



# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Semi-Annual Unaudited Financial Statements June 30, 2018



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# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

<b>Interim Statements of Financial Position</b>	<b>as at June 30, 2018 (Unaudited)</b>	<b>as at December 31, 2017 (Audited)</b>
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## Assets

Cash	<b>\$5,887,255</b>	\$2,121,393
Investments, at fair value (Note 6)	<b>1,097,822,916</b>	1,093,356,478
Accrued interest	<b>4,209,524</b>	4,235,105
Dividends receivable	<b>1,371,935</b>	1,239,467
Government grants receivable	<b>814,453</b>	1,341,972
Receivables for securities sold	<b>9,031,557</b>	4,791,142
<b>Total assets</b>	<b>1,119,137,640</b>	1,107,085,557

## Liabilities

Due to Scholarship Plan Dealer (Note 10)	<b>682,352</b>	460,958
Payables for securities purchased	<b>10,513,899</b>	4,322,297
Subscriber liability due to terminations	<b>7,131,219</b>	6,624,950
	<b>18,327,470</b>	11,408,205
<b>Net assets attributable to subscribers and beneficiaries</b>	<b>\$1,100,810,170</b>	\$1,095,677,352

## Net assets attributable to subscribers and beneficiaries represented by:

Subscriber deposits received in advance	<b>\$760,799</b>	\$914,802
Subscriber deposits under scholarship agreements	<b>564,927,819</b>	563,557,122
Subscriber deposits under escrow agreements	<b>2,108,048</b>	2,056,472
Accumulated investment income earned on subscriber deposits	<b>223,660,562</b>	225,727,534
Accumulated investment income earned under escrow agreements	<b>977,748</b>	970,017
Government grants (Note 3)	<b>219,687,934</b>	214,837,629
Accumulated investment income earned on government grants	<b>79,002,628</b>	79,269,370
Funds for Scholarship Enhancements (Note 9)	<b>9,565,639</b>	8,228,194
Funds for Enrichment (Note 9)	<b>118,993</b>	116,212
<b>Net assets attributable to subscribers and beneficiaries</b>	<b>\$1,100,810,170</b>	\$1,095,677,352

See accompanying notes to the unaudited interim financial statements.

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

	For the six months ended <b>June 30, 2018</b> (Unaudited)	For the six months ended <b>June 30, 2017</b> (Unaudited)
<b>Interim Statements of Comprehensive Income</b>		
<b>Income</b>		
Interest income earned on subscriber deposits	<b>\$7,941,492</b>	\$7,137,089
Interest income earned on subscriber deposits under escrow agreements	<b>30,538</b>	39,076
Interest income earned on government grants	<b>2,818,298</b>	2,555,737
Interest income earned on funds for Scholarship Enhancements	<b>37,099</b>	34,593
Investment income earned on funds for Enrichment	<b>922</b>	254
Dividend income earned on subscriber deposits	<b>4,262,336</b>	4,572,797
Dividend income earned on government grants	<b>1,325,840</b>	1,275,054
Realized (losses) gains on sale of investments	<b>(2,367,769)</b>	4,649,626
Net change in unrealized gains	<b>(11,140,218)</b>	9,823,968
<b>Total income</b>	<b>2,908,538</b>	30,088,194
<b>Expenses</b>		
Administration fees	<b>296,218</b>	206,576
Trustee fees	<b>83,805</b>	81,394
Portfolio management fees	<b>1,396,815</b>	735,288
<b>Total expenses</b>	<b>1,776,838</b>	1,023,258
<b>Increase in net assets attributable to subscribers and beneficiaries</b>	<b>\$1,131,700</b>	\$29,064,936

See accompanying notes to the unaudited interim financial statements.

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

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

	For the six months ended <b>June 30, 2018</b> (Unaudited)	For the six months ended <b>June 30, 2017</b> (Unaudited)
<b>Net assets attributable to subscribers and beneficiaries, beginning of period</b>	<b>\$1,095,677,352</b>	\$1,079,414,014
Increase in net assets attributable to subscribers and beneficiaries	<b>1,131,700</b>	29,064,936
<b>Transactions with subscribers and beneficiaries</b>		
Subscriber deposits	<b>28,109,115</b>	30,745,980
Fees deducted from subscriber deposits (Note 10)	<b>(6,107,248)</b>	(6,440,539)
Subscriber deposit withdrawals due to termination	<b>(3,761,054)</b>	(4,144,718)
Subscriber deposit withdrawals due to maturing plans	<b>(16,972,542)</b>	(15,652,735)
Canada Education Savings Grants	<b>5,391,238</b>	5,996,499
Canada Learning Bonds	<b>59,800</b>	95,184
Provincial Savings Grants	<b>293,663</b>	378,384
Total transactions with subscribers and beneficiaries	<b>7,012,972</b>	10,978,055
<b>Disbursements to beneficiaries</b>		
Education assistance payments		
Scholarships	<b>1,682,697</b>	1,518,965
Government grants	<b>1,302,279</b>	1,041,726
Refund of enrolment fees	<b>26,878</b>	28,777
Total disbursements to beneficiaries	<b>3,011,854</b>	2,589,468
Increase in net assets attributable to subscribers and beneficiaries	<b>5,132,818</b>	37,453,523
<b>Net assets attributable to subscribers and beneficiaries, end of period</b>	<b>\$1,100,810,170</b>	\$1,116,867,537

See accompanying notes to the unaudited interim financial statements.

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

	For the six months ended <b>June 30, 2018</b> (Unaudited)	For the six months ended <b>June 30, 2017</b> (Unaudited)
<b>Interim Statements of Cash Flows</b>		
<b>Operating Activities</b>		
Increase in net assets attributable to subscribers and beneficiaries	<b>\$1,131,700</b>	\$29,064,936
Non-cash items		
Realized losses (gains) on sale of investments	<b>2,367,769</b>	(4,649,626)
Net change in unrealized gains	<b>11,140,218</b>	(9,823,968)
Amortization of discounts and premiums on investments	<b>3,319,413</b>	3,878,179
Decrease in accrued interest	<b>25,581</b>	190,207
Increase in dividends receivable	<b>(132,468)</b>	(188,531)
Increase (decrease) in due to Scholarship Plan Dealer	<b>221,394</b>	(773,441)
Purchases of investments	<b>(1,724,424,067)</b>	(1,191,537,223)
Proceeds from the sale of investments	<b>1,705,081,416</b>	1,166,685,887
	<b>(1,269,044)</b>	(7,153,580)
Cash flow used in operating activities		
<b>Financing Activities</b>		
Subscriber deposits received under scholarship agreements	<b>27,955,471</b>	30,547,328
Payments out of subscriber deposits under scholarship agreements	<b>(26,232,508)</b>	(25,895,978)
Subscriber deposits received under escrow agreements	<b>153,644</b>	198,652
Payments out of subscriber deposits under escrow agreements	<b>(102,068)</b>	(82,823)
Government grants received	<b>6,272,221</b>	6,984,051
Education assistance payments	<b>(2,984,976)</b>	(2,560,691)
Return of enrolment fees	<b>(26,878)</b>	(28,777)
	<b>5,034,906</b>	9,161,762
Cash flow from financing activities		
Net increase in cash	<b>3,765,862</b>	2,008,182
Cash, beginning of period	<b>2,121,393</b>	3,282,929
<b>Cash, end of period</b>	<b>\$5,887,255</b>	\$5,291,111
Supplemental information:		
Interest received	<b>\$16,488,952</b>	\$16,612,146
Dividends received, net of withholding tax	<b>\$5,478,518</b>	\$5,659,319

See accompanying notes to the unaudited interim financial statements.

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2018

### 1. Nature of business

The Children's Educational Foundation of Canada (the "Foundation") was incorporated as a non-profit corporation under the laws of Canada on April 23, 1990. During 1991, the Foundation commenced offering scholarship agreements through its exclusive Scholarship Plan Dealer, Children's Education Funds Inc. These agreements are collectively referred to as The Children's Education Trust of Canada (the "Plans").

The Foundation offers scholarship plans to enable the subscriber and their designated beneficiaries to save for a beneficiary's post-secondary education. The Foundation's assets are invested in equity securities, bonds and treasury bills, and equity linked notes in accordance with the guidelines of the Foundation's investment policy statement established by the Trustees and also within the investment restrictions and practices contained in National Policy 15 of the Canadian Securities Administrators. Under an agreement with the securities regulators in May, 2014, the Foundation was allowed to invest in equity securities and was no longer permitted to acquire any new equity linked notes ("the Undertaking").

The Foundation is not a trust company and, accordingly, is not registered under any federal or provincial trust company legislation nor does it carry on, or intends to carry on, the business of a trust company.

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 ("RESPs") under the Income Tax Act (Canada). The current tax legislation provides that income credited to subscribers' principal is not taxable income of the subscriber unless withdrawn as an accumulated income payment subject to certain eligibility requirements being met. The deposits are not deductible for income tax purposes and are not taxable when returned to the subscriber. Government grants and investment income earned on Government grants will constitute taxable income of that student in the year that the payments are made.

The address of the head office is 3221 North Service Road, Burlington, Ontario.

The financial statements include the education assistance payments (including scholarships and Government grants) paid to beneficiaries in the fiscal year. Most payments are typically paid out in September of each fiscal year and therefore, education assistance payments will be significantly higher in the last six months of the year.

### 2. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and under the historical cost convention, except for certain financial instruments measured at fair value. Accounting policies are consistently applied to all years presented, unless otherwise stated.

The financial statements were authorized for issue by the Board of Directors of the Foundation on August 28, 2018.

### 3. Summary of significant accounting policies

#### Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring

financial instruments. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and is in effect for periods starting January 1, 2018.

Although these amendments apply for the first time in 2018, they do not have a material effect on the Interim Financial Statements. The nature and impact of the adoption of the new standard is described below.

#### Recognition, initial measurement and classification

The Foundation's financial instruments consist of cash, accrued interest, dividend receivable, government grants receivable, receivables for securities sold, investments, due to Scholarship Plan Dealer, payables for securities purchased, subscriber liability due to terminations and the Foundation's obligation for net assets attributable to subscribers and beneficiaries. Net assets attributable to subscribers and beneficiaries comprise subscriber deposits received in advance, subscriber deposits under scholarship agreements, subscriber deposits under escrow agreements, accumulated interest and dividend income earned on subscriber deposits, accumulated interest and dividend income earned on subscriber deposits under escrow agreements, government grants, accumulated interest and dividend income earned on government grants, funds for Scholarship Enhancements and funds for Enrichment.

The adoption of IFRS 9 has not had a significant effect on the Foundation's accounting policies related to financial liabilities which are classified as amortized cost. The Foundation does not purchase or sell derivative financial instruments.

However, IFRS 9 eliminates some of the previous IAS 39 categories for financial assets. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income ("FVOCI"); or Fair Value Through Profit or Loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held within a business model whose objective is to both collect contractual cash flows and to sell the financial asset are measured at FVOCI. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Foundation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transaction costs are expensed as incurred for items measured as FVTPL.

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2018

### 3. Summary of significant accounting policies (continued)

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Foundation's financial assets as at 1 January 2018.

Financial assets	Original classification under IAS 39	New classification under IFRS 9
Bonds and treasury bills	Designated as at FVTPL	FVTPL
Equity linked notes	Designated as at FVTPL	FVTPL
Equity securities (a)	Designated as at FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Cash and cash equivalents	Loans and receivables	Amortized cost

(a) Under IAS 39, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as measured at FVTPL under IFRS 9.

Net assets attributable to subscribers and beneficiaries is measured at redemption amount and is considered to be a residual interest in the assets of the Plan after deducting all of its liabilities. Net assets attributable to subscribers and beneficiaries are classified as a financial liability given the Foundation's obligation to pay. The increase or decrease in the redemption amount is shown in the Interim Statements of Comprehensive Income as a change in the net assets attributable to subscribers and beneficiaries.

#### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets that are traded in active markets, which includes equity securities, bonds and treasury bills, are based on quoted market prices at the close of trading on the reporting date. The Foundation uses the last bid price to value these financial assets at each reporting date.

The fair value of financial assets that are not traded in an active market, which includes equity linked-notes, is determined using valuation techniques. Valuation techniques include discounted cash flow analysis, reference to other instruments, comparable recent arm's length transactions, and making maximum use of observable inputs. Equity-linked notes are valued at fair values using external pricing models to value their components. The Foundation values its equity-linked notes based on the price received from the counterparty. These equity-linked notes have been issued by a Canadian bank.

#### Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, and the Foundation has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

#### Investment transactions and income recognition

Interest income from investments in bonds and treasury bills are recognized at the effective interest rate. Dividends are recognized as income on the ex-dividend date. Accrued interest and dividends

receivable are calculated as the difference between amounts received and amounts earned which have been recorded in income.

Realized gains and losses from investment transactions are calculated with reference to the fair value cost of the related investments and are recognized in the period in which these occurred.

Unrealized gains and losses are calculated as the difference between fair value and the amortized cost of the related investments at the dates of the statements of financial position. Unrealized gains and losses are not allocated to specific beneficiaries until they are realized by the Foundation. As at June 30, 2018 there was a net unrealized gains of \$10,612,837 (December 31, 2017 – \$21,725,135) included in net assets attributable to subscribers and beneficiaries.

#### Foreign currency

The financial statements are presented in Canadian dollars, which is the Foundation's functional and presentation currency.

#### Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, but not to investments measured as FVTPL. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Foundation measures loss allowances at an amount equal to lifetime ECLs.

#### Subscribers' deposits

Subscribers' principal balances reflect only amounts received from subscribers and do not include amounts receivable on outstanding agreements, as subscribers may terminate their plans at any time. The principal deposits are returned to the subscriber (or the subscriber's beneficiary if certain conditions are met) either on termination or maturity of the scholarship agreement. Subscriber deposits, upon termination of the plan or cancellation by the subscriber, are shown in liabilities. The financial statements reflect all other subscriber deposits in net assets attributable to subscribers and beneficiaries. As the subscriber deposits are due on demand, they are recorded at their amortized cost. Subscriber deposits received in advance of plan payments terms are recorded in subscriber deposits received in advance. Subscriber deposits received prior to receipt of the beneficiary's social insurance number are held in subscriber deposits under escrow agreements.

The Foundation deducts sales charges, depository fees, administrative fees, where applicable, and other service charges and insurance premiums from deposits made by subscribers in accordance with the terms of the Prospectus (see Note 10).

#### Government grants

Since January 1998, the Government of Canada has provided for the payment of Canada Education Savings Grants ("CESG") on



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## Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2018

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### 3. Summary of significant accounting policies (continued)

behalf of eligible beneficiaries of the Foundation's RESPs. Eligible beneficiaries are entitled to CESG equal to 20% of the eligible contributions. The Canada Education Savings Act, passed into law on December 15, 2004, enhanced the CESG program by providing additional grant amounts to beneficiaries based upon family income. Generally, families with annual income less than \$46,605 are eligible for an additional 20% of CESG on the first \$500 contributed. Families with annual income between \$46,605 and \$93,208 are eligible for an additional 10% of CESG on the first \$500 contributed. In addition, the Canada Education Savings Act introduced the Canada Learning Bond ("CLB"). Children born on or after January 1, 2004 will be eligible for CLB in each year that the beneficiary's family is entitled to the National Child Benefit Supplement up to and including the year in which the beneficiary turns 15 years of age. CLB is \$500 in the first year of entitlement and \$100 thereafter.

In 2007, the Government of Quebec introduced an education savings incentive for beneficiaries residing in the Province of Quebec. The incentive is applicable for contributions made after February 20, 2007 and is equal to 10% of the first \$2,500 contributed. Generally, families with annual income less than \$43,055 are eligible for an additional 10% on contributions to a maximum of \$50. Families with annual income between \$43,056 and \$86,105 are eligible for an additional 5% on contributions to a maximum of \$25. Family income thresholds are indexed for inflation and will be revised annually by the Quebec Ministry of Revenue. The maximum lifetime education savings incentive is \$3,600 per beneficiary.

The Government of Saskatchewan introduced the *Saskatchewan Advantage Grant for Education Savings* ("SAGES") that provides a grant of 10% on contributions made since January 1, 2013, into the RESP of a beneficiary who is a Saskatchewan resident to a maximum of \$250 per beneficiary per year. The maximum lifetime SAGES grant is \$4,500 per beneficiary. The Government of Saskatchewan has suspended SAGES effective January 1, 2018.

Effective August 15, 2016, the Government of British Columbia introduced a one-time grant (*British Columbia Training and Education Savings Grant*) of \$1,200 into the RESP for any British Columbia resident child who is born on or after January 1, 2006.

The Foundation is receiving grants in respect of eligible RESPs. The financial statements reflect the funds received for these grants in net assets attributable to subscribers and beneficiaries and an accrual for the estimated amount of grants receivable based on subscriber deposits. Grants are recorded at their face value as they are due on demand. Repayable government grants are netted against government grants receivable if a plan is terminated by the Foundation or cancelled by the subscriber as the funds must be reimbursed to the government.

#### Operating segments

The Foundation is organized into one main operating segment, which invests contributed funds in order to provide investment returns. Accordingly, all significant operating decisions are based upon an analysis of the Foundation as one operating segment.

Substantially all of the investment income is derived from Canadian investments with foreign investments accounting for approximately 1% of investments as at June 30, 2018. The financial results of this segment are equivalent to the financial statements of the Foundation as a whole.

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

IFRS 15 came into effect on January 1, 2018 and its adoption by the Foundation had no material effect for the Interim Financial Statements.

#### Future accounting changes

##### Leases

IFRS 16 Leases was issued by the IASB on 13 January 2016 and is effective for periods beginning on or after 1 January 2019. IFRS 16 specifies the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Foundation continues to evaluate the impact of IFRS 16 although it is not expected to have a material effect on the financial statements.

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### 4. Tax status

Scholarship agreements are submitted to Canada Revenue Agency for registration as RESPs under the Income Tax Act (Canada). The Plans are exempt from income taxes under 146.1 of the Income Tax Act (Canada). As a result of such registration, investment income earned on the net assets attributable to subscribers and beneficiaries of the Foundation will not be subject to current income tax. Qualifying beneficiaries are taxed at the time amounts of accumulated investment income are disbursed.

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### 5. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Foundation has made in preparing the financial statements:

#### *Fair value measurement of securities not quoted in an active market*

The Foundation holds financial assets that are not traded in an active market, including equity-linked notes, whose fair value is determined using valuation techniques. Valuation techniques which make maximum use of observable inputs are used. Refer to Note 6 for further information.

#### *Application of IFRS 9*

In the application of IFRS 9, management has made judgements about the business model applicable to financial assets held. These judgements impact the classification of financial assets between amortized cost, FVOCI, and FVTPL. The most significant judgements made include management's assertion that equity-linked notes may be measured as FVTPL.

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### 6. Risks associated with financial instruments

The Foundation is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include credit risk, liquidity risk and market risk (which includes interest

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## Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2018

### 6. Risks associated with financial instruments (continued)

rate risk, price risk and currency risk). These risks and related risk management practices employed by the Foundation are discussed below. There have been no changes in the risks and management of such risks from the previous year.

#### Credit risk

The Foundation is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The majority of the credit risk to which the Foundation is exposed arises from cash and its investments in debt securities. Credit risk relating to cash relates to the financial institution where the cash is held. The Foundation maintains its cash with a single Canadian financial institution. Credit risk for the investment in debt securities relates to the capability of the issuer of debt securities to make interest payments and repay the principal. The Foundation's maximum exposure to credit risk is limited to the carrying amount of cash and investments in debt securities as summarized below:

	<u>June 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Cash	<b>\$ 5,887,255</b>	\$ 2,121,393
Investment in debt securities	<b>838,532,321</b>	833,062,203
	<b><u>\$ 844,419,576</u></b>	<u>\$ 835,183,596</u>

The table below analyzes the investment in debt securities by type of counterparty:

	<u>June 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Government – Federal	<b>\$ 256,110,188</b>	\$ 223,758,397
Government – Provincial	<b>420,671,550</b>	487,953,677
Financial institution bonds	<b>103,892,966</b>	57,549,425
Corporate bonds	<b>24,777,067</b>	24,201,704
Equity-linked notes	<b>33,080,550</b>	39,599,000
	<b><u>\$ 838,532,321</u></b>	<u>\$ 833,062,203</u>

The debt securities (and all other securities) are invested according to the standard investment restrictions and practices contained in National Policy 15 of the Canadian Securities Administrators. The investments in the Foundation primarily comprise of bonds which have been issued or guaranteed by either the Federal or any provincial government, and financial institution bonds, corporate bonds and Government of Canada treasury bills. All of the variable rate securities held in the portfolio have an "approved credit rating" as defined in National Instrument 81-102. In addition, the Foundation invests in equity-linked notes. Under the terms of the Undertaking described in Note 1, the Foundation may no longer purchase equity-linked notes. These equity-linked notes are issued or guaranteed by a Canadian chartered bank. Risk is managed through guidelines mandated by the Canadian Securities Administrators.

The Foundation is invested in debt instruments with the following credit ratings:

Debt instruments* by credit rating	Percentage of total debt instruments*	
	<u>June 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
AAA	<b>32.1%</b>	30.5%
AA	<b>38.0%</b>	46.4%
A	<b>28.8%</b>	21.8%
BBB	<b>1.1%</b>	1.3%

\* Excludes Government of Canada treasury bills and Money Market deposits

All investments represent a risk of loss of capital. The investment advisors of the Foundation moderate this risk through a careful selection and diversification of securities and other financial instruments within the limits of the Foundation's investment objective, policies and restrictions. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Foundation's overall market positions are monitored on a daily basis by the investment advisors of the Foundation.

The Foundation's activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Plans mitigate this risk by conducting settlements through an intermediary to ensure that the trade is settled only when both parties have fulfilled their contractual settlement obligations.

#### Liquidity risk

Liquidity risk is defined as the risk that the Foundation may not be able to settle or meet its obligations on time. The Foundation's exposure to liquidity risk is concentrated in principal repayments to subscribers and payments of educational assistance payments. The Foundation moderates liquidity risk by investing primarily in bonds and treasury bills that are traded in an active secondary market. The Foundation also invests in equity securities of issuers traded on a Canadian stock exchange which may contain inactive issuers with wide bid-ask spreads. This risk is mitigated by the Investment Policy Statement which stipulates investment in equity securities with a sufficiently large market capitalization to ensure adequate liquidity in execution and minimization of trading costs.

Equity-linked notes however, do not trade on stock exchanges or other secondary markets. These investments are considered to be buy-and-hold investments and it is the intention of the Foundation to hold these investments until maturity. The Foundation was limited to a weighting of 30% of the aggregate amount of Subscribers' deposits in equity-linked notes and pursuant to the Undertaking, is no longer permitted to purchase equity-linked notes.

All of the Foundation's financial liabilities are due on demand.

The Foundation retains sufficient cash to meet liquidity requirements.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, price risk and currency risk.

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2018

### 6. Risks associated with financial instruments (continued)

The value of the investments within the Foundation can fluctuate on a daily basis and the level of risk depends on the Foundation's Investment objectives and the securities it invests in. The investment objective of the Foundation is to achieve long-term growth of income on subscribers' savings while ensuring the preservation of those savings. In an effort to provide investment returns superior to the benchmark index, the investment advisors of the Foundation utilize active portfolio management strategies. These strategies include duration management, sector allocation, credit analysis and investment in equity-linked notes with a guarantee of principal. Pursuant to an Undertaking, interest and dividend income on subscribers' savings and government grants may be invested in equity securities traded on a Canadian stock exchange. As such, beginning May 2014, the Foundation began investing in equity securities. Currently, the Foundation utilizes the investment advisory services of four registered investment advisors to assist the Foundation in investing subscriber savings and government grants and interest and dividend income earned thereon. Each of these investment advisors provides advisory and discretionary managed account services with respect to purchasing, selling and otherwise dealing in securities and other investments comprising the investment portfolios. The investment advisors are charged with broad diversification across issuers and securities and constantly monitor how the various risks affect the investment portfolios.

#### (i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of investments. If interest rates decrease or increase, the value of the investments will increase or decrease respectively. The Foundation's investment advisors are required to manage the investments in accordance with their Investment Policy Statement. To moderate risk, the investment advisors must maintain a modified duration of their portfolio within approved limits of the benchmark index, the FTSE TMX Canada All Government Bond Index.

The Foundation's holding of debt instruments by maturity is as follows:

	<u>June 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Due in one year or less	<b>6.8%</b>	12.5%
Due one year through five years	<b>26.1%</b>	33.6%
Due after five years	<b>67.1%</b>	53.9%

As at June 30, 2018, if prevailing interest rates had increased or decreased by 25 basis points, assuming a parallel shift in the yield curve with all other variables held constant, the investment portfolio of debt instruments of \$805,451,771 (December 31, 2017 - \$793,463,203) which excludes equity-linked notes would have decreased or increased by approximately \$12,632,000 (December 31, 2017 - \$15,481,000). In practice, the actual trading results may differ materially.

#### (ii) Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other

than those arising from interest rate risk or currency risk). Financial instruments held are susceptible to market price risk arising from uncertainties about future prices of instruments. Equity securities and equity-linked notes are most impacted by price risk. The total fair value of equity securities on hand as at June 30, 2018 was \$259,290,595 (December 31, 2017 - \$260,294,275). As at June 30, 2018, if underlying index prices increased or decreased by 1%, with all other variables held constant, the investment portfolio of equity securities and equity-linked notes of \$292,371,145 (December 31, 2017 - \$299,893,275) would increase or decrease by approximately \$2,781,398 (December 31, 2017 - \$2,913,555). In practice, the actual trading results may differ materially. Investments in equity-linked notes carry a guarantee at maturity of principal. The amount of interest, if any, payable on equity-linked notes at maturity will be based on the performance of the underlying assets or market index. Investments in equity-linked notes are made on a long buy and hold basis.

The equity-linked notes are subject to pricing based on the returns on the underlying investments for each note. The pricing is also impacted by the value attributable to the extent of principal protection provided in the note.

#### (iii) Currency risk

The Foundation invests in an exchange-traded fund ("ETF") denominated in Canadian dollars. The investment creates currency risk as the underlying investments within this ETF are exposed to the US dollar and therefore the Foundation is indirectly exposed to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The total fair value of equity ETFs exposed to the US dollar as at June 30, 2018 was \$39,004,783 (December 31, 2017 - \$32,148,147). As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5%, with all other variables held constant, the total value of equity ETFs exposed to the US dollar would increase or decrease by approximately \$1,950,239 (December 31, 2017 - \$1,607,407).

#### Fair value of financial instruments

Financial instrument disclosures require a three-level fair value hierarchy. Level 1 financial instruments are valued using quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 financial instruments are valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 financial instruments are valued using unobservable inputs. If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The Foundation's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the transaction giving rise to the transfer.

Investments are measured at fair value on a recurring basis. The carrying values of cash, accrued interest, dividends receivable, government grants receivable, receivables for securities sold, due to Scholarship Plan Dealer, payables for securities purchased, subscriber liability due to terminations and the Foundation's obligation for net assets attributable to subscribers and beneficiaries approximate their fair values due to their short term nature.

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2018

### 6. Risks associated with financial instruments (continued)

The Foundation's management is responsible for performing the fair value measurements, including Level 3 measurements. The Foundation's management obtains pricing data from a third party pricing vendor.

The following is a summary of the classification of the Foundation's investments, the only financial instrument measured at fair value, as of June 30, 2018 and December 31, 2017:

As at June 30, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 259,290,595	\$ -	\$ -	\$ 259,290,595
Bonds and treasury bills	-	805,451,771	-	805,451,771
Equity-linked notes	-	-	33,080,550	33,080,550
	<u>\$ 259,290,595</u>	<u>\$ 805,451,771</u>	<u>\$ 33,080,550</u>	<u>\$ 1,097,822,916</u>

As at December 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 260,294,275	\$ -	\$ -	\$ 260,294,275
Bonds and treasury bills	-	793,463,203	-	793,463,203
Equity-linked notes	-	-	39,599,000	39,599,000
	<u>\$ 260,294,275</u>	<u>\$ 793,463,203</u>	<u>\$ 39,599,000</u>	<u>\$ 1,093,356,478</u>

#### Equities

The Foundation's equity positions are classified as Level 1 when the security is actively traded and a quoted price is available.

#### Bonds and treasury bills

Bonds and treasury bills traded on secondary markets are classified as Level 2. The Foundation uses the last bid price to value these financial assets at each reporting date.

#### Equity-linked notes

Equity-linked notes are not traded in an active market nor otherwise valued using observable inputs. The Foundation uses an external pricing model that values its equity-linked notes based on the price for which these securities could be sold to the counterparty. The unobservable inputs used in the external pricing model relate to the impact of the following attributes of each individual note: all notes have principal protection which relies on the credit capacity of TD Bank, which is the issuer of each note. The return on the notes to the maturity date of the note are a basket of specific securities or specific indices as follows:

#### Equity linked note

#### Basis for underlying return

TD Bank Canadian Index Linked Note	S&P TSX 60 index
TD Bank North American Linked Note	Ten North American publicly traded companies
TD Bank US Index Linked Note	Two US equity indices

The reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) is presented as follows:

#### Level 3 – Equity-linked notes

	<u>For the six months ended</u> <u>June 30, 2018</u>	<u>For the year ended</u> <u>December 31, 2017</u>
Balance - beginning of period	\$ 39,599,000	\$ 47,653,000
Maturity of note	(5,000,000)	(10,000,000)
Increase (decrease) in unrealized gains	(1,518,450)	1,946,000
Balance - end of period	<u>\$ 33,080,550</u>	<u>\$ 39,599,000</u>

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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## Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2018

### 7. Financial instruments by category

The following table presents the carrying amounts of the Foundation's financial assets by category as at June 30, 2018 and December 31, 2017. All of the Foundation's financial liabilities as at June 30, 2018 and December 31, 2017 were measured at amortized cost.

As at June 30, 2018

#### Financial Assets at Fair Value

	FVTPL	Financial Assets at Amortized Cost	Total
Investments	\$ 1,097,822,916	\$ -	\$ 1,097,822,916
Cash	-	5,887,255	5,887,255
Accrued interest	-	4,209,524	4,209,524
Dividends receivable	-	1,371,935	1,371,935
Government grants receivable	-	814,453	814,453
Receivables for securities sold	-	9,031,557	9,031,557
	<u>\$ 1,097,822,916</u>	<u>\$ 21,314,724</u>	<u>\$ 1,119,137,640</u>

As at December 31, 2017

#### Financial Assets at Fair Value

	FVTPL	Financial Assets at Amortized Cost	Total
Investments	\$1,093,356,478	\$ -	\$ 1,093,356,478
Cash	-	2,121,393	2,121,393
Accrued interest	-	4,235,105	4,235,105
Dividends receivable	-	1,239,467	1,239,467
Government grants receivable	-	1,341,972	1,341,972
Receivables for securities sold	-	4,791,142	4,791,142
	<u>\$1,093,356,478</u>	<u>\$ 13,729,079</u>	<u>\$ 1,107,085,557</u>

Equity-linked notes are recorded at FVTPL. These financial assets are part of a group of financial assets that are managed and their performance evaluated on a fair value basis, in accordance with the documented investment strategy, and information about the financial assets as a group is provided internally on that basis to the Foundation's key management personnel.

### 8. Capital risk management

The capital of the Plans is represented by Subscribers' units in the Plans. The units of the Plans are entitled to Subscribers' contributions, government grants received and the accumulated income thereon. At maturity or cancellation, subscribers will be entitled to their net contributions, as outlined in the Plans' Prospectus. Restrictions on Subscribers' contributions are outlined in the Plans' Prospectus and defined by the Income Tax Act (Canada). Restrictions on payments from the Plans are also outlined in the Plans' Prospectus and are dependent on whether the beneficiary qualifies for payments under the Plan. The relevant movements are shown on the Interim Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries. The Foundation endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet its obligations.

### 9. Funds for Scholarship Enhancements and Enrichment

Under the terms of the Scholarship Plan agreements, there are specified periods, whereby investment income is accrued to the beneficiaries (typically to Maturity Date which is an earlier date than the payment of Educational Assistance Payments). Investment income after Maturity Date and other discretionary contributions made by the Scholarship Plan Dealer in any year are excluded from comprehensive income.

These amounts are then allocated to funds for Scholarship Enhancements and Enrichment for additional Educational Assistance Payments, the timing of which is at the discretion of the Foundation's Trustees. The Trustees determine the amount of any Scholarship Enhancements and Enrichment on an annual basis. The payments of Scholarship Enhancements and Enrichments are included as distributions to beneficiaries in the Interim Statement of Changes in Net Assets Attributable to Subscribers and Beneficiaries.

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2018

### 9. Funds for Scholarship Enhancements and Enrichment (continued)

The balance of the funds for Scholarship Enhancements and funds for Enrichment at each period is determined as follows:

#### *Funds for Scholarship Enhancements*

	<u>For the six months ended</u> <u>June 30, 2018</u>	<u>For the six months ended</u> <u>June 30, 2017</u>
Balance, beginning of period	\$ 8,228,194	\$ 8,083,953
Interest and dividend income after maturity date	1,346,042	1,541,873
Investment income earned on fund balance	27,445	34,673
Return of sales charges	(15,895)	(12,956)
Net change in unrealized (losses) gains	(20,147)	51,020
Balance, end of period	<u>\$ 9,565,639</u>	<u>\$ 9,698,563</u>

#### *Funds for Enrichment*

	<u>For the six months ended</u> <u>June 30, 2018</u>	<u>For the six months ended</u> <u>June 30, 2017</u>
Balance, beginning of period	\$ 116,212	\$ 90,089
Interest and dividend income after maturity date	12,842	16,280
Investment income earned on fund balance	922	254
Return of sales charges	(10,983)	(15,821)
Balance, end of period	<u>\$ 118,993</u>	<u>\$ 90,802</u>

### 10. Related party transactions

#### *Fees to Scholarship Plan Dealer*

The distribution and administration of the Plans is carried out on behalf of the Foundation by the Scholarship Plan Dealer, Children's Education Funds Inc. By agreement with the Foundation, the Scholarship Plan Dealer has been appointed as exclusive distributor and administrator of the Plans. Under the terms of a distribution and administration agreement and in accordance with the Prospectus, the Scholarship Plan Dealer is entitled to receive fees which are approved on an annual basis and consequently, occur at the negotiated exchange amount in accordance with the agreement. As at June 30, 2018 the amount payable to the Scholarship Plan Dealer was \$682,352 (December 31, 2017 - \$460,958). Fees charged in the six months ended June 30, 2018 and June 30, 2017 are as follows:

	<u>For the six months ended</u> <u>June 30, 2018</u>	<u>For the six months ended</u> <u>June 30, 2017</u>
<i>Paid directly by subscriber</i>		
Sales charges	\$ 1,213,618	\$ 1,433,852
Group insurance premiums	1,040,087	1,139,028
Depository fees	474,537	496,316
Annual administration fees on subscriber deposits	2,850,835	2,901,361
Service charges	528,172	508,120
<i>Deducted from Foundation's income</i>		
Administration fees	\$ 296,218	\$ 206,576

#### *Independent Review Committee and Directors' Fees*

The total remuneration paid to members of the Independent Review Committee and Directors during the six months ended June 30, 2018 was \$ nil (June 30, 2017 - \$ nil).

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements

June 30, 2018 (unaudited)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
2,910,000	GOVERNMENT OF CANADA TREASURY BILL		12Jul2018	2,909,005	2,908,923
12,820,000	GOVERNMENT OF CANADA TREASURY BILL		26Jul2018	12,810,774	12,810,000
350,000	GOVERNMENT OF CANADA TREASURY BILL		09Aug2018	349,529	349,573
34,105,000	GOVERNMENT OF CANADA TREASURY BILL		23Aug2018	34,039,701	34,046,680
4,615,000	GOVERNMENT OF CANADA TREASURY BILL		06Sep2018	4,604,966	4,604,709
155,000	GOVERNMENT OF CANADA TREASURY BILL		20Sep2018	154,585	154,569
14,000,000	PROVINCE OF ALBERTA TREASURY BILL		10Jul2018	13,994,972	13,995,520
100,000	ROYAL BANK OF CANADA	1.150%	03Jul2018	100,000	100,000
190,000	UNITED STATES TREASURY BILL		27Sep2018	248,553	248,524
2,930,000	407 INTERNATIONAL INC	3.830%	11May2046	2,913,716	3,065,337
1,000,000	ALTALINK LP	3.717%	03Dec2046	1,047,693	1,028,970
115,000	ANHEUSER-BUSCH INBEV FINANCE	2.600%	15May2024	115,424	110,973
560,000	BANK OF NOVA SCOTIA	2.799%	20Apr2021	702,453	736,428
1,940,000	BANK OF MONTREAL	2.000%	30Mar2020	1,940,068	1,940,737
635,000	BANK OF MONTREAL	1.880%	31Mar2021	635,703	621,119
165,000	BANK OF MONTREAL	2.270%	11Jul2022	164,758	161,380
185,000	BANK OF MONTREAL	1.868%	01Feb2023	184,366	184,371
405,000	BANK OF MONTREAL	2.700%	11Sep2024	404,953	398,386
1,385,000	BANK OF MONTREAL	3.190%	01Mar2028	1,385,838	1,387,770
1,675,000	BANK OF MONTREAL	2.890%	20Jun2023	1,674,700	1,671,717
2,010,000	BANK OF NOVA SCOTIA	3.100%	28Jun2019	2,004,975	1,995,870
245,000	BANK OF NOVA SCOTIA	3.270%	11Jan2021	251,487	248,369
2,050,000	BANK OF NOVA SCOTIA	1.830%	27Apr2022	1,995,872	1,974,642
1,750,000	BANK OF NOVA SCOTIA	2.980%	17Apr2023	1,750,000	1,750,910
1,625,000	BANK OF NOVA SCOTIA	2.290%	28Jun2024	1,624,916	1,558,733
245,000	BHP BILLITON FINANCE	3.230%	15May2023	238,107	246,615
10,598,000	CADILLAC FAIRVIEW FINANCE	4.310%	25Jan2021	10,908,865	11,091,337
100,000	CAMECO CORPORATION	5.670%	02Sep2019	103,284	102,961
6,870,000	CANADA HOUSING TRUST NO. 1	2.000%	15Dec2019	6,905,872	6,875,496
1,950,000	CANADA HOUSING TRUST NO. 1	1.450%	15Jun2020	1,958,347	1,928,511
5,370,000	CANADA HOUSING TRUST NO. 1	3.350%	15Dec2020	5,588,914	5,528,093
1,275,000	CANADA HOUSING TRUST NO. 1	3.800%	15Jun2021	1,362,811	1,333,293
3,340,000	CANADA HOUSING TRUST NO. 1	2.400%	15Dec2022	3,418,296	3,347,348
2,440,000	CANADA HOUSING TRUST NO. 1	2.350%	15Jun2023	2,441,803	2,435,730
2,125,000	CANADA HOUSING TRUST NO. 1	2.350%	15Sep2023	2,218,695	2,119,029
1,940,000	CANADA HOUSING TRUST NO. 1	3.150%	15Sep2023	2,075,785	2,009,937
1,715,000	CANADA HOUSING TRUST NO. 1	2.900%	15Jun2024	1,829,699	1,758,372
625,000	CANADA HOUSING TRUST NO. 1	1.950%	15Dec2025	605,618	601,571
3,120,000	CANADA HOUSING TRUST NO. 1	1.900%	15Sep2026	2,992,916	2,976,917
1,500,000	CANADA HOUSING TRUST NO. 1	2.350%	15Jun2027	1,500,819	1,476,645
1,825,000	CANADA HOUSING TRUST NO. 1	2.650%	15Mar2028	1,794,693	1,838,122
140,000	CANADIAN NATURAL RESOURCES	3.420%	01Dec2026	140,702	136,567
98,000	CANADIAN UTILITIES LTD.	3.122%	09Nov2022	101,427	99,718
850,000	CAPITAL DESJARDINS INC	5.187%	05May2020	890,387	888,191
1,000,000	CAPITAL DESJARDINS INC	4.954%	15Dec2026	1,100,890	1,065,650
1,870,000	CANADIAN IMPERIAL BANK OF COMMERCE	1.920%	08Dec2020	1,872,786	1,871,122
455,000	CANADIAN IMPERIAL BANK OF COMMERCE	1.900%	26Apr2021	455,389	445,413
145,000	CANADIAN IMPERIAL BANK OF COMMERCE	2.300%	11Jul2022	145,130	141,983
750,000	CANADIAN IMPERIAL BANK OF COMMERCE	3.300%	26May2025	750,000	759,713
105,000	CANADIAN IMPERIAL BANK OF COMMERCE	1.920%	04Apr2028	104,967	104,235
6,632,000	CDP FINANCIAL INC	4.600%	15Jul2020	6,899,269	6,929,777
120,000	CITIGROUP INC	4.090%	09Jun2025	124,372	120,000
230,000	EMPIRE LIFE INSURANCE CO	3.664%	15Mar2028	230,000	231,359
155,000	ENBRIDGE INCOME FUND	3.950%	19Nov2024	155,882	159,070
375,000	FEDERATION DES CAISSES	2.394%	25Aug2022	375,000	367,699
40,242,000	GOVERNMENT OF CANADA	0.500%	01Aug2018	40,217,309	40,218,249
17,718,000	GOVERNMENT OF CANADA	1.250%	01Sep2018	17,715,960	17,711,799
462,000	GOVERNMENT OF CANADA	1.750%	01Mar2019	465,665	462,347
280,000	GOVERNMENT OF CANADA	0.750%	01Sep2020	280,178	272,916
211,000	GOVERNMENT OF CANADA	3.250%	01Jun2021	225,260	218,412
7,595,000	GOVERNMENT OF CANADA	2.250%	01Jun2025	7,787,477	7,648,545
815,000	GOVERNMENT OF CANADA	1.500%	01Jun2026	831,921	777,078

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements

June 30, 2018 (unaudited) (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
33,015,000	GOVERNMENT OF CANADA	2.000%	01 Jun2028	32,465,588	32,529,680
1,470,000	GOVERNMENT OF CANADA	5.750%	01 Jun2033	2,132,554	2,128,957
3,335,000	GOVERNMENT OF CANADA	4.000%	01 Jun2041	4,269,042	4,392,862
1,937,000	GOVERNMENT OF CANADA	3.500%	01 Dec2045	2,566,970	2,445,831
2,150,000	GREATER TORONTO AIRPORTS AUTHORITY	5.300%	25 Feb2041	2,672,904	2,850,836
615,000	GREAT-WEST LIFECO INC	4.650%	13 Aug2020	648,037	640,166
725,000	GREAT-WEST LIFECO INC	2.980%	28 Feb2028	728,550	730,336
775,000	HSBC BANK CANADA	2.170%	29 Jun2022	775,614	752,091
740,000	HSBC BANK CANADA	2.542%	31 Jan2023	740,000	723,883
1,150,000	HSBC BANK CANADA	3.245%	15 Sep2023	1,150,000	1,155,348
65,000	HYDRO ONE INC	5.490%	16 Jul2040	84,575	83,298
210,000	IGM FINANCIAL INC	3.440%	26 Jan2027	210,872	208,572
1,615,000	LABRADOR-ISLAND LINK FDG TR	3.760%	01 Jun2033	1,820,970	1,787,175
565,000	LABRADOR-ISLAND LINK FDG TR	3.860%	01 Dec2045	700,825	662,807
445,000	MANUFACTURERS LIFE INSURANCE CO	2.811%	21 Feb2024	451,589	446,375
260,000	MANUFACTURERS LIFE INSURANCE CO	3.181%	22 Nov2027	262,989	262,324
1,935,000	MANULIFE BANK OF CANADA	2.000%	27 Jan2020	1,935,000	1,934,961
1,115,000	MANULIFE BANK OF CANADA	2.082%	26 May2022	1,114,639	1,080,770
120,000	MANULIFE BANK OF CANADA	2.844%	12 Jan2023	120,000	119,185
445,000	MANULIFE FINANCIAL CORP	7.405%	31 Dec2108	493,814	474,317
3,699,000	MCGILL UNIVERSITY HEALTH	5.360%	31 Dec2043	4,708,546	4,905,577
725,000	MUSKRAT FALLS LABRADOR	3.630%	01 Jun2029	805,204	781,180
435,000	NATIONAL BANK OF CANADA	2.105%	18 Mar2022	432,829	423,916
430,967	NEW BRUNSWICK PROJECT COMPANY INC.	6.470%	30 Nov2027	511,114	499,538
715,000	NHA MORTGAGE BACKED SECURITIES	1.720%	01 Oct2020	641,221	582,482
2,645,000	NHA MORTGAGE BACKED SECURITIES	1.784%	01 Apr2021	1,958,104	1,673,677
860,000	NHA MORTGAGE BACKED SECURITIES	2.124%	01 Jun2021	849,529	850,058
415,000	NHA MORTGAGE BACKED SECURITIES	1.450%	01 Oct2021	374,012	357,469
250,000	NHA MORTGAGE BACKED SECURITIES	1.620%	01 Mar2022	228,449	220,393
260,000	NHA MORTGAGE BACKED SECURITIES	1.420%	01 Jun2022	245,489	251,620
200,000	NHA MORTGAGE BACKED SECURITIES	1.890%	01 Sep2022	190,569	193,806
375,000	NHA MORTGAGE BACKED SECURITIES	2.360%	01 Dec2022	330,034	317,216
600,000	NHA MORTGAGE BACKED SECURITIES	1.690%	01 Feb2023	571,263	573,174
115,000	NHA MORTGAGE BACKED SECURITIES	2.124%	01 May2023	113,553	114,506
765,000	NHA MORTGAGE BACKED SECURITIES	3.250%	01 Jul2028	516,358	466,574
275,000	NORTH WEST REDWATER	3.200%	22 Jul2024	280,281	276,738
2,680,000	NORTH WEST REDWATER	4.150%	01 Jun2033	2,674,039	2,842,810
60,000	NORTH WEST REDWATER	4.050%	22 Jul2044	62,680	62,397
250,000	OMERS REALTY CORP	2.858%	23 Feb2024	250,682	247,748
4,170,000	OPB FINANCE TRUST	3.890%	04 Jul2042	4,200,346	4,521,990
3,000,000	OPB FINANCE TRUST	2.980%	25 Jan2027	2,998,663	2,992,650
4,415,663	ORNGE ISSUER TRUST	5.727%	11 Jun2034	4,768,196	4,433,944
125,000	PEMBINA PIPELINE CORP	3.540%	03 Feb2025	122,088	124,994
340,000	PEPSICO INC	2.150%	06 May2024	332,019	324,785
2,756,000	PROVINCE OF ALBERTA	2.200%	01 Jun2026	2,759,721	2,652,622
1,220,000	PROVINCE OF ALBERTA	2.550%	01 Jun2027	1,218,506	1,196,027
2,755,000	PROVINCE OF ALBERTA	3.900%	01 Dec2033	3,080,336	3,073,533
805,000	PROVINCE OF ALBERTA	3.450%	01 Dec2043	857,257	869,964
1,059,000	PROVINCE OF ALBERTA	3.300%	01 Dec2046	1,066,209	1,121,089
1,472,000	PROVINCE OF ALBERTA	3.050%	01 Dec2048	1,431,887	1,492,755
1,445,000	PROVINCE OF BRITISH COLUMBIA	4.300%	18 Jun2042	1,704,432	1,791,150
2,310,000	PROVINCE OF BRITISH COLUMBIA	2.800%	18 Jun2048	2,222,602	2,266,641
3,750,000	PROVINCE OF BRITISH COLUMBIA	3.250%	18 Dec2021	3,934,300	3,865,838
4,595,000	PROVINCE OF BRITISH COLUMBIA	5.700%	18 Jun2029	5,868,626	5,850,951
1,000,000	PROVINCE OF BRITISH COLUMBIA	6.350%	18 Jun2031	1,298,087	1,381,860
2,504,000	PROVINCE OF MANITOBA	3.300%	02 Jun2024	2,535,502	2,592,416
1,560,000	PROVINCE OF MANITOBA	2.600%	02 Jun2027	1,513,339	1,527,006
1,080,000	PROVINCE OF MANITOBA	3.000%	02 Jun2028	1,068,570	1,088,251
1,425,000	PROVINCE OF MANITOBA	6.300%	05 Mar2031	1,936,753	1,915,827
300,000	PROVINCE OF MANITOBA	5.700%	05 Mar2037	405,269	411,009
2,325,000	PROVINCE OF MANITOBA	4.600%	05 Mar2038	2,825,872	2,841,824
1,180,000	PROVINCE OF MANITOBA	4.050%	05 Sep2045	1,314,997	1,384,317



# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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## Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements

June 30, 2018 (unaudited) (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
1,217,000	PROVINCE OF MANITOBA	2.850%	05Sep2046	1,211,829	1,159,631
1,316,000	PROVINCE OF NEW BRUNSWICK	1.550%	04May2022	1,293,499	1,272,638
1,525,000	PROVINCE OF NEW BRUNSWICK	2.850%	02Jun2023	1,574,970	1,543,331
1,085,000	PROVINCE OF NEW BRUNSWICK	5.500%	27Jan2034	1,395,503	1,398,174
2,115,000	PROVINCE OF NEW BRUNSWICK	4.650%	26Sep2035	2,509,320	2,532,205
615,000	PROVINCE OF NEW BRUNSWICK	4.550%	26Mar2037	704,831	734,372
6,995,000	PROVINCE OF NEWFOUNDLAND	1.810%	27Feb2023	6,995,061	6,987,725
500,000	PROVINCE OF NEWFOUNDLAND	2.300%	02Jun2025	492,321	486,650
300,000	PROVINCE OF NEWFOUNDLAND	3.000%	02Jun2026	309,950	303,003
2,880,000	PROVINCE OF NEWFOUNDLAND	3.300%	17Oct2046	2,718,738	2,932,128
6,670,000	PROVINCE OF NOVA SCOTIA	2.000%	09Nov2022	6,685,668	6,684,341
6,578,000	PROVINCE OF NOVA SCOTIA	2.150%	01Jun2025	6,509,761	6,353,427
4,100,000	PROVINCE OF NOVA SCOTIA	4.400%	01Jun2042	4,730,959	5,018,769
6,700,000	PROVINCE OF ONTARIO	2.100%	08Sep2019	6,715,593	6,712,395
1,319,000	PROVINCE OF ONTARIO	4.200%	02Jun2020	1,372,680	1,369,821
10,355,000	PROVINCE OF ONTARIO	4.000%	02Jun2021	11,064,900	10,847,794
3,895,000	PROVINCE OF ONTARIO	3.150%	02Jun2022	4,059,710	3,998,802
935,000	PROVINCE OF ONTARIO	1.666%	27Jun2022	940,586	939,105
4,885,000	PROVINCE OF ONTARIO	2.600%	02Jun2025	4,905,688	4,855,983
1,420,000	PROVINCE OF ONTARIO	2.400%	02Jun2026	1,432,320	1,384,117
955,000	PROVINCE OF ONTARIO	2.600%	02Jun2027	954,578	938,488
3,660,000	PROVINCE OF ONTARIO	6.500%	08Mar2029	4,870,605	4,861,468
695,000	PROVINCE OF ONTARIO	5.850%	08Mar2033	912,819	931,661
1,640,000	PROVINCE OF ONTARIO	5.600%	02Jun2035	2,211,381	2,206,456
1,250,000	PROVINCE OF ONTARIO	4.700%	02Jun2037	1,311,324	1,555,163
2,365,000	PROVINCE OF ONTARIO	4.650%	02Jun2041	2,891,551	2,998,607
3,903,000	PROVINCE OF ONTARIO	3.450%	02Jun2045	4,105,845	4,212,820
1,886,000	PROVINCE OF ONTARIO	2.800%	02Jun2048	1,890,072	1,810,371
8,048,000	PROVINCE OF PRINCE EDWARD ISLAND	4.250%	24Sep2019	8,129,733	8,260,387
1,500,000	PROVINCE OF PRINCE EDWARD ISLAND	6.100%	29Jul2027	1,611,000	1,859,985
7,307,000	PROVINCE OF QUEBEC	4.500%	01Dec2018	7,396,125	7,392,419
895,000	PROVINCE OF QUEBEC	4.500%	01Dec2020	956,872	943,652
5,060,000	PROVINCE OF QUEBEC	4.250%	01Dec2021	5,450,117	5,377,009
1,495,000	PROVINCE OF QUEBEC	9.375%	16Jan2023	1,924,182	1,931,391
1,260,000	PROVINCE OF QUEBEC	3.000%	01Sep2023	1,317,000	1,287,985
6,370,000	PROVINCE OF QUEBEC	2.290%	19Oct2023	6,523,459	6,516,637
8,050,000	PROVINCE OF QUEBEC	3.750%	01Sep2024	8,695,947	8,570,996
7,015,000	PROVINCE OF QUEBEC	1.342%	13Oct2024	7,092,605	7,127,521
9,905,000	PROVINCE OF QUEBEC	2.750%	01Sep2025	10,189,460	9,956,407
825,000	PROVINCE OF QUEBEC	8.500%	01Apr2026	1,158,238	1,152,278
1,975,000	PROVINCE OF QUEBEC	5.750%	01Dec2036	2,718,591	2,751,985
707,000	PROVINCE OF QUEBEC	3.500%	01Dec2045	778,045	776,208
4,189,000	PROVINCE OF QUEBEC	3.500%	01Dec2048	4,611,954	4,641,244
990,000	PROVINCE OF SASKATCHEWAN	2.650%	02Jun2027	961,163	977,536
670,000	PROVINCE OF SASKATCHEWAN	6.400%	05Sep2031	915,576	922,161
425,000	PROVINCE OF SASKATCHEWAN	5.800%	05Sep2033	557,443	570,805
405,000	PROVINCE OF SASKATCHEWAN	5.600%	05Sep2035	548,300	545,742
1,530,000	PROVINCE OF SASKATCHEWAN	4.750%	01Jun2040	1,918,282	1,952,770
2,343,000	PROVINCE OF SASKATCHEWAN	3.400%	03Feb2042	2,370,590	2,491,945
1,930,000	PROVINCE OF SASKATCHEWAN	2.750%	02Dec2046	1,853,300	1,840,969
1,116,000	PROVINCE OF SASKATCHEWAN	3.300%	02Jun2048	1,117,469	1,186,565
2,330,000	PSP CAPITAL INC	3.290%	04Apr2024	2,338,537	2,412,715
885,000	ROYAL BANK OF CANADA	1.876%	23Mar2020	889,671	888,434
415,000	ROYAL BANK OF CANADA	2.030%	15Mar2021	417,206	407,563
600,000	ROYAL BANK OF CANADA	2.949%	01May2023	600,000	600,828
210,000	ROYAL BANK OF CANADA	2.333%	05Dec2023	210,000	203,217
2,057,000	ROYAL BANK OF CANADA	4.930%	16Jul2025	2,397,688	2,301,557
12,284,000	ROYAL OFFICE FINANCE LP	5.209%	12Nov2032	14,002,738	14,514,774
1,500,000	SINAI HEALTH SYSTEM	3.527%	09Jun2056	1,500,000	1,522,185
170,000	SMART REIT	3.444%	28Aug2026	167,483	163,559
960,234	SNC-LAVALIN INNISFREE	6.632%	30Jun2044	1,228,128	1,231,212
140,000	SUNCOR ENERGY INC	3.000%	14Sep2026	139,940	137,075
735,000	SUNLIFE CAP TRUST II	5.863%	31Dec2108	821,487	767,561

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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## Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements

June 30, 2018 (unaudited) (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
10,058,000	TCHC ISSUER TRUST	5.395%	22Feb2040	13,321,353	12,997,551	
860,000	THE CANADA LIFE ASSURANCE	6.400%	11Dec2028	1,067,499	1,083,729	
1,500,000	THE HOSPITAL FOR SICK KIDS	3.416%	07Dec2057	1,500,000	1,488,690	
1,870,000	TORONTO DOMINION BANK	1.831%	18Feb2020	1,883,229	1,881,519	
270,000	TORONTO DOMINION BANK	2.045%	08Mar2021	270,957	265,710	
925,000	TORONTO DOMINION BANK	1.680%	08Jun2021	904,780	903,170	
155,000	TORONTO DOMINION BANK	2.621%	22Dec2021	158,237	154,558	
1,055,000	TORONTO DOMINION BANK	3.005%	30May2023	1,055,000	1,060,370	
1,860,000	TORONTO DOMINION BANK	1.500%	28Jun2024	1,860,000	1,860,000	
850,000	TORONTO DOMINION BANK	3.226%	24Jul2024	902,572	859,121	
2,730,000	TORONTO DOMINION BANK	4.859%	04Mar2031	2,730,000	2,926,342	
170,000	TORONTO DOMINION BANK	1.909%	18Jul2023	170,000	162,212	
360,000	TRANSCANADA PIPELINES LTD	3.300%	17Jul2025	375,374	359,780	
801,000	TRANSCANADA PIPELINES LTD	8.050%	17Feb2039	1,229,460	1,208,373	
100,000	TRANSCANADA TR	4.650%	18May2077	100,163	95,607	
300,000	WELLS FARGO	3.874%	21May2025	307,411	298,992	
750,000	WELLS FARGO	2.975%	19May2026	736,182	716,468	
1,725,000	YUKON DEVELOPMENT CORP	5.000%	29Jun2040	2,191,635	2,175,501	
1,400,000	ONTARIO HYDRO	0.000%	11Apr2031	981,775	930,972	
	<b>Total Fixed Income Securities</b>			<b>\$557,401,585</b>	<b>\$557,769,513</b>	70.7%
	<b>Variable Rate Securities</b>					
5,000,000	TORONTO DOMINION BANK NORTH AMERICAN COMPANIES LINKED NOTE		03Apr2019	5,000,000	5,648,450	
10,000,000	TORONTO DOMINION BANK CANADIAN INDEX LINKED NOTE		11Oct2022	10,000,000	12,304,900	
10,000,000	TORONTO DOMINION BANK US INDEX LINKED NOTE		11Oct2022	10,000,000	15,127,200	
	<b>Total Variable Rate Securities</b>			<b>\$25,000,000</b>	<b>\$33,080,550</b>	4.2%
<b>Shares / Units</b>	<b>Equity Securities</b>					
597,700	ALGONQUIN POWER & UTILITIES			7,109,958	7,590,790	
77,600	BANK OF MONTREAL			7,536,496	7,885,712	
206,200	BANK OF NOVA SCOTIA			14,727,591	15,349,528	
299,975	BMO S&P 500 INDEX ETF			7,099,983	11,789,018	
214,000	BROOKFIELD INFRASTRUCTURE			11,866,303	10,794,160	
134,700	BROOKFIELD RENEWABLE			5,244,726	5,315,262	
50,041	CANADIAN IMPERIAL BANK OF COMMERCE			4,852,236	5,722,689	
37,600	CANADIAN NATIONAL RAILWAY			3,899,853	4,043,128	
159,100	CHEMTRADE LOGISTICS INCOME FUND			3,118,464	2,381,727	
122,000	EMERA INC			5,824,835	5,221,600	
312,000	ENBRIDGE INC			16,693,561	14,664,000	
139,000	GREAT-WEST LIFECO INC			5,131,358	4,492,480	
10,000	ISHARES S&P/TSX 60 INDEX			230,813	242,800	
119,100	KEYERA CORP			4,781,788	4,356,678	
198,000	NORTH WEST CO INC			6,076,555	5,805,360	
137,155	NORTHVIEW APARTMENT REAL			2,706,129	3,604,433	
346,949	PEMBINA PIPELINE CORP			14,137,824	15,796,588	
204,079	POWER FINANCIAL CORP			6,952,208	6,275,429	
311,800	RIOCAN REIT			8,152,687	7,529,970	
44,600	ROYAL BANK OF CANADA			3,631,074	4,414,954	
243,700	SHAW COMMUNICATIONS INC			6,393,059	6,526,286	
252,800	TELUS CORPORATION			11,615,118	11,805,760	
599,300	TORC OIL & GAS LTD NEW			4,081,196	4,398,862	
44,900	TORONTO-DOMINION BANK			2,530,541	3,416,441	
221,543	TRANSCANADA CORPORATION			13,471,875	12,601,366	
171,791	VERMILION ENERGY INC			8,932,975	8,144,611	
917,300	WHITECAP RESOURCES INC			8,027,181	8,173,143	
	<b>Total Equity Securities</b>			<b>\$194,826,387</b>	<b>\$198,342,775</b>	25.1%
				<b>\$777,227,972</b>	<b>\$789,192,838</b>	100.0%

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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## Schedule of Investment Portfolio for Government Grants

June 30, 2018 (unaudited)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
<b>Fixed Income Securities</b>					
25,000	GOVERNMENT OF CANADA TREASURY BILL		12Jul2018	24,990	24,991
120,000	GOVERNMENT OF CANADA TREASURY BILL		09Aug2018	119,838	119,854
80,000	GOVERNMENT OF CANADA TREASURY BILL		23Aug2018	79,851	79,863
70,000	GOVERNMENT OF CANADA TREASURY BILL		06Sep2018	69,843	69,844
100,000	ROYAL BANK OF CANADA	1.150%	03Jul2018	100,000	100,000
275,000	UNITED STATES TREASURY BILL		27Sep2018	359,748	359,706
190,000	ANHEUSER-BUSCH INBEV FINANCE	2.600%	15May2024	190,700	183,346
940,000	BANK OF NOVA SCOTIA	2.799%	20Apr2021	1,179,117	1,236,147
3,230,000	BANK OF MONTREAL	2.000%	30Mar2020	3,230,097	3,231,227
1,065,000	BANK OF MONTREAL	1.880%	31Mar2021	1,064,805	1,041,719
280,000	BANK OF MONTREAL	2.270%	11Jul2022	279,203	273,857
305,000	BANK OF MONTREAL	1.868%	01Feb2023	303,955	303,963
650,000	BANK OF MONTREAL	2.700%	11Sep2024	649,925	639,386
700,000	BANK OF MONTREAL	3.190%	01Mar2028	699,540	701,400
1,255,000	BANK OF MONTREAL	2.890%	20Jun2023	1,254,775	1,252,540
970,000	BANK OF NOVA SCOTIA	3.100%	28Jun2019	969,813	963,181
495,000	BANK OF NOVA SCOTIA	3.270%	11Jan2021	508,382	501,806
2,150,000	BANK OF NOVA SCOTIA	1.830%	27Apr2022	2,108,867	2,070,966
1,415,000	BANK OF NOVA SCOTIA	2.980%	17Apr2023	1,415,395	1,415,736
800,000	BANK OF NOVA SCOTIA	2.290%	28Jun2024	796,354	767,376
490,000	BHP BILLITON FINANCE	3.230%	15May2023	476,214	493,229
175,000	CAMECO CORPORATION	5.670%	02Sep2019	180,748	180,182
1,605,000	CANADA HOUSING TRUST NO. 1	2.000%	15Dec2019	1,606,256	1,606,284
2,234,000	CANADA HOUSING TRUST NO. 1	3.800%	15Jun2021	2,323,189	2,336,138
4,130,000	CANADA HOUSING TRUST NO. 1	2.350%	15Jun2023	4,133,051	4,122,773
3,575,000	CANADA HOUSING TRUST NO. 1	2.350%	15Sep2023	3,728,982	3,564,954
3,085,000	CANADA HOUSING TRUST NO. 1	2.650%	15Mar2028	3,034,950	3,107,181
245,000	CANADIAN NATURAL RESOURCES	3.420%	01Dec2026	246,228	238,993
166,000	CANADIAN UTILITIES LTD.	3.122%	09Nov2022	171,805	168,910
1,455,000	CAPITAL DESJARDINS INC	5.187%	05May2020	1,525,154	1,520,373
1,600,000	CAPITAL DESJARDINS INC	4.954%	15Dec2026	1,754,823	1,705,040
3,130,000	CANADIAN IMPERIAL BANK OF COMMERCE	1.920%	08Dec2020	3,134,663	3,131,878
790,000	CANADIAN IMPERIAL BANK OF COMMERCE	1.900%	26Apr2021	789,768	773,355
250,000	CANADIAN IMPERIAL BANK OF COMMERCE	2.300%	11Jul2022	250,216	244,798
1,250,000	CANADIAN IMPERIAL BANK OF COMMERCE	3.300%	26May2025	1,250,000	1,266,188
180,000	CANADIAN IMPERIAL BANK OF COMMERCE	1.920%	04Apr2028	179,944	178,688
305,000	CITIGROUP INC	4.090%	09Jun2025	316,759	305,000
375,000	EMPIRE LIFE INSURANCE CO	3.664%	15Mar2028	375,000	377,216
265,000	ENBRIDGE INCOME FUND	3.950%	19Nov2024	264,574	271,959
625,000	FEDERATION DES CAISSES	2.394%	25Aug2022	623,722	612,831
760,000	GOVERNMENT OF CANADA	1.750%	01Mar2019	768,503	760,570
465,000	GOVERNMENT OF CANADA	0.750%	01Sep2020	465,409	453,236
346,000	GOVERNMENT OF CANADA	3.250%	01Jun2021	370,368	358,155
1,340,000	GOVERNMENT OF CANADA	1.500%	01Jun2026	1,361,873	1,277,650
2,280,000	GOVERNMENT OF CANADA	2.000%	01Jun2028	2,244,485	2,246,484
3,343,000	GOVERNMENT OF CANADA	3.500%	01Dec2045	4,407,088	4,221,173
1,125,000	GREAT-WEST LIFECO INC	4.650%	13Aug2020	1,185,377	1,171,035
1,145,000	GREAT-WEST LIFECO INC	2.980%	28Feb2028	1,150,606	1,153,427
1,225,000	HSBC BANK CANADA	2.170%	29Jun2022	1,225,970	1,188,789
1,410,000	HSBC BANK CANADA	2.542%	31Jan2023	1,408,085	1,379,290
1,100,000	HSBC BANK CNADA	3.245%	15Sep2023	1,100,000	1,105,115
110,000	HYDRO ONE INC	5.490%	16Jul2040	143,126	140,965
370,000	IGM FINANCIAL INC	2.600%	26Jan2027	371,536	367,484
2,730,000	LABRADOR-ISLAND LINK FDG TR	3.760%	01Jun2033	3,069,135	3,021,045
925,000	LABRADOR-ISLAND LINK FDG TR	3.860%	01Dec2045	1,154,569	1,085,127
780,000	MANUFACTURERS LIFE INSURANCE CO	2.811%	21Feb2024	792,051	782,410
545,000	MANUFACTURERS LIFE INSURANCE CO	3.181%	22Nov2027	550,844	549,872

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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June 30, 2018 (unaudited) (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
3,230,000	MANULIFE BANK OF CANADA	2.000%	27Jan2020	3,230,000	3,229,935
1,815,000	MANULIFE BANK OF CANADA	2.082%	26May2022	1,811,967	1,759,280
190,000	MANULIFE BANK OF CANADA	2.844%	12Jan2023	190,000	188,710
690,000	MANULIFE FINANCIAL CORP	7.405%	31Dec2108	765,689	735,457
1,330,000	MUSKRAT FALLS LABRADOR	3.630%	01Jun2029	1,469,994	1,433,062
720,000	NATIONAL BANK OF CANADA	2.105%	18Mar2022	713,828	701,654
1,175,000	NHA MORTGAGE BACKED SECURITIES	1.720%	01Oct2020	1,050,167	957,226
4,360,000	NHA MORTGAGE BACKED SECURITIES	1.784%	01Apr2021	3,230,970	2,758,877
1,440,000	NHA MORTGAGE BACKED SECURITIES	2.124%	01Jun2021	1,422,468	1,423,354
680,000	NHA MORTGAGE BACKED SECURITIES	1.450%	01Oct2021	612,899	585,732
415,000	NHA MORTGAGE BACKED SECURITIES	1.620%	01Mar2022	379,475	365,852
430,000	NHA MORTGAGE BACKED SECURITIES	1.420%	01Jun2022	406,133	416,141
330,000	NHA MORTGAGE BACKED SECURITIES	1.890%	01Sep2022	314,512	319,780
610,000	NHA MORTGAGE BACKED SECURITIES	2.360%	01Dec2022	536,789	516,005
1,000,000	NHA MORTGAGE BACKED SECURITIES	1.690%	01Feb2023	952,105	955,290
195,000	NHA MORTGAGE BACKED SECURITIES	2.124%	01May2023	192,546	194,162
1,255,000	NHA MORTGAGE BACKED SECURITIES	3.250%	01Jul2028	841,291	765,425
365,000	NORTH WEST REDWATER	3.200%	22Jul2024	370,670	367,307
100,000	NORTH WEST REDWATER	4.050%	22Jul2044	104,467	103,995
505,000	OMERS REALTY CORP	2.858%	23Feb2024	506,344	500,450
215,000	PEMBINA PIPELINE CORP	3.540%	03Feb2025	211,089	214,989
565,000	PEPSICO INC	2.150%	06May2024	551,467	539,716
2,000,000	PROVINCE OF ALBERTA	2.550%	01Jun2027	1,996,251	1,960,700
3,575,000	PROVINCE OF ALBERTA	3.900%	01Dec2033	3,996,772	3,988,342
1,325,000	PROVINCE OF ALBERTA	3.450%	01Dec2043	1,415,601	1,431,928
1,340,000	PROVINCE OF BRITISH COLUMBIA	5.700%	18Jun2029	1,698,937	1,706,262
2,565,000	PROVINCE OF MANITOBA	2.600%	02Jun2027	2,488,278	2,510,750
1,805,000	PROVINCE OF MANITOBA	3.000%	02Jun2028	1,785,897	1,818,790
2,565,000	PROVINCE OF MANITOBA	6.300%	05Mar2031	3,490,059	3,448,489
495,000	PROVINCE OF MANITOBA	5.700%	05Mar2037	669,354	678,165
3,785,000	PROVINCE OF MANITOBA	4.600%	05Mar2038	4,606,126	4,626,368
2,170,000	PROVINCE OF MANITOBA	4.050%	05Sep2045	2,429,153	2,545,736
2,641,000	PROVINCE OF NEW BRUNSWICK	2.850%	02Jun2023	2,709,800	2,672,745
1,835,000	PROVINCE OF NEW BRUNSWICK	5.500%	27Jan2034	2,372,756	2,364,654
3,725,000	PROVINCE OF NEW BRUNSWICK	4.650%	26Sep2035	4,431,855	4,459,794
1,010,000	PROVINCE OF NEW BRUNSWICK	4.550%	26Mar2037	1,159,931	1,206,041
11,650,000	PROVINCE OF NEWFOUNDLAND	1.810%	27Feb2023	11,650,103	11,637,884
810,000	PROVINCE OF NEWFOUNDLAND	2.300%	02Jun2025	796,769	788,373
495,000	PROVINCE OF NEWFOUNDLAND	3.000%	02Jun2026	512,305	499,955
2,365,000	PROVINCE OF NEWFOUNDLAND	3.300%	17Oct2046	2,303,540	2,407,807
10,910,000	PROVINCE OF NOVA SCOTIA	2.000%	09Nov2022	10,935,627	10,933,457
2,396,000	PROVINCE OF ONTARIO	4.200%	02Jun2020	2,520,592	2,488,318
3,385,000	PROVINCE OF ONTARIO	4.000%	02Jun2021	3,631,740	3,546,092
6,650,000	PROVINCE OF ONTARIO	3.150%	02Jun2022	6,973,041	6,827,223
1,525,000	PROVINCE OF ONTARIO	1.666%	27Jun2022	1,534,111	1,531,695
2,335,000	PROVINCE OF ONTARIO	2.400%	02Jun2026	2,359,651	2,275,995
1,570,000	PROVINCE OF ONTARIO	2.600%	02Jun2027	1,568,625	1,542,855
2,165,000	PROVINCE OF ONTARIO	6.500%	08Mar2029	2,857,555	2,875,705
2,861,000	PROVINCE OF ONTARIO	5.600%	02Jun2035	3,859,875	3,849,189
4,480,000	PROVINCE OF ONTARIO	3.450%	02Jun2045	4,827,008	4,835,622
1,475,000	PROVINCE OF QUEBEC	4.500%	01Dec2020	1,575,877	1,555,181
2,490,000	PROVINCE OF QUEBEC	9.375%	16Jan2023	3,204,825	3,216,831
2,070,000	PROVINCE OF QUEBEC	3.000%	01Sep2023	2,160,120	2,115,975
10,700,000	PROVINCE OF QUEBEC	2.290%	19Oct2023	10,957,772	10,946,314
12,005,000	PROVINCE OF QUEBEC	1.342%	13Oct2024	12,141,176	12,197,555
1,455,000	PROVINCE OF QUEBEC	8.500%	01Apr2026	2,042,711	2,032,199
1,735,000	PROVINCE OF QUEBEC	5.750%	01Dec2036	2,419,904	2,417,566
1,160,000	PROVINCE OF QUEBEC	3.500%	01Dec2045	1,289,427	1,273,552
1,110,000	PROVINCE OF SASKATCHEWAN	6.400%	05Sep2031	1,516,858	1,527,760
660,000	PROVINCE OF SASKATCHEWAN	5.600%	05Sep2035	898,927	889,357

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Schedule of Investment Portfolio for Subscriber deposits under Government Grants June 30, 2018 (unaudited) (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
2,665,000	PROVINCE OF SASKATCHEWAN	4.750%	01Jun2040	3,357,248	3,401,393	
597,000	PROVINCE OF SASKATCHEWAN	3.400%	03Feb2042	616,981	634,951	
1,490,000	ROYAL BANK OF CANADA	1.876%	23Mar2020	1,497,865	1,495,781	
645,000	ROYAL BANK OF CANADA	2.030%	15Mar2021	643,780	633,442	
1,000,000	ROYAL BANK OF CANADA	2.949%	01May2023	1,000,000	1,001,380	
360,000	ROYAL BANK OF CANADA	2.333%	05Dec2023	360,000	348,372	
3,452,000	ROYAL BANK OF CANADA	4.930%	16Jul2025	4,016,845	3,862,408	
385,000	SMART REIT	3.444%	28Aug2026	377,281	370,412	
256,000	SUNCOR ENERGY INC	3.000%	14Sep2026	255,891	250,652	
1,185,000	SUNLIFE CAP TRUST II	5.863%	31Dec2108	1,320,658	1,237,496	
1,390,000	THE CANADA LIFE ASSURANCE	6.400%	11Dec2028	1,712,712	1,751,609	
3,130,000	TORONTO DOMINION BANK	1.831%	18Feb2020	3,152,143	3,149,281	
390,000	TORONTO DOMINION BANK	2.045%	08Mar2021	390,582	383,803	
1,575,000	TORONTO DOMINION BANK	1.680%	08Jun2021	1,540,572	1,537,830	
255,000	TORONTO DOMINION BANK	2.621%	22Dec2021	259,741	254,273	
560,000	TORONTO DOMINION BANK	3.005%	30May2023	560,000	562,850	
3,140,000	TORONTO DOMINION BANK	1.500%	28Jun2024	3,140,000	3,140,000	
1,530,000	TORONTO DOMINION BANK	3.226%	24Jul2024	1,623,531	1,546,417	
330,000	TORONTO DOMINION BANK	1.909%	18Jul2023	330,000	314,883	
670,000	TRANSCANADA PIPELINES LTD	3.300%	17Jul2025	698,975	669,591	
180,000	TRANSCANADA TR	4.650%	18May2077	180,294	172,093	
485,000	WELLS FARGO	3.874%	21May2025	498,538	483,370	
1,250,000	WELLS FARGO	2.975%	19May2026	1,226,969	1,194,113	
2,300,000	ONTARIO HYDRO	0.000%	11Apr2031	1,636,421	1,529,454	
	<b>Total Fixed Income Securities</b>			<b>\$243,591,075</b>	<b>\$241,394,182</b>	79.8%
<b>Shares / Units</b>	<b>Equity Securities</b>					
185,975	ALGONQUIN POWER & UTILITIES			2,213,664	2,361,883	
24,145	BANK OF MONTREAL			2,343,398	2,453,615	
64,150	BANK OF NOVA SCOTIA			4,584,203	4,775,326	
73,808	BMO S&P 500 INDEX ETF			1,691,419	2,900,654	
66,575	BROOKFIELD INFRASTRUCTURE			3,693,641	3,358,043	
41,900	BROOKFIELD RENEWABLE			1,632,159	1,653,374	
15,559	CANADIAN IMPERIAL BANK OF COMMERCE			1,510,000	1,779,327	
11,700	CANADIAN NATIONAL RAILWAY			1,213,254	1,258,101	
49,525	CHEMTRADE LOGISTICS INCOME FUND			971,407	741,389	
37,975	EMERA INC			1,814,110	1,625,330	
97,650	ENBRIDGE INC			5,219,176	4,589,550	
43,250	GREAT-WEST LIFECO INC			1,596,336	1,397,840	
2,150	ISHARES S&P/TSX 60 INDEX			49,776	52,202	
37,050	KEYERA CORP			1,486,367	1,355,289	
61,600	NORTH WEST CO INC			1,889,801	1,806,112	
42,677	NORTHVIEW APARTMENT REIT			843,405	1,121,552	
107,960	PEMBINA PIPELINE CORP			4,398,692	4,915,419	
63,478	POWER FINANCIAL CORP			2,162,794	1,951,949	
97,000	RIOCAN REIT			2,535,676	2,342,550	
13,875	ROYAL BANK OF CANADA			1,133,263	1,373,486	

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Schedule of Investment Portfolio for Subscriber deposits under Government Grants June 30, 2018 (unaudited) (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
75,825	SHAW COMMUNICATIONS INC			1,990,139	2,030,594	
78,650	TELUS CORPORATION			3,612,611	3,672,955	
186,475	TORC OIL & GAS LTD NEW			1,270,437	1,368,727	
13,975	TORONTO-DOMINION BANK			784,628	1,063,358	
68,936	TRANSCANADA CORPORATION			4,183,951	3,921,080	
53,474	VERMILION ENERGY INC			2,779,882	2,535,202	
285,400	WHITECAP RESOURCES INC			2,491,427	2,542,914	
<b>Total Equity Securities</b>				<b>\$60,095,616</b>	<b>\$60,947,821</b>	20.2%
				<b>\$303,686,691</b>	<b>\$302,342,003</b>	100.0%

## Schedule of Investment Portfolio for Subscriber deposits under Escrow Agreements June 30, 2018 (unaudited)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
117,000	CANADA HOUSING TRUST NO. 1	0.725%	15Sep2020	116,596	117,462	
131,000	CANADA HOUSING TRUST NO. 1	1.250%	15Dec2020	130,932	128,326	
65,000	CANADA HOUSING TRUST NO. 1	2.400%	15Dec2022	65,120	65,143	
83,000	CANADA HOUSING TRUST NO. 1	2.350%	15Jun2023	83,061	82,855	
185,000	GOVERNMENT OF CANADA	1.500%	01Jun2026	184,368	176,392	
17,000	GOVERNMENT OF CANADA	2.000%	01Jun2028	16,813	16,750	
19,000	GOVERNMENT OF CANADA	5.750%	01Jun2033	27,774	27,517	
16,000	GOVERNMENT OF CANADA	3.500%	01Dec2045	21,191	20,203	
86,000	PROVINCE OF ALBERTA	3.450%	01Dec2043	88,621	92,940	
103,000	PROVINCE OF MANITOBA	2.550%	02Jun2023	104,964	103,010	
72,000	PROVINCE OF MANITOBA	6.300%	05Mar2031	94,687	96,800	
88,000	PROVINCE OF NEW BRUNSWICK	4.650%	26Sep2035	102,391	105,359	
120,000	PROVINCE OF NEWFOUNDLAND	1.810%	27Feb2023	120,001	119,875	
120,000	PROVINCE OF NOVA SCOTIA	2.000%	09Nov2022	120,282	120,258	
155,000	PROVINCE OF ONTARIO	2.135%	16Mar2021	157,226	157,158	
115,000	PROVINCE OF ONTARIO	1.528%	27Oct2021	116,180	116,029	
144,000	PROVINCE OF ONTARIO	3.150%	02Jun2022	151,444	147,838	
104,000	PROVINCE OF ONTARIO	1.666%	27Jun2022	104,621	104,457	
105,000	PROVINCE OF ONTARIO	2.400%	02Jun2026	105,715	102,347	
78,000	PROVINCE OF ONTARIO	5.850%	08Mar2033	102,380	104,561	
189,000	PROVINCE OF ONTARIO	3.500%	02Jun2043	199,066	204,833	
22,000	PROVINCE OF ONTARIO	3.450%	02Jun2045	22,395	23,746	
115,000	PROVINCE OF QUEBEC	2.290%	19Oct2023	117,770	117,647	
165,000	PROVINCE OF QUEBEC	1.342%	13Oct2024	165,179	167,647	
197,000	PROVINCE OF QUEBEC	2.750%	01Sep2025	201,670	198,021	
16,000	PROVINCE OF SASKATCHEWAN	3.400%	03Feb2042	16,510	17,017	
<b>Total Fixed Income Securities</b>				<b>\$2,736,957</b>	<b>\$2,734,191</b>	100.0%

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

(relating to a group of Registered Education Savings Plans collectively referred to as The Children's Education Trust of Canada)

## Schedule of Investment Portfolio for the Scholarship Enhancement Fund

June 30, 2018 (unaudited)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
147,000	CANADA HOUSING TRUST NO. 1	0.725%	15Sep2020	146,590	147,581	
166,000	CANADA HOUSING TRUST NO. 1	1.250%	15Dec2020	165,948	162,612	
84,000	CANADA HOUSING TRUST NO. 1	2.400%	15Dec2022	84,155	84,185	
109,000	CANADA HOUSING TRUST NO. 1	2.350%	15Jun2023	109,081	108,809	
247,000	GOVERNMENT OF CANADA	1.500%	01Jun2026	246,328	235,507	
22,000	GOVERNMENT OF CANADA	2.000%	01Jun2028	21,758	21,677	
24,000	GOVERNMENT OF CANADA	5.750%	01Jun2033	35,084	34,758	
21,000	GOVERNMENT OF CANADA	3.500%	01Dec2045	27,795	26,516	
110,000	PROVINCE OF ALBERTA	3.450%	01Dec2043	113,624	118,877	
131,000	PROVINCE OF MANITOBA	2.550%	02Jun2023	133,533	131,013	
92,000	PROVINCE OF MANITOBA	6.300%	05Mar2031	121,278	123,688	
113,000	PROVINCE OF NEW BRUNSWICK	4.650%	26Sep2035	131,045	135,290	
150,000	PROVINCE OF NEWFOUNDLAND	1.810%	27Feb2023	150,001	149,844	
150,000	PROVINCE OF NOVA SCOTIA	2.000%	09Nov2022	150,352	150,323	
195,000	PROVINCE OF ONTARIO	2.135%	16Mar2021	197,847	197,714	
145,000	PROVINCE OF ONTARIO	1.528%	27Oct2021	146,487	146,298	
184,000	PROVINCE OF ONTARIO	3.150%	02Jun2022	193,511	188,904	
129,000	PROVINCE OF ONTARIO	1.666%	27Jun2022	129,771	129,566	
134,000	PROVINCE OF ONTARIO	2.400%	02Jun2026	134,947	130,614	
100,000	PROVINCE OF ONTARIO	5.850%	08Mar2033	131,376	134,052	
242,000	PROVINCE OF ONTARIO	3.500%	02Jun2043	254,896	262,272	
29,000	PROVINCE OF ONTARIO	3.450%	02Jun2045	29,521	31,302	
185,000	PROVINCE OF QUEBEC	2.290%	19Oct2023	189,457	189,259	
218,000	PROVINCE OF QUEBEC	1.342%	13Oct2024	218,255	221,497	
268,000	PROVINCE OF QUEBEC	2.750%	01Sep2025	274,149	269,391	
21,000	PROVINCE OF SASKATCHEWAN	3.400%	03Feb2042	21,670	22,335	
<b>Total Fixed Income Securities</b>				<b>\$3,558,459</b>	<b>\$3,553,884</b>	100.0%

## Summary of Schedules of Investment Portfolio

June 30, 2018 (unaudited)

	Average Cost (\$)	Fair Value (\$)
Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements	777,227,972	789,192,838
Schedule of Investment Portfolio for Government Grants	303,686,691	302,342,003
Schedule of Investment Portfolio for Subscriber deposits under Escrow Agreements	2,736,957	2,734,191
Schedule of Investment Portfolio for the Scholarship Enhancement Fund	3,558,459	3,553,884
	<b>\$1,087,210,079</b>	<b>\$1,097,822,916</b>



THE CHILDREN'S EDUCATION  
TRUST OF CANADA  
Offered to the public by  
CHILDREN'S EDUCATION FUNDS INC.

Administered by  
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FOUNDATION OF CANADA

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