

# Canadian Scholarship Trust Founders' Plan

Audited Financial Statements and  
Management Report of Fund Performance

October 31, 2019 and 2018



## Contents

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Management Report of Fund Performance	1
Management's Responsibility for Financial Reporting	5
Independent Auditor's Report	5
Statements of Financial Position	7
Statements of Comprehensive Income	8
Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries	8
Statements of Cash Flows	9
Schedule I – Statement of Investment Portfolio	10
Schedule II – Subscribers' Deposits and Accumulated Income	11
Schedule III – Education Assistance Payments	12
Notes to the Financial Statements	13
Government Grants (Appendix I to Schedule I)	18

### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain portions of the Management Report of Fund Performance, including but not limited to, "Results of Operations" and "Recent Developments", may contain forward-looking statements about the Plan, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Plan action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Plan and economic factors. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Plan. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

It should be stressed that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

# Management Report of Fund Performance

## Introduction

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Canadian Scholarship Trust Founders' Plan (the "Plan"). A copy of the annual financial statements can be obtained on request, and at no cost, by visiting our website at [www.cst.org](http://www.cst.org), SEDAR at [www.sedar.com](http://www.sedar.com), by calling our customer service team at 1-877-333-7377 or by writing to us by mail at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8.

The Canadian Scholarship Trust Foundation (the "Foundation"), as the Plan sponsor, and C.S.T. Consultants Inc., as the Investment Fund Manager, view corporate governance and compliance as critical to overall corporate performance and long-term investment returns, and as such we review and support the proxy voting guidelines established by our investment managers. Each investment manager's proxy voting policy is available on request through our customer service area or by contacting us at [cstplan@cst.org](mailto:cstplan@cst.org).

This management discussion of fund performance presents the portfolio management team's view on the significant factors and developments during the year ended October 31, 2019, that have affected the Plan's performance and outlook

## Investment Objective and Strategy

The Plan's investment objectives are to protect Subscribers' principal (net "Contributions" or "Principal"), and to deliver a reasonable positive return on investments over a long-term investment horizon within prudent risk tolerances. Income assets (money earned on either contributions or government grants, such as interest and capital gains) are invested identically to Principal.

The Plan invests primarily in debt securities of Canadian federal or provincial governments, and corporations.

The investments held by the Plan are managed by TD Asset Management Inc. The investment assets are allocated among different market sectors and different maturity segments at the portfolio manager's discretion, in accordance with our investment policies and mandates. The portfolio manager actively manages the Plan, focusing on strategies where value can be added on a sustainable basis. These strategies include sector allocation, duration management, credit research and yield curve positioning.

## Risk

The risks of investing in the Plan remain as described in the prospectus. There were no material changes to the Plan during the financial year that affected the overall level of risk associated with an investment in the Plan.

## Results of Operation

### Plan Performance

During the year, the Plan's rate of return, net of fees, was 3.8% compared to the investment policy benchmark ("Benchmark") return of 4.4% and the FTSE Canada All Government Bond Index return of 10.4% ("Broad-based Index"). The Plan's return is after the deduction of fees and expenses of 0.7%, while the Benchmark and Broad-based Index returns do not include any costs of investing such as fees, expenses and commissions.

In comparison to the Benchmark, the Plan's rate of return, before fees and expenses, marginally outperformed the Benchmark, as the overweight position in provincial and corporate bonds positively impacted relative performance.

In comparison to the Broad-based Index, the Plan's allocation to shorter-term maturities, including treasuries and short-term government and corporate bonds underperformed as falling yields benefited longer-term maturities to a greater extent. Given the Plan's liabilities and expected maturity payout profile, the composition of the Plan's assets is managed to meet the cash flow requirements of Plan holders.

## Economic Review

According to the October 2019 World Economic Outlook, global growth stabilized in the first half of 2019 after sharply declining throughout 2018. Rising trade and geopolitical tensions continued to build throughout the year, negatively impacting business confidence, capital investment decisions, and global trade. As global expansion weakened, core inflation slid further below target across both advanced and developing economies.

The Canadian economy grew at a moderate pace over the year, supported by a healthy labour market and improved activity in housing. However, global trade conflicts and related uncertainty dampened business investment and export activities, and investment in the energy sector continued to decline. The Bank of Canada maintained the overnight rate at 1.75% throughout the year, standing out as one of the only economies to hold interest rates at current levels. Consumer price index inflation was in line with the 2 percent target and is expected to maintain those levels going into 2020.

Canadian fixed income returns were amongst the top performing asset classes as yields fell which pushed the benchmark FTSE Canada Universe Bond Index to an annual return of 10.2%. Longer dated maturities benefited as the FTSE Canada Long Term Bond Index gained 18.0% over the same period. Canadian corporate bonds and shorter maturity fixed income issues also experienced strong returns with gains of 9.6% for the FTSE Corporate Bond Index and 4.7% for the FTSE Canadian Short-Term Bond Index.

## Recent Developments and Other Information

We strongly believe that our investment strategy and conservative management approach will continue to provide value. Our goal, as

always, is to provide safety of principal and deliver a reasonable return within our investment policy guidelines and risk tolerances for our subscribers and beneficiaries.

#### **Adoption of New Accounting Standards**

The Plan adopted the International Financial Reporting Standards 9 Financial Instruments ("IFRS 9") on November 1, 2018, which replaced International Accounting Standard 39, Financial Instruments – Recognition and Measurement. IFRS 9 introduces new considerations for the classification and measurement of financial assets and financial liabilities and the impairment of financial assets.

As required by IFRS 9, Management assessed the Plan's business models and the manner in which financial assets and financial liabilities are managed and classified financial assets and financial liabilities as appropriate. There was no financial impact to the financial statements.

## **Financial and Operating Highlights (with comparative figures)**

The following table shows selected financial information about the Plan and is intended to help you understand the Plan's financial performance for the past five fiscal years ending October 31. This information is derived from the Plan's audited annual financial statements.

(\$ thousands)	2019	2018	2017	2016	2015
<b>Statements of Financial Position</b>					
Total Assets	\$17,880	\$23,588	\$ 35,915	\$ 52,827	\$ 79,605
Net Assets	16,092	21,813	30,908	48,836	74,594
% Change in Net Assets Attributable to Subscribers and Beneficiaries	(26.2)%	(29.4)%	(36.7)%	(34.5)%	(31.1)%
<b>Statements of Comprehensive Income</b>					
Net Investment Income	\$ 1,274	\$ 215	\$ 230	\$ 1,687	\$ 2,547
<b>Statements of Changes in Net Assets</b>					
Education Assistance Payments	\$ (2,814)	\$ (5,760)	\$ (8,775)	\$ (13,232)	\$ (15,845)
Government Grants repaid (net of receipts)	(1,157)	(45)	(877)	(800)	(562)
Government Grant payments to Beneficiaries	(1,282)	(2,093)	(1,589)	(2,196)	(2,641)
<b>Other</b>					
Total number of units	9,971	17,297	28,554	42,344	61,317
% Change in the total number of units	(42.4)%	(39.4)%	(32.6)%	(30.9)%	(27.3)%

## Management Fees

### Administration Fees

An administration fee of \$114 thousand (2018 – \$152 thousand) comprising Plan administration and processing fees and financial reporting expenses was paid to the Foundation, the sponsor and administrator of the Plan, in accordance with Subscribers' Education Savings Plan Agreements. The administration of the Plan includes processing and call centre services related to new agreements, Government Grants, plan modifications, terminations, maturities and Education Assistance Payments ("EAPs"). The annual administration fee is calculated as 0.5% of the total amount of Principal, Government Grants and Income earned on these amounts, subject to applicable taxes, and is paid monthly.

The Foundation has delegated certain administrative and distribution functions to its wholly-owned subsidiary, C.S.T Consultants, Inc., which is registered as the Plan's Investment Fund Manager in Ontario, Quebec, Newfoundland and Labrador, and Scholarship Plan Dealer under securities legislation of each of the provinces and territories of Canada in which it operates to sell scholarship plans. C.S.T Consultants, Inc. is the exclusive distributor of the Canadian Scholarship Trust Plans.

In exchange for its administrative services, C.S.T Consultants, Inc. receives an amount equal to the administration costs incurred plus a percentage of such costs from the Foundation. The administration services agreement is renewable on an annual basis.

### Portfolio Management Fees

The Plan's annual investment management fee was 0.15% including applicable taxes (2018 – 0.17%), of the average market value of assets, based on the Investment Management Agreements with portfolio managers. The portfolio managers provide investment advisory and discretionary managed account services with respect to purchasing, selling and dealing in securities.

### Trustee and Custodian Fees

The Plan pays trustee and custodian fees to RBC Investor Services Trust to settle all investment trades and disburse fees, EAPs and other amounts in accordance with the terms of the Plan Agreement. For 2019 these fees charged to the Plan amounted to \$10 thousand (2018 – \$8 thousand) and were 0.04%, including applicable taxes, (2018 – 0.03%) of average market value of assets.

## Summary of Plan Investment Portfolio

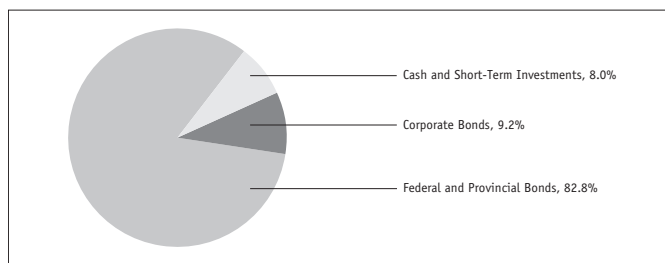
The Plan's Total Portfolio Assets are comprised of Principal and Income for all education savings plan agreements that have not reached their maturity date, and the assets from which eligible beneficiaries collect EAP payments.

Government grant assets and related investment income are specific to each beneficiary, and are invested together with funds from other Plans administered by the Foundation. Any payments to beneficiaries from Government grant assets are treated as separate payments and are not included in EAP values paid out.

The Plan's Total Portfolio Assets as presented and as defined in this report, reflect only the Principal and Income assets. The Plan's Total Portfolio Assets do not include the allocation of assets from the Government Grant asset pool that are attributable to this Plan.

The following chart illustrates the Plan's Total Portfolio Assets by investment categories.

### Asset Mix as at October 31, 2019



The following table details the top 25 long positions in the Total Portfolio Assets of the Plan. The Plan is prohibited from holding short positions in securities.

Issuer			Fair Value (\$ 000 's)	% of Plan Portfolio Assets
Province of Ontario	4.00%	02 Jun 2021	942	13.8%
Province of Québec	4.25%	01 Dec 2021	797	11.6%
Province of Ontario	3.15%	02 Jun 2022	780	11.4%
Canada Housing Trust	1.50%	15 Dec 2021	603	8.8%
Canada Housing Trust	2.55%	15 Dec 2023	591	8.6%
Canada Housing Trust	2.65%	15 Mar 2022	520	7.6%
Canada Housing Trust	2.35%	15 Jun 2023	453	6.6%
Province of Manitoba	1.55%	05 Sep 2021	453	6.6%
Canada Housing Trust	2.35%	15 Sep 2023	256	3.7%
Province of Alberta	2.55%	15 Dec 2022	129	1.9%
Province of Ontario	2.85%	02 Jun 2023	81	1.2%
Canada Housing Trust	1.25%	15 Jun 2021	65	1.0%
Bank of America Corporation	3.30%	24 Apr 2024	58	0.8%
Daimler Canada Finance Inc.	2.23%	16 Dec 2021	56	0.8%
Toronto Dominion Bank	3.59%	14 Sep 2028	48	0.7%
Toronto Dominion Bank	2.50%	02 Dec 2024	42	0.6%
Daimler Canada Finance Inc.	3.05%	16 May 2022	38	0.6%
Manulife Financial Corporation	3.32%	09 May 2028	38	0.6%
Wells Fargo & Company	3.18%	08 Feb 2024	38	0.6%
Bank of Montreal	2.85%	06 Mar 2024	33	0.5%
Bank of Montreal	2.28%	29 Jul 2024	30	0.4%
Sun Life Capital Trust	2.38%	13 Aug 2029	30	0.4%
Canadian Imperial Bank of Comm	3.29%	15 Jan 2024	29	0.4%
Honda Canada Finance Inc.	2.50%	04 Jun 2024	21	0.3%
Toronto Dominion Bank	2.85%	08 Mar 2024	21	0.3%
<b>Top 25 long positions as a percentage of Total Portfolio Asset of the Plan</b>				<b>89.8%</b>

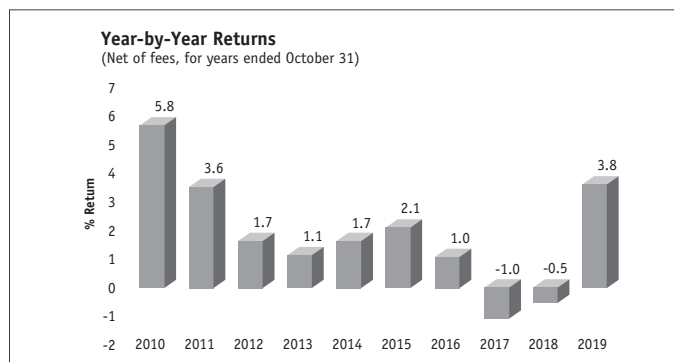
## Past Performance

The returns presented in the following chart and the annual compound returns table are based on the investment performance of the Plan's Total Portfolio Assets only and do not reflect the investment performance of assets from the Government Grants. Investment returns have been calculated using market values and time-weighted cash flows during the periods. Total expenses incurred by the Plan, including administration, portfolio management, custody and trustee fees, and Independent Review Committee expenses have been deducted and only net returns are displayed in each period. Past returns of the Plan do not necessarily indicate how it will perform in the future.

### Year-by-Year Returns

The following bar chart illustrates the annual performance in each of the past ten years to October 31, 2019 of the Plan's Total Portfolio Assets. The chart illustrates in percentage terms how much an

investment made in the Total Portfolio Assets, on the first day of each financial year, would have increased or decreased by the last day of each financial year:



### Annual Compound Returns

The Benchmark for this Plan is:

- 92% FTSE Canada Short-Term Government Bond Index
- 7% FTSE Canada Short-Term Corporate Bond Index
- 1% FTSE Canada 91-Day Treasury Bill Index

The FTSE Canada Short-Term Government Bond Index is a broad measure of Canadian investment grade fixed income securities, issued by the Government of Canada, including Crown Corporations and provincial governments, with maturities between 1 and 5 years. The FTSE Canada Short-Term Corporate Bond Index is a broad measure of Canadian investment grade fixed income securities issued by corporations, with maturities between 1 and 5 years. The FTSE Canada 91-Day Treasury-Bill Index is based upon the average daily yield of 91-Day Treasury-Bills. The FTSE Canada All Government Bond Index is a broad measure of Canadian investment grade fixed income securities, issued by the Government of Canada, including Crown Corporations and provincial governments, with maturities greater than 1 year.

The following table illustrates the annual compound returns of the Plan's Total Portfolio Assets for the periods shown ending on October 31, 2019.

	Period			
	1 Yr	3 Yr	5 Yr	10 Yr
<b>Net Plan Return*</b>	<b>3.8</b>	<b>0.7</b>	<b>1.1</b>	<b>2.0</b>
<b>Benchmark</b>	<b>4.4</b>	<b>1.3</b>	<b>1.6</b>	<b>2.4</b>
<b>Broad-based Index: FTSE Canada All Government Bond Index</b>	<b>10.4</b>	<b>2.7</b>	<b>3.6</b>	<b>4.2</b>

\* Plan returns are after the deduction of fees and expenses, while the benchmark and broad-based index returns do not include any costs of investing such as fees, expenses and commissions. The Plan's fees and expenses were 0.7% for the one-year return, 0.8% for the three-year return and 0.7% for five and ten-year returns.

For commentary on the market or information regarding the relative performance of the Plan compared to its Broad-based Index and Benchmark, see the Results of Operations section of this report.

# Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canadian Scholarship Trust Founders' Plan (the "Plan") are prepared by management and are approved by the Board of Directors (the "Board") of the Canadian Scholarship Trust Foundation (the "Foundation"). Management is responsible for the information and representations contained in these financial statements. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

The Foundation, through C.S.T. Consultants Inc., a wholly-owned subsidiary which administers the Plan, maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Plan, are described in Note 2 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**  
President and Chief Executive Officer



**Christopher Ferris, CPA, CGA, CFA**  
Chief Financial Officer

Toronto, Ontario  
December 17, 2019

## Independent Auditor's Report

To the Board of Directors and Members of the Canadian Scholarship Trust Foundation

### Opinion

We have audited the financial statements of Canadian Scholarship Trust Founders' Plan (the "Plan"), which comprise the statements of financial position as October 31, 2019 and 2018, and the statements of comprehensive income, changes in net assets attributable to subscribers and beneficiaries, and cash flows for the years then ended, 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 Plan as at October 31, 2019 and 2018, and its financial performance and its cash flows for the years 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 Plan 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.

Our opinion on the financial statements does not cover the other information and we do not and will 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 Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan'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 Plan'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 Plan'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 Plan 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 17, 2019



# Statements of Financial Position

As at October 31, 2019 and 2018

(in thousands of Canadian dollars)

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 559	\$ 249
Receivables for securities sold	-	89
Investments, at fair value <i>(Note 4 and Schedule I)</i>	17,186	23,038
Accrued income and other receivables	135	212
	<b>17,880</b>	<b>23,588</b>
<b>Liabilities</b>		
Payables for securities purchased	-	124
Accounts payable and accrued liabilities	1,788	1,651
	<b>1,788</b>	<b>1,775</b>
<b>Net Assets Attributable to Subscribers and Beneficiaries</b>	<b>16,092</b>	<b>21,813</b>
<b>Represented by:</b>		
<b>Non-Discretionary Funds</b>		
Accumulated income held for future education assistance payments	6,232	8,558
Subscribers' deposits <i>(Schedule II)</i>	1,122	2,491
Government grants	2,966	4,868
Income on Government grants	7,624	6,836
General Fund <i>(Note 7)</i>	(1,852)	(979)
<b>Unrealized Gains</b> <i>(Note 8)</i>	-	39
	<b>\$16,092</b>	<b>\$21,813</b>

Approved on behalf of the Board of Canadian Scholarship Trust Foundation.



Douglas P. McPhie, FCPA, FCA  
Director



Sherry J. MacDonald, CPA, CA  
Director

# Statements of Comprehensive Income

For the years ended October 31, 2019 and 2018

(in thousands of Canadian dollars)

	2019	2018
<b>Income</b>		
Interest	\$ 540	\$ 765
Realized gains (losses) on sale of investments	326	(428)
Change in unrealized gains (losses)	479	13
Dividends	83	74
	<b>1,428</b>	<b>424</b>
<b>Expenses</b>		
Administration and account maintenance fees <i>(Note 3(a))</i>	114	152
Portfolio management fees	30	48
Custodian and trustee fees	10	8
Independent Review Committee Fees	-	1
	<b>154</b>	<b>209</b>
<b>Increase (decrease) in Net Assets from Operations Attributable to Subscribers and Beneficiaries</b>	<b>\$1,274</b>	<b>\$ 215</b>

# Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the years ended October 31, 2019 and 2018

(in thousands of Canadian dollars)

	2019	2018
<b>Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Year</b>	<b>\$21,813</b>	<b>\$30,908</b>
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	1,274	215
Transfers from (to) internal and external plans	(328)	889
	<b>946</b>	<b>1,104</b>
<b>Disbursements</b>		
Government grants repaid (net of receipts)	(1,157)	(45)
Net decrease in Subscribers' deposits <i>(Schedule II)</i>	(1,369)	(2,213)
Payments to beneficiaries		
Education assistance payments	(2,814)	(5,760)
Government grants	(1,282)	(2,093)
Return of income	(45)	(88)
<b>Total payments to beneficiaries</b>	<b>(4,141)</b>	<b>(7,941)</b>
<b>Total Disbursements</b>	<b>(6,667)</b>	<b>(10,199)</b>
<b>Change in Net Assets Attributable to Subscribers and Beneficiaries</b>	<b>(5,721)</b>	<b>(9,095)</b>
<b>Net Assets Attributable to Subscribers and Beneficiaries, End of Year</b>	<b>\$16,092</b>	<b>\$21,813</b>

# Statements of Cash Flows

For the years ended October 31, 2019 and 2018

(in thousands of Canadian dollars)

	2019	2018
<b>Operating Activities</b>		
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	\$ 1,274	\$ 215
Net receipts from investment transactions	6,623	10,041
Items not affecting cash		
Realized (gains) losses on sale of investments	(326)	428
Change in unrealized (gains) losses	(479)	(13)
Change in non-cash operating capital		
Decrease in Accrued income and other receivables	77	69
(Decrease) increase in Accounts payable and accrued liabilities	136	(1,459)
<b>Cash flow from Operating Activities</b>	<b>7,305</b>	<b>9,281</b>
<b>Financing Activities</b>		
Transfers from (to) internal and external plans	(328)	889
Government grants repaid (net of receipts)	(1,157)	(45)
Net decrease in Subscribers' deposits ( <i>Schedule II</i> )	(1,369)	(2,213)
Payments to beneficiaries	(4,141)	(7,941)
<b>Cash flow used in Financing Activities</b>	<b>(6,995)</b>	<b>(9,310)</b>
<b>Net increase (decrease) in Cash and cash equivalents</b>	<b>310</b>	<b>(29)</b>
<b>Cash and cash equivalents, Beginning of Year</b>		
Cash	219	223
Cash equivalents	30	55
	<b>249</b>	<b>278</b>
<b>Cash and cash equivalents, End of Year</b>		
Cash	553	219
Cash equivalents	6	30
<b>Cash and cash equivalents, End of Year</b>	<b>\$ 559</b>	<b>\$ 249</b>
<b>Supplemental cash flow information:</b>		
Withholding Taxes	\$ -	\$ 7
Interest Income Received	618	833

# Schedule I – Statement of Investment Portfolio

As at October 31, 2019

(in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>						<b>Total Fixed Income Investments – 92.0%</b>		
<b>Federal – 36.4%</b>						<b>Cash and cash equivalents – 8.0%</b>		
Canada Housing Trust	1.25	15 Jun 2021	65	65	65		544	544
Canada Housing Trust	1.50	15 Dec 2021	605	603	602	<b>Total Portfolio Assets – 100.0%</b>	<b>6,842</b>	<b>6,901</b>
Canada Housing Trust	2.65	15 Mar 2022	508	520	529	<b>Investments Allocation (Note 4)</b>		
Canada Housing Trust	2.35	15 Jun 2023	443	453	445	<b>Government Grants (Appendix I)</b>	10,888	10,450
Canada Housing Trust	2.35	15 Sep 2023	250	256	252	<b>Cash and cash equivalents (Appendix I)</b>	15	15
Canada Housing Trust	2.55	15 Dec 2023	572	591	590	<b>Total Investment Fund</b>	<b>17,745</b>	<b>17,366</b>
				2,488	2,483	<b>Represented by:</b>		
<b>Provincial – 46.4%</b>						<b>Cash and cash equivalents</b>	559	
Province of Alberta	2.55	15 Dec 2022	126	129	125	<b>Investments, at fair value</b>	17,186	
Province of Manitoba	1.55	5 Sep 2021	454	453	457			
Province of Ontario	2.85	2 Jun 2023	78	81	79			
Province of Ontario	4.00	2 Jun 2021	909	942	983			
Province of Ontario	3.15	2 Jun 2022	753	780	796			
Province of Québec	4.25	1 Dec 2021	757	797	812			
				3,182	3,252			
<b>Corporate – 9.2%</b>								
Bank of America Corporation	3.30	24 Apr 2024	56	58	56			
Bank of Montreal	2.85	6 Mar 2024	32	33	32			
Bank of Montreal	2.28	29 Jul 2024	30	30	30			
Bank of Nova Scotia	2.49	23 Sep 2024	20	20	20			
Canadian Imperial Bank of Commerce	3.29	15 Jan 2024	28	29	28			
Canadian Imperial Bank of Commerce	2.35	28 Aug 2024	20	20	20			
Daimler Canada Finance Inc.	2.23	16 Dec 2021	56	56	56			
Daimler Canada Finance Inc.	3.05	16 May 2022	37	38	37			
Daimler Canada Finance Inc.	2.57	22 Nov 2022	17	17	17			
Daimler Canada Finance Inc.	2.54	21 Aug 2023	20	20	20			
Daimler Canada Finance Inc.	2.97	13 Mar 2024	9	9	9			
Honda Canada Finance Inc.	2.50	4 Jun 2024	21	21	21			
Manulife Financial Corporation	3.32	9 May 2028	37	38	38			
National Bank of Canada	2.55	12 Jul 2024	20	20	20			
Royal Bank of Canada	2.35	2 Jul 2024	20	20	20			
Royal Bank of Canada	2.74	25 Jul 2029	20	20	20			
Sun Life Capital Trust	2.38	13 Aug 2029	30	30	30			
Toronto Dominion Bank	2.85	8 Mar 2024	21	21	21			
Toronto Dominion Bank	2.50	2 Dec 2024	42	42	42			
Toronto Dominion Bank	3.59	14 Sep 2028	46	48	47			
Wells Fargo & Company	3.18	8 Feb 2024	37	38	38			
				628	622			

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

# Schedule II – Subscribers' Deposits and Accumulated Income

As at October 31, 2019 and 2018

(in thousands of Canadian dollars)

The following table provides a summary of Founders' Plan units, Subscribers' Deposits and Accumulated Income by year of eligibility.

Year of Eligibility	Opening Units	Inflow Units <sup>1</sup>	Outflow Units <sup>2</sup>	Closing Units	Subscribers' Deposits	Accumulated Income <sup>3</sup>
2018 and prior to 2018	17,105	14	7,329	9,790	\$ 1,116	\$ 6,137
2019	177	2	13	166	3	87
2020	9	9	9	9	1	6
2021	2	-	-	2	-	-
2022	-	-	-	-	-	-
2023 and thereafter	4	-	-	4	2	2
<b>TOTAL</b>	<b>17,297</b>	<b>25</b>	<b>7,351</b>	<b>9,971</b>	<b>\$ 1,122</b>	<b>\$ 6,232</b>

1. Inflow units are comprised of transfers in.

2. Outflow units are comprised of terminations, transfers out and education assistance payments.

3. Accumulated income represents both income allocated to Subscribers' accounts and income held for future education assistance payments.

The changes in Subscribers' deposits are as follows:

	2019	2018
Payments from subscribers	\$ 23	\$ 144
Inter-plan principal transfers	(361)	(810)
Account maintenance fees	(2)	(3)
Return of principal	(1,029)	(1,544)
Net decrease in Subscribers' deposits	(1,369)	(2,213)
<b>Balance, Beginning of Year</b>	<b>2,491</b>	<b>4,704</b>
<b>Balance, End of Year</b>	<b>\$ 1,122</b>	<b>\$ 2,491</b>

## Schedule III – Education Assistance Payments

For the years ended October 31, 2019 and 2018

(in thousands of Canadian dollars, except for per unit amounts)

The following tables provide the total dollar payments by fiscal year, as well as number of eligible units paid and education assistance payment amounts by year of eligibility.

<b>Education Assistance Payments</b>	<b>2019</b>	<b>2018</b>	<b>Education Assistance Payments</b>	<b>2019</b>	<b>2018</b>
Current year payments	<b>\$ 783</b>	\$2,011	Non-Discretionary	<b>\$2,813</b>	\$5,760
Deferred payments	<b>2,029</b>	3,740	Discretionary	<b>-</b>	-
Advance payments	<b>1</b>	9		<b>\$2,813</b>	\$5,760
	<b>\$2,813</b>	\$5,760			

	<b>Number of Education Assistance Payment units Year of Eligibility</b>			<b>Amount of Education Assistance Payment per unit Year of Eligibility</b>		
	<b>2019</b>	2018	2017	<b>2019</b>	2018	2017
First	<b>57.7</b>	1,088.4	2,106.7	<b>\$220</b>	\$324	\$340
Second		<b>965.8</b>	1,790.1		<b>267</b>	371
Third			<b>1,597.7</b>			<b>321</b>

# Notes to the Financial Statements

October 31, 2019 and 2018

(in thousands of Canadian dollars)

## Note 1. Nature of Operations

The Canadian Scholarship Trust Founders' Plan (the "Plan") is a Pooled Education Savings Plan that was established on September 1, 1988. Since June 2000, the Plan is no longer available for sale. The objective of the Plan is to assist parents and others to save for the post-secondary education of children. The Plan is managed by C.S.T Consultants Inc. ("C.S.T.C."), a wholly-owned subsidiary of the Canadian Scholarship Trust Foundation (the "Foundation"). The Plan's registered place of business is 1600-2235 Sheppard Avenue East, Toronto, Ontario, Canada.

Payments are made by a subscriber to an account maintained by the Plan's trustee on behalf of a beneficiary. Deductions of sales charges and account maintenance fees are made from the subscriber's contributions. The principal accumulated over the term of the subscriber's education savings plan agreement (the "Agreement") is returned to the subscriber when:

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

The investment income earned on the subscribers' principal balance is used to provide EAPs to qualified students. A beneficiary is deemed to be a qualified student upon receipt of evidence of enrolment in a qualifying educational program at an eligible institution.

There are a number of government grants that may be available to beneficiaries including the Canada Education Savings Grant Program ("CESG"), the Canada Learning Bond ("CLB") and the Quebec Education Savings Incentive ("QESI") (collectively, "Government Grants").

The Plan collects Government Grants, which are credited directly into subscribers' Agreements ("Agreements") and invests these funds in accordance with the Plan's investment policies. The Government Grants along with investment income earned thereon are paid to qualified students with their EAPs.

Agreements are registered with appropriate government authorities if all required information is provided and once registered, are subject to the rules for Registered Education Savings Plans ("RESP") under the *Income Tax Act* (Canada). Current tax legislation provides that income credited on subscribers' principal is not taxable income of the subscriber unless withdrawn as an Accumulated Income Payment subject to certain eligibility requirements. The deposits are not deductible for income tax purposes and are not taxable when returned to the subscriber. Payments made to a beneficiary, including EAPs, Government Grants and investment income earned on Government Grants are taxable income of that beneficiary in the year that the payments are made.

## Note 2. Significant Accounting Policies

### (a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were approved by the Board of Directors of the Foundation on December 17, 2019.

### (b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for financial instruments classified as "at fair value through profit or loss" ("FVTPL"), which are measured at fair value.

### (c) Adoption of new IFRS standard

*IFRS 9 Financial Instruments ("IFRS 9")*

The Plan adopted IFRS 9 on November 1, 2018. The adoption of IFRS 9 has been applied retrospectively, with the Plan utilizing the provisions allowed in the standard to not restate prior period comparative information. IFRS 9 requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit or loss or other comprehensive income, based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Upon adoption the Plan's financial assets and financial liabilities previously classified as fair value through profit and loss (FVTPL) under IAS39 continued to be categorized as FVTPL. Management has assessed the Plan's business model, the manner in which all financial assets and financial liabilities are managed and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Plan's investments in financial assets and financial liabilities. All other non-derivative financial assets and liabilities continue to be carried at amortized cost. There were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

Impairments for financial assets classified at amortized cost under IFRS 9 are now assessed based on their expected credit losses instead of objective evidence of actual credit losses under IAS 39. Given the short-term nature and high credit quality of the Plan's financial assets classified at amortized cost, the Plan has determined that the expected credit losses on those financial assets are not significant.

### (d) Financial instruments

The Plan recognizes financial assets and financial liabilities when it becomes a party to a contract. Financial assets and financial liabilities, with the exception of those classified as FVTPL, are measured at fair value plus transaction costs on initial recognition. Financial assets and financial liabilities classified as FVTPL are measured at fair value on initial recognition and transaction costs are expensed when incurred. Investments, at fair value have been classified as FVTPL.

# Notes to the Financial Statements (continued)

October 31, 2019 and 2018

(in thousands of Canadian dollars)

## Note 2. Significant Accounting Policies (continued)

### (d) Financial instruments (continued)

Measurement in subsequent periods depends on the classification of the financial instrument. The financial assets and financial liabilities of the Plan are classified as follows:

Financial asset or financial liability	Classification
Investments, at fair value	FVTPL <sup>i</sup>
Cash and cash equivalents	Amortized Cost <sup>ii</sup>
Accrued income and other receivables	Amortized Cost <sup>ii</sup>
Receivables for securities sold	Amortized Cost <sup>ii</sup>
Accounts payable and accrued liabilities	Amortized Cost <sup>iii</sup>
Payables for securities purchased	Amortized Cost <sup>iii</sup>

<sup>i.</sup> Financial assets are designated as FVTPL when acquired principally for the purpose of trading. Financial assets classified as FVTPL are measured at fair value, with changes in unrealized gains and losses recognized on the Statements of Comprehensive Income.

<sup>ii.</sup> Financial assets classified as Amortized Cost are non-derivative financial assets that are held to collect contractual cash flows and are not quoted in an active market. Subsequent to initial recognition, these financial assets are carried at amortized cost using the effective interest method. They are considered for impairment when there is expected credit loss increases.

<sup>iii.</sup> Financial liabilities classified as Amortized Cost are liabilities that are not derivative liabilities or classified as FVTPL. Subsequent to initial recognition, financial liabilities are carried at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial instrument and allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows (including all transaction costs and other premiums or discounts) through the expected life of the financial instrument to the net carrying amount on initial recognition.

### (e) Investment valuation

Investments, at fair value include the following types of securities: bonds, money market securities, equities, and exchange-traded funds ("ETF").

The fair value of fixed income securities that are not publicly traded is measured by using either the average bid price from multiple dealers, or by the present value of contractual cash flows, discounted at current market rates. Interest accrued at the reporting date is included in Accrued income and other receivables on the Statements of Financial Position.

The fair value of securities that are publicly traded in an active market is measured using bid prices at the reporting date.

Note 9 provides further guidance on fair value measurements.

### (f) Investment transactions and income recognition

Investment transactions are accounted for on a trade-date basis. Interest represents the coupon interest received by the Plan accounted for on an accrual basis. The Plan does not amortize premiums paid or discounts received on the purchase of fixed

income securities. Dividends and distributions are accrued as of the ex-dividend date and ex-distribution date, respectively. Realized gains (losses) on the sale of investments and Change in unrealized gains (losses) are calculated with reference to the average cost of the related investments and are recognized in the period that such gains (losses) occur.

### (g) Subscribers' deposits, sales charges and account maintenance fees

Subscribers' deposits reflect amounts received from subscribers net of sales charges and account maintenance fees and do not include future amounts receivable on outstanding Agreements. Sales charges are deducted from subscribers' deposits and are collected over periods of up to 32 months from the date of initial deposit. Account maintenance fees are paid annually to the Foundation from subscribers' deposits and are accrued throughout the year.

### (h) Income taxes

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

### (i) Cash and cash equivalents

Cash and cash equivalents include deposit balances with banks and securities with a purchase date to maturity of 90 days or less and includes term deposits, treasury bills and bankers acceptances.

### (j) Foreign currency

The functional and presentation currency of the Plan is the Canadian Dollar.

To the extent applicable in any period, foreign currency purchases and sales of investments and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or losses on investments are included in the Statements of Comprehensive Income in Realized gains (losses) on sale of investments and Change in unrealized gains (losses), respectively.

### (k) Critical accounting estimates and judgments

When preparing the financial statements, management makes estimates and judgments that affect the reported amounts recognized and disclosed in the financial statements. These estimates and judgments have a direct effect on the measurement of transactions and balances recognized in the financial statements. By their nature, these estimates and judgments are subject to measurement uncertainty and actual results could differ.

## Note 3. Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount agreed between the parties.



# Notes to the Financial Statements (continued)

October 31, 2019 and 2018

(in thousands of Canadian dollars)

## Note 3. Related Party Transactions (continued)

### (a) Administration of the Plan

The Foundation, as the Plan sponsor, has appointed C.S.T.C. as the Investment Fund Manager to administer the Plan. The agreement is renewable annually on November 1.

Administration and account maintenance fees are paid to the Foundation. Administration fees are annual fees of ½ of 1% of the total amount of principal, Government Grants and income earned thereon.

During the year ended October 31, 2019, \$114 was recognized as an expense for Administration and account maintenance fees (2018 – \$152). Administration and account maintenance fees included in Accounts payable and accrued liabilities at October 31, 2019 was \$7 (2018 – \$5).

### (b) Fees paid for services of an Independent Review Committee

The Independent Review Committee ("IRC") provides independent review and oversight of conflicts of interest relating to the management of the Plans. For the year ended October 31, 2019, the Plan recognized an expense of \$nil (2018 – \$1) for the services of the IRC. No amounts were included in Accounts payable and accrued liabilities at October 31, 2019 or October 31, 2018.

### (c) Fees paid to monitor and manage the portfolio managers

Included in Portfolio management fees on the Statements of Comprehensive Income is \$3 (2018 – \$5) charged by C.S.T.C. for expenses incurred to monitor and manage the portfolio managers. Included in Accounts payable and accrued liabilities is \$nil owing from C.S.T.C. at October 31, 2019 (2018 – \$nil) relating to these expenses.

## Note 4. Investment Holdings

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

The Government Grants are invested collectively in a separate fund with Government Grants of other RESP plans administered by C.S.T.C. The Government Grant principal received and income earned thereon are separately tracked for each subscriber's Agreement. The portfolio holdings are allocated across all plans based on the proportion of principal and income attributable to Agreements within each plan (see Appendix I to Schedule I).

## Note 5. Capital Risk Management

The Plan's capital consists of the components of the net assets attributable to subscribers and beneficiaries as per the Statements of Financial Position. The Plan has obligations to return subscriber contributions upon maturity or termination as well as pay EAPs of investment income, grants and income on grants. The Plan invests subscriber contributions and government grants received in appropriate investments in accordance with its stated investment

objectives while maintaining sufficient liquidity to meet subscribers' obligations.

## Note 6. Risks Associated with Financial Instruments

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

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

### (a) Market risk

#### i. Interest rate risk

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

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

Debt Instruments by Maturity Date	% of Total Investment Fund	
	Oct 31, 2019	Oct 31, 2018
Less than 1 year	4%	1%
1-3 years	24%	20%
3-5 years	18%	30%
Greater than 5 years	32%	31%
<b>Total debt instruments</b>	<b>78%</b>	<b>82%</b>

As at October 31, 2019, if prevailing interest rates had increased by 1%, the fair value of the Total Investment Fund of \$17,745 (2018 – \$23,287) as per Schedule I – Statement of Investment Portfolio, would have decreased by approximately \$770 (2018 – \$900). If prevailing interest rates had decreased by 1%, the fair value of the Total Investment Fund would have increased by approximately \$690 (2018 – \$1,100). This 1% change assumes a parallel shift in the yield curve with all other variables held constant. In practice, actual results may differ materially.

#### ii. Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market

# Notes to the Financial Statements (continued)

October 31, 2019 and 2018

(in thousands of Canadian dollars)

## Note 6. Risks Associated with Financial Instruments (continued)

### (a) Market risk (continued)

#### ii. Other price risk (continued)

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 asset classes that are most impacted by other price risk are the equities and ETFs of the Government Grants asset pool, which represent 22% (2018 – 18%) of the Total Investment Fund as at October 31, 2019. If underlying indices prices had increased or decreased by 1% with all other variables held constant, the fair value of the total investment fund as per Schedule I – Statement of Investment Portfolio would have increased or decreased by approximately \$40 (2018 – \$42). In practice, actual results may differ materially.

### (b) Credit risk

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

The Plan's credit risk exposure is summarized below.

Credit rating	October 31, 2019		October 31, 2018	
	% of Total Investment Fund	Amount	% of Total Investment Fund	Amount
AAA	15%	\$ 2,682	18%	\$ 4,045
AA/AAH/AAL	28%	4,979	34%	7,848
A/AH/AL	29%	5,149	29%	6,833
BBB	3%	451	0%	-
R-1	0%	42	0%	28
Short-term unrated	3%	565	1%	286
<b>Total debt instruments</b>	<b>78%</b>	<b>\$13,868</b>	<b>82%</b>	<b>\$19,040</b>

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

### (c) Liquidity risk

Liquidity risk is the risk that the Plan may not be able to meet its financial obligations as they come due. The Plan's exposure to liquidity risk is concentrated in principal repayments to subscribers and EAPs. The Plan primarily invests in securities that are traded in active markets and can be readily sold. The

Plan retains sufficient cash and cash equivalent positions to meet liquidity requirements by utilizing cash forecasting models that reflects the maturity distribution of subscribers' deposits and accumulated income. All other financial liabilities are short term and due within one year.

### (d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan holds foreign ETFs which represent 19% (2018 – 15%) of the Total Investment Fund. The fair value of the Total Investment Fund would increase or decrease by approximately \$33 (2018 – \$35) in response to a 1% depreciation or appreciation of the Canadian dollar currency exchange rate. In practice the actual change may differ materially.

## Note 7. General Fund

The Canadian Scholarship Trust (the "Canadian Trust") is a legal trust, which includes Plan II and Founders' Plan (the "Plans"). The Plans are registered with Canada Revenue Agency as Education Savings Plans. The General Fund is a separate account within the Canadian Trust and derives its income from the following sources:

- income earned on subscribers' accumulated income from the date of maturity of the subscribers' agreements to the date the funds are paid to qualified students as EAPs;
- income earned on the income forfeited when a subscriber's plan is terminated prior to maturity;
- income not collected by beneficiaries before the expiry of benefit period; and
- unclaimed principal and income payments.

Receipts and disbursements of the General Fund for the years ended October 31, 2019 and 2018 are as follows:

	2019	2018
<b>Receipts</b>		
Net investment income	\$ (34)	\$ (103)
Transfer from Plan II	-	1,581
<b>Disbursements</b>		
Education assistance payments	(839)	(1,931)
Shortfall of Receipts over Disbursements	(873)	(453)
<b>Balance, Beginning of Year</b>	<b>(979)</b>	<b>(526)</b>
<b>Balance, End of Year</b>	<b>\$(1,852)</b>	<b>\$ (979)</b>

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

As at October 31, 2019 the balance of the General Fund, included in the Statements of Financial Position, was a deficit of \$1,852 (2018 – deficit of \$979). This deficit is primarily the result of the actual participation rates in collecting EAPs exceeding the expected participation rates when the EAPs were set in the past. The General Fund balance will fluctuate based on the sources described above as well as continuing differences between actual and expected

# Notes to the Financial Statements (continued)

October 31, 2019 and 2018

(in thousands of Canadian dollars)

## Note 7. General Fund (continued)

EAP participation rates. The Foundation is responsible for any shortfalls in the payment of EAPs.

## Note 8. Change in Policy

During the year, the Plan has included accumulated unrealized gains (losses) on investments within Accumulated income held for future education assistance payments on the Statements of Financial Position as management believes this more accurately reflects the value of future EAPs.

## Note 9. Fair Value Measurements and Disclosure

Estimates of fair value used for measurement and disclosure are designed to approximate amounts that would be received to sell an asset, or paid to discharge a liability, in an orderly transaction between market participants.

The carrying values of other financial instruments such as Cash and cash equivalents, Accrued income and other receivables, Receivables for securities sold, Government grants receivable, Accounts payable and accrued liabilities and Payables for securities purchased approximate their fair values as these financial instruments are short term in nature.

The following table presents the level, in the fair value hierarchy, into which the Plan's financial instruments are categorized:

- i. Level 1 financial instruments are valued using quoted market prices.
- ii. Level 2 financial instruments are valued using directly or indirectly observable inputs.
- iii. Level 3 financial instruments are valued using unobservable inputs (including the use of assumptions based on the best information available).

### Assets Measured at Fair Value as of October 31, 2019

	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ -	\$ 13,310	\$ -	<b>\$13,310</b>
ETFs and Equity securities	\$ 3,876	\$ -	\$ -	<b>\$ 3,876</b>
<b>Total Investments, at fair value</b>	<b>\$3,876</b>	<b>\$13,310</b>	<b>\$ -</b>	<b>\$17,186</b>

### Assets Measured at Fair Value as of October 31, 2018

	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ -	\$ 18,791	\$ -	<b>\$18,791</b>
ETFs and Equity securities	\$ 4,247	\$ -	\$ -	<b>\$ 4,247</b>
<b>Total Investments, at fair value</b>	<b>\$4,247</b>	<b>\$18,791</b>	<b>\$ -</b>	<b>\$23,038</b>

For the years ended October 31, 2019 and 2018, there were no transfers between Levels 1 or 2.

# Government Grants

## Appendix I to Schedule I Statement of Investment Portfolio As at October 31, 2019

(in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds</b>						<b>Bonds (continued)</b>					
<b>Federal – 6.4%</b>						<b>Federal – 6.4% (continued)</b>					
Canada Housing Trust	1.25	15 Dec 2020	2,000	1,991	2,014	Labrador-Island Link Funding Trust	3.76	1 Jun 2033	150	178	176
Canada Housing Trust	1.25	15 Jun 2021	2,227	2,213	2,236	Labrador-Island Link Funding Trust	3.86	1 Dec 2045	1,500	1,960	1,801
Canada Housing Trust	3.80	15 Jun 2021	130	134	144	Labrador-Island Link Funding Trust	3.85	1 Dec 2053	100	137	126
Canada Housing Trust	1.50	15 Dec 2021	688	686	688	Muskkrat Falls Funding Trust	3.83	1 Jun 2037	1,350	1,665	1,501
Canada Housing Trust	1.15	15 Dec 2021	589	583	584	Muskkrat Falls Funding Trust	3.86	1 Dec 2048	150	201	186
Canada Housing Trust	2.65	15 Mar 2022	3,500	3,581	3,560					92,069	91,058
Canada Housing Trust	1.75	15 Jun 2022	1,243	1,246	1,249						
Canada Housing Trust	2.40	15 Dec 2022	7,035	7,189	7,314						
Canada Housing Trust	2.35	15 Jun 2023	487	498	487						
Canada Housing Trust	2.55	15 Dec 2023	1,216	1,256	1,217						
Canada Housing Trust	2.90	15 Jun 2024	2,300	2,419	2,442						
Canada Housing Trust	1.80	15 Dec 2024	9,067	9,097	9,059	<b>Provincial – 33.0%</b>					
Canada Housing Trust	2.55	15 Mar 2025	6,000	6,246	6,288	Province of Alberta	2.35	1 Jun 2025	7,650	7,806	7,836
Canada Housing Trust	1.90	15 Sep 2026	823	829	813	Province of Alberta	4.45	15 Dec 2025	1,785	2,024	2,052
Canada Housing Trust	2.35	15 Jun 2027	1,660	1,724	1,696	Province of Alberta	2.20	1 Jun 2026	9,697	9,792	9,882
Canada Housing Trust	2.35	15 Mar 2028	238	248	237	Province of Alberta	2.55	1 Jun 2027	9,010	9,284	9,389
Canada Housing Trust	2.65	15 Mar 2028	514	547	509	Province of Alberta	2.90	1 Dec 2028	7,664	8,110	8,083
Canada Housing Trust	2.65	15 Dec 2028	734	784	733	Province of Alberta	2.90	20 Sep 2029	2,400	2,541	2,495
Canada Housing Trust	2.10	15 Sep 2029	493	505	506	Province of Alberta	2.05	1 Jun 2030	1,844	1,813	1,825
Canada Post Corporation	4.36	16 Jul 2040	375	506	472	Province of Alberta	3.50	1 Jun 2031	175	196	185
Government of Canada	–	28 Nov 2019	100	99	99	Province of Alberta	3.90	1 Dec 2033	1,000	1,175	1,097
Government of Canada	–	12 Dec 2019	1,725	1,718	1,718	Province of Alberta	3.45	1 Dec 2043	1,500	1,739	1,559
Government of Canada	–	9 Jan 2020	1,800	1,792	1,792	Province of Alberta	3.30	1 Dec 2046	776	888	794
Government of Canada	–	23 Jan 2020	115	114	114	Province of Alberta	3.05	1 Dec 2048	854	944	834
Government of Canada	–	6 Feb 2020	305	304	304	Province of Alberta	3.10	1 Jun 2050	1,422	1,598	1,467
Government of Canada	–	30 Apr 2020	1,520	1,504	1,504	Province of British Columbia	2.85	18 Jun 2025	3,850	4,052	4,083
Government of Canada	0.75	1 Mar 2021	3,998	3,954	3,918	Province of British Columbia	2.30	18 Jun 2026	3,448	3,528	3,532
Government of Canada	3.25	1 Jun 2021	3,252	3,337	3,380	Province of British Columbia	2.55	18 Jun 2027	3,561	3,702	3,668
Government of Canada	0.75	1 Sep 2021	810	799	787	Province of British Columbia	2.95	18 Dec 2028	3,622	3,892	3,890
Government of Canada	0.50	1 Mar 2022	2,132	2,082	2,033	Province of British Columbia	5.70	18 Jun 2029	4,575	6,003	6,107
Government of Canada	2.75	1 Jun 2022	2,999	3,093	3,106	Province of British Columbia	2.20	18 Jun 2030	498	502	498
Government of Canada	1.00	1 Sep 2022	2,715	2,678	2,640	Province of British Columbia	6.35	18 Jun 2031	2,975	4,245	4,234
Government of Canada	1.75	1 Mar 2023	1,021	1,030	1,018	Province of British Columbia	4.70	18 Jun 2037	720	964	884
Government of Canada	1.50	1 Jun 2023	2,027	2,031	2,001	Province of British Columbia	4.95	18 Jun 2040	1,300	1,846	1,685
Government of Canada	2.00	1 Sep 2023	1,765	1,801	1,763	Province of British Columbia	4.30	18 Jun 2042	430	575	503
Government of Canada	2.25	1 Mar 2024	368	380	380	Province of British Columbia	3.20	18 Jun 2044	650	752	647
Government of Canada	2.50	1 Jun 2024	1,225	1,283	1,276	Province of British Columbia	2.80	18 Jun 2048	807	885	776
Government of Canada	1.50	1 Sep 2024	783	786	789	Province of British Columbia	2.95	18 Jun 2050	235	268	243
Government of Canada	2.25	1 Jun 2025	1,069	1,116	1,098	Province of Manitoba	3.85	1 Dec 2021	1,000	1,044	1,088
Government of Canada	1.50	1 Jun 2026	1,638	1,647	1,614	Province of Manitoba	2.45	2 Jun 2025	5,650	5,800	5,851
Government of Canada	1.00	1 Jun 2027	1,781	1,728	1,682	Province of Manitoba	4.40	5 Sep 2025	1,300	1,473	1,462
Government of Canada	2.00	1 Jun 2028	956	1,001	1,009	Province of Manitoba	2.55	2 Jun 2026	5,180	5,348	5,371
Government of Canada	2.25	1 Jun 2029	856	920	920	Province of Manitoba	2.60	2 Jun 2027	3,013	3,117	3,140
Government of Canada	5.75	1 Jun 2029	400	553	558	Province of Manitoba	3.00	2 Jun 2028	3,449	3,674	3,638
Government of Canada	1.25	1 Jun 2030	400	393	397	Province of Manitoba	2.75	2 Jun 2029	583	611	601
Government of Canada	5.75	1 Jun 2033	1,225	1,863	1,845	Province of Manitoba	3.25	5 Sep 2029	650	708	674
Government of Canada	5.00	1 Jun 2037	1,272	1,939	1,907	Province of Manitoba	4.10	5 Mar 2041	2,100	2,628	2,355
Government of Canada	4.00	1 Jun 2041	600	862	842	Province of Manitoba	4.40	5 Mar 2042	500	655	590
Government of Canada	3.50	1 Dec 2045	1,031	1,448	1,339	Province of Manitoba	3.35	5 Mar 2043	100	114	100
Government of Canada	2.75	1 Dec 2048	950	1,207	1,205	Province of Manitoba	4.05	5 Sep 2045	350	448	414
Government of Canada	2.00	1 Dec 2051	1,100	1,217	1,177	Province of Manitoba	2.85	5 Sep 2046	196	207	181
Government of Canada	2.75	1 Dec 2064	700	967	805	Province of Manitoba	3.40	5 Sep 2048	407	478	412
						Province of New Brunswick	2.60	14 Aug 2026	2,667	2,756	2,781

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

# Government Grants (continued)

## Appendix I to Schedule I Statement of Investment Portfolio

As at October 31, 2019

(in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>						<b>Bonds (continued)</b>					
<b>Provincial – 33.0% (continued)</b>						<b>Provincial – 33.0% (continued)</b>					
Province of New Brunswick	2.35	14 Aug 2027	1,659	1,683	1,697	Province of Ontario	3.50	2 Jun 2043	1,300	1,547	1,396
Province of New Brunswick	3.10	14 Aug 2028	970	1,039	1,041	Province of Ontario	3.45	2 Jun 2045	2,125	2,534	2,205
Province of New Brunswick	5.65	27 Dec 2028	1,645	2,099	2,102	Province of Ontario	2.90	2 Dec 2046	2,913	3,182	2,854
Province of New Brunswick	5.50	27 Jan 2034	125	169	147	Province of Ontario	2.80	2 Jun 2048	1,147	1,238	1,085
Province of New Brunswick	4.65	26 Sep 2035	110	139	114	Province of Ontario	2.90	2 Jun 2049	1,413	1,560	1,349
Province of New Brunswick	4.55	26 Mar 2037	1,000	1,268	1,183	Province of Ontario	2.65	2 Dec 2050	3,322	3,508	3,498
Province of New Brunswick	4.80	26 Sep 2039	250	333	311	Province of PEI	2.65	1 Dec 2051	101	101	101
Province of New Brunswick	3.55	3 Jun 2043	1,350	1,562	1,361	Province of Québec	3.00	1 Sep 2023	2,000	2,089	2,134
Province of New Brunswick	3.80	14 Aug 2045	200	243	215	Province of Québec	5.35	1 Jun 2025	1,000	1,178	1,164
Province of New Brunswick	3.10	14 Aug 2048	287	314	280	Province of Québec	2.60	6 Jul 2025	3,250	3,375	3,423
Province of Newfoundland and Labrador	2.30	2 Jun 2025	200	203	199	Province of Québec	2.75	1 Sep 2025	21,325	22,312	22,448
Province of Newfoundland and Labrador	3.00	2 Jun 2026	3,324	3,494	3,443	Province of Québec	2.50	1 Sep 2026	9,529	9,848	9,914
Province of Newfoundland and Labrador	6.15	17 Apr 2028	350	453	466	Province of Québec	2.75	1 Sep 2027	11,289	11,879	11,895
Province of Newfoundland and Labrador	2.85	2 Jun 2028	1,969	2,052	2,040	Province of Québec	2.75	1 Sep 2028	28,175	29,745	29,782
Province of Newfoundland and Labrador	2.85	2 Jun 2029	2,326	2,427	2,428	Province of Québec	2.30	1 Sep 2029	11,477	11,701	11,782
Province of Newfoundland and Labrador	6.55	17 Oct 2030	1,750	2,435	2,377	Province of Québec	6.00	1 Oct 2029	1,900	2,554	2,518
Province of Newfoundland and Labrador	4.65	17 Oct 2040	150	194	177	Province of Québec	6.25	1 Jun 2032	325	466	455
Province of Newfoundland and Labrador	3.70	17 Oct 2048	1,409	1,673	1,471	Province of Québec	5.25	1 Jun 2034	2,000	2,682	2,533
Province of Newfoundland and Labrador	2.65	17 Oct 2050	268	263	265	Province of Québec	5.75	1 Dec 2036	5,615	8,270	7,794
Province of Nova Scotia	2.10	1 Jun 2027	2,462	2,467	2,458	Province of Québec	5.00	1 Dec 2038	665	927	768
Province of Nova Scotia	5.80	1 Jun 2033	1,275	1,783	1,656	Province of Québec	5.00	1 Dec 2041	1,850	2,669	2,394
Province of Nova Scotia	4.40	1 Jun 2042	2,100	2,788	2,442	Province of Québec	4.25	1 Dec 2043	400	535	473
Province of Nova Scotia	3.45	1 Jun 2045	350	414	353	Province of Québec	3.50	1 Dec 2045	1,450	1,759	1,493
Province of Nova Scotia	3.50	2 Jun 2062	600	765	599	Province of Québec	3.50	1 Dec 2048	1,538	1,898	1,656
Province of Ontario	4.00	2 Jun 2021	3,100	3,212	3,423	Province of Québec	3.10	1 Dec 2051	1,036	1,209	1,132
Province of Ontario	3.15	2 Jun 2022	1,900	1,968	2,031	Province of Saskatchewan	2.55	2 Jun 2026	2,393	2,472	2,468
Province of Ontario	2.85	2 Jun 2023	1,100	1,140	1,157	Province of Saskatchewan	2.65	2 Jun 2027	1,577	1,639	1,646
Province of Ontario	3.50	2 Jun 2024	400	429	430	Province of Saskatchewan	3.05	2 Dec 2028	2,334	2,502	2,521
Province of Ontario	2.30	8 Sep 2024	9,365	9,554	9,645	Province of Saskatchewan	2.20	2 Jun 2030	268	267	268
Province of Ontario	2.65	5 Feb 2025	800	831	802	Province of Saskatchewan	6.40	5 Sep 2031	3,900	5,558	5,487
Province of Ontario	2.60	2 Jun 2025	22,075	22,874	22,998	Province of Saskatchewan	4.75	1 Jun 2040	425	575	525
Province of Ontario	8.50	2 Dec 2025	3,300	4,516	4,537	Province of Saskatchewan	3.90	2 Jun 2045	300	377	332
Province of Ontario	2.40	2 Jun 2026	26,078	26,750	26,815	Province of Saskatchewan	2.75	2 Dec 2046	2,056	2,146	1,814
Province of Ontario	2.60	2 Jun 2027	31,181	32,389	32,442	Province of Saskatchewan	3.30	2 Jun 2048	334	388	342
Province of Ontario	7.60	2 Jun 2027	1,120	1,555	1,605	Province of Saskatchewan	3.10	2 Jun 2050	235	266	249
Province of Ontario	2.90	2 Jun 2028	21,977	23,367	23,684	Province of Saskatchewan	3.75	5 Mar 2054	84	109	94
Province of Ontario	6.50	8 Mar 2029	18,425	25,175	25,451	Province of Saskatchewan	2.95	2 Jun 2058	80	89	76
Province of Ontario	2.70	2 Jun 2029	20,559	21,592	21,975					471,520	466,645
Province of Ontario	6.20	2 Jun 2031	2,175	3,058	3,016	<b>Municipal – 1.3%</b>					
Province of Ontario	5.85	8 Mar 2033	2,825	3,973	3,849	City of Montreal	3.00	1 Sep 2025	831	873	837
Province of Ontario	5.60	2 Jun 2035	275	390	352	City of Montreal	2.75	1 Sep 2026	223	231	223
Province of Ontario	4.70	2 Jun 2037	1,410	1,870	1,665	City of Montreal	4.25	1 Dec 2032	350	418	384
Province of Ontario	4.60	2 Jun 2039	1,815	2,422	2,198	City of Montreal	4.10	1 Dec 2034	375	444	399
Province of Ontario	4.65	2 Jun 2041	625	856	771	City of Montreal	3.15	1 Dec 2036	900	962	898
						City of Montreal	3.50	1 Dec 2038	800	896	863
						City of Montreal	6.00	1 Jun 2043	550	867	782
						City of Ottawa	4.60	14 Jul 2042	500	663	590
						City of Ottawa	3.10	27 Jul 2048	683	745	644
						City of Toronto	2.40	24 Jun 2026	225	229	225
						City of Toronto	2.95	28 Apr 2035	300	313	277
						City of Toronto	3.50	2 Jun 2036	1,509	1,683	1,504

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

# Government Grants (continued)

## Appendix I to Schedule I Statement of Investment Portfolio

As at October 31, 2019

(in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>						<b>Bonds (continued)</b>					
<b>Municipal – 1.3% (continued)</b>						<b>Corporate – 23.6% (continued)</b>					
City of Toronto	5.20	1 Jun 2040	350	487	446	Canadian Imperial Bank of Commerce	2.30	11 Jul 2022	7,763	7,799	7,738
City of Toronto	4.70	10 Jun 2041	325	431	383	Canadian Imperial Bank of Commerce	2.35	28 Aug 2024	665	662	660
City of Toronto	3.80	13 Dec 2042	550	653	578	Canadian Imperial Bank of Commerce	3.30	26 May 2025	2,389	2,525	2,413
City of Toronto	4.15	10 Mar 2044	225	283	246	Canadian Imperial Bank of Commerce	3.42	26 Jan 2026	2,680	2,718	2,718
City of Toronto	3.25	24 Jun 2046	109	121	109	Canadian Imperial Bank of Commerce	3.45	4 Apr 2028	4,690	4,810	4,803
City of Vancouver	3.10	21 Sep 2028	600	642	600	Canadian Imperial Bank of Commerce	2.95	19 Jun 2029	4,705	4,720	4,714
City of Vancouver	3.70	18 Oct 2052	1,145	1,427	1,227	Canadian Natural Resources Limited	3.55	3 Jun 2024	2,590	2,677	2,680
City of Winnipeg	4.10	1 Jun 2045	42	52	48	Choice Properties REIT	3.55	10 Jan 2025	1,870	1,932	1,932
City of Winnipeg	4.30	15 Nov 2051	450	601	512	Choice Properties REIT	3.53	11 Jun 2029	2,817	2,874	2,870
Municipal Finance Authority of British Columbia	2.50	19 Apr 2026	822	845	823	Choice Properties REIT	5.27	7 Mar 2046	468	552	550
Region of Peel	2.30	2 Nov 2026	77	78	77	CU Inc.	5.56	26 May 2028	758	939	949
Region of Peel	5.10	29 Jun 2040	550	759	694	CU Inc.	4.54	24 Oct 2041	2,610	3,230	3,235
Region of Peel	3.85	30 Oct 2042	900	1,080	989	CU Inc.	4.72	9 Sep 2043	5,217	6,655	6,735
Regional Municipality of Halton	4.05	11 Oct 2041	300	368	336	Daimler Canada Finance Inc.	2.57	22 Nov 2022	810	810	809
Regional Municipality of York	2.60	15 Dec 2025	950	978	927	Daimler Canada Finance Inc.	2.54	21 Aug 2023	3,265	3,253	3,247
Regional Municipality of York	2.50	2 Jun 2026	77	79	79	Daimler Canada Finance Inc.	2.97	13 Mar 2024	3,220	3,254	3,254
Regional Municipality of York	4.00	31 May 2032	300	349	329	Enbridge Gas Distribution Inc.	4.00	22 Aug 2044	1,725	2,001	2,045
Regional Municipality of York	4.05	1 May 2034	625	736	688	Enbridge Gas Distribution Inc.	3.01	9 Aug 2049	2,400	2,375	2,400
				18,293	16,717	Enbridge Inc.	3.19	5 Dec 2022	2,182	2,232	2,248
						Enbridge Inc.	2.99	3 Oct 2029	550	545	550
<b>Corporate – 23.6%</b>						Enbridge Inc.	4.57	11 Mar 2044	935	1,017	1,037
407 International Inc.	5.96	3 Dec 2035	935	1,309	1,345	Enbridge Inc.	5.38	27 Sep 2077	624	623	627
407 International Inc.	5.75	14 Feb 2036	1,247	1,668	1,669	Enbridge Pipelines Inc.	4.55	17 Aug 2043	1,435	1,625	1,650
407 International Inc.	3.65	8 Sep 2044	1,559	1,721	1,783	Enbridge Pipelines Inc.	4.13	9 Aug 2046	1,559	1,674	1,719
AIMCo Realty Investors LP	3.04	1 Jun 2028	805	841	843	Enbridge Pipelines Inc.	4.33	22 Feb 2049	1,460	1,626	1,644
AIMCo Realty Investors LP	2.71	1 Jun 2029	3,185	3,236	3,239	EPCOR Utilities Inc.	3.55	27 Nov 2047	1,733	1,895	1,949
Alectra Inc.	5.30	29 Apr 2041	936	1,279	1,319	Finning International Inc.	2.63	14 Aug 2026	935	925	940
Alimentation Couche-Tard Inc.	3.06	26 Jul 2024	1,560	1,586	1,601	FortisAlberta Inc.	5.40	21 Apr 2036	1,559	2,044	2,095
Alimentation Couche-Tard Inc.	3.60	2 Jun 2025	624	648	652	FortisAlberta Inc.	5.37	30 Oct 2039	2,390	3,219	3,224
Allied Properties REIT	3.11	8 Apr 2027	370	369	370	FortisBC Energy Inc.	6.00	2 Oct 2037	623	888	891
AltaLink, L.P.	5.38	26 Mar 2040	1,880	2,578	2,585	FortisBC Energy Inc.	3.85	7 Dec 2048	624	728	753
AltaLink, L.P.	3.99	30 Jun 2042	1,247	1,462	1,509	Greater Toronto Airports Authority	2.75	17 Oct 2039	975	972	974
AltaLink, L.P.	4.05	21 Nov 2044	1,169	1,394	1,434	Great-West Lifeco Inc.	4.65	13 Aug 2020	2,954	3,012	3,040
Bank of America Corporation	3.30	24 Apr 2024	3,205	3,292	3,288	Great-West Lifeco Inc.	6.67	21 Mar 2033	1,577	2,218	2,086
Bank of Montreal	1.88	31 Mar 2021	3,781	3,775	3,771	Heathrow Funding Limited	3.25	21 May 2027	936	967	979
Bank of Montreal	2.70	11 Sep 2024	5,856	5,996	5,808	Heathrow Funding Limited	3.78	4 Sep 2030	935	992	1,019
Bank of Montreal	3.19	1 Mar 2028	659	703	680	Honda Canada Finance Inc.	3.18	28 Aug 2023	2,183	2,247	2,262
Bank of Montreal	2.88	17 Sep 2029	4,890	4,891	4,881	HSBC Bank Canada	2.17	29 Jun 2022	5,679	5,662	5,641
Bank of Nova Scotia	2.09	9 Sep 2020	2,596	2,599	2,584	HSBC Bank Canada	2.54	31 Jan 2023	6,960	7,005	6,925
Bank of Nova Scotia	1.83	27 Apr 2022	1,598	1,588	1,554	HSBC Bank Canada	3.25	15 Sep 2023	4,730	4,879	4,799
Bank of Nova Scotia	2.49	23 Sep 2024	2,341	2,346	2,342	HSBC Bank Canada	3.20	5 Dec 2023	4,745	4,851	4,845
Bank of Nova Scotia	2.58	30 Mar 2027	2,595	2,605	2,603	Hydro One Inc.	8.90	18 Aug 2022	1,000	1,191	1,422
Bank of Nova Scotia	3.10	2 Feb 2028	2,286	2,428	2,350	Hydro One Inc.	2.54	5 Apr 2024	1,558	1,584	1,598
Bank of Nova Scotia	3.89	18 Jan 2029	4,610	4,810	4,805	Hydro One Inc.	8.25	22 Jun 2026	2,950	4,067	4,397
Bank of Nova Scotia	2.84	3 Jul 2029	4,825	4,815	4,808						
Bell Canada	3.00	3 Oct 2022	1,558	1,588	1,597						
Bell Canada	4.35	18 Dec 2045	1,973	2,126	2,183						
Caisse Centrale Desjardins	2.42	4 Oct 2024	1,401	1,399	1,401						
Calloway REIT Inc.	3.99	30 May 2023	936	978	981						

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

# Government Grants (continued)

## Appendix I to Schedule I Statement of Investment Portfolio

As at October 31, 2019

(in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)	Security	Interest Rate (%)	Maturity Date	Par Value (\$)	Fair Value (\$)	Average Cost (\$)
<b>Bonds (continued)</b>						<b>Bonds (continued)</b>					
<b>Corporate – 23.6% (continued)</b>						<b>Corporate – 23.6% (continued)</b>					
Hydro One Inc.	3.02	5 Apr 2029	1,560	1,626	1,647	TELUS Corporation	3.35	15 Mar 2023	3,013	3,101	3,106
Hydro One Inc.	5.36	20 May 2036	936	1,222	1,245	TELUS Corporation	2.75	8 Jul 2026	2,182	2,175	2,212
Hydro One Inc.	6.59	22 Apr 2043	260	408	407	TELUS Corporation	3.63	1 Mar 2028	2,755	2,889	2,899
Hydro One Inc.	3.63	25 Jun 2049	1,393	1,521	1,570	TELUS Corporation	3.30	2 May 2029	3,135	3,200	3,199
Hydro One Inc.	3.64	5 Apr 2050	2,015	2,206	2,217	TELUS Corporation	4.70	6 Mar 2048	1,247	1,395	1,435
Hydro-Québec	11.00	15 Aug 2020	1,100	1,178	1,588	Toronto Dominion Bank	1.68	8 Jun 2021	288	287	285
Hydro-Québec	6.00	15 Aug 2031	1,500	2,079	1,957	Toronto Dominion Bank	1.91	18 Jul 2023	8,717	8,647	8,426
Hydro-Québec	6.50	15 Feb 2035	450	687	658	Toronto Dominion Bank	2.85	8 Mar 2024	3,213	3,280	3,219
Hydro-Québec	6.00	15 Feb 2040	250	391	360	Toronto Dominion Bank	2.50	2 Dec 2024	2,730	2,742	2,735
Hydro-Québec	5.00	15 Feb 2045	450	668	590	Toronto Dominion Bank	3.59	14 Sep 2028	3,115	3,226	3,109
Hydro-Québec	5.00	15 Feb 2050	1,500	2,339	2,061	Toronto Dominion Bank	3.22	25 Jul 2029	3,151	3,213	3,103
Hydro-Québec	4.00	15 Feb 2055	1,353	1,877	1,739	Toronto Dominion Bank	4.86	4 Mar 2031	2,877	3,200	3,096
IGM Financial Inc.	4.56	25 Jan 2047	624	707	716	Toronto Dominion Bank	3.06	26 Jan 2032	3,200	3,210	3,210
Intact Financial Corporation	2.85	7 Jun 2027	3,201	3,235	3,172	Toronto Hydro	3.49	28 Feb 2048	1,248	1,374	1,396
Inter Pipeline Ltd.	4.97	2 Feb 2021	1,955	2,017	2,021	TransCanada PipeLines Limited	3.69	19 Jul 2023	2,182	2,282	2,303
Inter Pipeline Ltd.	2.61	13 Sep 2023	1,559	1,558	1,549	TransCanada PipeLines Limited	3.39	15 Mar 2028	1,560	1,624	1,664
Inter Pipeline Ltd.	3.48	16 Dec 2026	1,560	1,603	1,632	TransCanada PipeLines Limited	3.00	18 Sep 2029	1,610	1,616	1,622
Inter Pipeline Ltd.	4.64	30 May 2044	312	339	345	TransCanada PipeLines Limited	4.55	15 Nov 2041	5,956	6,553	6,617
Loblaw Companies Limited	4.86	12 Sep 2023	1,558	1,684	1,701	TransCanada PipeLines Limited	4.65	18 May 2077	935	906	911
Loblaw Companies Limited	3.92	10 Jun 2024	1,558	1,646	1,667	TransCanada PipeLines Limited	5.20	23 Jul 2040	2,452	3,255	3,267
Loblaw Companies Limited	6.50	22 Jan 2029	1,163	1,460	1,493	TransCanada PipeLines Limited	4.20	2 Jun 2044	2,715	3,240	3,260
Loblaw Companies Limited	5.90	18 Jan 2036	624	788	794	TransCanada Trust	2.65	27 Jun 2022	535	536	536
Manufacturers Life Insurance Company	2.10	1 Jun 2025	5,912	5,907	5,853	Union Gas Limited	3.70	14 Nov 2022	3,085	3,184	3,185
Manufacturers Life Insurance Company	3.18	22 Nov 2027	1,484	1,522	1,527	VW Credit Canada Inc.	3.25	29 Mar 2023	3,115	3,176	3,175
Manulife Financial Corporation	3.32	9 May 2028	3,137	3,224	3,156	VW Credit Canada Inc.	3.18	8 Feb 2024	3,165	3,247	3,246
Nissan Canada Financial Services Inc.	2.61	5 Mar 2021	670	671	671	Wells Fargo & Company	2.98	19 May 2026	3,260	3,299	3,304
North West Redwater Partnership	4.25	1 Jun 2029	1,560	1,740	1,761				337,845	337,896	
North West Redwater Partnership	4.35	10 Jan 2039	1,558	1,774	1,822						
North West Redwater Partnership	3.70	23 Feb 2043	623	655	660						
Omers Realty Corporation	3.63	5 Jun 2030	2,935	3,226	3,239						
Pembina Pipeline Corp	3.31	1 Feb 2030	1,630	1,628	1,628						
Power Corporation of Canada	8.57	22 Apr 2039	1,107	1,826	1,831						
Riocan Real Estate Investment Trust	2.83	3 Oct 2022	800	809	807						
Riocan Real Estate Investment Trust	3.21	29 Sep 2023	3,140	3,209	3,204						
Riocan Real Estate Investment Trust	3.29	12 Feb 2024	2,820	2,889	2,885						
Rogers Communications Inc.	3.25	1 May 2029	1,871	1,912	1,961						
Royal Bank of Canada	2.03	15 Mar 2021	4,182	4,184	4,195						
Royal Bank of Canada	1.65	15 Jul 2021	11,507	11,438	11,382						
Royal Bank of Canada	2.35	2 Jul 2024	130	130	129						
Royal Bank of Canada	2.61	1 Nov 2024	1,310	1,322	1,310						
Royal Bank of Canada	2.74	25 Jul 2029	4,845	4,830	4,865						
SmartCentres REIT	3.44	28 Aug 2026	1,559	1,593	1,611						
South Coast Transportation Authority	3.25	23 Nov 2028	700	756	699						
									337,845	337,896	
<b>Total Fixed Income Investments – 64.3%</b>									<b>919,727</b>	<b>912,316</b>	
						<b>Security</b>	<b>Number of Securities</b>	<b>Fair Value (\$)</b>	<b>Average Cost (\$)</b>		
						<b>Equities – 5.5%</b>					
						Alimentation Couche-Tard Inc.	78,126	3,085	2,314		
						ATCO Ltd.	9,277	429	390		
						Bank of Nova Scotia	72,329	5,463	4,974		
						Birchcliff Energy Ltd.	166,800	335	867		
						Boardwalk Real Estate Investment Trust	9,606	420	458		
						Brookfield Asset Management Inc.	33,865	2,464	1,961		
						Brookfield Infrastructure Partners L.P.	15,234	1,005	656		
						Brookfield Renewable Partners L.P.	18,047	1,011	726		
						CAE Inc.	28,787	951	604		
						Canadian National Railway Company	23,578	2,776	2,247		
						Canadian Natural Resources Limited	29,391	976	898		
						Canadian Pacific Railway Company	4,100	1,227	869		
						CCL Industries Inc.	37,392	2,026	2,051		
						CGI Group Inc.	5,351	548	353		
						CI Financial Corp.	87,438	1,674	2,096		
						Cogeco Inc.	7,534	858	522		

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

# Government Grants (continued)

## Appendix I to Schedule I Statement of Investment Portfolio

As at October 31, 2019

(in thousands of Canadian dollars)

Security	Number of Securities	Fair Value (\$)	Average Cost (\$)	Security	Number of Securities	Fair Value (\$)	Average Cost (\$)
<b>Equities – 5.5% (continued)</b>				<b>Exchanged-traded Funds – 30.1%</b>			
Computer Modeling Group Ltd.	82,680	580	748	BMO MSCI EAFE Index ETF	3,051,690	57,707	55,301
Dollarama Inc.	12,269	544	434	BMO MSCI Emerging Markets Index ETF	720,800	14,286	13,643
DREAM Unlimited Corporation	58,938	593	441	BMO S&P 500 INDEX ETF	1,342,930	59,116	48,203
Enbridge Inc.	47,475	2,276	2,294	iShares Core MSCI Emerging Markets IMI Index ETF	750,424	19,556	18,974
Enerflex Ltd.	90,982	939	1,389	iShares Core S&P U.S. ETF	5,065,210	153,375	126,289
Fairfax Financial Holdings Limited	2,014	1,124	1,277	iShares Global Infrastructure Index ETF	935,696	25,881	25,144
Finning International Inc.	42,282	948	952	iShares Global Real Estate Index ETF	790,091	25,315	25,151
FirstService Corporation	6,509	748	420	iShares Core MSCI EAFE IMI Index ETF	2,410,312	74,310	71,383
Franco-Nevada Corporation	16,037	2,048	1,355			429,546	384,088
Freehold Royalties Ltd.	129,500	835	1,492				
Great Canadian Gaming Corporation	9,930	413	254	<b>Total Equities – 35.6%</b>		<b>508,384</b>	<b>458,266</b>
Great-West Lifeco Inc.	38,918	1,247	1,277	<b>Total Investments – 99.9%</b>		<b>1,428,111</b>	<b>1,370,582</b>
IA Financial Group	13,141	833	731				
IGM Financial Inc.	20,161	749	716	<b>Cash and cash equivalents – 0.1%</b>		<b>1,892</b>	<b>1,892</b>
Imperial Oil Limited	37,697	1,233	1,509	<b>Total Portfolio Assets – 100.0%</b>		<b>1,430,003</b>	<b>1,372,474</b>
Intact Financial Corporation	20,712	2,811	1,975				
Loblaw Companies Limited	17,993	1,263	1,036	<b>Total Investments Allocation</b>			
Magna International Inc.	22,687	1,607	1,411	Plan II		871	836
Methanex Corporation	22,975	1,147	1,233	Founders' Plan		10,888	10,450
METRO Inc.	33,019	1,839	1,515	Group Savings Plan		79,913	76,694
Morguard Corporation	2,823	559	425	Group Savings Plan 2001		1,203,801	1,155,307
Nutrien Ltd.	30,434	1,915	1,778	Family Savings Plan		129,263	124,056
Pason System Inc.	76,387	1,080	1,415	Individual Savings Plan		3,375	3,239
Pembina Pipeline Corp	14,913	690	662			<b>1,428,111</b>	<b>1,370,582</b>
PrairieSky Royalty Ltd.	73,346	942	1,688	<b>Cash and cash equivalents Allocation</b>			
Recipe Unlimited Corporation	20,332	478	540	Plan II		1	1
Restaurant Brands International Inc.	7,012	604	469	Founders' Plan		15	15
Ritchie Brothers Auctioneers	22,759	1,233	959	Group Savings Plan		106	106
Royal Bank of Canada	17,438	1,852	1,724	Group Savings Plan 2001		1,595	1,595
Saputo Inc.	68,278	2,608	2,771	Family Savings Plan		171	171
ShawCor Ltd.	36,290	481	1,027	Individual Savings Plan		4	4
Stella-Jones Inc.	30,471	1,113	1,296			<b>1,892</b>	<b>1,892</b>
Suncor Energy Inc.	50,867	1,989	1,964				
TC Energy Corporation	12,972	860	750				
TELUS Corporation	58,184	2,725	2,570				
Toromont Industries Ltd.	26,967	1,833	1,393				
Toronto Dominion Bank	72,425	5,443	4,417				
Total Energy Services Inc.	37,904	213	510				
Tucows Inc.	8,148	594	589				
Wajax Corporation	24,749	379	531				
Westshore Terminals Investment Corporation	67,800	1,548	1,556				
Winpak Ltd.	14,475	674	699				
		78,838	74,178				

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



# Canadian Scholarship Trust Plan

## **Sponsor**

Canadian Scholarship Trust Foundation  
2235 Sheppard Avenue East, Suite 1600  
Toronto, Ontario M2J 5B8  
1.877.333.RESP (7377)

## **Investment Fund Manager and Distributor**

C.S.T. Consultants 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

For updates on your Plan account, login to Online Services at [www.cst.org](http://www.cst.org)  
In Quebec, Canadian Scholarship Trust plan is distributed by  
C.S.T. Consultants Inc. Scholarship Plan Brokerage Firm.

