Canadian Scholarship Trust Group Savings Plan

Semi-Annual Financial Statements

April 30, 2024

Unaudited

CST SAVINGS

Contents

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, 2024 and October 31, 2023

(thousands of Canadian dollars)

	2024	2023
Assets		
Cash and cash equivalents	**$ 1,647**	$ 1,998
Investments *(Note 4 and Schedule I)*	**60,804**	63,458
Accrued income and other receivables	**917**	420
	63,368	65,876
Liabilities		
Accounts payable and accrued liabilities	**1,364**	1,466
	1,364	1,466
Net Assets Attributable to Subscribers and Beneficiaries	**62,004**	64,410
Represented by:		
Non-Discretionary Funds		
Accumulated income held for future education assistance payments	**7,259**	7,765
Subscribers' deposits *(Note 7)*	**14,424**	15,445
Government grants	**20,482**	21,228
Income on Government grants	**22,476**	22,380
Sales charge refund entitlements *(Note 9)*	**2,783**	2,773
General Fund *(Note 8)*	**(5,372)**	(4,940)
Unrealized losses	**(48)**	(241)
	$62,004	$64,410

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

Douglas P. McPhie, FCPA, FCA
Director

Peter Lewis
Director

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

Statements of Comprehensive Income

For the six months ended April 30, 2024 and 2023

(thousands of Canadian dollars)

	2024	2023
Income		
Interest	**$ 1,998**	$1,041
Realized losses on sale of investments	**(1,232)**	(673)
Change in unrealized gains	**999**	1,505
Dividends	**64**	23
	1,829	1,896
Expenses		
Administration and account maintenance fees *(Note 3(a))*	**176**	200
Portfolio management fees	**18**	19
Custodian and trustee fees	**8**	8
Independent Review Committee fees	**1**	1
	203	228
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	**$ 1,626**	$1,668

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the six months ended April 30, 2024 and 2023

(thousands of Canadian dollars)

	2024	2023
Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Year	**$64,410**	$74,079
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	**1,626**	1,668
Transfers to internal and external plans	**(123)**	(384)
	1,503	1,284
Disbursements		
Net decrease in Subscribers' deposits *(Note 7)*	**(1,021)**	(1,262)
Government grants repaid (net of receipts)	**(204)**	(326)
Payments to beneficiaries		
Education assistance payments	**(1,247)**	(1,983)
Government grants	**(1,151)**	(1,784)
Refund of Sales Charge	**(61)**	(100)
Return of income	**(225)**	(144)
Total payments to beneficiaries	**(2,684)**	(4,011)
Total Disbursements	**(3,909)**	(5,599)
Change in Net Assets Attributable to Subscribers and Beneficiaries	**(2,406)**	(4,315)
Net Assets Attributable to Subscribers and Beneficiaries, End of period	**$62,004**	$69,764

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

Statements of Cash Flows

For the six months ended April 30, 2024 and 2023

(thousands of Canadian dollars)

	2024	2023
Operating Activities		
Increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	**$ 1,626**	$ 1,668
Items not affecting cash		
Realized losses on sale of investments	**1,232**	673
Change in unrealized gains	**(999)**	(1,505)
Change in non-cash operating capital		
Increase in Accrued income and other receivables	**(497)**	(194)
Decrease in Accounts payable and accrued liabilities	**(102)**	(609)
Purchase of investments	**(11,857)**	(7,122)
Proceeds from sales and maturities of investments	**14,278**	15,155
Net Cash flows from Operating Activities	**3,681**	8,066
Financing Activities		
Transfers to internal and external plans	**(123)**	(384)
Net Government grants repaid (net of receipts)	**(204)**	(326)
Net decrease in Subscribers' deposits *(Note 7)*	**(1,021)**	(1,262)
Payments to beneficiaries	**(2,684)**	(4,011)
Net Cash flows used in Financing Activities	**(4,032)**	(5,983)
Net decrease in Cash and cash equivalents	**(351)**	2,083
Cash and cash equivalents, Beginning of Year	**1,998**	198
Cash and cash equivalents, End of period	**1,647**	2,281
Supplemental cash flow information:		
Withholding Taxes	**$ -**	$ -
Interest Income Received	**1,501**	847

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

Schedule I – Statement of Investment Portfolio

As at April 30, 2024

(in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds					
Federal – 75.0%					
Canada Housing Trust	2.55	15 Mar 2025	400	392	425
Canada Housing Trust	0.95	15 Jun 2025	1,000	959	1,006
Canada Housing Trust	1.95	15 Dec 2025	1,475	1,415	1,533
Canada Housing Trust	1.25	15 Jun 2026	1,000	936	982
Canada Housing Trust	1.90	15 Sep 2026	600	567	574
Canada Housing Trust	1.55	15 Dec 2026	2,700	2,515	2,530
Canada Housing Trust	3.80	15 Jun 2027	700	691	704
Canada Housing Trust	3.60	15 Dec 2027	475	466	474
Canada Housing Trust	2.35	15 Mar 2028	1,400	1,310	1,339
Canada Housing Trust	3.10	15 Jun 2028	2,200	2,113	2,118
Canada Housing Trust	4.25	15 Dec 2028	1,750	1,759	1,807
Government of Canada	–	9 May 2024	1,075	1,061	1,061
Government of Canada	–	20 Jun 2024	8,350	8,241	8,240
Government of Canada	–	4 Jul 2024	4,700	4,638	4,638
Government of Canada	–	18 Jul 2024	100	99	99
Government of Canada	–	1 Aug 2024	3,550	3,504	3,504
Government of Canada	3.75	1 May 2025	500	495	493
Government of Canada	3.50	1 Aug 2025	1,600	1,578	1,572
Government of Canada	3.00	1 Oct 2025	2,000	1,957	2,009
Government of Canada	4.50	1 Feb 2026	2,000	2,002	2,028
Government of Canada	3.00	1 Apr 2026	800	780	777
Government of Canada	1.00	1 Sep 2026	1,500	1,393	1,428
Government of Canada	1.25	1 Mar 2027	2,100	1,941	1,959
Government of Canada	2.75	1 Sep 2027	1,800	1,730	1,772
Government of Canada	3.50	1 Mar 2028	1,500	1,476	1,485
Government of Canada	3.25	1 Sep 2028	700	682	681
Government of Canada	4.00	1 Mar 2029	500	503	509
				45,203	45,747
Provincial – 18.6%					
Province of Alberta	4.45	15 Dec 2025	1,000	994	1,144
Province of British Columbia	2.85	18 Jun 2025	400	392	416
Province of British Columbia	2.30	18 Jun 2026	300	287	318
Province of British Columbia	2.55	18 Jun 2027	200	190	193
Province of Manitoba	2.45	2 Jun 2025	500	488	530
Province of Manitoba	2.55	2 Jun 2026	300	288	320
Province of Manitoba	3.00	2 Jun 2028	200	191	190
Province of New Brunswick	1.80	14 Aug 2025	500	482	513
Province of New Brunswick	2.60	14 Aug 2026	200	192	214
Province of Newfoundland and Labrador	2.30	2 Jun 2025	150	146	160
Province of Ontario	2.60	2 Jun 2025	450	440	482
Province of Ontario	1.75	8 Sep 2025	300	289	314
Province of Ontario	8.50	2 Dec 2025	500	529	665
Province of Ontario	2.40	2 Jun 2026	500	479	528
Province of Ontario	1.35	8 Sep 2026	500	466	465
Province of Ontario	2.60	2 Jun 2027	850	808	799

Security	Interest Rate (%)	Maturity Date	Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds (continued)					
Provincial – 18.6% (continued)					
Province of Ontario	3.60	8 Mar 2028	800	781	789
Province of Ontario	2.90	2 Jun 2028	800	760	753
Province of Ontario	4.00	8 Mar 2029	750	743	750
Province of Québec	2.75	1 Sep 2025	400	390	432
Province of Québec	2.50	1 Sep 2026	500	479	534
Province of Québec	2.75	1 Sep 2027	1,000	953	948
Province of Saskatchewan	0.80	2 Sep 2025	500	475	494
				11,242	11,951
Municipal – 2.0%					
City of Montreal	3.00	1 Sep 2025	500	488	538
Municipal Finance Authority of British Columbia	4.50	3 Dec 2028	250	252	256
Regional Municipality of York	2.60	15 Dec 2025	500	484	531
				1,224	1,325
Corporate – 1.7%					
Bank of Montreal	2.28	29 Jul 2024	90	87	87
Eagle Credit Card Trust	1.27	17 Jul 2025	60	55	55
Enbridge Gas Distribution Inc.	3.15	22 Aug 2024	100	97	97
Hydro-Québec	2.00	1 Sep 2028	600	547	536
Royal Bank of Canada	1.94	1 May 2025	60	57	57
Teranet Holdings LP	3.54	11 Jun 2025	50	48	48
Thomson Reuters Corporation	2.24	14 May 2025	50	47	47
Toronto Dominion Bank	2.67	9 Sep 2025	60	57	57
				995	984
Total Fixed Income Investments – 97.3%				**58,664**	**60,007**
Cash and cash equivalents – 2.7%				**1,620**	**1,620**
Total Portfolio Assets – 100.0%				**60,284**	**61,627**
Investments Allocation *(Note 4)*					
Sales Charge Refund Entitlements *(Appendix I)*				2,140	2,188
Cash and cash equivalents *(Appendix I)*				27	27
Total Investment Fund				**62,451**	**63,842**
Represented by :					
Cash and cash equivalents				1,647	
Investments, at fair value				60,804	
				62,451	

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

Notes to the Financial Statements

Six months ended April 30, 2024 and 2023

(Unaudited, in thousands of Canadian dollars)

Note 1. Nature of Operations

The Canadian Scholarship Trust Group Savings Plan (the "Plan") is a Pooled Education Savings Plan that was established on September 1, 1991. Since June 2001, 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. Savings Inc. ("CST Savings"), 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 ("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 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.

These financial statements were approved by the Board of Directors of the Foundation on June 19, 2024.

(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) Financial instruments

The Plan recognizes financial assets and financial liabilities when it becomes a party to a contract. The Plan classifies its investments in debt and equity securities and financial liabilities based on its business model for managing those financial assets and financial liabilities and the contractual cash flow characteristics of the financial assets and financial liabilities.

Financial assets and financial liabilities classified as FVTPL are measured at fair value on initial recognition and transaction costs are expensed when incurred. Subsequent changes in fair value of financial assets and financial liabilities classified as FVTPL are recorded in "Change in unrealized gains (losses)" in the Statements of Comprehensive Income. When a financial asset and financial liability classified as FVTPL is sold, the difference between the sale proceeds and the fair value on initial recognition of the security is recorded as "Realized gains (losses) on sale of investments" in the Statements of Comprehensive Income.

Financial assets and financial liabilities that are held to collect contractual cash flows are measured at amortized cost using the effective interest method. Financial assets and financial liabilities measured at amortized cost are initially recorded at their fair value plus any directly attributable incremental costs of acquisition or issue. Financial assets at amortized cost are presented net of any allowance for impairment. Interest income, including the amortization of premiums and discounts on securities measured at amortized cost are recorded in interest income. Impairment gains or losses recognized on amortized cost securities are recorded in the Statements of Comprehensive Income. When a debt instrument measured at amortized cost is sold, the difference between the sale proceeds and the amortized cost of the security at the time of the sale is recorded as realized gains (losses) on sale of investments in the Statements of Comprehensive Income.

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.

Notes to the Financial Statements (continued)

Six months ended April 30, 2024 and 2023

(Unaudited, in thousands of Canadian dollars)

Note 2. Significant Accounting Policies (continued)

(c) 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]
Investments, at amortized cost	Amortized Cost[ii]
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.

ii Financial assets classified as amortized cost, including debt instruments and non-derivative financial assets, are held to collect contractual cash flows and at the time of acquisition are not acquired principally for the purpose of trading. Subsequent to initial recognition, these financial assets are carried at amortized cost using the effective interest method.

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.

Impairment is based on expected credit losses for the investment securities, which are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical loss experience, and expectations about future cash flows.

(d) Investment valuation

Investments include investments values at fair value and amortized cost.

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

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.

Investments in pooled funds used to pay the Sales Charge Refund ("SCR") Entitlements referred to in Note 9 are valued at net asset values of the pooled funds at the valuation date, as these represent the value that would be received by the Plan from redeeming its units held in the pooled funds.

Note 10 provides further guidance on fair value measurements.

(e) 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 that are classified as FVTPL. 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.

(f) 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 were deducted from subscribers' deposits and 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.

(g) Income taxes

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

(h) 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.

(i) 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.

(j) Critical accounting estimates and judgments

When preparing the financial statements, management makes estimates and judgments that affect the reported amounts

Notes to the Financial Statements (continued)

Six months ended April 30, 2024 and 2023

(Unaudited, in thousands of Canadian dollars)

Note 2. Significant Accounting Policies (continued)

(j) Critical accounting estimates and judgments (continued)

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.

The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used in the valuation of the SCR Entitlements. Further information on the SCR Entitlement valuation can be found in Note 9 (b).

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 CST Savings. 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, as well as the investments used to pay the SCR Entitlements ("SCR Fund").

During the six months ended April 30, 2024, $176 was recognized as an expense for Administration and account maintenance fees (2023 – $200). Administration and account maintenance fees included in Accounts payable and accrued liabilities at April 30, 2024 was $29 (October 31, 2023 – $30).

Sales charges were paid by subscribers and deducted from their contributions. In accordance with the distribution agreement, the Foundation agreed to set aside a portion of the sales charges collected from subscribers to the SCR Fund each year in order to pay SCR Entitlements when they become due. The Foundation is responsible to pay to beneficiaries of the Plan the refunds of sales charges as promised. Any shortfall in the assets to meet the SCR Entitlements will be funded by the Foundation (see Note 9).

(b) SCR Deficit Funding Payments from the Canadian Scholarship Trust Foundation

During the six months ended April 30, 2024, the Foundation provided deficit funding payments of $nil (2023 – $nil) to the SCR Fund (see Note 9(b)).

(c) 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 months ended April 30, 2024, the Plan recognized an expense of $1 (2023 – $1) for the services of the IRC. IRC fees included in Accounts payable and accrued liabilities at April 30, 2024 was $nil (October 31, 2023 – $nil).

(d) Fees paid to monitor and manage the portfolio managers

Included in Portfolio management fees on the Statements of Comprehensive Income is $7 (2023 – $7) charged by CST Savings for expenses incurred to monitor and manage the portfolio managers. Included in Accounts payable and accrued liabilities is $3 owing to CST Savings at April 30, 2024 (October 31, 2023 – $1) relating to these expenses.

Note 4. Investment Holdings

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

Government Grants received, and income earned thereon are invested collectively with Subscribers' principal and income earned on principal. Investment holdings are disclosed in Schedule I – Statement of Investment Portfolio.

Investments used to fund the SCR Entitlements of the Group Savings Plan and CST Advantage Plan (formerly Group Savings Plan 2001) of 100% of sales charges paid, are managed in a separate SCR Fund (see Appendix I to Schedule 1). The SCR Fund's holdings and income are allocated to the Plan based on the Plan's proportionate share of the SCR Entitlements.

The investment restrictions set out in National Policy 15 of the Canadian Securities Administrators do not apply to assets in the SCR Fund.

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.

Notes to the Financial Statements (continued)

Six months ended April 30, 2024 and 2023

(Unaudited, in thousands of Canadian dollars)

Note 6. Risks Associated with Financial Instruments (continued)

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 mandates.

(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, 2024	Oct 31, 2023
Less than 1 year	**32%**	35%
1-3 years	**39%**	36%
3-5 years	**26%**	27%
Greater than 5 years	**1%**	1%
Total debt instruments	**98%**	99%

As at April 30, 2024, if prevailing interest rates had increased by 1%, the fair value of the Total Investment Fund of $62,451 (October 31, 2023 – $65,456) as per Schedule I – Statement of Investment Portfolio, would have decreased by approximately $1,047 (October 31, 2023 – $1,088). If prevailing interest rates had decreased by 1%, the fair value of the Total Investment Fund would have increased by approximately $1,105 (October 31, 2023 – $1,143). 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 market segment affect other price risk. The asset classes that are most impacted by other price risk are the ETFs of the Plan and the SCR Fund, which represent 2% of the Total Investment Fund as at April 30, 2024 (October 31, 2023 – 1%). The risk associated with the equity component of the SCR Fund is managed by security selection and active management by external managers within approved investment policy and mandates.

As at April 30, 2024, if equity and 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 $11 (October 31, 2023 – $10). 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:

	April 30, 2024		October 31, 2023	
Credit rating	**% of Total Investment Fund**	**Amount**	% of Total Investment Fund	Amount
AAA	**46%**	**$28,756**	47%	$30,486
AA/AAH/AAL	**16%**	**10,376**	16%	10,535
A/AH/AL	**4%**	**2,604**	4%	2,543
BBB	**1%**	**386**	1%	685
Short-term unrated	**31%**	**19,215**	31%	20,234
Total debt Instruments	**98%**	**$61,337**	99%	$64,483

The DBRS Morningstar 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 to beneficiaries including SCR Entitlements. 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 reflect the maturity

Notes to the Financial Statements (continued)

Six months ended April 30, 2024 and 2023

(Unaudited, in thousands of Canadian dollars)

Note 6. Risks Associated with Financial Instruments (continued)

(c) Liquidity risk (continued)

distribution of subscribers' deposits and accumulated income. All other financial liabilities are short term and due within one year. The Foundation directed a portion of the sales charges collected from subscribers to the SCR Fund each year in order to pay SCR Entitlements when they become due.

(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 pooled equity funds and ETFs, which represent 2% (October 31, 2023 – 1%) of the Total Investment Fund. The fair value of the Total Investment Fund would increase or decrease by approximately $11 (October 31, 2023 – $10) 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 months ended April 30 are as follows:

	2024	2023
Payments from subscribers	$ –	$ 51
Inter-plan principal transfers	(345)	(357)
Account maintenance fees	(12)	(51)
Return of principal	(665)	(905)
Net decrease in Subscribers' deposits	(1,021)	(1,262)
Balance, Beginning of the Period	15,445	17,730
Balance, End of the Period	$14,424	$16,468

Note 8. General Fund

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

i. income earned on the subscribers' accumulated income from the date of maturity of the subscribers' agreements to the date the funds are paid to qualified students as EAPs;

ii. income earned on the income forfeited when a subscriber's agreement is terminated prior to maturity.

iii. income not collected by beneficiaries before the expiry of the Agreements; and

iv. unclaimed principal and income payments.

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

As at April 30, 2024 the balance of the General Fund, included in the Statement of Financial Position, is a deficit of $5,372 (October 31, 2023 – deficit of $4,940).

Note 9. Sales Charge Refund

(a) Sales Charge Refund Entitlements

The Plan refunds sales charges to qualified beneficiaries ("SCR Entitlement") from the SCR Fund, which amount to 100% of sales charges paid. This SCR Entitlement is paid with the first instalment of the EAP pay-outs. The total amount refunded for the six months ended April 30, 2024 was $61 (2023 – $96).

As at April 30, 2024, the SCR Entitlements amount of $2,783 (October 31, 2023 – $2,773) presented in the Statements of Financial Position represents the average cost of the Plan's investments in the SCR Fund of $2,215 (October 31, 2023 – $2,204), adjusted for funds to be transferred to (from) the direct investment holdings of the Plan of $560 (October 31, 2023 – $562) for SCR payments made to beneficiaries during the period, plus accrued interest and payables of $8. (October 31, 2023 – $7). The fair value of the investments in the SCR Fund as at April 30, 2024, after adjusting for the above, amounted to $2,735 (October 31, 2023 – $2,532). The SCR Fund comprises investments, at fair value, of $2,140 and Cash and cash equivalents of $27 which are reported in the Statement of Financial Position. The difference between the present value of SCR Entitlements and the fair value of the SCR Fund is not recorded in the financial statements of the Plan.

(b) Sales Charge Refund Entitlements Valuations

Two separate valuations are performed for SCR Entitlements. First, on an annual basis, a valuation of SCR Entitlements is prepared based on management's best estimates. This valuation is used to estimate the current funded status for SCR Entitlements. The present value of the SCR Entitlements is determined using the expected long-term investment rates of return based on the investment policy for the SCR Fund as explained in (i) below.

Second, a funding valuation is performed at least every two years to assess the adequacy of the assets in the SCR Fund and the Foundation's funding requirements to meet SCR Entitlements in future years. This valuation uses expected long-term investment rates of return as determined by management to calculate the present value of the SCR Entitlements and to project the asset growth of the SCR Fund to ensure that future SCR Entitlements will be fully funded, as set out in (ii) below.

(i) Management's Best Estimates Valuation

The assumptions used in determining the valuation of SCR Entitlements reflect management's best estimate of future payments

Notes to the Financial Statements (continued)

Six months ended April 30, 2024 and 2023

(Unaudited, in thousands of Canadian dollars)

Note 9. Sales Charge Refund (continued)

(b) Sales Charge Refund Entitlements Valuations (continued)

(i) Management's Best Estimates Valuation (continued)

to beneficiaries and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as termination of Agreements prior to maturity and participation of eligible students in the collection of EAPs. The primary economic assumption is the discount rate, which is set at the expected long-term investment rates of return of the SCR Fund at October 31, 2023 were undiscounted (October 31, 2022 – 4.8%) based on the investment policy approved by the Investment Committee of the Foundation. As underlying conditions change over time, assumptions may also change, which could cause a material change in the present value of the SCR Entitlements.

The funded status of the SCR Entitlements at October 31 was:

	2023	2022
Present value of SCR Entitlements	**$2,404**	$2,474
Fair value of SCR Fund *(Note 9(a))*	**1,963**	2,385
Overfunded portion of SCR Entitlements	**$ 441**	$ 89

A 1% decrease or increase in the discount rate used will increase or decrease the present value of SCR Entitlements by $33 or $35, respectively (2023 – $33 or $35, respectively).

(ii) Funding Valuation

A funding valuation of the SCR Entitlements for the Plan was completed based on assets and obligations as at October 31, 2022. This valuation included assumptions regarding management's best estimate of termination of Agreements prior to maturity and participation of eligible students in the collection of EAPs. The discount rate used to determine the present value of SCR Entitlements was based on the expected long-term investment rate of return of 4.8%, which resulted in the liability being fully funded. The Foundation has a responsibility to pay beneficiaries of the Plan a refund of sales charges as promised. Funding requirements were established by the Foundation to ensure assets are sufficient to meet future SCR Entitlements using expected long-term investment rates of return based on the investment policy approved by the Investment Committee of the Foundation to project the asset growth of the SCR Fund. Any shortfall in the assets to meet the SCR Entitlements will be funded by the Foundation.

The next actuarial funding valuation will be performed in 2025 based on assets and obligations as at October 31, 2024.

Note 10. 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 following table provides a comparison of the carrying and fair values for each classification of financial instruments. For measurement purposes, they are carried at fair value when conditions requiring separation are met.

Carrying Amount and Fair Value of Financial Instruments as of April 30, 2024

	Carrying amount and fair value	Carrying Amount	Fair Value		
	Financial instruments classified as FVTPL	Financial instruments measured at amortized cost	Financial instruments measured at amortized cost	**Total carrying amount**	**Total fair value**
Financial Assets					
Cash Equivalents[1]	$ –	$1,067	$1,067	**$ 1,067**	**$ 1,067**
Investments	60,355	449	460	**60,804**	**60,815**
Other Assets[2]	–	917	917	**917**	**917**
Financial Liabilities					
Other Liabilities[3]	$ –	$1,364	$1,364	**$ 1,364**	**$ 1,364**

Carrying Amount and Fair Value of Financial Instruments as of October 31, 2023

	Carrying amount and fair value	Carrying Amount	Fair Value		
	Financial instruments classified as FVTPL	Financial instruments measured at amortized cost	Financial instruments measured at amortized cost	**Total carrying amount**	**Total fair value**
Financial Assets					
Cash Equivalents[1]	$ –	$1,396	$1,396	**$ 1,396**	**$ 1,396**
Investments	62,237	1,221	1,214	**63,458**	**63,451**
Other Assets[2]	–	420	420	**420**	**420**
Financial Liabilities					
Other Liabilities[3]	$ –	$1,466	$1,466	**$ 1,466**	**$ 1,466**

1. Cash and bank balances of $580 (October 31, 2023 – $602) have been excluded.
2. Other assets consist of Receivables for securities sold, Accrued income and other receivables and Government grants receivable.
3. Other liabilities consist of Payable for securities purchased and Accounts Payable and accrued liabilities.

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.

Notes to the Financial Statements (continued)

Six months ended April 30, 2024 and 2023

(Unaudited, in thousands of Canadian dollars)

Note 10. Fair Value Measurements and Disclosure (continued)

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, 2024

	Level 1	Level 2	Level 3	**Total**
Fixed income securities	$ –	$ 59,241	$ –	**$59,241**
Equity securities, ETFs and Pooled equity funds	1,114	–	–	**$ 1,114**
Total Investments, at fair value	**$1,114**	**$59,241**	**$ –**	**$60,355**

Assets Measured at Fair Value as of October 31, 2023

	Level 1	Level 2	Level 3	**Total**
Fixed income securities	$ –	$ 61,264	$ –	**$61,264**
Equity securities, ETFs and Pooled equity funds	973	–	–	**973**
Total Investments, at fair value	**$973**	**$61,264**	**$ –**	**$62,237**

For the six months ended April 30, 2024 and year ended October 31, 2023, there were no transfers between Levels 1 and 2.

Sales Charge Refund Entitlements

Appendix I to Schedule I
Statement of Investment Portfolio
As at April 30, 2024

(thousands of Canadian dollars)

Agreements Purchased prior to October 2, 2007

Security	Interest Rate	Maturity Date	Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds					
Federal – 9.0%					
Government of Canada	0.25	1 Mar 2026	1907	1,771	1,757
Government of Canada	7.68	1 Dec 2026	450	860	873
Government of Canada	0.50	1 Dec 2030	1690	1,368	1,343
Government of Canada	1.50	1 Dec 2031	1590	1,349	1,406
Government of Canada	3.25	1 Dec 2033	1350	1,289	1,334
Government of Canada	2.06	1 Dec 2044	40	50	54
Government of Canada	0.61	1 Dec 2050	155	137	147
Government of Canada	0.28	1 Dec 2054	260	193	207
				7,017	7,121
Provincial – 0.2%					
Province of New Brunswick	6.47	30 Nov 2027	121	123	144
				123	144
Corporate – 38.2%					
407 International Inc.	6.75	27 Jul 2039	153	168	211
407 International Inc.	7.13	26 Jul 2040	518	616	800
Bank of Nova Scotia	4.25	20 Mar 2034	935	902	935
Bell Canada	–	15 May 2034	496	272	272
Bell Canada	4.75	29 Sep 2044	540	478	489
Blue Water Bridge Authority	6.41	9 Jul 2027	1246	315	425
Cogeco Communications Inc.	2.99	22 Sep 2031	855	728	855
Cogeco Communications Inc.	5.30	16 Feb 2033	86	84	86
Concentra Bank	0.81	1 Nov 2025	310	207	220
CSS Partnership	6.92	31 Jul 2042	166	180	217
Enbridge Gas Inc.	3.65	1 Apr 2050	251	198	260
Enbridge Gas Inc.	5.67	6 Oct 2053	180	194	180
Enbridge Inc.	4.57	11 Mar 2044	1,199	1,025	1,186
GE Capital Canada Funding Company	5.73	22 Oct 2037	404	395	387
Greater Toronto Airports Authority	6.45	30 Jul 2029	730	756	888
Greater Toronto Airports Authority	7.05	12 Jun 2030	115	128	145
Great-West Lifeco Inc.	3.60	31 Dec 2081	1,352	1,094	1,352
Heathrow Funding Ltd.	3.66	13 Jan 2031	1,662	1,506	1,680
Honda Canada Finance Inc.	1.71	28 Sep 2026	500	464	450
InPower BC General Partnership	4.47	31 Mar 2033	389	370	387
Loblaw Companies Limited	–	7 Jun 2027	552	469	418
Loblaw Companies Limited	–	23 Nov 2027	174	144	129
Loblaw Companies Limited	6.54	17 Feb 2033	1,173	1,259	1,440
Manulife Financial Corporation	3.38	19 Jun 2081	1,381	1,131	1,381
Manulife Financial Corporation	4.10	19 Mar 2082	412	331	412
Metro Inc.	4.66	7 Feb 2033	119	116	119

Security	Interest Rate	Maturity Date	Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds (continued)					
Corporate – 38.2% (continued)					
Metropolitan Life Insurance Company	1.95	20 Mar 2028	1,181	1,065	1,178
Metropolitan Life Insurance Company	2.45	12 Jan 2029	1,058	956	1,055
Mutual Life Assurance Company	6.30	15 May 2028	126	131	140
NAV Canada	–	1 Jun 2024	3	3	3
NAV Canada	–	1 Dec 2024	3	3	3
NAV Canada	–	1 Jun 2025	3	3	2
NAV Canada	–	1 Dec 2025	3	2	2
NAV Canada	–	1 Jun 2026	3	2	2
NAV Canada	–	1 Dec 2026	3	2	2
NAV Canada	7.56	1 Mar 2027	235	243	295
NAV Canada	–	1 Jun 2027	75	65	66
Nestle Holdings, Inc.	2.19	26 Jan 2029	1,623	1,464	1,623
New York Life Global Funding	2.00	17 Apr 2028	763	689	761
North Battleford Power LP	4.96	31 Dec 2032	605	590	699
Ornge Issuer Trust	5.73	11 Jun 2034	750	758	864
Pembina Pipeline Corporation	4.75	26 Mar 2048	2,042	1,747	2,122
Rogers Communications Inc.	4.25	9 Dec 2049	600	479	598
Royal Bank of Canada	4.64	17 Jan 2028	662	657	662
Scotia Capital Inc.	1.90	1 Jul 2024	500	245	238
Scotia Capital Inc.	3.70	1 Mar 2029	480	465	469
Sobeys Inc.	6.06	29 Oct 2035	510	513	619
Sobeys Inc.	6.64	7 Jun 2040	100	107	140
Strait Crossing Development Inc.	6.17	15 Sep 2031	451	227	231
Sun Life Financial Inc.	3.60	30 Jun 2081	464	378	464
Toronto Dominion Bank	4.48	18 Jan 2028	828	817	828
Toronto Dominion Bank	3.60	31 Oct 2081	455	370	455
TransCanada PipeLines Limited	8.29	5 Feb 2026	214	222	283
TransCanada PipeLines Limited	6.28	26 May 2028	327	336	407
TransCanada PipeLines Limited	6.89	7 Aug 2028	117	123	146
TransCanada PipeLines Limited	4.33	16 Sep 2047	479	391	469
Transcontinental Inc.	2.28	13 Jul 2026	350	325	350
Union Gas Limited	3.19	17 Sep 2025	525	512	512
University of Ontario Institute of Technology	6.35	15 Oct 2034	863	878	916
WTH Car Rental ULC	2.78	22 Jul 2024	2,500	1,246	1,190
WTH Car Rental ULC	6.03	20 Feb 2027	164	166	164
				29,710	33,282
Total Fixed Income – 47.4%				**36,850**	**40,547**

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

Sales Charge Refund Entitlements (continued)

Appendix I to Schedule I
Statement of Investment Portfolio
As at April 30, 2024
(thousands of Canadian dollars)

Agreements Purchased prior to October 2, 2007 (continued)

Security	Number of Securities	Fair Value ($)	Average Cost ($)
Pool Equity Fund – 51.4%			
CCL Global Equity Fund	1,731	40,028	38,064
Total Equities – 51.4%		**40,028**	**38,064**
Total Investments – 98.8%		**76,878**	**78,611**
Cash and cash equivalents – 1.2%		**956**	**956**
Total Portfolio Assets – 100.0%		**77,834**	**79,567**
Total Investments Allocation			
Group Savings Plan		2,140	2,188
CST Advantage Plan		74,738	76,423
		76,878	**78,611**
Cash and cash equivalents Allocation			
Group Savings Plan		27	27
CST Advantage Plan		929	929
		956	**956**

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

Canadian Scholarship Trust Plan

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