15)
Realized (losses) gains	(0.03)
Unrealized (losses) gains	(1.53)
<b>Total (decrease) increase from operations<sup>2</sup></b>	<b>(1.51)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	(0.07)
From capital gains	-
Return of capital	-
<b>Total annual distributions<sup>3</sup></b>	<b>(0.07)</b>
<b>Net assets, end of period</b>	<b>8.51</b>
<b>Ratios and Supplemental Data</b>	
Total net asset value (000's)	\$ 1,068
Number of units outstanding	125,477
Management expense ratio <sup>5</sup>	1.44%
Management expense ratio before waivers or absorption <sup>6</sup>	1.44%
Trading expense ratio <sup>7</sup>	0.06%
Portfolio turnover rate <sup>8</sup>	6.15%
Net asset value per unit	8.51

<sup>1</sup> This information is derived from the Portfolio's audited annual financial statements, as applicable.

<sup>2</sup> Net Assets and Total distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

<sup>4</sup> As at October 31, 2022 or from November 1, 2021 (commencement of operations) to October 31, 2022, as applicable.

<sup>5</sup> Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>6</sup> The Manager may waive or absorb a portion of the operating expenses of the Portfolio. Waivers and absorption can be terminated at any time.

<sup>7</sup> The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

<sup>8</sup> The Portfolio's turnover rate indicates how actively the Portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a Portfolio's turnover in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.

# CST Spark 2035 Education Portfolio

## Past Performance

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Investment performance is not provided as the Fund has been available for less than one year.

## Summary of Fund Investment Portfolio

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<b>Portfolio Allocation</b> as at October 31, 2022	<b>% of Net Asset Value</b>
U.S. Equity Funds	36.8%
Non-North American Equity Funds	23.0%
Canadian Fixed Income Funds	19.2%
Canadian Equity Funds	12.4%
Global Real Estate Funds	7.8%
Cash and other	0.8%
<b>Total Portfolio Allocation</b>	<b>100.0%</b>

The following Top Holdings table shows the 25 largest holdings (or all holdings if the total number of holdings is less than 25).

<b>Top 25 Holdings</b> as at October 31, 2022	<b>% of Net Asset Value</b>
iShares Core S&P 500 Index ETF	36.8%
iShares Core MSCI EAFE IMI Index ETF	15.9%
iShares Core S&P/TSX Capped Composite Index ETF	12.4%
iShares Core Canadian Long Term Bond Index ETF	8.7%
iShares Global Real Estate Index ETF	7.8%
iShares Core Canadian Universe Bond Index ETF	7.7%
iShares Core MSCI Emerging Markets IMI Index ETF	7.1%
iShares Canadian Real Return Bond Index ETF	2.8%
<b>Total holdings as a percentage of net asset value</b>	<b>99.2%</b>

The prospectus and other information about the underlying investment funds in the portfolio are available at [www.sedar.com](http://www.sedar.com).

# CST Spark 2035 Education Portfolio

## Statement of Financial Position

As at October 31

2022

<b>Assets</b>	
<b>Current assets</b>	
Cash	\$ 5,705
Investments (Note 5)	1,059,333
Receivable for investments sold	11,279
Subscriptions receivable	14,877
	<b>1,091,194</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Payable for investments purchased	16,947
Management fees payable	1,267
Redemptions payable	5,340
	<b>23,554</b>
<b>Net Assets attributable to holders of redeemable units</b>	<b>\$1,067,640</b>
<b>Redeemable units outstanding (Note 6)</b>	<b>125,477</b>
<b>Net Assets attributable to holders of redeemable units per unit</b>	<b>\$ 8.51</b>

Approved on behalf of the Board of Directors of the Manager, C.S.T. Spark Inc.



Douglas P. McPhie, FCPA, FCA



Sherry J. MacDonald, CPA, CA

# CST Spark 2035 Education Portfolio

## Statement of Comprehensive Income

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Income</b>	
Other income (loss)	\$ 744
Net gain (loss) on investments	
Distributions from underlying funds	16,684
Interest for distribution purposes	5
Net realized (loss) gain on investments	(2,221)
Net change in unrealized (depreciation) appreciation on investments	(136,292)
Total net (loss) gain on investments	(121,824)
<b>Total (loss) income, net</b>	<b>(121,080)</b>
<b>Expenses</b> <i>(Note 8)</i>	
Management fees	10,150
Transaction costs <i>(Note 3)</i>	447
Harmonized sales tax	1,175
<b>Total operating expenses</b>	<b>11,772</b>
Withholding taxes <i>(Note 7)</i>	(1,284)
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>\$(134,136)</b>
<b>Weighted average number of units outstanding</b>	<b>88,619</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units per unit</b>	<b>\$ (1.51)</b>

# CST Spark 2035 Education Portfolio

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Net Assets attributable to holders of redeemable units – Beginning of period</b>	<b>\$ –</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>(134,136)</b>
<b>Redeemable unit transactions</b>	
Proceeds from redeemable units issued	1,228,300
Reinvestments of distributions to holders of redeemable units	2,079
Redemption of redeemable units	(26,475)
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>1,203,904</b>
<b>Distributions to holders of redeemable units</b>	
From net investment income	(2,125)
From net realized capital gains	(3)
<b>Total distributions to holders of redeemable units</b>	<b>(2,128)</b>
<b>Increase (decrease) in Net Assets attributable to holders of redeemable units during the period</b>	<b>1,067,640</b>
<b>Net Assets attributable to holders of redeemable units – End of period</b>	<b>\$1,067,640</b>

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

# CST Spark 2035 Education Portfolio

## Statement of Cash Flows

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Cash flows (used in) from Operating activities</b>	
(Decrease) Increase in Net Assets attributable to holders of redeemable units	\$ (134,136)
<b>Adjustments to reconcile to operating cash flows:</b>	
Net realized loss (gain) on investments	2,221
Net change in unrealized depreciation (appreciation) of investments	136,292
Purchase of investments	(1,239,213)
Proceeds from investments sold	47,035
Increase (decrease) in management fees payable	1,267
<b>Net cash flows (used in) from operating activities</b>	<b>(1,186,534)</b>
<b>Cash flows from (used in) Financing activities</b>	
Proceeds from redeemable units issued	1,213,423
Redemption of redeemable units	(21,135)
Distributions paid to holders of redeemable units, net of reinvestments	(49)
<b>Net cash flows from (used in) financing activities</b>	<b>1,192,239</b>
<b>Increase (decrease) in cash</b>	
Net increase (decrease) in cash	5,705
Cash, beginning of period	-
<b>Cash, end of period</b>	<b>\$ 5,705</b>
Interest received, net of withholding taxes*	\$ 5

\* included in operating activities



# CST Spark 2035 Education Portfolio

## Schedule of Investment Portfolio

As at October 31, 2022

	Number of Units	Average Cost (\$)	Fair Value (\$)	Percentage of Net Assets (%)
<b>Exchange-traded funds</b>				
iShares Canadian Real Return Bond Index ETF	1,307	32,902	29,630	
iShares Core Canadian Long Term Bond Index ETF	4,924	110,680	92,965	
iShares Core Canadian Universe Bond Index ETF	3,043	91,149	82,435	
iShares Core MSCI EAFE IMI Index ETF	5,981	200,542	170,040	
iShares Core MSCI Emerging Markets IMI Index ETF	3,426	96,093	75,954	
iShares Core S&P 500 Index ETF	5,987	421,190	392,747	
iShares Core S&P/TSX Capped Composite Index ETF	4,270	142,786	132,028	
iShares Global Real Estate Index ETF	3,157	100,697	83,534	
<b>Total Exchange-traded funds</b>		<b>1,196,039</b>	<b>1,059,333</b>	<b>99.2</b>
<b>Embedded Broker Commissions</b> <i>(Note 3)</i>		<b>(414)</b>		
<b>Total Investments</b>		<b>1,195,625</b>	<b>1,059,333</b>	<b>99.2</b>
<b>Other Assets Less Liabilities</b>			<b>8,307</b>	<b>0.8</b>
<b>Net Assets attributable to holders of redeemable units</b>			<b>1,067,640</b>	<b>100.0</b>

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

# CST Spark 2035 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

October 31, 2022

These fund specific notes shall be read in conjunction with the accompanying notes to the financial statements which are an integral part of these financial statements. These fund specific notes can be referenced to the accompanying notes by the corresponding note number. Since they are supplemental to the accompanying notes, there may not be a corresponding specific note to match every accompanying note.

### General Information (Note 1)

The CST Spark 2035 Education Portfolio (the “Fund”) is an open-ended investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated November 1, 2021. Commencement of operations was November 1, 2021.

The investment objective of the Fund is to provide the opportunity for capital appreciation and income for the purpose of funding post-secondary education anticipated to begin between 2034 and 2036.

### Fair Value of Financial Instruments (Note 5)

#### Classification of investments under the fair value hierarchy

The table below illustrates the classification of the Fund’s financial instruments measured at fair value at the reporting date. The amounts are based on the values recognized in the Statement of Financial Position.

As at October 31, 2022:

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$1,059,333	\$ -	\$ -	\$1,059,333
	\$1,059,333	\$ -	\$ -	\$1,059,333

There were no transfers of financial assets between Level 1, Level 2 and Level 3 for the period from November 1, 2021 to October 31, 2022. All fair value measurements above are recurring.

### Redeemable Units of the Fund (Note 6)

For the period from November 1, 2021 to October 31, 2022, changes in outstanding units were as follows:

Number of Redeemable Units	2022
Balance – Beginning of period	–
Redeemable units issued	128,230
Redeemable units reinvested	207
Redeemable units redeemed	(2,960)
	125,477
Balance – End of period	125,477

### Taxation of Fund (Note 7)

As at October 31, 2022, the Fund had unused capital losses of \$nil, which may be carried forward indefinitely to reduce future net realized capital gains. There were \$nil unused non-capital losses available for tax purposes.

### Related Party Transactions and Other Expenses (Note 8)

#### Related party transactions

On November 1, 2021, the Manager purchased 15,001 units of the Fund at per unit price of \$10 for a total consideration of \$150,010. The Manager may not redeem the initial units of the Fund that it purchased on November 1, 2021, until the Fund has received total subscriptions of \$500,000 from other investors.

#### Management Fees

Management Fees of 1.3% are charged to the Fund by the Manager. As of October 31, 2022, management fees payable to the Manager was \$1,267.

### Financial Risk Management (Note 9)

#### Currency risk

The table below summarizes the Fund’s net exposure (after hedging, if any) to currency risk as at:

Currency	October 31 2022
U.S. dollar	42.6%
Japanese yen	4.4%
Chinese yuan	2.1%
Euro	3.2%
Pound sterling	2.7%
Australian dollar	1.7%
Other currencies	11.4%
Total	68.1%

As at October 31, 2022, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund’s NAV may have decreased or increased, respectively by approximately 0.7% or \$7,268. In practice, actual results could differ materially from this sensitivity analysis.

# CST Spark 2035 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

(continued)

October 31, 2022

### Financial Risk Management (Note 9) (continued)

#### Interest rate risk

Fixed income and debt securities, excluding short-term investments, comprise 19.2% of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Maturity schedule	October 31 2022
Less than 1 year	0.1%
1-5 years	19.2%
5-10 years	13.7%
10-15 years	13.8%
15-20 years	11.4%
> 20 years	41.8%
Total	100.0%

#### Other price risk

As at October 31, 2022, the Fund was exposed to other price risk to the extent the underlying ETFs invest in securities subject to market fluctuations. Substantially all of the Fund's net assets were exposed to other price risk. If the prices of the securities held by the underlying

funds had increased or decreased by 10%, with all other factors remaining constant, net asset attributable to holders of redeemable units would have increased or decreased by approximately \$105,933. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### Credit risk

Credit-exposed securities, excluding short-term investments, comprise 19.2% of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	October 31 2022
AAA	37.2%
AA	39.2%
A	14.9%
BB	8.3%
Other	0.4%
Total	100.0%

### Investments in Underlying Funds (Note 10)

The Fund's ownership interest as a percentage of NAV of each of the underlying funds is less than 0.05%. All underlying funds are established and conduct business in Canada.

# CST Spark 2038 Education Portfolio

## Management Report of Fund Performance

### Introduction

This management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of CST Spark 2038 Education Portfolio (the “Fund”). You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling 1-800-461-7100, by writing to us at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8, or by visiting our website at [www.cstspark.ca](http://www.cstspark.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

This management discussion of fund performance presents the portfolio management team’s view on the significant factors and developments for the period November 1, 2021 (commencement of operations) to October 31, 2022 (the “period”), that have affected the Fund’s performance and outlook.

### Investment Objective and Strategies

The Fund seeks to provide the opportunity for capital appreciation and income for the purposes of funding a post-secondary education anticipated to begin between 2037 and 2039. The Fund will primarily invest in a diversified asset mix consisting of exchange traded funds providing exposure to fixed income, money market, cash equivalents and equity securities. The actual asset mix of the Fund will be adjusted on a quarterly basis as the investment portfolio transitions over time, from an emphasis on equities to an emphasis on fixed income securities. When the Fund approaches its end date, the asset mix transitions to a substantially more conservative mix with the majority of assets allocated to fixed income securities and/or money market and cash equivalent securities.

The Fund’s assets are passively managed by BlackRock Asset Management Canada Limited (“BlackRock”) according to a pre-defined glide path mandate using exchange-traded funds (“ETFs”).

### Risk

The risks associated with investing in the Fund remain as described in the prospectus. There were no changes to the Fund during the period that materially affected the overall level of risk associated with an investment in the Fund.

### Results of Operation

As at October 31, 2022, the net asset value of the Fund was \$1.2 million. Investment performance is not provided for a fund that has been available for less than one year.

### Economic Review

The global economy experienced a number of challenges throughout the fiscal 2022 period. Inflation reached decades level highs followed by central banks responding with monetary tightening and rapid increases in interest rates. These actions, combined with Russia’s invasion of Ukraine, and China’s economic slowdown all contributed to steep losses and extreme volatility across bonds and equities. In October, the International Monetary Fund further reduced its 2023 global growth forecast from 3.2% to 2.7%. Market risk volatility measures continue to remain elevated with considerably more economic downside and potential further slowing of the global economy in the near future.

Similar to other developed global regions, in 2022 the Canadian economy experienced inflation at the highest level in decades, with the Consumer Price Index rising to 8.1% in June before partially declining to 6.9% in October. The Bank of Canada responded by rapidly raising the overnight lending rate six times throughout the year, starting at 0.25% in February 2022 and moving to 3.75% by October. The Canadian economy continued to expand throughout 2022, albeit at a slower pace, as GDP moderated from 1.6% in December 2021 to 0.8% by July 2022. The Canadian labour market was extremely tight throughout the year with unemployment reaching a 40 year low of 4.9% in July, before slightly ticking upwards to 5.2% in October. Similar to most other global currencies, the Canadian dollar weakened relative to the US dollar, falling below 74 cents U.S., as investors sought the safety of the world’s reserve currency.

With the unprecedented speed and amount of central bank rate hikes implemented throughout the year, fixed income investors experienced some of the worst annual losses in decades. In this environment, the broad Canadian bond market (the FTSE Canada Universe Bond Index) declined by –10.4%, with longer dated maturities such as the FTSE Canada Long-Term Bond Index falling by a staggering –19.1% over the same period. Canadian corporate bonds fared slightly better as spreads over government bonds narrowed, resulting in a return of –9.9%. Investors of historically more conservative short-term bonds faced losses as well, for the FTSE Canadian Short-Term Bond Index fell by –4.2% over the year. Cash was a rare exception to the price declines as the FTSE 91 Day Treasury Index generated a positive return of 1.2% over the period.

Given the volatile global economic events described above, equity returns across almost all markets experienced broad-based price losses. Developed equity markets including both U.S. large cap equities (as represented by the S&P 500) and international equities (as reflected by the MSCI EAFE IMI Index) fell by –6.1% and –15.7%, respectively. Canadian equities (as represented by the S&P/TSX Capped Composite) provided marginally better return falling by –4.9% as the economy’s larger exposure to commodities and energy stocks helped partially cushion against

# CST Spark 2038 Education Portfolio

losses. 2022 was an extremely difficult year for Emerging Market equities as the MSCI Emerging Markets IMI Index was down by -23.9%.

## Related Party Transactions

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The Fund is managed by C.S.T. Spark Inc. (the “Manager”). The Manager is responsible for the overall management and administration of the Fund, which includes day-to-day management, distribution, and administration, including portfolio management, trustee, record-keeping, accounting, taxation, valuation, distribution, and custody services. The Manager, at its discretion, may outsource some of these functions to third parties, in the best interest of the Fund.

## Management Fees

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As compensation for its services, the Manager is entitled to receive an annual management fee of 1.3% (the “Management Fee”) plus applicable taxes. The Management Fee is calculated daily

and payable monthly, in arrears, based on the daily average net asset value (“NAV”) of the Fund.

Where a Fund invests in an underlying investment fund, including an exchange traded fund (ETF), the fees and expenses payable by that underlying fund are in addition to the fees and expenses payable by the Fund. No sales or redemption fees, other than brokerage fees, are payable by a Fund when it buys or sells securities of an underlying fund.

The Fund holds ETFs that are managed by BlackRock. The management expense ratios of these ETFs, as reported in their most recent ETF Facts range from 0.06% to 0.72%, for a weighted average cost of 0.20% (per annum including applicable taxes). These fees are not paid directly by you but impact the prices of the ETFs that the Fund holds.

The Manager does not charge a management fee that would be reasonably expected to duplicate a fee payable by the underlying funds in which a Fund invests for the same service.

The Manager, in its sole discretion, may waive or absorb a portion of a Fund’s Management Fee. Such waivers or absorptions may be terminated at any time without notice.

During the period, a Management Fee of \$10,652 was paid to the Manager.

# CST Spark 2038 Education Portfolio

## Financial Highlights

For the period ended October 31, 2022

	October 31, 2022 <sup>4</sup>
<b>The Fund's Net Assets per Unit<sup>1</sup></b>	
Net assets, beginning of period	10.00
<b>(Decrease) increase from operations:</b>	
Total revenue	0.19
Total expenses	(0.15)
Realized (losses) gains	(0.02)
Unrealized (losses) gains	(1.46)
<b>Total (decrease) increase from operations<sup>2</sup></b>	<b>(1.44)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	(0.07)
From capital gains	-
Return of capital	-
<b>Total annual distributions<sup>3</sup></b>	<b>(0.07)</b>
<b>Net assets, end of period</b>	<b>8.53</b>
<b>Ratios and Supplemental Data</b>	
Total net asset value (000's)	\$ 1,227
Number of units outstanding	143,908
Management expense ratio <sup>5</sup>	1.44%
Management expense ratio before waivers or absorption <sup>6</sup>	1.44%
Trading expense ratio <sup>7</sup>	0.06%
Portfolio turnover rate <sup>8</sup>	5.96%
Net asset value per unit	8.53

<sup>1</sup> This information is derived from the Portfolio's audited annual financial statements, as applicable.

<sup>2</sup> Net Assets and Total distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

<sup>4</sup> As at October 31, 2022 or for the period from November 1, 2021 (commencement of operations) to October 31, 2022, as applicable.

<sup>5</sup> Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>6</sup> The Manager may waive or absorb a portion of the operating expenses of the Portfolio. Waivers and absorption can be terminated at any time.

<sup>7</sup> The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

<sup>8</sup> The Portfolio's turnover rate indicates how actively the Portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a Portfolio's turnover in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.

# CST Spark 2038 Education Portfolio

## Past Performance

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Investment performance is not provided as the Fund has been available for less than one year.

## Summary of Fund Investment Portfolio

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<b>Portfolio Allocation</b> as at October 31, 2022	<b>% of Net Asset Value</b>
U.S. Equity Funds	38.7%
Non-North American Equity Funds	24.3%
Canadian Equity Funds	15.1%
Canadian Fixed Income Funds	11.7%
Global Real Estate Funds	8.5%
Cash and other	1.7%
<b>Total Portfolio Allocation</b>	<b>100.0%</b>

The following Top Holdings table shows the 25 largest holdings (or all holdings if the total number of holdings is less than 25).

<b>Top 25 Holdings</b> as at October 31, 2022	<b>% of Net Asset Value</b>
iShares Core S&P 500 Index ETF	38.7%
iShares Core MSCI EAFE IMI Index ETF	16.8%
iShares Core S&P/TSX Capped Composite Index ETF	15.1%
iShares Global Real Estate Index ETF	8.5%
iShares Core MSCI Emerging Markets IMI Index ETF	7.5%
iShares Core Canadian Long Term Bond Index ETF	5.3%
iShares Core Canadian Universe Bond Index ETF	4.7%
iShares Canadian Real Return Bond Index ETF	1.7%
<b>Total holdings as a percentage of net asset value</b>	<b>98.3%</b>

The prospectus and other information about the underlying investment funds in the portfolio are available at [www.sedar.com](http://www.sedar.com).

# CST Spark 2038 Education Portfolio

## Statement of Financial Position

As at October 31

2022

		2022
<b>Assets</b>		
<b>Current assets</b>		
Cash		\$ 7,046
Investments <i>(Note 5)</i>		1,206,862
Receivable for investments sold		5,049
Subscriptions receivable		22,737
		<b>1,241,694</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payable for investments purchased		12,799
Management fees payable		1,424
Redemptions payable		167
		<b>14,390</b>
<b>Net Assets attributable to holders of redeemable units</b>		<b>\$1,227,304</b>
<b>Redeemable units outstanding <i>(Note 6)</i></b>		<b>143,908</b>
<b>Net Assets attributable to holders of redeemable units per unit</b>		<b>\$ 8.53</b>

Approved on behalf of the Board of Directors of the Manager, C.S.T. Spark Inc.



Douglas P. McPhie, FCPA, FCA



Sherry J. MacDonald, CPA, CA



# CST Spark 2038 Education Portfolio

## Statement of Comprehensive Income

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Income</b>	
Other income (loss)	\$ 789
Net gain (loss) on investments	
Distributions from underlying funds	17,077
Interest for distribution purposes	2
Net realized (loss) gain on investments	(1,965)
Net change in unrealized (depreciation) appreciation on investments	(136,242)
Total net (loss) gain on investments	(121,128)
<b>Total (loss) income, net</b>	<b>(120,339)</b>
<b>Expenses</b> <i>(Note 8)</i>	
Management fees	10,652
Transaction costs <i>(Note 3)</i>	499
Harmonized sales tax	1,235
<b>Total operating expenses</b>	<b>12,386</b>
Withholding taxes <i>(Note 7)</i>	(1,424)
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>\$(134,149)</b>
<b>Weighted average number of units outstanding</b>	<b>93,207</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units per unit</b>	<b>\$ (1.44)</b>

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

# CST Spark 2038 Education Portfolio

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Net Assets attributable to holders of redeemable units – Beginning of period</b>	<b>\$ –</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>(134,149)</b>
<b>Redeemable unit transactions</b>	
Proceeds from redeemable units issued	1,369,553
Reinvestments of distributions to holders of redeemable units	2,093
Redemption of redeemable units	(8,018)
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>1,363,628</b>
<b>Distributions to holders of redeemable units</b>	
From net investment income	(2,123)
From net realized capital gains	(52)
<b>Total distributions to holders of redeemable units</b>	<b>(2,175)</b>
<b>Increase (decrease) in Net Assets attributable to holders of redeemable units during the period</b>	<b>1,227,304</b>
<b>Net Assets attributable to holders of redeemable units – End of period</b>	<b>\$1,227,304</b>

# CST Spark 2038 Education Portfolio

## Statement of Cash Flows

For the period from November 1, 2021

(commencement of operations) to October 31, 2022

	2022
<b>Cash flows (used in) from Operating activities</b>	
(Decrease) Increase in Net Assets attributable to holders of redeemable units from operations	\$ (134,149)
<b>Adjustments to reconcile to operating cash flows:</b>	
Net realized loss (gain) on investments	1,965
Net change in unrealized depreciation (appreciation) of investments	136,242
Purchase of investments	(1,385,603)
Proceeds from investments sold	48,284
Increase (decrease) in management fees payable	1,424
<b>Net cash flows (used in) from operating activities</b>	<b>(1,331,837)</b>
<b>Cash flows from (used in) Financing activities</b>	
Proceeds from redeemable units issued	1,346,816
Redemption of redeemable units	(7,851)
Distributions paid to holders of redeemable units, net of reinvestments	(82)
<b>Net cash flows from (used in) financing activities</b>	<b>1,338,883</b>
<b>Increase (decrease) in cash</b>	
Net increase (decrease) in cash	7,046
Cash, beginning of period	-
<b>Cash, end of period</b>	<b>\$ 7,046</b>
Interest received, net of withholding taxes*	\$ 2

\* included in operating activities.

# CST Spark 2038 Education Portfolio

## Schedule of Investment Portfolio

As at October 31, 2022

	Number of Units	Average Cost (\$)	Fair Value (\$)	Percentage of Net Assets (%)
<b>Exchange-traded funds</b>				
iShares Canadian Real Return Bond Index ETF	909	22,780	20,607	
iShares Core Canadian Long Term Bond Index ETF	3,468	77,062	65,476	
iShares Core Canadian Universe Bond Index ETF	2,141	63,709	58,000	
iShares Core MSCI EAFE IMI Index ETF	7,238	237,980	205,776	
iShares Core MSCI Emerging Markets IMI Index ETF	4,154	114,783	92,094	
iShares Core S&P 500 Index ETF	7,249	504,280	475,534	
iShares Core S&P/TSX Capped Composite Index ETF	5,988	198,885	185,149	
iShares Global Real Estate Index ETF	3,939	124,090	104,226	
<b>Total Exchange-traded funds</b>		<b>1,343,569</b>	<b>1,206,862</b>	<b>98.3</b>
<b>Embedded Broker Commissions</b> <i>(Note 3)</i>		<b>(465)</b>		
<b>Total Investments</b>		<b>1,343,104</b>	<b>1,206,862</b>	<b>98.3</b>
<b>Other Assets Less Liabilities</b>			<b>20,442</b>	<b>1.7</b>
<b>Net Assets attributable to holders of redeemable units</b>			<b>1,227,304</b>	<b>100.0</b>

# CST Spark 2038 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

October 31, 2022

These fund specific notes shall be read in conjunction with the accompanying notes to the financial statements which are an integral part of these financial statements. These fund specific notes can be referenced to the accompanying notes by the corresponding note number. Since they are supplemental to the accompanying notes, there may not be a corresponding specific note to match every accompanying note.

### General Information (Note 1)

The CST Spark 2038 Education Portfolio (the “Fund”) is an open-ended investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated November 1, 2021. Commencement of operations was November 1, 2021.

The investment objective of the Fund is to provide the opportunity for capital appreciation and income for the purpose of funding post-secondary education anticipated to begin between 2037 and 2039.

### Fair Value of Financial Instruments (Note 5)

#### Classification of investments under the fair value hierarchy

The table below illustrates the classification of the Fund’s financial instruments measured at fair value at the reporting date. The amounts are based on the values recognized in the Statement of Financial Position.

As at October 31, 2022:

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$1,206,862	\$ -	\$ -	\$1,206,862
	\$1,206,862	\$ -	\$ -	\$1,206,862

There were no transfers of financial assets between Level 1, Level 2 and Level 3 for the period from November 1, 2021 to October 31, 2022. All fair value measurements above are recurring.

### Redeemable Units of the Fund (Note 6)

For the period from November 1, 2021 to October 31, 2022, changes in outstanding units were as follows:

Number of Redeemable Units	2022
Balance – Beginning of period	-
Redeemable units issued	144,616
Redeemable units reinvested	209
Redeemable units redeemed	(917)
	143,908
Balance – End of period	143,908

### Taxation of Fund (Note 7)

As at October 31, 2022, the Fund had unused capital losses of \$nil, which may be carried forward indefinitely to reduce future net realized capital gains. There were \$nil unused non-capital losses available for tax purposes.

### Related Party Transactions and Other Expenses (Note 8)

#### Related party transactions

On November 1, 2021, the Manager purchased 15,001 units of the Fund at per unit price of \$10 for a total consideration of \$150,010. The Manager may not redeem the initial units of the Fund that it purchased on November 1, 2021, until the Fund has received total subscriptions of \$500,000 from other investors.

#### Management fees

Management Fees of 1.3% are charged to the Fund by the Manager. As of October 31, 2022, management fees payable to the Manager was \$1,424.

### Financial Risk Management (Note 9)

#### Currency risk

The table below summarizes the Fund’s net exposure (after hedging, if any) to currency risk as at:

Currency	October 31 2022
U.S. dollar	45.4%
Japanese yen	4.7%
Chinese yuan	2.2%
Euro	3.4%
Pound sterling	2.9%
Australian dollar	1.8%
Other currencies	12.2%
Total	72.6%

As at October 31, 2022, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund’s NAV may have decreased or increased, respectively by approximately 0.7% or \$8,911. In practice, actual results could differ materially from this sensitivity analysis.

# CST Spark 2038 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

(continued)

October 31, 2022

### Financial Risk Management (Note 9) (continued)

#### Interest rate risk

Fixed income and debt securities, excluding short-term investments, comprise 11.7% of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Maturity schedule	October 31 2022
Less than 1 year	0.2%
1-5 years	19.2%
5-10 years	13.7%
10-15 years	13.7%
15-20 years	11.4%
> 20 years	41.8%
Total	100.0%

#### Other price risk

As at October 31, 2022, the Fund was exposed to other price risk to the extent the underlying ETFs invest in securities subject to market fluctuations. Substantially all of the Fund's net assets were exposed to other price risk. If the prices of the securities held by the underlying

funds had increased or decreased by 10%, with all other factors remaining constant, net asset attributable to holders of redeemable units would have increased or decreased by approximately \$120,686. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### Credit risk

Credit-exposed securities, excluding short-term investments, comprise 11.7% of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	October 31 2022
AAA	37.1%
AA	39.2%
A	15.0%
BB	8.3%
Other	0.4%
Total	100.0%

### Investments in Underlying Funds (Note 10)

The Fund's ownership interest as a percentage of NAV of each of the underlying funds is less than 0.05%. All underlying funds are established and conduct business in Canada.

# CST Spark 2041 Education Portfolio

## Management Report of Fund Performance

### Introduction

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of CST Spark 2041 Education Portfolio (the “Fund”). You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling 1-800-461-7100, by writing to us at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8, or by visiting our website at [www.cstspark.ca](http://www.cstspark.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

This management discussion of fund performance presents the portfolio management team’s view on the significant factors and developments for the period from January 4, 2022 (commencement of operations) to October 31, 2022 (the “period”), that have affected the Fund’s performance and outlook.

### Investment Objective and Strategies

The Fund seeks to provide the opportunity for capital appreciation and income for the purposes of funding a post-secondary education anticipated to begin between 2040 and 2042. The Fund primarily invests in a diversified asset mix consisting of exchange traded funds providing exposure to fixed income, money market, cash equivalents and equity securities. The actual asset mix of the Fund will be adjusted on a quarterly basis as the investment portfolio transitions over time, from an emphasis on equities to an emphasis on fixed income securities. When the Fund approaches its end date, the asset mix transitions to a substantially more conservative mix with the majority of assets allocated to fixed income securities and/or money market and cash equivalent securities.

The Fund’s assets are passively managed by BlackRock Asset Management Canada Limited (“BlackRock”) according to a pre-defined glide path mandate using exchange-traded funds (“ETFs”).

### Risk

The risks associated with investing in the Fund remain as described in the prospectus. There were no changes to the Fund during the period that materially affected the overall level of risk associated with an investment in the Fund.

### Results of Operation

As at October 31, 2022 net asset value of the Fund was \$140 thousand. Investment performance is not provided for a fund that has been available for less than one year.

### Economic Review

The global economy experienced a number of challenges throughout the fiscal 2022 period. Inflation reached decades level highs followed by central banks responding with monetary tightening and rapid increases in interest rates. These actions, combined with Russia’s invasion of Ukraine, and China’s economic slowdown all contributed to steep losses and extreme volatility across bonds and equities. In October, the International Monetary Fund further reduced its 2023 global growth forecast from 3.2% to 2.7%. Market risk volatility measures continue to remain elevated with considerably more economic downside and potential further slowing of the global economy in the near future.

Similar to other developed global regions, in 2022 the Canadian economy experienced inflation at the highest level in decades, with the Consumer Price Index rising to 8.1% in June before partially declining to 6.9% in October. The Bank of Canada responded by rapidly raising the overnight lending rate six times throughout the year, starting at 0.25% in February 2022 and moving to 3.75% by October. The Canadian economy continued to expand throughout 2022, albeit at a slower pace, as GDP moderated from 1.6% in December 2021 to 0.8% by July 2022. The Canadian labour market was extremely tight throughout the year with unemployment reaching a 40 year low of 4.9% in July, before slightly ticking upwards to 5.2% in October. Similar to most other global currencies, the Canadian dollar weakened relative to the US dollar, falling below 74 cents U.S., as investors sought the safety of the world’s reserve currency.

With the unprecedented speed and amount of central bank rate hikes implemented throughout the year, fixed income investors experienced some of the worst annual losses in decades. In this environment, the broad Canadian bond market (the FTSE Canada Universe Bond Index) declined by –10.4%, with longer dated maturities such as the FTSE Canada Long-Term Bond Index falling by a staggering –19.1% over the same period. Canadian corporate bonds fared slightly better as spreads over government bonds narrowed, resulting in a return of –9.9%. Investors of historically more conservative short-term bonds faced losses as well, for the FTSE Canadian Short-Term Bond Index fell by –4.2% over the year. Cash was a rare exception to the price declines as the FTSE 91 Day Treasury Index generated a positive return of 1.2% over the period.

Given the volatile global economic events described above, equity returns across almost all markets experienced broad-based price losses. Developed equity markets including both U.S. large cap equities (as represented by the S&P 500) and international equities (as reflected by the MSCI EAFE IMI Index) fell by –6.1% and –15.7%, respectively. Canadian equities (as represented by the S&P/TSX Capped Composite) provided marginally better return falling by –4.9% as the economy’s larger exposure to commodities and energy stocks helped partially cushion against

# CST Spark 2041 Education Portfolio

losses. 2022 was an extremely difficult year for Emerging Market equities as the MSCI Emerging Markets IMI Index was down by -23.9%.

## Related Party Transactions

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The Fund is managed by C.S.T. Spark Inc. (the “Manager”). The Manager is responsible for the overall management and administration of the Fund, which includes day-to-day management, distribution, and administration, including portfolio management, trustee, record-keeping, accounting, taxation, valuation, distribution, and custody services. The Manager, at its discretion, may outsource some of these functions to third parties, in the best interest of the Fund.

## Management Fees

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As compensation for its services, the Manager is entitled to receive an annual management fee of 1.3% (the “Management Fee”) plus applicable taxes. The Management Fee is calculated daily and payable monthly, in arrears, based on the daily average net asset value (“NAV”) of the Fund.

Where a Fund invests in an underlying investment fund, including an exchange traded fund (ETF), the fees and expenses payable by that underlying fund are in addition to the fees and expenses payable by the Fund. No sales or redemption fees, other than brokerage fees, are payable by a Fund when it buys or sells securities of an underlying fund.

The Fund holds ETFs that are managed by BlackRock. The management expense ratios of these ETFs, as reported in their most recent ETF Facts range from 0.06% to 0.72%, for a weighted average cost of 0.20% (per annum including applicable taxes). These fees are not paid directly by you but impact the prices of the ETFs that the Fund holds.

The Manager does not charge a management fee that would be reasonably expected to duplicate a fee payable by the underlying funds in which a Fund invests for the same service.

The Manager, in its sole discretion, may waive or absorb a portion of a Fund’s Management Fee. Such waivers or absorptions may be terminated at any time without notice.

During the period, a Management Fee of \$1,488 was paid to the Manager.



# CST Spark 2041 Education Portfolio

## Financial Highlights

For the period ended October 31, 2022

	October 31, 2022 <sup>4</sup>
<b>The Fund's Net Assets per Unit<sup>1</sup></b>	<b>\$</b>
<b>Net assets, beginning of period</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.13
Total expenses	(0.12)
Realized (losses) gains	(0.01)
Unrealized (losses) gains	(1.35)
<b>Total (decrease) increase from operations<sup>2</sup></b>	<b>(1.35)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total annual distributions<sup>3</sup></b>	<b>-</b>
<b>Net assets, end of period</b>	<b>8.59</b>
<b>Ratios and Supplemental Data</b>	
Total net asset value (000's)	\$ 155
Number of units outstanding	18,046
Management expense ratio <sup>5</sup>	1.44%
Management expense ratio before waivers or absorption <sup>6</sup>	1.44%
Trading expense ratio <sup>7</sup>	0.05%
Portfolio turnover rate <sup>8</sup>	3.31%
Net asset value per unit	8.59

<sup>1</sup> This information is derived from the Portfolio's audited annual financial statements.

<sup>2</sup> Net Assets and Total distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

<sup>4</sup> As at October 31, 2022 or for the period from January 4, 2022 (commencement of operations) to October 31, 2022, as applicable.

<sup>5</sup> Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>6</sup> The Manager may waive or absorb a portion of the operating expenses of the Portfolio. Waivers and absorption can be terminated at any time.

<sup>7</sup> The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

<sup>8</sup> The Portfolio's turnover rate indicates how actively the Portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a Portfolio's turnover in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.

# CST Spark 2041 Education Portfolio

## Past Performance

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Investment performance is not provided as the Fund has been available for less than one year.

## Summary of Fund Investment Portfolio

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<b>Portfolio Allocation</b> as at October 31, 2022	<b>% of Net Asset Value</b>
U.S. Equity Funds	38.4%
Non-North American Equity Funds	24.1%
Canadian Equity Funds	17.2%
Canadian Fixed Income Funds	10.5%
Global Real Estate Funds	8.6%
Cash and other	1.2%
<b>Total Portfolio Allocation</b>	<b>100.0%</b>

The following Top Holdings table shows the 25 largest holdings (or all holdings if the total number of holdings is less than 25).

<b>Top 25 Holdings</b> as at October 31, 2022	<b>% of Net Asset Value</b>
iShares Core S&P 500 Index ETF	38.4%
iShares Core S&P/TSX Capped Composite Index ETF	17.2%
iShares Core MSCI EAFE IMI Index ETF	16.7%
iShares Global Real Estate Index ETF	8.6%
iShares Core MSCI Emerging Markets IMI Index ETF	7.4%
iShares Core Canadian Long Term Bond Index ETF	4.8%
iShares Core Canadian Universe Bond Index ETF	4.2%
iShares Canadian Real Return Bond Index ETF	1.5%
<b>Total holdings as a percentage of net asset value</b>	<b>98.8%</b>

The prospectus and other information about the underlying investment funds in the portfolio are available at [www.sedar.com](http://www.sedar.com).

# CST Spark 2041 Education Portfolio

## Statement of Financial Position

As at October 31

2022

		2022
<b>Assets</b>		
<b>Current assets</b>		
Cash		\$ 317
Investments (Note 5)		153,286
Receivable for investments sold		787
Subscriptions receivable		1,713
		156,103
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payable for investments purchased		818
Management fees payable		186
		1,004
<b>Net Assets attributable to holders of redeemable units</b>		<b>\$155,099</b>
<b>Redeemable units outstanding (Note 6)</b>		<b>18,046</b>
<b>Net Assets attributable to holders of redeemable units per unit</b>		<b>\$ 8.59</b>

Approved on behalf of the Board of Directors of the Manager, C.S.T. Spark Inc.



Douglas P. McPhie, FCPA, FCA



Sherry J. MacDonald, CPA, CA

# CST Spark 2041 Education Portfolio

## Statement of Comprehensive Income

For the period from January 4, 2022

(commencement of operations) to October 31, 2022

	2022
<b>Income</b>	
Other income (loss)	\$ 1
Net gain (loss) on investments	
Distributions from underlying funds	2,008
Net realized (loss) gain on investments	(128)
Net change in unrealized (depreciation) appreciation on investments	(21,323)
Total net (loss) gain on investments	(19,443)
<b>Total (loss) income, net</b>	<b>(19,442)</b>
<b>Expenses</b> <i>(Note 8)</i>	
Management fees	1,488
Transaction costs <i>(Note 3)</i>	64
Harmonized sales tax	194
<b>Total operating expenses</b>	<b>1,746</b>
Withholding taxes <i>(Note 7)</i>	(151)
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>\$(21,339)</b>
<b>Weighted average number of units outstanding</b>	<b>15,817</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units per unit</b>	<b>\$ (1.35)</b>

# CST Spark 2041 Education Portfolio

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from January 4, 2022

(commencement of operations) to October 31, 2022

	2022
<b>Net Assets attributable to holders of redeemable units – Beginning of period</b>	<b>\$ –</b>
<b>(Decrease) increase in Net Assets attributable to holders of redeemable units</b>	<b>(21,339)</b>
<b>Redeemable unit transactions</b>	
Proceeds from redeemable units issued	176,438
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>176,438</b>
<b>Increase (decrease) in Net Assets attributable to holders of redeemable units during the period</b>	<b>155,099</b>
<b>Net Assets attributable to holders of redeemable units – End of period</b>	<b>\$155,099</b>

# CST Spark 2041 Education Portfolio

## Statement of Cash Flows

For the period from January 4, 2022

(commencement of operations) to October 31, 2022

	2022
<b>Cash flows (used in) from Operating activities</b>	
(Decrease) increase in Net Assets attributable to holders of redeemable units from operations	\$ (21,339)
<b>Adjustments to reconcile to operating cash flows:</b>	
Net realized loss (gain) on investments	128
Net change in unrealized depreciation (appreciation) of investments	21,323
Purchase of investments	(179,076)
Proceeds from investments sold	4,370
Increase (decrease) in management fees payable	186
<b>Net cash flows (used in) from operating activities</b>	<b>(174,408)</b>
<b>Cash flows from (used in) Financing activities</b>	
Proceeds from redeemable units issued	174,725
<b>Net cash flows from (used in) financing activities</b>	<b>174,725</b>
<b>Increase (decrease) in cash</b>	
Net increase (decrease) in cash	317
Cash, beginning of period	-
<b>Cash, end of period</b>	<b>\$ 317</b>

# CST Spark 2041 Education Portfolio

## Schedule of Investment Portfolio

As at October 31, 2022

	Number of Units	Average Cost (\$)	Fair Value (\$)	Percentage of Net Assets (%)
<b>Exchange-traded funds</b>				
iShares Canadian Real Return Bond Index ETF	105	2,722	2,380	
iShares Core Canadian Long Term Bond Index ETF	392	9,111	7,401	
iShares Core Canadian Universe Bond Index ETF	243	7,448	6,583	
iShares Core MSCI EAFE IMI Index ETF	913	30,938	25,957	
iShares Core MSCI Emerging Markets IMI Index ETF	517	14,494	11,462	
iShares Core S&P 500 Index ETF	905	64,986	59,368	
iShares Core S&P/TSX Capped Composite Index ETF	865	28,580	26,746	
iShares Global Real Estate Index ETF	506	16,391	13,389	
<b>Total Exchange-traded funds</b>		<b>174,670</b>	<b>153,286</b>	<b>98.8</b>
<b>Embedded Broker Commissions</b> <i>(Note 3)</i>		<b>(61)</b>		
<b>Total Investments</b>		<b>174,609</b>	<b>153,286</b>	<b>98.8</b>
<b>Other Assets Less Liabilities</b>			<b>1,813</b>	<b>1.2</b>
<b>Net Assets attributable to holders of redeemable units</b>			<b>155,099</b>	<b>100.0</b>

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

# CST Spark 2041 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

October 31, 2022

These fund specific notes shall be read in conjunction with the accompanying notes to the financial statements which are an integral part of these financial statements. These fund specific notes can be referenced to the accompanying notes by the corresponding note number. Since they are supplemental to the accompanying notes, there may not be a corresponding specific note to match every accompanying note.

### General Information (Note 1)

The CST Spark 2041 Education Portfolio (the “Fund”) is an open-ended investment fund established under the laws of the Province of Ontario pursuant to a declaration of trust dated January 4, 2022. Commencement of operations was January 4, 2022.

The investment objective of the Fund is to provide the opportunity for capital appreciation and income for the purpose of funding post-secondary education anticipated to begin between 2040 and 2042.

### Fair Value of Financial Instruments (Note 5)

#### Classification of investments under the fair value hierarchy

The table below illustrates the classification of the Fund’s financial instruments measured at fair value at the reporting date. The amounts are based on the values recognized in the Statement of Financial Position.

As at October 31, 2022:

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Exchange-traded funds	\$153,286	\$ -	\$ -	\$153,286
	\$153,286	\$ -	\$ -	\$153,286

There were no transfers of financial assets between Level 1, Level 2 and Level 3 for the period from January 4, 2022 to October 31, 2022. All fair value measurements above are recurring.

### Redeemable Units of the Fund (Note 6)

For the period from January 4, 2022 to October 31, 2022, changes in outstanding units were as follows:

Number of Redeemable Units	2022
Balance – Beginning of period	-
Redeemable units issued	18,046
Balance – End of period	18,046

### Related Party Transactions and Other Expenses (Note 8)

#### Related party transactions

On January 4, 2022, the Manager purchased 15,001 units of the Fund at per unit price of \$10 for a total consideration of \$150,010. The Manager may not redeem the initial units of the Fund that it purchased on January 4, 2022, until the Fund has received total subscriptions of \$500,000 from other investors.

#### Management fees

Management Fees of 1.3% are charged to the Fund by the Manager. As of October 31, 2022, management fees payable to the Manager was \$186.

### Financial Risk Management (Note 9)

#### Currency risk

The table below summarizes the Fund’s net exposure (after hedging, if any) to currency risk as at:

Currency	October 31 2022
U.S. dollar	44.8%
Japanese yen	4.7%
Chinese yuan	3.4%
Euro	2.2%
Pound sterling	2.9%
Australian dollar	1.8%
Other currencies	12.0%
Total	71.8%

As at October 31, 2022, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors kept constant, the Fund’s NAV may have decreased or increased, respectively by approximately 0.7% or \$1,113. In practice, actual results could differ materially from this sensitivity analysis.



# CST Spark 2041 Education Portfolio

## Notes to Financial Statements – Fund Specific Information

(continued)

October 31, 2022

### Financial Risk Management (Note 9) (continued)

#### Interest rate risk

Fixed income and debt securities, excluding short-term investments, comprise 10.5% of the NAV of the Fund. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Maturity schedule	October 31 2022
Less than 1 year	0.2%
1-5 years	19.2%
5-10 years	13.7%
10-15 years	13.7%
15-20 years	11.4%
> 20 years	41.8%
Total	100.0%

#### Other price risk

As at October 31, 2022, the Fund was exposed to other price risk to the extent the underlying ETFs invest in securities subject to market fluctuations. Substantially all of the Fund's net assets were exposed to other price risk. If the prices of the securities held by the underlying

funds had increased or decreased by 10%, with all other factors remaining constant, net asset attributable to holders of redeemable units would have increased or decreased by approximately \$15,330. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### Credit risk

Credit-exposed securities, excluding short-term investments, comprise 10.5% of the NAV of the Fund. The table below summarizes the Fund's credit risk exposure grouped by credit ratings as at:

Rating	October 31 2022
AAA	37.3%
AA	39.1%
A	14.9%
BB	8.3%
Other	0.4%
Total	100.0%

### Investments in Underlying Funds (Note 10)

The Fund's ownership interest as a percentage of NAV of each of the underlying funds is less than 0.05%. All underlying funds are established and conduct business in Canada.

# CST Spark Education Portfolios

## Generic Notes to Financial Statements

October 31, 2022

These notes shall be read in conjunction with the accompanying fund specific notes which are an integral part of these financial statements.

### 1. General information

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The investment activities of the below funds, each a “Fund” and collectively the “Funds”, are managed by C.S.T. Spark Inc. (the “Manager”):

- CST Spark Graduation Portfolio
- CST Spark 2026 Education Portfolio
- CST Spark 2029 Education Portfolio
- CST Spark 2032 Education Portfolio
- CST Spark 2035 Education Portfolio
- CST Spark 2038 Education Portfolio
- CST Spark 2041 Education Portfolio

The Funds invest primarily in a diversified mix of Exchange Traded Funds (“ETFs”) providing exposure to fixed income, money market, cash equivalents and equity securities.

The fundamental investment objective of the Funds may not be changed without the approval of majority vote of the Fund’s unitholders represented at a meeting called for that purpose.

The address of the Funds’ registered office is 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8.

The Trustee of the Funds is RBC Investor Services Trust.

The Funds may issue an unlimited number of Units of an unlimited number of series. Currently only Series A have been issued.

### 2. Basis of presentation

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#### (a) Statement of compliance:

These annual financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivatives) at fair value through profit and loss. The financial statements were authorized for issue by the Manager’s Board of Directors on December 14, 2022.

#### (b) Functional and presentational currency:

The Funds’ subscriptions, redemptions and certain operating activities are denominated in Canadian dollars, which is also their functional and presentation currency.

#### (c) Financial period:

The information provided in these financial statements and notes thereto is as at October 31, 2022, and for the period ended

October 31, 2022, except for Funds established during the period, in which case the information for the Fund is provided for the period from the start date as described in the Notes to Financial Statements – Fund Specific Information of the Fund.

This is the first reporting period for the Funds and no comparative information is available.

### 3. Significant accounting policies

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The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Financial instruments:

The Fund initially records financial instruments at fair value. The Fund’s investments transactions are accounted for on the trade date. The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments (“IFRS 9”). Upon initial recognition, financial instruments are either classified at amortized cost, or fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”). Financial instruments are subsequently measured as FVTPL or amortized cost with changes in fair value or amortized cost recognized in the Statement of Comprehensive Income.

The Funds’ obligations for Net Assets attributable to holders of redeemable units are presented at the redemption amount. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument’s effective interest rate. The fair values of the Funds’ financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

The net asset value (“NAV”) per unit is determined by dividing the aggregate market value of the net assets of the Fund by the total number of units of the Fund outstanding before giving effect to redemptions or subscriptions to units on that day.

Distributions from income trusts and pooled funds are recognized when the Fund has earned the right to receive payment of the distributions. The cost of investments is determined using the average cost method.

#### (b) Redeemable units of the Funds:

Units of the Funds are offered for sale on a continuous basis and may be purchased or redeemed on any valuation day at the NAV per unit. A valuation day is any day that the Toronto Stock Exchange is open for trading or such other time as the Manager may from time to time determine to be a day for valuation for any Fund.

Unitholders of each Fund are entitled to a contractual obligation of annual distribution of any net income and net realized capital gains by the Fund. This annual distribution can be in cash or reinvested in the units of the Fund at the option of

# CST Spark Education Portfolios

## Generic Notes to Financial Statements (continued)

October 31, 2022

### 3. Significant accounting policies (continued)

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#### (b) Redeemable units of the Funds: (continued)

the unitholders. Consequently, the outstanding redeemable units of each Fund are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation.

The Funds' obligation for net assets attributable to holders of redeemable units is presented at the redemption amount, which approximates fair value and is payable if the holder exercises the right to put the units back to the Funds.

#### (c) Increase (decrease) in net assets attributable to holders of redeemable units per class unit:

The increase (decrease) in Net Assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in Net Assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period.

#### (d) Cash:

Cash includes cash in hand. Bank indebtedness, if any, are shown in current liabilities in the Statements of Financial Position.

#### (e) Foreign exchange:

Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses on foreign denominated assets and liabilities other than investments are presented separately in the Statements of Comprehensive Income. Foreign currency gains and losses on investments are included in the Net realized gain (loss) on investments and Net change in unrealized appreciation (depreciation) on investments in the Statements of Comprehensive Income.

#### (f) Transaction costs:

Transaction costs such as brokerage commissions incurred in the purchase and sale of securities are expensed as incurred and are recognized in the Statements of Comprehensive Income.

#### (g) Investments in underlying funds and unconsolidated structured entities:

Underlying funds are valued on each business day at their net asset value as reported by the underlying funds' managers.

In determining whether an exchange-traded fund in which a Fund invests, but that it does not consolidate, meets the definitions of either a structured entity or of an associate, the Fund is required to make significant judgements about whether these underlying funds have the typical characteristics of a structured entity or of an associate. The Funds have assessed the characteristics

of these underlying funds and have concluded that they do not meet the definition of either a structured entity or of an associate because the Funds do not have contracts or financing arrangements with these underlying funds and the Funds do not have an ability to influence the activities of these underlying funds or the returns it receives from investing in these underlying funds.

#### (h) New standards and interpretations not yet adopted:

The Funds have determined there are no IFRS standards that are issued but not yet effective that could materially impact the Funds' financial statements.

### 4. Critical accounting estimates and judgements

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The preparation of financial statements in conformity with IFRS requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

### 5. Fair value of financial instruments

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The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds classify fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

*Level 2:* Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly; and

*Level 3:* Inputs that are unobservable.

### 6. Redeemable units of the funds

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Redeemable units of the Funds are offered to the public by way of simplified prospectus. Redeemable units of the Funds are redeemable at the option of the unitholders in accordance with the provisions of the declaration of trust at their net asset value per unit and do not have any nominal or par value.

The Funds have no restrictions or specific capital requirements on the subscription and redemption of units. The relevant movements are shown on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with the objectives and risk management policies outlined in Note 9, the Funds

# CST Spark Education Portfolios

## Generic Notes to Financial Statements (continued)

October 31, 2022

### 6. Redeemable units of the funds (continued)

endeavour to invest subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions. Liquidity is supported by the disposal of marketable securities when necessary.

Unitholders have the right to make an election to receive cash instead of additional units on the payment of a distribution by each Fund by written notification to the Trustee.

### 7. Taxation of the fund

The Funds qualify as open-ended mutual fund trusts or unit trusts under the *Income Tax Act (Canada)*. In general, the Funds are subject to income tax; however, no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. In addition, for mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the Funds are redeemed. It is the intention of the Funds to pay out all net income and realized capital gains each year so that the Funds will not be subject to income taxes. Accordingly, no provision for income taxes is recorded.

### 8. Related party transactions

Each Fund pays an annual management fee (the “Management Fee”) that is calculated and payable monthly in arrears based on the daily average NAV for each Fund during the relevant month and is subject to harmonized sales tax and other applicable taxes. The Manager is responsible for the overall management and administration of the Fund.

The Manager may, from time to time in its discretion, waive or absorb a portion of the Management Fee charged at any given time.

### 9. Financial risk management

The Manager is responsible for managing each Fund’s assets, which consist primarily of financial instruments.

A Fund’s investment activities expose it to a variety of financial risks. Manager seeks to minimize potential adverse effects of these risks on a Fund’s performance by employing professional, experienced portfolio managers, daily monitoring of the Fund’s holdings and market events, diversifying its investment portfolio within the constraints of its investment objectives and, in some cases, periodically hedging certain risk exposures through the use of derivatives. To assist in managing risks, the Manager also uses internal guidelines, maintains a governance structure that oversees each Fund’s investment

activities and monitors compliance with the Fund’s investment strategies, internal guidelines and securities regulations.

Financial instrument risk, as applicable to a Fund, is disclosed in its Notes to Financial Statements – Fund Specific Information. These risks include a Fund’s direct risks and pro rata exposure to the risks of underlying funds, as applicable.

#### Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of a Fund, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls. The currency risk as disclosed in the Fund Specific Information in the Notes to Financial Statements represents the monetary and non-monetary foreign exchange exposure of a Fund.

#### Interest rate risk

Interest rate risk is the risk of a change in the fair value or cash flows of a Fund’s investments in interest-bearing financial instruments due to fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of interest-bearing securities.

#### Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. Factors specific to an individual investment, its issuer or other factors affecting all instruments traded in a market or market segment affect other price risk. The Funds have indirect exposure to other price risk arising from investment in the underlying ETFs which invest in equity securities.

#### Credit risk

Credit risk refers to the ability of the issuer of debt securities to make interest payments and repay principal. The Funds are exposed to indirect credit risk to the extent that the underlying ETFs are invested in debt instruments and preferred securities.

#### Liquidity risk

Liquidity risk is the possibility that investments in a Fund cannot be readily converted into cash when required. A Fund is exposed to daily cash redemptions of redeemable units. Liquidity risk is managed by investing the majority of a Fund’s assets in investments that are traded in an active market and that can be readily disposed. Each Fund maintains sufficient liquidity to fund anticipated redemptions. All non-derivative financial liabilities, other than redeemable units, are due within one year.

# CST Spark Education Portfolios

## Generic Notes to Financial Statements (continued)

October 31, 2022

### **9. Financial risk management (continued)**

#### **Concentration risk**

Concentration risk arises as a result of net financial instrument exposures to the same category, such as geographical region, asset type, and industry sector or market segment. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions.

#### **Capital risk management**

The capital of each Fund is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly subject to the amount and frequency of subscriptions and redemptions at the discretion of unitholders. On any trading day, unitholders may redeem units of any of the Funds for cash at a redemption price per unit equal to the respective NAV of the Fund.

### **10. Investments in underlying funds**

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The Funds invest in ETFs which provide access to the returns of stock indices, bond indices, or a basket of assets and are intended to replicate the economic effects that would apply had the Funds directly purchased the underlying reference asset or basket of assets. An investment in an ETF is subject to all of the risks of investing in the securities held by the ETF.

The Funds account for their investments in these ETFs at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, as applicable, represents the maximum exposure to losses at that date.

During the period ended October 31, 2022, the Funds did not provide financial support to underlying funds and have no intention of providing financial or other support.

# CST Spark Education Portfolios

## **Investment Fund Manager**

C.S.T. Spark Inc.  
2235 Sheppard Avenue East, Suite 1600  
Toronto, Ontario M2J 5B8

## **Trustee**

RBC Investor Services Trust  
155 Wellington Street West, 2<sup>nd</sup> Floor  
Toronto, ON M5V 3L3

## **Auditor**

Deloitte LLP  
Bay Adelaide East  
8 Adelaide Street West, Suite 200  
Toronto, Ontario M5H 0A9

## **Bank**

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

