

C.S.T. Consultants Inc.

Canadian Scholarship Trust Founders' Plan

Semi-Annual Financial Statements
Unaudited

April 30, 2019



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Unaudited semi-annual financial statements

The accompanying semi-annual financial statements have not been reviewed by the external auditors of the Plan in accordance with assurance standards applicable to a review of interim financial statements.

Statements of Financial Position

As at April 30, 2019 and October 31, 2018 (in thousands of Canadian dollars)

| | Apr 30, 2019 | Oct 31, 2018 |
|--|------------------|------------------|
| | | (Audited) |
| Assets | | |
| Cash and cash equivalents | \$ 959 | \$ 249 |
| Receivables for securities sold | - | 89 |
| Investments, at fair value <i>(Note 4 and Schedule 1)</i> | 20,316 | 23,038 |
| Accrued income and other receivables | 177 | 212 |
| Government grants receivable | 1 | - |
| | 21,453 | 23,588 |
| Liabilities | | |
| Payables for securities purchased | - | 124 |
| Accounts payable and accrued liabilities | 1,564 | 1,651 |
| | 1,564 | 1,775 |
| Net Assets Attributable to Subscribers and Beneficiaries | 19,889 | 21,813 |
| Represented by: | | |
| Non-Discretionary Funds | | |
| Accumulated income held for future education assistance payments | 7,619 | 8,558 |
| Subscribers' deposits <i>(Note 7)</i> | 1,377 | 2,491 |
| Government grants | 4,553 | 4,868 |
| Income on Government grants | 7,753 | 6,836 |
| General Fund <i>(Note 8)</i> | (1,413) | (979) |
| Unrealized Gains | - | 39 |
| | \$ 19,889 | \$ 21,813 |

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



Douglas P. McPhie, FCPA, FCA, CPA (Illinois)
 Director



Sherry J. MacDonald, CPA, CA
 Director

Statements of Comprehensive Income

For the six months ended April 30, 2019 and 2018 (in thousands of Canadian dollars)

| | 2019 | 2018 |
|--|---------------|-----------------|
| Income | | |
| Interest | \$ 293 | \$ 385 |
| Realized losses on sale of investments | (182) | (210) |
| Change in unrealized gains (losses) | 757 | (550) |
| Dividends | 46 | 40 |
| | 914 | (335) |
| Expenses | | |
| Administration and account maintenance fees <i>(Note 3(a))</i> | 60 | 81 |
| Portfolio management fees | 17 | 26 |
| Custodian and trustee fees | 4 | 5 |
| | 81 | 112 |
| Increase (decrease) in Net Assets from Operations Attributable to Subscribers and Beneficiaries | \$ 833 | \$ (447) |

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the six months ended April 30, 2019 and 2018 (in thousands of Canadian dollars)

| | 2019 | 2018 |
|---|------------------|------------------|
| Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Period | \$ 21,813 | \$ 30,908 |
| Increase (decrease) in Net Assets from Operations Attributable to Subscribers and Beneficiaries | 833 | (447) |
| Transfers to internal and external plans | (229) | (400) |
| | 604 | (847) |
| Disbursements | | |
| Government grants repaid (net of receipts) | (79) | (47) |
| Net decrease in Subscribers' deposits <i>(Note 7)</i> | (1,114) | (1,368) |
| Payments to beneficiaries | | |
| Education assistance payments | (986) | (1,826) |
| Government grants | (327) | (306) |
| Return of income | (22) | (290) |
| Total payments to beneficiaries | (1,335) | (2,422) |
| Total Disbursements | (2,528) | (3,837) |
| Change in Net Assets Attributable to Subscribers and Beneficiaries | (1,924) | (4,684) |
| Net Assets Attributable to Subscribers and Beneficiaries, End of Period | \$ 19,889 | \$ 26,224 |

Statements of Cash Flows

For the six months ended April 30, 2019 and 2018 (in thousands of Canadian dollars)

| | 2019 | 2018 |
|---|----------------|----------------|
| Operating Activities | | |
| Increase (decrease) in Net Assets from Operations Attributable to Subscribers and Beneficiaries | \$ 833 | \$ (447) |
| Net receipts from investment transactions | 3,262 | 3,728 |
| Items not affecting cash | | |
| Realized losses on sale of investments | 182 | 210 |
| Change in unrealized (gains) losses | (757) | 550 |
| Change in non-cash operating working capital | | |
| Decrease in Accrued income and other receivables | 35 | 35 |
| Increase in Government grants receivable | (1) | - |
| (Decrease) increase in Accounts payable and accrued liabilities | (87) | 16 |
| Cash flow from Operating Activities | 3,467 | 4,092 |
| Financing Activities | | |
| Transfers to internal and external plans | (229) | (400) |
| Government grants repaid (net of receipts) | (79) | (47) |
| Net decrease in Subscribers' deposits <i>(Note 7)</i> | (1,114) | (1,368) |
| Payments to beneficiaries | (1,335) | (2,422) |
| Cash flow used in Financing Activities | (2,757) | (4,237) |
| Net increase (decrease) in Cash and cash equivalents | 710 | (145) |
| Cash and cash equivalents, Beginning of Period | | |
| Cash | 219 | 223 |
| Cash equivalents | 30 | 55 |
| | 249 | 278 |
| Cash and cash equivalents, End of Period | | |
| Cash | 962 | 125 |
| Cash equivalents | (3) | 8 |
| Cash and cash equivalents, End of Period | \$ 959 | \$ 133 |
| Supplemental cash flow information: | | |
| Withholding Taxes | \$ 7 | \$ 5 |
| Interest Income Received | 329 | 454 |

Schedule I – Statement of Investment Portfolio

As at April 30, 2019 (in thousands of Canadian dollars)

| Security | Interest Rate(%) | Maturity Date | Par Value (\$) | Fair Value (\$) | Average Cost (\$) | Security | Number of Securities | Fair Value (\$) | Average Cost (\$) |
|---|------------------|---------------|----------------|-----------------|-------------------|--|----------------------|-----------------|-------------------|
| Bonds | | | | | | Investments Allocation (Note 4) | | | |
| Federal – 31.8% | | | | | | Government Grants (Appendix I) | | | |
| Canada Housing Trust | 1.25 | 15 Jun 2021 | 274 | 271 | 275 | | 12,549 | 11,573 | |
| Canada Housing Trust | 1.50 | 15 Dec 2021 | 667 | 663 | 664 | | 45 | 45 | |
| Canada Housing Trust | 2.65 | 15 Mar 2022 | 512 | 525 | 533 | | | | |
| Canada Housing Trust | 2.35 | 15 Jun 2023 | 435 | 444 | 434 | | | | |
| Canada Housing Trust | 2.35 | 15 Sep 2023 | 358 | 366 | 356 | | | | |
| Canada Housing Trust | 2.55 | 15 Dec 2023 | 476 | 491 | 486 | | | | |
| | | | | 2,760 | 2,748 | | | | |
| Provincial – 46.8% | | | | | | Total Investment Fund | | | |
| Province of Alberta | 2.55 | 15 Dec 2022 | 159 | 163 | 158 | | 21,275 | 20,487 | |
| Province of British Columbia | 3.70 | 18 Dec 2020 | 453 | 467 | 477 | | | | |
| Province of British Columbia | 3.25 | 18 Dec 2021 | 453 | 470 | 481 | | | | |
| Province of Manitoba | 1.55 | 5 Sep 2021 | 460 | 457 | 464 | | | | |
| Province of New Brunswick | 4.50 | 2 Jun 2020 | 217 | 223 | 342 | | | | |
| Province of Ontario | 3.15 | 2 Jun 2022 | 766 | 796 | 810 | | | | |
| Province of Ontario | 2.85 | 2 Jun 2023 | 113 | 117 | 115 | | | | |
| Province of Québec | 4.50 | 1 Dec 2020 | 532 | 555 | 607 | | | | |
| Province of Québec | 4.25 | 1 Dec 2021 | 762 | 810 | 821 | | | | |
| | | | | 4,058 | 4,275 | | | | |
| Corporate – 10.9% | | | | | | Represented by: | | | |
| Bank of America Corporation | 3.30 | 24 Apr 2024 | 63 | 64 | 63 | Cash and cash equivalents | | 959 | |
| Bank of Montreal | 2.85 | 6 Mar 2024 | 45 | 46 | 45 | Investments, at fair value | | 20,316 | |
| Canadian Imperial Bank of Commerce | 3.29 | 15 Jan 2024 | 27 | 28 | 27 | | | | |
| Daimler Canada Finance Inc. | 2.23 | 16 Dec 2021 | 63 | 63 | 63 | | | | |
| Daimler Canada Finance Inc. | 3.05 | 16 May 2022 | 45 | 46 | 45 | | | | |
| Daimler Canada Finance Inc. | 3.30 | 16 Aug 2022 | 27 | 28 | 27 | | | | |
| Daimler Canada Finance Inc. | 2.57 | 22 Nov 2022 | 36 | 36 | 36 | | | | |
| Daimler Canada Finance Inc. | 2.97 | 13 Mar 2024 | 9 | 9 | 9 | | | | |
| Honda Canada Finance Inc. | 2.54 | 1 Mar 2023 | 36 | 36 | 36 | | | | |
| Honda Canada Finance Inc. | 3.18 | 28 Aug 2023 | 45 | 46 | 45 | | | | |
| HSBC Bank Canada | 3.25 | 15 Sep 2023 | 54 | 56 | 54 | | | | |
| John Deere Financial Inc | 2.46 | 4 Apr 2024 | 18 | 18 | 18 | | | | |
| Manulife Financial Corporation | 3.32 | 9 May 2028 | 45 | 46 | 45 | | | | |
| Royal Bank of Canada | 3.30 | 26 Sep 2023 | 63 | 65 | 63 | | | | |
| Toronto Dominion Bank | 2.85 | 8 Mar 2024 | 30 | 31 | 30 | | | | |
| Toronto Dominion Bank | 2.98 | 30 Sep 2025 | 99 | 100 | 98 | | | | |
| Toronto Dominion Bank | 3.59 | 14 Sep 2028 | 54 | 56 | 54 | | | | |
| Toyota Credit Canada Inc. | 3.04 | 12 Jul 2023 | 36 | 37 | 36 | | | | |
| Toyota Credit Canada Inc. | 2.64 | 27 Mar 2024 | 20 | 20 | 20 | | | | |
| Wells Fargo & Company | 2.09 | 25 Apr 2022 | 82 | 81 | 82 | | | | |
| Wells Fargo & Company | 3.18 | 8 Feb 2024 | 36 | 37 | 36 | | | | |
| | | | | 949 | 932 | | | | |
| Total Fixed Income Investments – 89.5% | | | | 7,767 | 7,955 | | | | |
| Cash and cash equivalents – 10.5% | | | | 914 | 914 | | | | |
| Total Portfolio Assets – 100.0% | | | | 8,681 | 8,869 | | | | |

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

Notes to the Financial Statements

Six months ended April 30, 2019 and 2018 (Unaudited, 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 interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

These financial statements were approved by the Board of Directors of the Foundation on June 6, 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 standards

IFRS 9 Financial Instruments ("IFRS 9")

Upon transition to IFRS 9, 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 performance evaluated as a group on a fair value basis, 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 financial assets and liabilities, that are not derivatives, continued 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.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

The adoption of IFRS 15 had no material effect on the Plan's financial statements as the Plan is not a party to any customer contracts.

(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)

Six months ended April 30, 2019 and 2018 (Unaudited, 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 ⁱ |
| Cash and cash equivalents | Amortized Cost ⁱⁱ |
| Accrued income and other receivables | Amortized Cost ⁱⁱ |
| Receivables for securities sold | Amortized Cost ⁱⁱ |
| Accounts payable and accrued liabilities | Amortized Cost ⁱⁱⁱ |
| Payables for securities purchased | Amortized Cost ⁱⁱⁱ |

ⁱ 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.

ⁱⁱ 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 objective evidence of impairment or when their expected credit loss increases.

ⁱⁱⁱ 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.

(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.

Notes to the Financial Statements (continued)

Six months ended April 30, 2019 and 2018 (Unaudited, in thousands of Canadian dollars)

Note 3. Related Party Transactions (continued)

(a) Administration of the Plan (continued)

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 six-months ended April 30, 2019, \$60 was recognized as an expense for Administration and account maintenance fees (2018 – \$81). Administration and account maintenance fees included in Accounts payable and accrued liabilities at April 30, 2019 was \$6 (October 31, 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 six-month period ended April 30, 2019, the Plan recognized an expense of \$nil (2018 – \$nil) for the services of the IRC. No amounts were included in Accounts payable and accrued liabilities at April 30, 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 \$1 (2018 – \$3) 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 April 30, 2019 (October 31, 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 interest rates and changes in the fair value of bonds. This risk is actively managed using duration, yield curve analysis, sector and credit selection. There is reduced risk to interest rate changes for cash and cash equivalents due to their short-term nature.

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

| Debt Instruments by Maturity Date | % of Total Investment Fund | |
|-----------------------------------|----------------------------|--------------|
| | Apr 30, 2019 | Oct 31, 2018 |
| Less than 1 year | 3% | 1% |
| 1-3 years | 14% | 20% |
| 3-5 years | 8% | 30% |
| Greater than 5 years | 53% | 31% |
| Total debt instruments | 78% | 82% |

As at April 30, 2019, if prevailing interest rates had increased by 1%, the fair value of the Total Investment Fund of \$21,275 (October 31, 2018 – \$23,287) as per Schedule I – Statement of Investment Portfolio, would have decreased by approximately \$890 (October 31, 2018 – \$900). If prevailing interest rates had decreased by 1%, the fair value of the Total Investment Fund would have increased by approximately \$1,000 (October 31, 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 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

Notes to the Financial Statements (continued)

Six months ended April 30, 2019 and 2018 (Unaudited, in thousands of Canadian dollars)

Note 6. Risks Associated with Financial Instruments (continued)

(a) Market risk (continued)

ii. Other price risk (continued)

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% (October 31, 2018 – 18%) of the Total Investment Fund as at April 30, 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 \$46 (October 31, 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 | April 30, 2019 | | October 31, 2018 | |
|-------------------------------|----------------------------|------------------|----------------------------|------------------|
| | % of Total Investment Fund | Amount | % of Total Investment Fund | Amount |
| AAA | 15% | \$ 3,109 | 18% | \$ 4,045 |
| AA/AAH/AAL | 33% | 7,149 | 34% | 7,848 |
| A/AH/AL | 25% | 5,417 | 29% | 6,833 |
| BBB | 0% | – | 0% | – |
| R-1 | 0% | – | 0% | 28 |
| Short-term unrated | 5% | 1,011 | 1% | 286 |
| Total debt instruments | 78% | \$ 16,686 | 82% | \$ 19,040 |

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 18% (October 31, 2018 – 15%) of the Total Investment Fund. The fair value of the Total Investment Fund would increase or decrease by approximately \$37 (October 31, 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. Subscribers' Deposits

The changes in Subscribers' deposits for the six-month period ended April 30, 2019, and 2018 are as follows:

| | Apr. 30, 2019 | Apr. 30, 2018 |
|---------------------------------------|-----------------|-----------------|
| Payments from subscribers | \$ 1 | \$ 142 |
| Inter-plan principal transfers | (242) | (473) |
| Account maintenance fees | (1) | (3) |
| Return of principal | (872) | (1,034) |
| Net decrease in Subscribers' deposits | (1,114) | (1,368) |
| Balance, Beginning of Period | 2,491 | 4,704 |
| Balance, End of Period | \$ 1,377 | \$ 3,336 |

Note 8. 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.

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 April 30, 2019 the balance of the General Fund, included in the Statement of Financial Position, was a deficit of \$1,413 (October 31, 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 EAP participation rates. The Foundation is responsible for any shortfalls in the payment of EAPs.

Notes to the Financial Statements (continued)

Six months ended April 30, 2019 and 2018 (Unaudited, in thousands of Canadian dollars)

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 April 30, 2019

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------|------------------|-------------|------------------|
| Fixed income securities | \$ - | \$ 15,727 | \$ - | \$ 15,727 |
| ETFs and Equity securities | \$ 4,589 | \$ - | \$ - | \$ 4,589 |
| Total Investments, at fair value | \$ 4,589 | \$ 15,727 | \$ - | \$ 20,316 |

Assets Measured at Fair Value as of October 31, 2018

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

For the six-month period ended April 30, 2019 and year ended October 31, 2018, there were no transfers between Levels 1 or 2.

Government Grants

Appendix I to Schedule I

Statement of Investment Portfolio

As at April 30, 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 (\$) |
|------------------------------------|-------------------|---------------|----------------|-----------------|-------------------|------------------------------|-------------------|---------------|----------------|-----------------|-------------------|
| Bonds | | | | | | Bonds (continued) | | | | | |
| Federal – 5.9% | | | | | | Provincial – 31.5% | | | | | |
| Canada Housing Trust | 1.20 | 15 Jun 2020 | 2,575 | 2,560 | 2,539 | Province of Alberta | 1.35 | 1 Sep 2021 | 765 | 757 | 761 |
| Canada Housing Trust | 1.25 | 15 Dec 2020 | 1,500 | 1,489 | 1,516 | Province of Alberta | 1.60 | 1 Sep 2022 | 439 | 435 | 438 |
| Canada Housing Trust | 1.25 | 15 Jun 2021 | 1,477 | 1,462 | 1,491 | Province of Alberta | 2.55 | 15 Dec 2022 | 225 | 230 | 232 |
| Canada Housing Trust | 3.80 | 15 Jun 2021 | 130 | 136 | 144 | Province of Alberta | 2.65 | 1 Sep 2023 | 492 | 506 | 492 |
| Canada Housing Trust | 1.50 | 15 Dec 2021 | 688 | 684 | 688 | Province of Alberta | 2.35 | 1 Jun 2025 | 1,225 | 1,238 | 1,204 |
| Canada Housing Trust | 1.15 | 15 Dec 2021 | 589 | 580 | 584 | Province of Alberta | 4.45 | 15 Dec 2025 | 1,785 | 2,015 | 2,052 |
| Canada Housing Trust | 2.65 | 15 Mar 2022 | 2,200 | 2,255 | 2,232 | Province of Alberta | 2.20 | 1 Jun 2026 | 1,597 | 1,590 | 1,594 |
| Canada Housing Trust | 1.75 | 15 Jun 2022 | 1,243 | 1,242 | 1,249 | Province of Alberta | 2.55 | 1 Jun 2027 | 510 | 517 | 503 |
| Canada Housing Trust | 2.40 | 15 Dec 2022 | 6,610 | 6,752 | 6,885 | Province of Alberta | 2.90 | 1 Dec 2028 | 1,564 | 1,624 | 1,566 |
| Canada Housing Trust | 2.35 | 15 Jun 2023 | 487 | 497 | 487 | Province of Alberta | 2.90 | 20 Sep 2029 | 900 | 930 | 898 |
| Canada Housing Trust | 2.55 | 15 Dec 2023 | 1,216 | 1,254 | 1,217 | Province of Alberta | 3.50 | 1 Jun 2031 | 1,025 | 1,121 | 1,081 |
| Canada Housing Trust | 2.90 | 15 Jun 2024 | 1,709 | 1,794 | 1,818 | Province of Alberta | 3.90 | 1 Dec 2033 | 2,772 | 3,166 | 2,997 |
| Canada Housing Trust | 2.55 | 15 Mar 2025 | 1,500 | 1,551 | 1,598 | Province of Alberta | 4.50 | 1 Dec 2040 | 3,000 | 3,783 | 3,639 |
| Canada Housing Trust | 1.90 | 15 Sep 2026 | 823 | 814 | 813 | Province of Alberta | 3.45 | 1 Dec 2043 | 4,545 | 5,007 | 4,712 |
| Canada Housing Trust | 2.35 | 15 Jun 2027 | 860 | 876 | 868 | Province of Alberta | 3.30 | 1 Dec 2046 | 4,776 | 5,166 | 4,889 |
| Canada Housing Trust | 2.35 | 15 Mar 2028 | 238 | 242 | 237 | Province of Alberta | 3.05 | 1 Dec 2048 | 6,404 | 6,650 | 6,271 |
| Canada Housing Trust | 2.65 | 15 Mar 2028 | 514 | 536 | 509 | Province of Alberta | 3.10 | 1 Jun 2050 | 2,302 | 2,420 | 2,325 |
| Canada Housing Trust | 2.65 | 15 Dec 2028 | 734 | 766 | 733 | Province of British Columbia | 3.70 | 18 Dec 2020 | 600 | 619 | 650 |
| Canada Post Corporation | 4.36 | 16 Jul 2040 | 375 | 479 | 472 | Province of British Columbia | 3.25 | 18 Dec 2021 | 800 | 830 | 828 |
| Government of Canada | – | 2 May 2019 | 115 | 115 | 115 | Province of British Columbia | 3.30 | 18 Dec 2023 | 300 | 318 | 312 |
| Government of Canada | – | 13 Jun 2019 | 65 | 61 | 65 | Province of British Columbia | 2.85 | 18 Jun 2025 | 500 | 522 | 510 |
| Government of Canada | – | 25 Jul 2019 | 100 | 100 | 100 | Province of British Columbia | 2.30 | 18 Jun 2026 | 348 | 351 | 349 |
| Government of Canada | – | 8 Aug 2019 | 2,225 | 2,211 | 2,211 | Province of British Columbia | 2.55 | 18 Jun 2027 | 1,161 | 1,184 | 1,157 |
| Government of Canada | 3.50 | 1 Jun 2020 | 4,500 | 4,586 | 4,743 | Province of British Columbia | 2.95 | 18 Dec 2028 | 768 | 807 | 774 |
| Government of Canada | 0.75 | 1 Sep 2020 | 1,825 | 1,803 | 1,807 | Province of British Columbia | 5.70 | 18 Jun 2029 | 3,525 | 4,560 | 4,607 |
| Government of Canada | 0.75 | 1 Mar 2021 | 4,573 | 4,506 | 4,474 | Province of British Columbia | 6.35 | 18 Jun 2031 | 2,975 | 4,176 | 4,234 |
| Government of Canada | 3.25 | 1 Jun 2021 | 727 | 752 | 785 | Province of British Columbia | 4.70 | 18 Jun 2037 | 3,045 | 3,908 | 3,739 |
| Government of Canada | 0.75 | 1 Sep 2021 | 810 | 795 | 787 | Province of British Columbia | 4.95 | 18 Jun 2040 | 4,400 | 5,942 | 5,702 |
| Government of Canada | 0.50 | 1 Mar 2022 | 2,132 | 2,070 | 2,033 | Province of British Columbia | 4.30 | 18 Jun 2042 | 3,930 | 4,960 | 4,601 |
| Government of Canada | 2.75 | 1 Jun 2022 | 2,149 | 2,226 | 2,222 | Province of British Columbia | 3.20 | 18 Jun 2044 | 1,450 | 1,564 | 1,443 |
| Government of Canada | 1.00 | 1 Sep 2022 | 1,465 | 1,439 | 1,403 | Province of British Columbia | 2.80 | 18 Jun 2048 | 5,807 | 5,867 | 5,600 |
| Government of Canada | 1.75 | 1 Mar 2023 | 1,571 | 1,582 | 1,553 | Province of British Columbia | 2.95 | 18 Jun 2050 | 1,558 | 1,626 | 1,559 |
| Government of Canada | 1.50 | 1 Jun 2023 | 2,077 | 2,073 | 2,046 | Province of Manitoba | 1.55 | 5 Sep 2021 | 273 | 271 | 272 |
| Government of Canada | 2.00 | 1 Sep 2023 | 1,515 | 1,544 | 1,505 | Province of Manitoba | 3.85 | 1 Dec 2021 | 1,000 | 1,051 | 1,088 |
| Government of Canada | 2.25 | 1 Mar 2024 | 309 | 319 | 319 | Province of Manitoba | 2.55 | 2 Jun 2023 | 869 | 889 | 886 |
| Government of Canada | 2.50 | 1 Jun 2024 | 850 | 889 | 881 | Province of Manitoba | 2.45 | 2 Jun 2025 | 250 | 254 | 252 |
| Government of Canada | 2.25 | 1 Jun 2025 | 2,169 | 2,251 | 2,203 | Province of Manitoba | 4.40 | 5 Sep 2025 | 1,300 | 1,467 | 1,462 |
| Government of Canada | 1.50 | 1 Jun 2026 | 838 | 830 | 811 | Province of Manitoba | 2.55 | 2 Jun 2026 | 730 | 742 | 743 |
| Government of Canada | 1.00 | 1 Jun 2027 | 1,231 | 1,168 | 1,156 | Province of Manitoba | 2.60 | 2 Jun 2027 | 763 | 774 | 750 |
| Government of Canada | 2.00 | 1 Jun 2028 | 762 | 781 | 771 | Province of Manitoba | 3.00 | 2 Jun 2028 | 849 | 885 | 842 |
| Government of Canada | 2.25 | 1 Jun 2029 | 2,697 | 2,831 | 2,797 | Province of Manitoba | 2.75 | 2 Jun 2029 | 144 | 147 | 144 |
| Government of Canada | 5.75 | 1 Jun 2029 | 175 | 240 | 239 | Province of Manitoba | 3.25 | 5 Sep 2029 | 650 | 690 | 674 |
| Government of Canada | 5.75 | 1 Jun 2033 | 1,300 | 1,928 | 1,937 | Province of Manitoba | 4.10 | 5 Mar 2041 | 6,300 | 7,443 | 7,129 |
| Government of Canada | 5.00 | 1 Jun 2037 | 1,472 | 2,152 | 2,083 | Province of Manitoba | 4.40 | 5 Mar 2042 | 3,300 | 4,076 | 3,894 |
| Government of Canada | 4.00 | 1 Jun 2041 | 1,350 | 1,830 | 1,810 | Province of Manitoba | 3.35 | 5 Mar 2043 | 1,300 | 1,383 | 1,298 |
| Government of Canada | 3.50 | 1 Dec 2045 | 2,081 | 2,720 | 2,593 | Province of Manitoba | 4.05 | 5 Sep 2045 | 2,300 | 2,750 | 2,718 |
| Government of Canada | 2.75 | 1 Dec 2048 | 1,034 | 1,209 | 1,174 | Province of Manitoba | 2.85 | 5 Sep 2046 | 196 | 192 | 181 |
| Government of Canada | 2.00 | 1 Dec 2051 | 575 | 576 | 516 | Province of Manitoba | 3.40 | 5 Sep 2048 | 1,307 | 1,420 | 1,322 |
| Government of Canada | 2.75 | 1 Dec 2064 | 2,750 | 3,407 | 3,180 | Province of Manitoba | 3.20 | 5 Mar 2050 | 507 | 533 | 500 |
| Labrador-Island Link Funding Trust | 3.76 | 1 Jun 2033 | 150 | 172 | 176 | Province of New Brunswick | 2.85 | 2 Jun 2023 | 700 | 723 | 720 |
| Labrador-Island Link Funding Trust | 3.86 | 1 Dec 2045 | 2,200 | 2,677 | 2,641 | Province of New Brunswick | 3.65 | 3 Jun 2024 | 200 | 215 | 210 |
| Labrador-Island Link Funding Trust | 3.85 | 1 Dec 2053 | 100 | 126 | 126 | Province of New Brunswick | 2.60 | 14 Aug 2026 | 167 | 170 | 167 |
| Muskrat Falls Funding Trust | 3.83 | 1 Jun 2037 | 4,150 | 4,860 | 4,591 | Province of New Brunswick | 2.35 | 14 Aug 2027 | 659 | 653 | 640 |
| Muskrat Falls Funding Trust | 3.86 | 1 Dec 2048 | 150 | 186 | 186 | Province of New Brunswick | 3.10 | 14 Aug 2028 | 270 | 283 | 274 |
| | | | | 82,984 | 82,119 | Province of New Brunswick | 5.65 | 27 Dec 2028 | 245 | 308 | 300 |
| | | | | | | Province of New Brunswick | 5.50 | 27 Jan 2034 | 775 | 1,019 | 912 |
| | | | | | | Province of New Brunswick | 4.65 | 26 Sep 2035 | 710 | 865 | 739 |
| | | | | | | Province of New Brunswick | 4.55 | 26 Mar 2037 | 2,200 | 2,665 | 2,603 |
| | | | | | | Province of New Brunswick | 4.80 | 26 Sep 2039 | 950 | 1,202 | 1,183 |

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

Government Grants (continued)

Appendix I to Schedule I

Statement of Investment Portfolio

As at April 30, 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 (\$) |
|---------------------------------------|-------------------|---------------|----------------|-----------------|-------------------|---|-------------------|---------------|----------------|-----------------|-------------------|
| Bonds (continued) | | | | | | Bonds (continued) | | | | | |
| Provincial – 31.5% (continued) | | | | | | Provincial – 31.5% (continued) | | | | | |
| Province of New Brunswick | 3.55 | 3 Jun 2043 | 3,950 | 4,274 | 3,982 | Province of Québec | 3.00 | 1 Sep 2023 | 3,250 | 3,394 | 3,467 |
| Province of New Brunswick | 3.80 | 14 Aug 2045 | 2,550 | 2,886 | 2,727 | Province of Québec | 3.75 | 1 Sep 2024 | 2,625 | 2,853 | 2,784 |
| Province of New Brunswick | 3.10 | 14 Aug 2048 | 1,587 | 1,601 | 1,546 | Province of Québec | 5.35 | 1 Jun 2025 | 1,000 | 1,179 | 1,164 |
| Province of Newfoundland and Labrador | 1.95 | 2 Jun 2022 | 248 | 248 | 247 | Province of Québec | 2.50 | 1 Sep 2026 | 1,279 | 1,302 | 1,304 |
| Province of Newfoundland and Labrador | 2.30 | 2 Jun 2025 | 200 | 200 | 199 | Province of Québec | 2.75 | 1 Sep 2027 | 1,889 | 1,951 | 1,914 |
| Province of Newfoundland and Labrador | 3.00 | 2 Jun 2026 | 1,324 | 1,374 | 1,329 | Province of Québec | 2.75 | 1 Sep 2028 | 2,125 | 2,194 | 2,111 |
| Province of Newfoundland and Labrador | 6.15 | 17 Apr 2028 | 350 | 449 | 466 | Province of Québec | 2.30 | 1 Sep 2029 | 1,236 | 1,225 | 1,227 |
| Province of Newfoundland and Labrador | 2.85 | 2 Jun 2028 | 469 | 479 | 464 | Province of Québec | 6.00 | 1 Oct 2029 | 1,900 | 2,517 | 2,518 |
| Province of Newfoundland and Labrador | 2.85 | 2 Jun 2029 | 182 | 185 | 181 | Province of Québec | 6.25 | 1 Jun 2032 | 2,875 | 4,049 | 4,015 |
| Province of Newfoundland and Labrador | 6.55 | 17 Oct 2030 | 1,750 | 2,399 | 2,377 | Province of Québec | 5.25 | 1 Jun 2034 | 3,000 | 3,900 | 3,800 |
| Province of Newfoundland and Labrador | 4.65 | 17 Oct 2040 | 1,350 | 1,669 | 1,593 | Province of Québec | 5.75 | 1 Dec 2036 | 8,815 | 12,500 | 12,029 |
| Province of Newfoundland and Labrador | 3.30 | 17 Oct 2046 | 1,780 | 1,827 | 1,662 | Province of Québec | 5.00 | 1 Dec 2038 | 4,965 | 6,622 | 5,731 |
| Province of Newfoundland and Labrador | 3.70 | 17 Oct 2048 | 1,759 | 1,947 | 1,836 | Province of Québec | 5.00 | 1 Dec 2041 | 14,075 | 19,233 | 18,210 |
| Province of Nova Scotia | 4.10 | 1 Jun 2021 | 550 | 576 | 611 | Province of Québec | 4.25 | 1 Dec 2043 | 7,325 | 9,194 | 8,720 |
| Province of Nova Scotia | 2.10 | 1 Jun 2027 | 462 | 453 | 442 | Province of Québec | 3.50 | 1 Dec 2045 | 9,450 | 10,669 | 9,718 |
| Province of Nova Scotia | 5.80 | 1 Jun 2033 | 2,275 | 3,096 | 2,873 | Province of Québec | 3.50 | 1 Dec 2048 | 8,488 | 9,690 | 9,142 |
| Province of Nova Scotia | 4.40 | 1 Jun 2042 | 3,600 | 4,507 | 4,187 | Province of Québec | 3.10 | 1 Dec 2051 | 2,028 | 2,169 | 2,119 |
| Province of Nova Scotia | 3.45 | 1 Jun 2045 | 2,950 | 3,246 | 2,975 | Province of Saskatchewan | 3.20 | 3 Jun 2024 | 80 | 84 | 83 |
| Province of Nova Scotia | 3.15 | 1 Dec 2051 | 299 | 316 | 298 | Province of Saskatchewan | 2.55 | 2 Jun 2026 | 993 | 1,011 | 1,014 |
| Province of Nova Scotia | 3.50 | 2 Jun 2062 | 600 | 691 | 599 | Province of Saskatchewan | 2.65 | 2 Jun 2027 | 327 | 334 | 326 |
| Province of Ontario | 4.20 | 2 Jun 2020 | 3,525 | 3,617 | 3,849 | Province of Saskatchewan | 3.05 | 2 Dec 2028 | 182 | 191 | 183 |
| Province of Ontario | 4.00 | 2 Jun 2021 | 6,390 | 6,681 | 6,947 | Province of Saskatchewan | 6.40 | 5 Sep 2031 | 3,900 | 5,459 | 5,487 |
| Province of Ontario | 1.35 | 8 Mar 2022 | 1,189 | 1,174 | 1,163 | Province of Saskatchewan | 4.75 | 1 Jun 2040 | 2,725 | 3,526 | 3,435 |
| Province of Ontario | 3.15 | 2 Jun 2022 | 3,300 | 3,428 | 3,515 | Province of Saskatchewan | 3.90 | 2 Jun 2045 | 3,100 | 3,675 | 3,429 |
| Province of Ontario | 1.95 | 27 Jan 2023 | 1,050 | 1,052 | 1,056 | Province of Saskatchewan | 2.75 | 2 Dec 2046 | 3,681 | 3,589 | 3,284 |
| Province of Ontario | 2.85 | 2 Jun 2023 | 3,100 | 3,209 | 3,115 | Province of Saskatchewan | 3.30 | 2 Jun 2048 | 2,359 | 2,558 | 2,416 |
| Province of Ontario | 2.60 | 8 Sep 2023 | 2,045 | 2,099 | 2,037 | Province of Saskatchewan | 3.10 | 2 Jun 2050 | 447 | 469 | 454 |
| Province of Ontario | 3.50 | 2 Jun 2024 | 2,715 | 2,906 | 2,834 | Province of Saskatchewan | 3.75 | 5 Mar 2054 | 384 | 457 | 427 |
| Province of Ontario | 2.30 | 8 Sep 2024 | 1,315 | 1,331 | 1,324 | Province of Saskatchewan | 2.95 | 2 Jun 2058 | 330 | 337 | 314 |
| Province of Ontario | 2.65 | 5 Feb 2025 | 800 | 824 | 802 | | | | | 441,592 | 424,222 |
| Province of Ontario | 2.60 | 2 Jun 2025 | 3,925 | 4,026 | 3,941 | | | | | | |
| Province of Ontario | 2.40 | 2 Jun 2026 | 1,828 | 1,845 | 1,812 | Municipal – 1.4% | | | | | |
| Province of Ontario | 2.60 | 2 Jun 2027 | 2,181 | 2,221 | 2,155 | City of Montreal | 3.50 | 1 Sep 2023 | 225 | 238 | 241 |
| Province of Ontario | 7.60 | 2 Jun 2027 | 1,120 | 1,552 | 1,605 | City of Montreal | 3.00 | 1 Sep 2025 | 831 | 862 | 837 |
| Province of Ontario | 2.90 | 2 Jun 2028 | 627 | 652 | 621 | City of Montreal | 2.75 | 1 Sep 2026 | 223 | 227 | 223 |
| Province of Ontario | 6.50 | 8 Mar 2029 | 7,075 | 9,545 | 9,845 | City of Montreal | 4.25 | 1 Dec 2032 | 350 | 404 | 384 |
| Province of Ontario | 2.70 | 2 Jun 2029 | 1,566 | 1,602 | 1,576 | City of Montreal | 4.10 | 1 Dec 2034 | 375 | 425 | 399 |
| Province of Ontario | 6.20 | 2 Jun 2031 | 2,075 | 2,860 | 2,857 | City of Montreal | 3.15 | 1 Dec 2036 | 900 | 909 | 898 |
| Province of Ontario | 5.85 | 8 Mar 2033 | 5,875 | 8,041 | 7,990 | City of Montreal | 6.00 | 1 Jun 2043 | 550 | 814 | 782 |
| Province of Ontario | 5.60 | 2 Jun 2035 | 6,425 | 8,795 | 8,424 | City of Montreal | 4.60 | 14 Jul 2042 | 500 | 624 | 590 |
| Province of Ontario | 4.70 | 2 Jun 2037 | 8,845 | 11,217 | 10,385 | City of Ottawa | 3.10 | 27 Jul 2048 | 683 | 685 | 644 |
| Province of Ontario | 4.60 | 2 Jun 2039 | 8,865 | 11,252 | 10,668 | City of Toronto | 3.50 | 6 Dec 2021 | 200 | 208 | 219 |
| Province of Ontario | 4.65 | 2 Jun 2041 | 14,400 | 18,641 | 17,715 | City of Toronto | 2.40 | 24 Jun 2026 | 225 | 224 | 225 |
| Province of Ontario | 3.50 | 2 Jun 2043 | 7,275 | 8,093 | 7,812 | City of Toronto | 2.95 | 28 Apr 2035 | 300 | 297 | 277 |
| Province of Ontario | 3.45 | 2 Jun 2045 | 19,825 | 21,993 | 20,446 | City of Toronto | 3.50 | 2 Jun 2036 | 1,909 | 2,028 | 1,903 |
| Province of Ontario | 2.90 | 2 Dec 2046 | 13,963 | 14,092 | 13,242 | City of Toronto | 5.20 | 1 Jun 2040 | 1,350 | 1,782 | 1,764 |
| Province of Ontario | 2.80 | 2 Jun 2048 | 16,997 | 16,873 | 16,027 | City of Toronto | 4.70 | 10 Jun 2041 | 325 | 406 | 383 |
| Province of Ontario | 2.90 | 2 Jun 2049 | 8,775 | 8,898 | 8,327 | City of Toronto | 3.80 | 13 Dec 2042 | 550 | 611 | 578 |
| Province of Québec | 4.50 | 1 Dec 2020 | 1,700 | 1,773 | 1,791 | City of Toronto | 4.15 | 10 Mar 2044 | 225 | 264 | 246 |
| Province of Québec | 4.25 | 1 Dec 2021 | 2,700 | 2,868 | 3,032 | City of Toronto | 3.25 | 24 Jun 2046 | 109 | 111 | 109 |
| Province of Québec | 3.50 | 1 Dec 2022 | 2,100 | 2,219 | 2,268 | City of Vancouver | 3.10 | 21 Sep 2028 | 600 | 627 | 600 |
| | | | | | | City of Vancouver | 3.70 | 18 Oct 2052 | 1,145 | 1,286 | 1,227 |
| | | | | | | City of Winnipeg | 4.10 | 1 Jun 2045 | 42 | 49 | 48 |
| | | | | | | City of Winnipeg | 4.30 | 15 Nov 2051 | 450 | 552 | 512 |
| | | | | | | Municipal Finance Authority of British Columbia | 4.15 | 1 Jun 2021 | 273 | 286 | 306 |
| | | | | | | Municipal Finance Authority of British Columbia | 3.75 | 26 Sep 2023 | 225 | 241 | 251 |
| | | | | | | Municipal Finance Authority of British Columbia | 2.50 | 19 Apr 2026 | 822 | 831 | 823 |

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

Government Grants (continued)

Appendix I to Schedule I

Statement of Investment Portfolio

As at April 30, 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 (\$) |
|-------------------------------------|-------------------|---------------|----------------|-----------------|-------------------|---|-------------------|---------------|-----------------------------|------------------------|--------------------------|
| Bonds (continued) | | | | | | Bonds (continued) | | | | | |
| Municipal – 1.4% (continued) | | | | | | Corporate – 24.4% (continued) | | | | | |
| Region of Peel | 2.30 | 2 Nov 2026 | 77 | 76 | 77 | HSBC Bank Canada | 2.54 | 31 Jan 2023 | 13,018 | 13,093 | 12,928 |
| Region of Peel | 5.10 | 29 Jun 2040 | 550 | 722 | 694 | HSBC Bank Canada | 3.25 | 15 Sep 2023 | 9,070 | 9,372 | 9,198 |
| Region of Peel | 3.85 | 30 Oct 2042 | 900 | 1,014 | 989 | Hydro One Inc. | 8.90 | 18 Aug 2022 | 1,000 | 1,220 | 1,422 |
| Regional Municipality of Halton | 4.05 | 11 Oct 2041 | 300 | 346 | 336 | Hydro One Inc. | 8.25 | 22 Jun 2026 | 2,950 | 4,081 | 4,397 |
| Regional Municipality of York | 2.60 | 15 Dec 2025 | 1,350 | 1,371 | 1,317 | Hydro-Québec | 11.00 | 15 Aug 2020 | 2,100 | 2,346 | 3,032 |
| Regional Municipality of York | 2.50 | 2 Jun 2026 | 77 | 77 | 79 | Hydro-Québec | 6.00 | 15 Aug 2031 | 1,500 | 2,041 | 1,957 |
| Regional Municipality of York | 4.00 | 31 May 2032 | 300 | 339 | 329 | Hydro-Québec | 6.50 | 15 Feb 2035 | 1,000 | 1,481 | 1,463 |
| Regional Municipality of York | 4.05 | 1 May 2034 | 625 | 708 | 688 | Hydro-Québec | 6.00 | 15 Feb 2040 | 7,400 | 11,075 | 10,628 |
| | | | | 19,644 | 18,978 | Hydro-Québec | 5.00 | 15 Feb 2045 | 1,450 | 2,025 | 1,901 |
| | | | | | | Hydro-Québec | 5.00 | 15 Feb 2050 | 2,600 | 3,772 | 3,538 |
| Corporate – 24.4% | | | | | | Hydro-Québec | 4.00 | 15 Feb 2055 | 2,195 | 2,793 | 2,648 |
| Bank of Montreal | 2.10 | 6 Oct 2020 | 6,580 | 6,584 | 6,623 | Intact Financial Corporation | 2.85 | 7 Jun 2027 | 2,350 | 2,330 | 2,303 |
| Bank of Montreal | 1.88 | 31 Mar 2021 | 661 | 659 | 661 | Manufacturers Life Insurance Company | 2.84 | 12 Jan 2023 | 1,111 | 1,130 | 1,111 |
| Bank of Montreal | 3.40 | 23 Apr 2021 | 13,140 | 13,479 | 14,079 | Manufacturers Life Insurance Company | 2.10 | 1 Jun 2025 | 5,353 | 5,340 | 5,294 |
| Bank of Montreal | 2.12 | 16 Mar 2022 | 790 | 789 | 790 | Manufacturers Life Insurance Company | 2.39 | 5 Jan 2026 | 5,193 | 5,194 | 5,171 |
| Bank of Montreal | 2.27 | 11 Jul 2022 | 780 | 782 | 782 | Manufacturers Life Insurance Company | 3.18 | 22 Nov 2027 | 1,484 | 1,523 | 1,527 |
| Bank of Montreal | 2.89 | 20 Jun 2023 | 2,075 | 2,127 | 2,074 | Manulife Financial Corporation | 3.32 | 9 May 2028 | 2,460 | 2,518 | 2,461 |
| Bank of Montreal | 2.85 | 6 Mar 2024 | 1,900 | 1,927 | 1,900 | National Bank of Canada | 2.98 | 4 Mar 2024 | 775 | 790 | 782 |
| Bank of Montreal | 2.70 | 11 Sep 2024 | 5,549 | 5,653 | 5,495 | Royal Bank of Canada | 2.03 | 15 Mar 2021 | 5,232 | 5,230 | 5,248 |
| Bank of Montreal | 4.61 | 10 Sep 2025 | 695 | 784 | 783 | Royal Bank of Canada | 1.65 | 15 Jul 2021 | 11,342 | 11,239 | 11,223 |
| Bank of Montreal | 3.19 | 1 Mar 2028 | 328 | 343 | 328 | Royal Bank of Canada | 1.97 | 2 Mar 2022 | 790 | 786 | 768 |
| Bank of Nova Scotia | 2.09 | 9 Sep 2020 | 10,271 | 10,275 | 10,222 | Royal Bank of Canada | 2.36 | 5 Dec 2022 | 775 | 779 | 765 |
| Bank of Nova Scotia | 1.90 | 2 Dec 2021 | 790 | 785 | 778 | Royal Bank of Canada | 2.95 | 1 May 2023 | 755 | 775 | 755 |
| Bank of Nova Scotia | 1.83 | 27 Apr 2022 | 3,993 | 3,951 | 3,878 | Royal Bank of Canada | 3.30 | 26 Sep 2023 | 11,338 | 11,729 | 11,349 |
| Bank of Nova Scotia | 2.36 | 8 Nov 2022 | 9,275 | 9,310 | 9,265 | Royal Bank of Canada | 2.48 | 4 Jun 2025 | 9,290 | 9,304 | 9,253 |
| Bank of Nova Scotia | 2.98 | 17 Apr 2023 | 22,770 | 23,386 | 22,706 | Royal Bank of Canada | 4.93 | 16 Jul 2025 | 680 | 779 | 781 |
| Bank of Nova Scotia | 2.29 | 28 Jun 2024 | 790 | 788 | 787 | Royal Bank of Canada | 3.31 | 20 Jan 2026 | 9,165 | 9,317 | 9,195 |
| Bank of Nova Scotia | 2.62 | 2 Dec 2026 | 775 | 780 | 778 | South Coast Transportation Authority | 3.25 | 23 Nov 2028 | 700 | 738 | 699 |
| Bank of Nova Scotia | 3.10 | 2 Feb 2028 | 2,660 | 2,764 | 2,692 | Sun Life Capital Trust | 3.05 | 19 Sep 2028 | 2,300 | 2,344 | 2,298 |
| Caisse Centrale Desjardins | 1.75 | 2 Mar 2020 | 3,524 | 3,517 | 3,481 | Toronto Dominion Bank | 1.68 | 8 Jun 2021 | 3,892 | 3,870 | 3,850 |
| Caisse Centrale Desjardins | 2.39 | 25 Aug 2022 | 780 | 784 | 764 | Toronto Dominion Bank | 1.91 | 18 Jul 2023 | 5,120 | 5,052 | 4,853 |
| Caisse Centrale Desjardins | 3.06 | 11 Sep 2023 | 765 | 789 | 762 | Toronto Dominion Bank | 2.85 | 8 Mar 2024 | 5,897 | 5,995 | 5,918 |
| Canada Life Assurance Company | 6.40 | 11 Dec 2028 | 390 | 503 | 476 | Toronto Dominion Bank | 3.59 | 14 Sep 2028 | 16,401 | 16,940 | 16,342 |
| Canadian Imperial Bank of Commerce | - | 19 Jun 2019 | 130 | 129 | 129 | Toronto Dominion Bank | 3.22 | 25 Jul 2029 | 9,195 | 9,353 | 9,043 |
| Canadian Imperial Bank of Commerce | 1.64 | 12 Jul 2021 | 5,174 | 5,124 | 5,089 | Toronto Dominion Bank | 4.86 | 4 Mar 2031 | 8,435 | 9,380 | 9,072 |
| Canadian Imperial Bank of Commerce | 2.90 | 14 Sep 2021 | 613 | 624 | 613 | | | | 341,363 | 337,128 | |
| Canadian Imperial Bank of Commerce | 2.04 | 21 Mar 2022 | 795 | 792 | 772 | Total Fixed Income – 63.2% | | | 885,583 | 862,447 | |
| Canadian Imperial Bank of Commerce | 2.30 | 11 Jul 2022 | 16,608 | 16,649 | 16,588 | | | | Number of Securities | Fair Value (\$) | Average Cost (\$) |
| Canadian Imperial Bank of Commerce | 2.47 | 5 Dec 2022 | 955 | 963 | 951 | Equities – 6.7% | | | | | |
| Canadian Imperial Bank of Commerce | 2.97 | 11 Jul 2023 | 9,085 | 9,333 | 9,098 | Alimentation Couche-Tard Inc. | | | 56,576 | 4,462 | 3,326 |
| Canadian Imperial Bank of Commerce | 3.29 | 15 Jan 2024 | 3,795 | 3,921 | 3,822 | ATCO Ltd. | | | 13,870 | 637 | 582 |
| Canadian Imperial Bank of Commerce | 3.30 | 26 May 2025 | 7,329 | 7,695 | 7,574 | Bank of Nova Scotia | | | 87,997 | 6,490 | 6,065 |
| Capital Desjardins Inc. | 5.19 | 5 May 2020 | 6,590 | 6,775 | 6,789 | Birchcliff Energy Ltd. | | | 211,800 | 739 | 1,101 |
| Capital Desjardins Inc. | 4.95 | 15 Dec 2026 | 6,575 | 6,993 | 6,937 | Boardwalk Real Estate Investment Trust | | | 25,227 | 981 | 1,203 |
| Great-West Lifeco Inc. | 3.34 | 28 Feb 2028 | 2,743 | 2,877 | 2,735 | Brookfield Asset Management Inc. | | | 18,685 | 1,206 | 848 |
| Great-West Lifeco Inc. | 6.67 | 21 Mar 2033 | 4,510 | 6,152 | 5,965 | Brookfield Infrastructure Partners L.P. | | | 16,865 | 928 | 735 |
| HSBC Bank Canada | 1.82 | 7 Jul 2020 | 2,693 | 2,682 | 2,652 | Brookfield Renewable Partners L.P. | | | 19,979 | 843 | 810 |
| HSBC Bank Canada | 2.91 | 29 Sep 2021 | 790 | 802 | 805 | CAE Inc. | | | 36,181 | 1,127 | 679 |
| HSBC Bank Canada | 2.17 | 29 Jun 2022 | 3,376 | 3,359 | 3,332 | Canadian National Railway Company | | | 25,255 | 3,138 | 2,322 |

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

Government Grants (continued)

Appendix I to Schedule I

Statement of Investment Portfolio

As at April 30, 2019 (in thousands of Canadian dollars)

| Security | Number of Securities | Fair Value (\$) | Average Cost (\$) | Security | Number of Securities | Fair Value (\$) | Average Cost (\$) |
|--|----------------------|-----------------|-------------------|--|----------------------|------------------|-------------------|
| Equities – 6.7% (continued) | | | | Equities – 6.7% (continued) | | | |
| Canadian Natural Resources Limited | 32,536 | 1,306 | 993 | iShares Core S&P U.S. Total Market Index ETF | 9,881,689 | 297,538 | 243,842 |
| Canadian Pacific Railway Company | 5,200 | 1,561 | 1,084 | | | | |
| CCL Industries Inc. | 48,824 | 2,788 | 2,656 | Total Equities – 36.4% | 510,583 | 425,186 | |
| CGI Group Inc. | 5,924 | 570 | 387 | Total Investments – 99.6% | 1,396,166 | 1,287,633 | |
| CI Financial Corp. | 99,589 | 1,919 | 2,394 | Cash and cash equivalents – 0.4% | 5,059 | 5,059 | |
| Cogeco Inc. | 10,153 | 903 | 698 | Total Portfolio Assets – 100.0% | 1,401,225 | 1,292,692 | |
| Computer Modeling Group Ltd. | 91,530 | 540 | 831 | Total Investments Allocation | | | |
| Dollarama Inc. | 13,506 | 543 | 474 | Plan II | 881 | 812 | |
| DREAM Unlimited Corporation | 65,446 | 488 | 490 | Founders' Plan | 12,549 | 11,573 | |
| Enbridge Inc. | 49,096 | 2,429 | 2,400 | Group Savings Plan | 96,556 | 89,122 | |
| Enerflex Ltd. | 97,882 | 1,809 | 1,488 | Group Savings Plan 2001 | 1,163,521 | 1,073,010 | |
| Fairfax Financial Holdings Limited | 2,229 | 1,424 | 1,415 | Family Savings Plan | 119,409 | 110,119 | |
| Finning International Inc. | 41,087 | 987 | 923 | Individual Savings Plan | 3,250 | 2,997 | |
| FirstService Corporation | 7,205 | 840 | 458 | | 1,396,166 | 1,287,633 | |
| Franco-Nevada Corporation | 31,262 | 3,001 | 2,642 | Cash and cash equivalents Allocation | | | |
| Freehold Royalties Ltd. | 162,500 | 1,493 | 1,873 | Plan II | 3 | 3 | |
| Granite REIT Holdings Limited Partnership | 4,005 | 244 | 169 | Founders' Plan | 45 | 45 | |
| Great Canadian Gaming Corporation | 10,993 | 566 | 279 | Group Savings Plan | 350 | 350 | |
| Great-West Lifeco Inc. | 43,084 | 1,448 | 1,416 | Group Savings Plan 2001 | 4,216 | 4,216 | |
| IA Financial Group | 14,547 | 775 | 809 | Family Savings Plan | 433 | 433 | |
| IGM Financial Inc. | 22,319 | 826 | 793 | Individual Savings Plan | 12 | 12 | |
| Imperial Oil Limited | 41,732 | 1,624 | 1,675 | | 5,059 | 5,059 | |
| Intact Financial Corporation | 31,727 | 3,473 | 3,018 | | | | |
| Loblaw Companies Limited | 24,600 | 1,611 | 1,402 | | | | |
| Magna International Inc. | 25,321 | 1,888 | 1,581 | | | | |
| Methanex Corporation | 10,978 | 806 | 652 | | | | |
| METRO Inc. | 50,690 | 2,457 | 2,313 | | | | |
| Morguard Corporation | 3,125 | 603 | 469 | | | | |
| Nutrien Ltd. | 34,802 | 2,526 | 2,002 | | | | |
| Pason System Inc. | 66,975 | 1,336 | 1,242 | | | | |
| Pembina Pipeline Corp | 16,509 | 791 | 732 | | | | |
| PrairieSky Royalty Ltd. | 81,197 | 1,568 | 1,876 | | | | |
| Recipe Unlimited Corporation | 22,386 | 604 | 595 | | | | |
| Restaurant Brands International Inc. | 7,763 | 678 | 515 | | | | |
| Ritchie Brothers Auctioneers | 28,255 | 1,316 | 1,173 | | | | |
| Royal Bank of Canada | 19,304 | 2,060 | 1,908 | | | | |
| Saputo Inc. | 56,829 | 2,601 | 2,324 | | | | |
| ShawCor Ltd. | 40,174 | 797 | 1,144 | | | | |
| Stella-Jones Inc. | 26,989 | 1,234 | 1,160 | | | | |
| Suncor Energy Inc. | 52,429 | 2,316 | 2,019 | | | | |
| TELUS Corporation | 72,455 | 3,574 | 3,203 | | | | |
| Toromont Industries Ltd. | 25,062 | 1,744 | 1,214 | | | | |
| Toronto Dominion Bank | 83,544 | 6,380 | 5,015 | | | | |
| Total Energy Services Inc. | 41,961 | 409 | 569 | | | | |
| TransCanada Corporation | 14,134 | 904 | 814 | | | | |
| Tucows Inc. | 6,960 | 823 | 518 | | | | |
| Wajax Corporation | 27,398 | 434 | 590 | | | | |
| Westshore Terminals Investment Corporation | 85,200 | 1,791 | 1,956 | | | | |
| Winpak Ltd. | 16,024 | 707 | 774 | | | | |
| | | 94,066 | 84,796 | | | | |
| Exchanged-traded Funds – 29.7% | | | | | | | |
| BMO S&P 500 Index ETF | 2,742,710 | 118,979 | 96,548 | | | | |

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, 2nd Floor
Toronto, Ontario 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, 10th Floor
Toronto, Ontario M5J 2J5

For updates on your Plan account, login to Online Services at www.cst.org
In Quebec, Canadian Scholarship Trust Plan is distributed by
C.S.T. Consultants Inc. Scholarship Plan Brokerage Firm.

