

**REPORT OF THE INDEPENDENT REVIEW COMMITTEE OF
THE CHILDREN’S EDUCATION TRUST OF CANADA (the “IRC”)
(For the year ended December 31, 2010)**

This Report is the IRC’s report for the fiscal year ended December 31, 2010 (the “Fiscal Year”) to planholders of The Children’s Education Trust of Canada, being the publicly offered scholarship plans (the Scholarship Plans) sponsored by The Children’s Education Trust Foundation of Canada and managed by Children’s Education Funds Inc. (the Administrator). There are three Scholarship Plans. This Report is written pursuant to section 4.4 of National Instrument 81-107 of the Canadian Securities Administrators and describes the IRC and its activities for the Fiscal Year.

IRC Members

The IRC consists of the following members, each of whom has been a member of the IRC since his initial appointment in May 2007.

- Peter Sacks – IRC Chair
- Stephan Frankel
- Paul Courneya

Disclosure of IRC Member’s Holdings

As at December 31, 2010, the IRC members did not beneficially own, directly or indirectly (i) any interest in the Plans exceeding 10 percent, (ii) any interests in the Administrator, or (iii) any interests in a company or person that provides services to the Administrator or any Plan.

Compensation

The total compensation paid to IRC members for the Fiscal Year totaled \$18,000. There were no changes in compensation during the Fiscal Year. In assessing the appropriate level of compensation of the IRC, consideration was given to the nature and extent of the workload of each member of the IRC, the nature, number and complexity of the Scholarship Plans, the best interests of the Scholarship Plans and industry best practices.

At least once a year the IRC shall review the compensation of its members based on the following criteria:

1. The best interests of the Plans;
2. The number, nature and complexity of the Plans;
3. The nature and extent of the workload of the IRC members;
4. Industry best practices, including comparable compensation in the group scholarship plan industry; and
5. The recommendation of the Administrator, if any.

Activities of IRC for the Fiscal Year

Annual Assessments

In accordance with NI 81-107, the IRC conducted a self assessment review, and also specifically reviewed and assessed:

1. the adequacy and effectiveness of written policies and procedures of the Administrator concerning conflict of interest matters;
2. the adequacy and effectiveness of the IRC and its Charter;
3. the Administrator's and each Plan's compliance with any conditions imposed by the IRC in a recommendation or approval it has provided to the Administrator; and
4. the independence, effectiveness and the compensation of its members.

Standing Instructions for Recurring Conflict of Interest Matters

NI 81-107 requires the IRC to review and approve all conflict of interest matters identified and referred to the IRC by the Administrator and to give its approval or recommendation, depending on the nature of the conflict of interest matter.

For the Administrator's recurring conflict of interest matters, the IRC has provided the Administrator with Standing Instructions which enable the Administrator to take action in respect of any such conflict by following its applicable policies and procedures without having to refer each proposed action to the IRC. The IRC has approved a set of Standing Instructions which recommend that the Administrator follow its policies and procedures intended to address the following conflict of interest matters:

- Related Party Outsourcing;
- Expense Allocation;
- Error Corrections;
- Investing in Securities of an Issuer that is related to an Investment Advisor of the Scholarship Plans;
- Monitoring and Changing Investment Advisors;
- Determination of Distribution Incentives;
- Determination of Scholarships;
- Allocation of Surpluses;
- Determination of Risk Levels; and,
- Complaint Handling.

The IRC is not aware of any instance where the Administrator acted contrary to the IRC's recommendations or did not follow the applicable policies and procedures in all material respects.

Additional Conflict of Interest Matters Considered

Other than the recurring conflict of interest matters noted above, there were no new conflicts of interest matters referred to the IRC during the past year. The IRC is not aware of any instances in which the Administrator acted in a conflict of interest matter that was not referred to the IRC for its recommendation.

This report is available on the Foundation's website at <http://www.cefi.ca> or you may request a copy, at no cost to you, by contacting Children's Education Funds Inc. at 1-800-246-1203. This document and other information about the Children's Education Trust group of Registered Education Savings Plans are available at www.sedar.com.