



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, 2019



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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)

Interim Statements of Financial Position	as at June 30, 2019	as at December 31, 2018
	(Unaudited)	(Audited)

Assets

Cash	\$8,222,803	\$2,582,184
Investments, at fair value (Note 6)	1,101,889,265	1,044,645,487
Accrued interest	4,209,798	4,060,884
Dividends receivable	363,641	235,798
Government grants receivable	724,007	2,054,703
Receivables for securities sold	4,837,131	-
Total assets	1,120,246,645	1,053,579,056

Liabilities

Due to Scholarship Plan Dealer (Note 10)	149,614	826,643
Payables for securities purchased	3,306,447	8,991,001
Subscriber liability due to terminations	6,933,472	8,138,413
	10,389,533	17,956,057
Net assets attributable to subscribers and beneficiaries	\$1,109,857,112	\$1,035,622,999

Net assets attributable to subscribers and beneficiaries represented by:

Subscriber deposits received in advance	\$731,308	\$863,094
Subscriber deposits under scholarship agreements	547,504,580	549,614,101
Subscriber deposits under escrow agreements	2,224,241	2,179,950
Accumulated investment income earned on subscriber deposits	231,366,439	191,539,442
Accumulated investment income earned under escrow agreements	1,157,966	998,844
Government grants (Note 3)	220,649,603	217,365,560
Accumulated investment income earned on government grants	91,518,858	69,675,090
Funds for Scholarship Enhancements (Note 9)	14,462,060	3,255,153
Funds for Enrichment (Note 9)	242,057	131,765
Net assets attributable to subscribers and beneficiaries	\$1,109,857,112	\$1,035,622,999

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 Comprehensive Income

	For the six months ended June 30, 2019 (Unaudited)	For the six months ended June 30, 2018 (Unaudited)
Income		
Interest income earned on subscriber deposits	\$8,566,647	\$7,941,492
Interest income earned on subscriber deposits under escrow agreements	38,298	30,538
Interest income earned on government grants	3,168,339	2,818,298
Interest income earned on funds for Scholarship Enhancements	43,821	37,099
Investment income earned on funds for Enrichment	1,378	922
Dividend income earned on subscriber deposits	1,449,066	4,262,336
Dividend income earned on government grants	684,845	1,325,840
Realized gains (losses) on sale of investments	6,181,841	(2,367,769)
Net change in unrealized gains (losses)	56,215,877	(11,140,218)
Total income	76,350,112	2,908,538
Expenses		
Administration fees	263,468	296,218
Trustee fees	82,532	83,805
Portfolio management fees	658,895	1,396,815
Total expenses	1,004,895	1,776,838
Increase in net assets attributable to subscribers and beneficiaries	\$75,345,217	\$1,131,700

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 June 30, 2019 (Unaudited)	For the six months ended June 30, 2018 (Unaudited)
Net assets attributable to subscribers and beneficiaries, beginning of period	\$1,035,622,999	\$1,095,677,352
Increase in net assets attributable to subscribers and beneficiaries	75,345,217	1,131,700
Transactions with subscribers and beneficiaries		
Subscriber deposits	25,569,806	28,109,115
Fees deducted from subscriber deposits (Note 10)	(5,807,958)	(6,107,248)
Subscriber deposit withdrawals due to termination	(2,680,844)	(3,761,054)
Subscriber deposit withdrawals due to maturing plans	(19,278,021)	(16,972,542)
Canada Education Savings Grants	3,825,786	5,391,238
Canada Learning Bonds	158,100	59,800
Provincial Savings Grants	228,864	293,663
Total transactions with subscribers and beneficiaries	2,015,733	7,012,972
Disbursements to beneficiaries		
Education assistance payments		
Scholarships	1,776,784	1,682,697
Government grants	1,322,849	1,302,279
Refund of enrolment fees	27,204	26,878
Total disbursements to beneficiaries	3,126,837	3,011,854
Increase in net assets attributable to subscribers and beneficiaries	74,234,113	5,132,818
Net assets attributable to subscribers and beneficiaries, end of period	\$1,109,857,112	\$1,100,810,170

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 Cash Flows

	For the six months ended June 30, 2019 (Unaudited)	For the six months ended June 30, 2018 (Unaudited)
Operating Activities		
Increase in net assets attributable to subscribers and beneficiaries	\$75,345,217	\$1,131,700
Non-cash items		
Realized (gains) losses on sale of investments	(6,181,841)	2,367,769
Net change in unrealized (gains) losses	(56,215,877)	11,140,218
Amortization of discounts and premiums on investments	1,429,656	3,319,413
(Increase) decrease in accrued interest	(148,914)	25,581
Increase in dividends receivable	(127,843)	(132,468)
Increase (decrease) in due to Scholarship Plan Dealer	(677,029)	221,394
Purchases of investments	(1,290,614,536)	(1,724,424,067)
Proceeds from the sale of investments	1,283,817,134	1,705,081,416
	6,625,967	(1,269,044)
Financing Activities		
Subscriber deposits received under scholarship agreements	25,415,945	27,955,471
Payments out of subscriber deposits under scholarship agreements	(28,862,193)	(26,232,508)
Subscriber deposits received under escrow agreements	153,861	153,644
Payments out of subscriber deposits under escrow agreements	(109,570)	(102,068)
Government grants received	5,543,446	6,272,221
Education assistance payments	(3,099,633)	(2,984,976)
Return of enrolment fees	(27,204)	(26,878)
	(985,348)	5,034,906
Cash flow from (used in) financing activities		
Net increase in cash	5,640,619	3,765,862
Cash, beginning of period	2,582,184	2,121,393
Cash, end of period	\$8,222,803	\$5,887,255
Supplemental information:		
Interest received	\$14,707,224	\$16,488,952
Dividends received, net of withholding tax	\$2,006,068	\$5,478,518

See accompanying notes to the unaudited interim financial statements.

THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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Notes to the Unaudited Interim Condensed Financial Statements

June 30, 2019

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, 2019.

3. Summary of significant accounting policies

Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial instruments.

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 Foundation's accounting policies related to financial liabilities are classified as amortized cost. The Foundation does not purchase or sell derivative financial instruments.

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.

The Plans' have a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis that is primarily focused on fair value information and uses that information to assess the investments performance in accordance with the Plans' investment strategy. For such a portfolio the collection of contractual cash flows is only incidental to achieving the Plans' investment objectives. The assessment and decision on the business model approach used is an accounting judgement.

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June 30, 2019

3. Summary of significant accounting policies (continued)

The Plans have elected to designate investments in fixed income securities at fair value upon adoption of IFRS 9 in order to eliminate a measurement inconsistency, as the obligation for net assets attributable to subscribers and beneficiaries are measured at FVTPL.

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 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	Designated as at 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 prospectively, and the Foundation has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement requirements.

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 allocated to specific beneficiaries by the Foundation. As at June 30, 2019 there was a net unrealized gains of \$10,612,837 (December 31, 2018 – \$58,914,297) 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 uses an 'expected credit loss' (ECL) model. The impairment model applies to financial assets measured at amortized cost, but not to investments measured as FVTPL.

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.

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 fair value. 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

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3. Summary of significant accounting policies (continued)

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 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 \$47,630 are eligible for an additional 20% of CESG on the first \$500 contributed. Families with annual income between \$47,630 and \$95,259 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 \$43,790 are eligible for an additional 10% on contributions to a maximum of \$50. Families with annual income between \$43,701 and \$87,575 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, 2019. The financial results of this segment are equivalent to the financial statements of the Foundation as a whole.

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.

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 Designated as at FVTPL.

The Plans' have a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis that is primarily focused on fair value information and uses that information to assess the investments performance in accordance with the Plans' investment strategy. For such a portfolio the collection of contractual cash flows is only incidental to achieving the Plans' investment objectives. The assessment and decision on the business model approach used is an accounting judgement. The Plans have elected to designate investments in fixed income securities at fair value upon adoption of IFRS 9 in order to eliminate a measurement inconsistency, as the obligation for net assets attributable to subscribers and beneficiaries are measured at FVTPL.

6. Risks associated with financial instruments

The Foundation is exposed to various types of risks that are associated with its investment strategies, financial instruments

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6. Risks associated with financial instruments (continued)

and markets in which it invests. The most important risks include credit risk, liquidity risk and market risk (which includes interest 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:

	June 30, 2019	<u>December 31, 2018</u>
Cash	\$ 8,222,803	\$ 2,582,184
Investment in debt securities	911,725,319	883,128,815
	<u>\$ 919,948,122</u>	<u>\$ 885,710,999</u>

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

Asset class	June 30, 2019	<u>December 31, 2018</u>
Government - Federal	\$328,216,869	\$305,960,032
Government - Provincial	414,948,048	387,100,553
Financial institution bonds	121,911,718	134,731,463
Corporate Bonds	17,688,184	23,432,767
Equity-linked notes	28,960,500	31,904,000
Total	<u>\$911,725,319</u>	<u>\$883,128,815</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, 2019</u>	<u>December 31, 2018</u>
AAA	33.4%	30.7%
AA	46.4%	43.3%
A	19.0%	24.9%
BBB	1.2%	1.1%

* 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

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6. Risks associated with financial instruments (continued)

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 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 three 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:

Instruments by Maturity at Face Value	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Due in one year or less	23.2%	22.5%
Due one year through five years	30.0%	34.3%
Due after five years	46.8%	43.2%

As at June 30, 2019, 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 \$882,764,819 (December 31, 2018 - \$851,224,814) which excludes equity-linked notes would have decreased or increased by approximately \$13,317,000 (December 31, 2018 - \$13,320,000). 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, 2019 was \$190,163,946 (December 31, 2018 - \$219,124,446). As at June 30, 2019, 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 \$210,163,946 (December 31, 2018 - \$193,420,673) would increase or decrease by approximately \$2,049,639 (December 31, 2018 - \$1,761,667). 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, 2019 was \$26,661,426 (December 31, 2018 - \$21,484,661). As at June 30, 2019, 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 \$1,333,071 (December 31, 2018 - \$1,074,233).

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,

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6. Risks associated with financial instruments (continued)

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 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, 2019 and December 31, 2018:

As at June 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 190,163,946	\$ -	\$ -	\$ 190,163,946
Bonds and treasury bills	-	882,764,819	-	882,764,819
Equity-linked notes	-	-	28,960,500	28,960,500
	<u>\$ 190,163,946</u>	<u>\$ 882,764,819</u>	<u>\$ 28,960,500</u>	<u>\$ 1,101,889,265</u>

As at December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 161,516,673	\$ -	\$ -	\$ 161,516,673
Bonds and treasury bills	-	851,224,814	-	851,224,814
Equity-linked notes	-	-	31,904,000	31,904,000
	<u>\$ 161,516,673</u>	<u>\$ 851,224,814</u>	<u>\$ 31,904,000</u>	<u>\$ 1,044,645,487</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 Companies 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, 2019</u>	<u>For the year ended</u> <u>December 31, 2018</u>
Balance - beginning of period	<u>\$ 31,904,000</u>	\$ 39,599,000
Maturity of note	<u>(5,000,000)</u>	(5,000,000)
Increase (decrease) in unrealized gains	<u>2,056,500</u>	(2,695,000)
Balance - end of period	<u>\$ 28,960,500</u>	<u>\$ 31,904,000</u>

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7. Financial instruments by category

The following table presents the carrying amounts of the Foundation's financial assets by category as at June 30, 2019 and December 31, 2018. All of the Foundation's financial liabilities as at June 30, 2019 and December 31, 2018 were measured at amortized cost.

As at June 30, 2019

	Financial Assets at Fair Value			Total
	FVTPL	Designated at FVTPL	Financial assets at amortized cost	
Investments	\$1,072,928,765	\$28,960,500	\$ -	\$1,101,889,265
Cash	-	-	8,222,803	8,222,803
Accrued interest	-	-	4,209,798	4,209,798
Dividends receivable	-	-	363,641	363,641
Government grants receivable	-	-	724,007	724,007
Receivables for securities sold	-	-	4,837,131	4,837,131
	<u>\$1,072,928,765</u>	<u>\$28,960,500</u>	<u>\$18,357,380</u>	<u>\$1,120,246,645</u>

As at December 31, 2018

	Financial Assets at Fair Value			Total
	FVTPL	Designated at FVTPL	Financial assets at amortized cost	
Investments	\$1,012,741,487	\$31,904,000	\$-	\$1,044,645,487
Cash	-	-	2,582,184	2,582,184
Accrued interest	-	-	4,060,884	4,060,884
Dividends receivable	-	-	235,798	235,798
Government grants receivable	-	-	2,054,703	2,054,703
Receivables for securities sold	-	-	-	-
	<u>\$1,012,741,487</u>	<u>\$31,904,000</u>	<u>\$8,933,569</u>	<u>\$1,053,579,056</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.

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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, 2019</u>	<u>For the six months ended</u> <u>June 30, 2018</u>
Balance, beginning of period	\$ 3,255,153	\$ 8,228,194
Interest and dividend income after maturity date	11,018,095	1,346,042
Investment income earned on fund balance	59,380	27,445
Return of sales charges	(11,966)	(15,895)
Net change in unrealized (losses) gains	141,398	(20,147)
	<hr/>	<hr/>
Balance, end of period	\$ 14,462,060	\$ 9,565,639

Funds for Enrichment

	<u>For the six months ended</u> <u>June 30, 2019</u>	<u>For the six months ended</u> <u>June 30, 2018</u>
Balance, beginning of period	\$ 131,765	\$ 116,212
Interest and dividend income after maturity date	124,152	12,842
Investment income earned on fund balance	1,378	922
Return of sales charges	(15,238)	(10,983)
Balance, end of period	<hr/> <u>\$ 242,057</u>	<hr/> <u>\$ 118,993</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, 2019 the amount payable to the Scholarship Plan Dealer was \$149,614 (December 31, 2018 - \$682,352). Fees charged in the six months ended June 30, 2019 and June 30, 2018 are as follows:

	<u>For the six months ended</u> <u>June 30, 2019</u>	<u>For the six months ended</u> <u>June 30, 2018</u>
<i>Paid directly by subscriber</i>		
Sales charges	\$ 1,039,007	\$ 1,213,618
Group insurance premiums	971,810	1,040,087
Depository fees	438,753	474,537
Annual administration fees on subscriber deposits	2,829,049	2,850,835
Service charges	529,339	528,172
	<hr/>	<hr/>
<i>Deducted from Foundation's income</i>		
Administration fees	\$ 263,468	\$ 296,218

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, 2019 was \$ nil (June 30, 2018 - \$ nil).

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Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements

June 30, 2019 (unaudited)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
5,795,000	GOVERNMENT OF CANADA		11 Jul 2019	5,792,151	5,791,639
51,190,000	GOVERNMENT OF CANADA		25 Jul 2019	51,129,945	51,128,572
2,830,000	GOVERNMENT OF CANADA		08 Aug 2019	2,824,995	2,824,793
13,630,000	GOVERNMENT OF CANADA		22 Aug 2019	13,597,402	13,596,061
47,000,000	GOVERNMENT OF CANADA		03 Oct 2019	46,795,613	46,793,200
6,920,000	PROVINCE OF BRITISH COLUMBIA		10 Jul 2019	6,916,687	6,916,056
7,840,000	PROVINCE OF ONTARIO		31 Jul 2019	7,828,371	7,826,750
7,000,000	PROVINCE OF SASKATCHEWAN		11 Jul 2019	6,996,313	6,995,730
100,000	ROYAL BANK OF CANADA		02 Jul 2019	100,000	100,000
830,000	UNITED STATES TREASURY BILL		22 Aug 2019	1,094,992	1,083,178
1,000,000	ALTALINK LP	3.717%	03 Dec 2046	1,045,996	1,129,000
115,000	ANHEUSER-BUSCH INBEV FINANCE	2.600%	15 May 2024	115,351	115,243
860,000	BANK OF NOVA SCOTIA	2.909%	20 Apr 2021	1,007,625	1,129,730
15,000	BANK OF AMERICA CORP	3.301%	24 Apr 2024	14,973	15,453
1,565,000	BANK OF MONTREAL	2.480%	30 Mar 2020	1,565,021	1,567,598
150,000	BANK OF MONTREAL	2.776%	13 Jul 2020	173,701	196,620
170,000	BANK OF MONTREAL	1.880%	31 Mar 2021	170,113	169,876
190,000	BANK OF MONTREAL	2.896%	13 Apr 2021	229,352	249,609
165,000	BANK OF MONTREAL	2.270%	11 Jul 2022	164,817	166,269
185,000	BANK OF MONTREAL	2.398%	01 Feb 2023	184,504	185,265
305,000	BANK OF MONTREAL	2.700%	11 Sep 2024	304,971	313,918
3,815,000	BANK OF MONTREAL	3.190%	01 Mar 2028	3,815,276	4,084,682
2,720,000	BANK OF MONTREAL	2.890%	20 Jun 2023	2,713,526	2,808,645
370,000	BANK OF MONTREAL	3.300%	06 Mar 2024	369,920	378,073
2,330,000	BANK OF NOVA SCOTIA	2.490%	02 Apr 2020	2,330,909	2,334,147
90,000	BANK OF NOVA SCOTIA	2.799%	02 Dec 2021	88,166	89,899
1,075,000	BANK OF NOVA SCOTIA	1.830%	27 Apr 2022	1,057,216	1,071,291
565,000	BANK OF NOVA SCOTIA	2.980%	17 Apr 2023	564,956	584,786
1,660,000	BANK OF NOVA SCOTIA	2.290%	28 Jun 2024	1,646,829	1,674,691
430,000	BANK OF NOVA SCOTIA	2.620%	02 Dec 2026	414,958	441,438
3,680,000	BANK OF NOVA SCOTIA	3.100%	02 Feb 2028	3,705,104	3,912,282
1,630,000	BANK OF NOVA SCOTIA	3.100%	03 Jul 2029	1,631,296	1,630,228
245,000	BHP BILLITON FINANCE	3.230%	15 May 2023	239,502	253,102
10,598,000	CADILLAC FAIRVIEW FINANCE	4.310%	25 Jan 2021	10,785,419	10,994,259
100,000	CAMECO CORPORATION	5.670%	02 Sep 2019	100,430	100,490
2,665,000	CANADA HOUSING TRUST	2.550%	15 Dec 2023	2,674,257	2,764,831
2,765,000	CANADA HOUSING TRUST	2.900%	15 Jun 2024	2,902,929	2,922,826
1,555,000	CANADA HOUSING TRUST NO. 1	1.250%	15 Jun 2021	1,540,030	1,543,571
3,000,000	CANADA HOUSING TRUST NO. 1	2.650%	15 Mar 2022	3,039,148	3,079,770
700,000	CANADA HOUSING TRUST NO. 1	3.150%	15 Sep 2023	723,057	741,762
3,340,000	CANADA HOUSING TRUST NO. 1	2.100%	15 Sep 2029	3,363,600	3,409,906
1,775,000	CANADA HOUSING TRUST NO. 1	3.350%	15 Dec 2020	1,814,332	1,817,245
5,720,000	CANADA HOUSING TRUST NO. 1	2.400%	15 Dec 2022	5,790,797	5,864,659
1,790,000	CANADA HOUSING TRUST NO. 1	1.950%	15 Dec 2025	1,733,158	1,808,885
6,825,000	CANADA HOUSING TRUST NO. 1	1.900%	15 Sep 2026	6,781,345	6,866,837
10,420,000	CANADA HOUSING TRUST NO. 1	2.000%	15 Dec 2019	10,412,046	10,430,941
560,000	CANADA POST CORP	4.080%	16 Jul 2025	615,829	631,826
205,000	CDN IMPERIAL BANK OF COMMERCE	3.439%	13 Sep 2023	256,347	268,333
140,000	CANADIAN NATURAL RESOURCES	3.420%	01 Dec 2026	140,618	144,508
260,000	CAPITAL DESJARDINS INC.	5.187%	05 May 2020	265,513	266,612
1,051,000	CAPITAL DESJARDINS INC.	4.954%	15 Dec 2026	1,136,598	1,117,938
1,650,000	CDN IMPERIAL BANK OF COMMERCE	2.431%	08 Dec 2020	1,651,452	1,654,637
455,000	CDN IMPERIAL BANK OF COMMERCE	1.900%	26 Apr 2021	455,251	454,654
145,000	CDN IMPERIAL BANK OF COMMERCE	2.300%	11 Jul 2022	145,098	146,328
1,700,000	CDN IMPERIAL BANK OF COMMERCE	2.970%	11 Jul 2023	1,699,673	1,759,415
1,400,000	CDN IMPERIAL BANK OF COMMERCE	3.290%	15 Jan 2024	1,400,612	1,456,014
5,620,000	CDN IMPERIAL BANK OF COMMERCE	3.300%	26 May 2025	5,700,638	5,975,746
1,895,000	CDN IMPERIAL BANK OF COMMERCE	2.950%	19 Jun 2029	1,894,906	1,902,466
6,632,000	CDP FINANCIAL INC	4.600%	15 Jul 2020	6,765,407	6,815,507
120,000	CITIGROUP INC	4.090%	09 Jun 2025	124,011	126,986
155,000	ENBRIDGE INC	3.950%	19 Nov 2024	155,733	165,511
275,000	FEDERATION DES CAISSES	2.394%	25 Aug 2022	275,000	278,542
170,000	FEDERATION DES CAISSES	3.056%	11 Sep 2023	170,000	175,277
80,000	GOVERNMENT OF CANADA	0.750%	01 Sep 2020	80,027	79,167
43,558,000	GOVERNMENT OF CANADA	1.750%	01 May 2021	43,825,955	43,773,612
1,190,000	GOVERNMENT OF CANADA	0.500%	01 Mar 2022	1,147,781	1,160,988

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Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements

June 30, 2019 (unaudited) (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
510,000	GOVERNMENT OF CANADA	1.750%	01Mar2023	507,693	516,074
14,270,000	GOVERNMENT OF CANADA	2.250%	01Jun2025	14,394,658	14,946,683
595,000	GOVERNMENT OF CANADA	1.500%	01Jun2026	605,890	597,779
2,864,000	GOVERNMENT OF CANADA	2.000%	01Jun2028	2,911,778	2,993,854
1,815,000	GOVERNMENT OF CANADA	5.750%	01Jun2033	2,574,872	2,764,299
13,425,000	GOVERNMENT OF CANADA	4.000%	01Jun2041	17,751,749	19,078,672
1,297,000	GOVERNMENT OF CANADA	3.500%	01Dec2045	1,709,748	1,793,842
625,000	GREAT-WEST LIFECO INC	2.980%	28Feb2028	627,743	670,038
665,000	HSBC BANK CANADA	2.170%	29Jun2022	665,395	665,259
155,000	HSBC BANK CANADA	2.542%	31Jan2023	155,000	156,869
400,000	HSBC BANK CANADA	2.253%	31Jan2024	400,004	401,032
100,000	HYDRO ONE INC	2.540%	05Apr2024	100,077	101,800
65,000	HYDRO ONE INC	5.490%	16Jul2040	83,569	88,097
210,000	IGM FINANCIAL INC	3.440%	26Jan2027	210,770	218,994
1,615,000	LABRADOR-ISLAND LINK	3.760%	01Jun2033	1,806,236	1,916,084
565,000	LABRADOR-ISLAND LINK	3.860%	01Dec2045	698,774	726,935
260,000	MANUFACTURERS LIFE INSURANCE CO	3.181%	22Nov2027	262,669	268,393
2,595,000	MANULIFE BANK OF CANADA	2.000%	04Mar2021	2,596,570	2,604,057
365,000	MANULIFE BANK OF CANADA	2.082%	26May2022	364,920	364,953
105,000	MANULIFE BANK OF CANADA	2.844%	12Jan2023	103,766	107,463
70,000	MANULIFE FINANCIAL CORP	5.059%	15Dec2036	80,427	84,326
345,000	MANULIFE FINANCIAL CORP	7.405%	31Dec2108	382,404	353,425
3,699,000	MCGILL UNIVERSITY HEALTH	5.360%	31Dec2043	4,664,140	5,269,595
725,000	MUSKRAT FALLS LABRADOR	3.630%	01Jun2029	798,170	830,517
25,000	NATIONAL BANK OF CANADA	2.105%	18Mar2022	24,804	25,084
396,874	NEW BRUNSWICK PROJECT	6.470%	30Nov2027	462,203	468,236
715,000	NHA MORTGAGE BACKED SECURITIES	1.720%	01Oct2020	634,983	505,584
2,465,000	NHA MORTGAGE BACKED SECURITIES	1.784%	01Apr2021	1,897,642	1,312,243
860,000	NHA MORTGAGE BACKED SECURITIES	2.124%	01Jun2021	763,252	725,685
125,000	NHA MORTGAGE BACKED SECURITIES	1.620%	01Mar2022	109,203	100,523
125,000	NHA MORTGAGE BACKED SECURITIES	1.420%	01Jun2022	112,415	104,150
200,000	NHA MORTGAGE BACKED SECURITIES	1.890%	01Sep2022	182,727	176,236
375,000	NHA MORTGAGE BACKED SECURITIES	2.360%	01Dec2022	331,286	313,369
500,000	NHA MORTGAGE BACKED SECURITIES	1.690%	01Feb2023	451,231	453,320
115,000	NHA MORTGAGE BACKED SECURITIES	2.124%	01May2023	107,507	116,600
320,000	NHA MORTGAGE BACKED SECURITIES	2.690%	01Nov2023	308,207	328,176
765,000	NHA MORTGAGE BACKED SECURITIES	5.375%	01Jul2028	509,555	440,900
325,000	NHA MORTGAGE-BACKED SECURITIES	1.750%	01Jun2024	323,557	322,953
165,000	NORTH WEST REDWATER	3.200%	22Jul2024	167,722	171,324
2,680,000	NORTH WEST REDWATER	4.150%	01Jun2033	2,674,438	2,976,033
60,000	NORTH WEST REDWATER	4.050%	22Jul2044	62,575	66,311
250,000	OMERS REALTY CORP	2.858%	23Feb2024	250,562	257,310
4,170,000	OPB FINANCE TRUST	3.890%	04Jul2042	4,199,078	4,965,469
3,000,000	OPB FINANCE TRUST	2.980%	25Jan2027	2,998,819	3,149,220
4,240,943	ORNGE ISSUER TRUST	5.727%	11Jun2034	4,557,503	4,568,386
125,000	PEMBINA PIPELINE CORP	3.540%	03Feb2025	122,524	130,553
240,000	PEPSICO INC	2.150%	06May2024	235,231	240,190
740,000	PROVINCE OF QUEBEC	6.250%	01Jun2032	979,371	1,066,606
2,756,000	PROVINCE OF ALBERTA	2.200%	01Jun2026	2,759,252	2,787,170
1,280,000	PROVINCE OF ALBERTA	2.550%	01Jun2027	1,242,399	1,321,715
405,000	PROVINCE OF ALBERTA	2.900%	01Dec2028	403,837	429,879
1,955,000	PROVINCE OF ALBERTA	3.500%	01Jun2031	2,073,476	2,199,571
3,370,000	PROVINCE OF ALBERTA	3.900%	01Dec2033	3,746,460	3,983,340
425,000	PROVINCE OF ALBERTA	3.450%	01Dec2043	451,570	494,369
1,059,000	PROVINCE OF ALBERTA	3.300%	01Dec2046	1,065,955	1,215,213
1,472,000	PROVINCE OF ALBERTA	3.050%	01Dec2048	1,433,187	1,627,237
3,750,000	PROVINCE OF BRITISH COLUMBIA	3.250%	18Dec2021	3,879,979	3,892,013
2,360,000	PROVINCE OF BRITISH COLUMBIA	6.350%	18Jun2031	3,090,522	3,391,462
1,445,000	PROVINCE OF BRITISH COLUMBIA	4.300%	18Jun2042	1,692,719	1,927,457
2,310,000	PROVINCE OF BRITISH COLUMBIA	2.800%	18Jun2048	2,225,466	2,502,631
4,435,000	PROVINCE OF BRITISH COLUMBIA	5.700%	18Jun2029	5,540,413	5,854,244
2,504,000	PROVINCE OF MANITOBA	3.300%	02Jun2024	2,526,668	2,674,773
670,000	PROVINCE OF MANITOBA	2.600%	02Jun2027	652,176	692,787
880,000	PROVINCE OF MANITOBA	3.000%	02Jun2028	871,621	936,646
1,265,000	PROVINCE OF MANITOBA	6.300%	05Mar2031	1,680,434	1,775,921

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June 30, 2019 (unaudited) (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
200,000	PROVINCE OF MANITOBA	5.700%	05Mar2037	265,853	288,362
1,930,000	PROVINCE OF MANITOBA	4.650%	05Mar2040	2,322,160	2,557,289
1,080,000	PROVINCE OF MANITOBA	4.050%	05Sep2045	1,198,862	1,369,796
1,217,000	PROVINCE OF MANITOBA	2.850%	05Sep2046	1,212,012	1,270,219
1,316,000	PROVINCE OF NEW BRUNSWICK	1.550%	04May2022	1,299,301	1,309,302
1,130,000	PROVINCE OF NEW BRUNSWICK	4.550%	26Mar2037	1,297,046	1,431,642
1,815,000	PROVINCE OF NEW BRUNSWICK	4.800%	26Sep2039	2,239,478	2,408,578
3,430,000	PROVINCE OF NEWFOUNDLAND	2.379%	27Feb2023	3,430,024	3,432,024
2,750,000	PROVINCE OF NEWFOUNDLAND	2.242%	17Mar2024	2,750,000	2,750,055
880,000	PROVINCE OF NEWFOUNDLAND	4.500%	17Apr2037	997,932	1,094,157
2,580,000	PROVINCE OF NEWFOUNDLAND	3.300%	17Oct2046	2,435,185	2,812,484
410,000	PROVINCE OF NOVA SCOTIA	4.450%	24Oct2021	431,790	435,289
225,000	PROVINCE OF NOVA SCOTIA	2.320%	09Nov2022	225,407	225,594
6,578,000	PROVINCE OF NOVA SCOTIA	2.150%	01Jun2025	6,519,565	6,663,580
4,100,000	PROVINCE OF NOVA SCOTIA	4.400%	01Jun2042	4,702,709	5,410,114
6,700,000	PROVINCE OF ONTARIO	2.100%	08Sep2019	6,702,503	6,703,216
2,730,000	PROVINCE OF ONTARIO	4.200%	02Jun2020	2,791,957	2,790,251
8,575,000	PROVINCE OF ONTARIO	4.000%	02Jun2021	8,947,016	8,949,299
1,245,000	PROVINCE OF ONTARIO	1.350%	08Mar2022	1,229,685	1,233,895
1,505,000	PROVINCE OF ONTARIO	2.279%	21Aug2023	1,503,456	1,505,391
2,040,000	PROVINCE OF ONTARIO	2.600%	08Sep2023	2,088,157	2,107,177
6,025,000	PROVINCE OF ONTARIO	2.600%	02Jun2025	6,059,624	6,254,372
1,460,000	PROVINCE OF ONTARIO	2.400%	02Jun2026	1,480,147	1,498,135
900,000	PROVINCE OF ONTARIO	2.600%	02Jun2027	880,613	934,605
3,445,000	PROVINCE OF ONTARIO	6.500%	08Mar2029	4,484,710	4,736,220
3,290,000	PROVINCE OF ONTARIO	5.850%	08Mar2033	4,309,805	4,644,855
2,778,000	PROVINCE OF ONTARIO	4.700%	02Jun2037	3,237,310	3,680,951
2,365,000	PROVINCE OF ONTARIO	4.650%	02Jun2041	2,866,765	3,222,856
3,493,000	PROVINCE OF ONTARIO	3.450%	02Jun2045	3,747,563	4,122,474
1,886,000	PROVINCE OF ONTARIO	2.800%	02Jun2048	1,889,935	2,006,440
8,048,000	PROVINCE OF PRINCE EDWARD ISLAND	4.250%	24Sep2019	8,062,271	8,090,896
1,500,000	PROVINCE OF PRINCE EDWARD ISLAND	6.100%	29Jul2027	1,598,334	1,922,700
5,060,000	PROVINCE OF QUEBEC	4.250%	01Dec2021	5,332,105	5,368,964
1,195,000	PROVINCE OF QUEBEC	9.375%	16Jan2023	1,457,103	1,503,418
8,745,000	PROVINCE OF QUEBEC	3.750%	01Sep2024	9,319,486	9,565,281
5,739,000	PROVINCE OF QUEBEC	2.511%	13Oct2024	5,795,333	5,828,241
9,905,000	PROVINCE OF QUEBEC	2.750%	01Sep2025	10,149,294	10,382,817
1,525,000	PROVINCE OF QUEBEC	8.500%	01Apr2026	2,079,710	2,146,087
2,040,000	PROVINCE OF QUEBEC	5.750%	01Dec2036	2,759,347	3,011,652
12,498,000	PROVINCE OF QUEBEC	3.500%	01Dec2048	14,749,629	15,210,816
1,220,000	PROVINCE OF SASKATCHEWAN	2.650%	02Jun2027	1,190,390	1,268,617
570,000	PROVINCE OF SASKATCHEWAN	6.400%	05Sep2031	761,192	816,468
425,000	PROVINCE OF SASKATCHEWAN	5.800%	05Sep2033	547,539	598,608
305,000	PROVINCE OF SASKATCHEWAN	5.600%	05Sep2035	406,987	432,649
1,310,000	PROVINCE OF SASKATCHEWAN	4.750%	01Jun2040	1,628,574	1,779,137
2,223,000	PROVINCE OF SASKATCHEWAN	3.400%	03Feb2042	2,246,539	2,551,315
1,930,000	PROVINCE OF SASKATCHEWAN	2.750%	02Dec2046	1,855,944	2,008,165
1,116,000	PROVINCE OF SASKATCHEWAN	3.300%	02Jun2048	1,117,420	1,290,498
2,330,000	PSP CAPITAL INC	3.290%	04Apr2024	2,337,054	2,485,761
40,000	ROYAL BANK OF CANADA	2.030%	15Mar2021	40,054	40,065
370,000	ROYAL BANK OF CANADA	1.968%	02Mar2022	361,481	369,919
1,655,000	ROYAL BANK OF CANADA	2.000%	27Jun2022	1,655,000	1,656,440
205,000	ROYAL BANK OF CANADA	2.949%	01May2023	205,000	211,941
180,000	ROYAL BANK OF CANADA	3.296%	26Sep2023	180,000	187,303
210,000	ROYAL BANK OF CANADA	2.333%	05Dec2023	210,000	212,321
1,662,000	ROYAL BANK OF CANADA	4.930%	16Jul2025	1,894,277	1,926,192
12,284,000	ROYAL OFFICE FINANCE LP	5.209%	12Nov2032	13,655,857	15,326,992
65,000	SCOTIABANK CAPITAL TRUST	5.650%	31Dec2056	76,449	82,341
1,500,000	SINAI HEALTH SYSTEM	3.527%	09Jun2056	1,500,000	1,672,395
170,000	SMART REIT	3.444%	28Aug2026	167,789	173,092
945,805	SNC-LAVALIN INNISFREE	6.632%	30Jun2044	1,198,265	1,269,696
250,000	SUNCOR ENERGY INC	3.000%	14Sep2026	250,198	257,303
700,000	SUNLIFE CAP TRUST II	5.863%	31Dec2108	764,380	711,949
10,058,000	TCHC ISSUER TRUST	5.395%	22Feb2040	13,149,176	13,882,957
710,000	THE CANADA LIFE ASSURANCE	6.400%	11Dec2028	865,171	930,668

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Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
1,500,000	THE HOSPITAL FOR SICK CHILDREN	3.416%	07Dec2057	1,500,000	1,684,665	
610,000	TORONTO DOMINION BANK	2.754%	18Feb2020	611,676	612,288	
165,000	TORONTO DOMINION BANK	1.680%	08Jun2021	162,613	164,673	
155,000	TORONTO DOMINION BANK	2.621%	22Dec2021	157,051	157,506	
1,450,000	TORONTO DOMINION BANK	3.005%	30May2023	1,450,310	1,503,389	
1,585,000	TORONTO DOMINION BANK	2.616%	28Jun2024	1,585,000	1,592,877	
115,000	TORONTO DOMINION BANK	3.226%	24Jul2024	115,087	121,397	
1,375,000	TORONTO DOMINION BANK	3.589%	14Sep2028	1,371,418	1,428,433	
170,000	TORONTO DOMINION BANK	1.909%	18Jul2023	170,000	169,204	
335,000	TORONTO-DOMINION BANK	2.850%	08Mar2024	335,000	343,308	
830,000	TORONTO-DOMINION BANK	2.496%	02Dec2024	829,569	834,615	
185,000	TRANSCANADA PIPELINES LTD	3.300%	17Jul2025	191,594	193,836	
100,000	TRANSCANADA TR	4.650%	18May2077	100,161	95,508	
310,000	UNITED STATES TREASURY BONDS	3.125%	15May2048	384,512	455,341	
125,000	WELLS FARGO & CO	3.874%	21May2025	127,989	131,600	
650,000	WELLS FARGO & CO	2.975%	19May2026	639,529	660,784	
1,725,000	YUKON DEVELOPMENT CORP	5.000%	29Jun2040	2,167,868	2,329,526	
1,400,000	ONTARIO HYDRO		11Apr2031	1,009,397	1,038,436	
	Total Fixed Income Securities			604,479,791	623,007,474	79.8%
	Variable Rate Securities					
10,000,000	TORONTO DOMINION BANK CANADIAN INDEX LINKED NOTE		11Oct2022	10,000,000	12,868,800	
10,000,000	TORONTO DOMINION BANK U.S. INDEX LINKED NOTE		11Oct2022	10,000,000	16,091,700	
	Total Variable Rate Securities			20,000,000	28,960,500	3.7%
Shares / Units	Equity Securities					
63,700	ALIMENTATION COUCHE-TARD			4,357,860	5,249,517	
66,125	ATCO LTD-CL I NON-VOTING			2,719,916	2,918,758	
34,600	BANK OF MONTREAL			3,389,886	3,422,632	
56,175	BANK OF NOVA SCOTIA			4,011,932	3,951,350	
153,875	BMO S&P 500 INDEX ETF			3,683,127	6,513,529	
79,250	BROOKFIELD ASSET MANAGEMENT			4,419,134	4,965,013	
40,650	CAE INC			1,229,600	1,431,287	
42,425	CANADIAN NATIONAL RAILWAY			4,467,977	5,141,910	
17,800	CANADIAN PACIFIC RAILWAY			4,609,911	5,490,050	
65,550	CCL INDUSTRIES INC			3,547,917	4,209,621	
44,750	CGI INC			3,862,146	4,505,430	
5,025	CONSTELLATION SOFTWARE INC			4,636,806	6,202,106	
73,825	DOLLARAMA INC			2,333,011	3,401,118	
61,125	GREAT-WEST LIFECO INC			2,055,439	1,842,919	
84,525	IMPERIAL OIL LTD			3,089,055	3,064,877	
27,050	INTACT FINANCIAL CORP			2,780,845	3,273,591	
60,975	LOBLAW COMPANIES LTD			3,817,755	4,088,374	
96,550	METRO INC			4,607,078	4,744,467	
60,750	NATIONAL BANK OF CANADA			3,609,473	3,779,258	
85,225	OPEN TEXT CORP			3,912,939	4,605,559	
123,500	QUEBECOR INC			3,605,635	3,851,965	
34,375	RESTAURANT BRANDS			2,487,696	3,130,531	
25,700	ROGERS COMMUNICATIONS INC			1,813,316	1,801,570	
56,575	ROYAL BANK OF CANADA			4,852,774	5,887,760	
58,675	SAPUTO INC			2,398,620	2,300,060	
96,375	SHAW COMMUNICATIONS INC			2,526,317	2,575,140	
37,275	TELUS CORPORATION			1,749,639	1,804,483	
54,725	THOMSON REUTERS CORP			3,764,621	4,623,168	
46,125	TMX GROUP LIMITED			3,670,653	4,201,988	
71,975	TOROMONT INDUSTRIES LTD			4,022,904	4,467,488	
72,700	TORONTO-DOMINION BANK			4,585,701	5,563,004	
25,850	WASTE CONNECTIONS INC			2,694,610	3,233,835	
68,475	WINPAK LTD			3,108,012	2,958,120	
	Total Equity Securities			112,422,305	129,200,478	16.5%
				\$736,902,096	\$781,168,452	100.0%

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Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
Fixed Income Securities					
555,000	GOVERNMENT OF CANADA		22Aug2019	553,639	553,618
200,000	ROYAL BANK OF CANADA		02Jul2019	200,000	200,000
1,665,000	UNITED STATES TREASURY BILL		22Aug2019	2,196,508	2,172,881
190,000	ANHEUSER-BUSCH INBEV FINANCE	2.600%	15May2024	190,581	190,401
1,440,000	BANK OF NOVA SCOTIA	2.909%	20Apr2021	1,687,094	1,891,642
195,000	BANK OF AMERICA CORP	3.301%	24Apr2024	194,653	200,887
3,230,000	BANK OF MONTREAL	2.480%	30Mar2020	3,230,041	3,235,362
250,000	BANK OF MONTREAL	2.776%	13Jul2020	289,501	327,700
345,000	BANK OF MONTREAL	1.880%	31Mar2021	344,866	344,748
325,000	BANK OF MONTREAL	2.896%	13Apr2021	392,313	426,962
280,000	BANK OF MONTREAL	2.270%	11Jul2022	279,400	282,153
305,000	BANK OF MONTREAL	2.398%	01Feb2023	304,182	305,436
650,000	BANK OF MONTREAL	2.700%	11Sep2024	649,937	669,006
1,250,000	BANK OF MONTREAL	3.190%	01Mar2028	1,245,601	1,338,363
3,055,000	BANK OF MONTREAL	2.890%	20Jun2023	3,046,036	3,154,562
730,000	BANK OF MONTREAL	3.300%	06Mar2024	729,843	745,929
4,490,000	BANK OF NOVA SCOTIA	2.490%	02Apr2020	4,491,809	4,497,992
190,000	BANK OF NOVA SCOTIA	2.799%	02Dec2021	186,128	189,787
2,270,000	BANK OF NOVA SCOTIA	1.830%	27Apr2022	2,238,228	2,262,169
475,000	BANK OF NOVA SCOTIA	2.980%	17Apr2023	475,566	491,635
395,000	BANK OF NOVA SCOTIA	2.290%	28Jun2024	388,361	398,496
725,000	BANK OF NOVA SCOTIA	2.620%	02Dec2026	699,642	744,285
970,000	BANK OF NOVA SCOTIA	3.100%	02Feb2028	969,717	1,031,226
490,000	BHP BILLITON FINANCE	3.230%	15May2023	479,003	506,204
175,000	CAMECO CORPORATION	5.670%	02Sep2019	175,752	175,858
5,450,000	CANADA HOUSING TRUST	2.550%	15Dec2023	5,468,703	5,654,157
2,085,000	CANADA HOUSING TRUST	2.900%	15Jun2024	2,170,463	2,204,012
3,290,000	CANADA HOUSING TRUST NO. 1	1.250%	15Jun2021	3,258,462	3,265,819
7,060,000	CANADA HOUSING TRUST NO. 1	2.100%	15Sep2029	7,107,705	7,207,766
2,835,000	CANADA HOUSING TRUST NO. 1	2.400%	15Dec2022	2,856,757	2,906,697
8,200,000	CANADA HOUSING TRUST NO. 1	1.900%	15Sep2026	8,183,756	8,250,266
1,100,000	CANADA POST CORP	4.080%	16Jul2025	1,209,664	1,241,086
295,000	CDN IMPERIAL BANK OF COMMERCE	3.439%	13Sep2023	368,890	386,137
245,000	CANADIAN NATURAL RESOURCES	3.420%	01Dec2026	246,082	252,889
655,000	CAPITAL DESJARDINS INC.	5.187%	05May2020	673,110	671,657
2,000,000	CAPITAL DESJARDINS INC.	4.954%	15Dec2026	2,156,776	2,127,380
3,005,000	CDN IMPERIAL BANK OF COMMERCE	2.431%	08Dec2020	3,007,644	3,013,444
790,000	CDN IMPERIAL BANK OF COMMERCE	1.900%	26Apr2021	789,850	789,400
250,000	CDN IMPERIAL BANK OF COMMERCE	2.300%	11Jul2022	250,163	252,290
175,000	CDN IMPERIAL BANK OF COMMERCE	2.970%	11Jul2023	175,276	181,116
1,300,000	CDN IMPERIAL BANK OF COMMERCE	3.300%	26May2025	1,304,813	1,382,290
305,000	CITIGROUP INC	4.090%	09Jun2025	315,037	322,757
265,000	ENBRIDGE INC	3.950%	19Nov2024	264,625	282,970
625,000	FEDERATION DES CAISSES	2.394%	25Aug2022	624,028	633,050
305,000	FEDERATION DES CAISSES	3.056%	11Sep2023	305,000	314,467
465,000	GOVERNMENT OF CANADA	0.750%	01Sep2020	465,221	460,159
1,340,000	GOVERNMENT OF CANADA	1.500%	01Jun2026	1,359,093	1,346,258
3,360,000	GOVERNMENT OF CANADA	2.000%	01Jun2028	3,336,502	3,512,342
2,673,000	GOVERNMENT OF CANADA	3.500%	01Dec2045	3,490,975	3,696,946
1,145,000	GREAT-WEST LIFECO INC	2.980%	28Feb2028	1,150,025	1,227,509
1,335,000	HSBC BANK CANADA	2.170%	29Jun2022	1,335,165	1,335,521
400,000	HSBC BANK CANADA	2.542%	31Jan2023	399,450	404,824
800,000	HSBC BANK CANADA	2.253%	31Jan2024	800,008	802,064
170,000	HYDRO ONE INC	2.540%	05Apr2024	170,131	173,060
110,000	HYDRO ONE INC	5.490%	16Jul2040	141,424	149,087
370,000	IGM FINANCIAL INC	3.440%	26Jan2027	371,356	385,847
2,730,000	LABRADOR-ISLAND LINK	3.760%	01Jun2033	3,047,210	3,238,954
925,000	LABRADOR-ISLAND LINK	3.860%	01Dec2045	1,145,632	1,190,114

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Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
420,000	MANUFACTURERS LIFE INSURANCE CO	3.181%	22Nov2027	424,163	433,558
5,245,000	MANULIFE BANK OF CANADA	2.000%	04Mar2021	5,248,195	5,263,305
625,000	MANULIFE BANK OF CANADA	2.082%	26May2022	619,199	624,919
325,000	MANULIFE BANK OF CANADA	2.844%	12Jan2023	321,063	332,625
130,000	MANULIFE FINANCIAL CORP	5.059%	15Dec2036	149,365	156,605
690,000	MANULIFE FINANCIAL CORP	7.405%	31Dec2108	764,809	706,850
1,330,000	MUSKRAT FALLS LABRADOR	3.630%	01Jun2029	1,457,528	1,523,568
110,000	NATIONAL BANK OF CANADA	2.105%	18Mar2022	109,983	110,371
1,175,000	NHA MORTGAGE BACKED SECURITIES	1.720%	01Oct2020	1,042,774	830,854
4,360,000	NHA MORTGAGE BACKED SECURITIES	1.784%	01Apr2021	3,350,151	2,321,046
1,440,000	NHA MORTGAGE BACKED SECURITIES	2.124%	01Jun2021	1,278,004	1,215,101
415,000	NHA MORTGAGE BACKED SECURITIES	1.620%	01Mar2022	362,716	333,735
430,000	NHA MORTGAGE BACKED SECURITIES	1.420%	01Jun2022	386,800	358,276
330,000	NHA MORTGAGE BACKED SECURITIES	1.890%	01Sep2022	301,552	290,789
610,000	NHA MORTGAGE BACKED SECURITIES	2.360%	01Dec2022	538,843	509,747
1,000,000	NHA MORTGAGE BACKED SECURITIES	1.690%	01Feb2023	902,463	906,640
195,000	NHA MORTGAGE BACKED SECURITIES	2.124%	01May2023	182,295	197,712
550,000	NHA MORTGAGE BACKED SECURITIES	2.690%	01Nov2023	529,730	564,053
1,255,000	NHA MORTGAGE BACKED SECURITIES	5.375%	01Jul2028	835,177	723,307
605,000	NHA MORTGAGE-BACKED SECURITIES	1.750%	01Jun2024	602,314	601,189
365,000	NORTH WEST REDWATER	3.200%	22Jul2024	369,728	378,990
100,000	NORTH WEST REDWATER	4.050%	22Jul2044	104,292	110,518
505,000	OMERS REALTY CORP	2.858%	23Feb2024	506,106	519,766
215,000	PEMBINA PIPELINE CORP	3.540%	03Feb2025	211,675	224,550
565,000	PEPSICO INC	2.150%	06May2024	553,753	565,446
1,640,000	PROVINCE OF QUEBEC	6.250%	01Jun2032	2,178,258	2,363,830
2,610,000	PROVINCE OF ALBERTA	2.550%	01Jun2027	2,531,904	2,695,060
765,000	PROVINCE OF ALBERTA	2.900%	01Dec2028	762,804	811,994
3,890,000	PROVINCE OF ALBERTA	3.500%	01Jun2031	4,128,613	4,376,639
3,575,000	PROVINCE OF ALBERTA	3.900%	01Dec2033	3,968,817	4,225,650
945,000	PROVINCE OF ALBERTA	3.450%	01Dec2043	1,006,819	1,099,243
1,340,000	PROVINCE OF BRITISH COLUMBIA	5.700%	18Jun2029	1,663,593	1,768,813
1,345,000	PROVINCE OF MANITOBA	2.600%	02Jun2027	1,309,219	1,390,743
1,805,000	PROVINCE OF MANITOBA	3.000%	02Jun2028	1,787,814	1,921,188
2,540,000	PROVINCE OF MANITOBA	6.300%	05Mar2031	3,371,484	3,565,881
495,000	PROVINCE OF MANITOBA	5.700%	05Mar2037	658,628	713,696
3,830,000	PROVINCE OF MANITOBA	4.650%	05Mar2040	4,610,622	5,074,827
2,020,000	PROVINCE OF MANITOBA	4.050%	05Sep2045	2,252,041	2,562,027
2,345,000	PROVINCE OF NEW BRUNSWICK	4.550%	26Mar2037	2,693,864	2,970,974
3,590,000	PROVINCE OF NEW BRUNSWICK	4.800%	26Sep2039	4,429,601	4,764,074
6,930,000	PROVINCE OF NEWFOUNDLAND	2.379%	27Feb2023	6,930,048	6,934,089
4,720,000	PROVINCE OF NEWFOUNDLAND	2.242%	17Mar2024	4,720,000	4,720,094
1,885,000	PROVINCE OF NEWFOUNDLAND	4.500%	17Apr2037	2,143,495	2,343,734
2,365,000	PROVINCE OF NEWFOUNDLAND	3.300%	17Oct2046	2,305,680	2,578,110
900,000	PROVINCE OF NOVA SCOTIA	4.450%	24Oct2021	948,411	955,512
515,000	PROVINCE OF NOVA SCOTIA	2.320%	09Nov2022	515,932	516,360
5,765,000	PROVINCE OF ONTARIO	4.200%	02Jun2020	5,895,836	5,892,234
2,520,000	PROVINCE OF ONTARIO	1.350%	08Mar2022	2,488,944	2,497,522
3,540,000	PROVINCE OF ONTARIO	2.279%	21Aug2023	3,536,310	3,540,920
4,045,000	PROVINCE OF ONTARIO	2.600%	08Sep2023	4,140,598	4,178,202
2,935,000	PROVINCE OF ONTARIO	2.400%	02Jun2026	2,972,885	3,011,662
1,805,000	PROVINCE OF ONTARIO	2.600%	02Jun2027	1,778,853	1,874,402
2,265,000	PROVINCE OF ONTARIO	6.500%	08Mar2029	2,951,984	3,113,945
3,185,000	PROVINCE OF ONTARIO	4.700%	02Jun2037	4,022,226	4,220,252
4,500,000	PROVINCE OF ONTARIO	3.450%	02Jun2045	4,845,904	5,310,945
2,340,000	PROVINCE OF QUEBEC	9.375%	16Jan2023	2,856,480	2,943,931
11,370,000	PROVINCE OF QUEBEC	2.511%	13Oct2024	11,483,982	11,546,798
3,075,000	PROVINCE OF QUEBEC	8.500%	01Apr2026	4,200,085	4,327,355
1,835,000	PROVINCE OF QUEBEC	5.750%	01Dec2036	2,518,005	2,709,011

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 Government Grants

June 30, 2019 (unaudited) (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
1,110,000	PROVINCE OF SASKATCHEWAN	6.400%	05Sep2031	1,481,938	1,589,964	
760,000	PROVINCE OF SASKATCHEWAN	5.600%	05Sep2035	1,019,877	1,078,075	
2,560,000	PROVINCE OF SASKATCHEWAN	4.750%	01Jun2040	3,193,397	3,476,787	
597,000	PROVINCE OF SASKATCHEWAN	3.400%	03Feb2042	616,083	685,171	
170,000	ROYAL BANK OF CANADA	2.030%	15Mar2021	169,013	170,275	
660,000	ROYAL BANK OF CANADA	1.968%	02Mar2022	647,105	659,855	
3,345,000	ROYAL BANK OF CANADA	2.000%	27Jun2022	3,345,000	3,347,910	
515,000	ROYAL BANK OF CANADA	2.949%	01May2023	517,373	532,438	
420,000	ROYAL BANK OF CANADA	3.296%	26Sep2023	423,200	437,039	
360,000	ROYAL BANK OF CANADA	2.333%	05Dec2023	360,000	363,978	
3,512,000	ROYAL BANK OF CANADA	4.930%	16Jul2025	4,002,879	4,070,268	
110,000	SCOTIABANK CAPITAL TRUST	5.650%	31Dec2056	129,376	139,347	
260,000	SMART REIT	3.444%	28Aug2026	255,439	264,729	
456,000	SUNCOR ENERGY INC	3.000%	14Sep2026	456,360	469,320	
1,510,000	SUNLIFE CAP TRUST II	5.863%	31Dec2108	1,650,086	1,535,776	
1,390,000	THE CANADA LIFE ASSURANCE	6.400%	11Dec2028	1,678,671	1,822,012	
1,300,000	TORONTO DOMINION BANK	2.754%	18Feb2020	1,303,573	1,304,875	
400,000	TORONTO DOMINION BANK	1.680%	08Jun2021	393,949	399,208	
255,000	TORONTO DOMINION BANK	2.621%	22Dec2021	258,111	259,123	
560,000	TORONTO DOMINION BANK	3.005%	30May2023	560,000	580,619	
3,140,000	TORONTO DOMINION BANK	2.616%	28Jun2024	3,140,000	3,155,606	
385,000	TORONTO DOMINION BANK	3.226%	24Jul2024	396,893	406,418	
330,000	TORONTO DOMINION BANK	1.909%	18Jul2023	330,000	328,456	
765,000	TORONTO-DOMINION BANK	2.850%	08Mar2024	766,393	783,972	
1,670,000	TORONTO-DOMINION BANK	2.496%	02Dec2024	1,669,129	1,679,285	
345,000	TRANSCANADA PIPELINES LTD	3.300%	17Jul2025	357,372	361,477	
180,000	TRANSCANADA TR	4.650%	18May2077	180,289	171,914	
515,000	UNITED STATES TREASURY BONDS	3.125%	15May2048	638,786	756,454	
355,000	WELLS FARGO & CO	3.874%	21May2025	363,776	373,744	
1,250,000	WELLS FARGO & CO	2.975%	19May2026	1,229,863	1,270,738	
2,300,000	ONTARIO HYDRO		11Apr2031	1,680,562	1,706,002	
	Total Fixed Income Securities			246,564,307	253,103,709	80.6%
Shares / Units	Equity Securities					
30,025	ALIMENTATION COUCHE-TARD			2,053,346	2,474,360	
31,175	ATCO LTD-CL I NON-VOTING			1,282,051	1,376,065	
16,295	BANK OF MONTREAL			1,595,042	1,611,901	
26,475	BANK OF NOVA SCOTIA			1,891,826	1,862,252	
73,808	BMO S&P 500 INDEX ETF			1,711,737	3,124,290	
37,350	BROOKFIELD ASSET MANAGEMENT			2,081,737	2,339,978	
19,175	CAE INC			580,032	675,152	
20,000	CANADIAN NATIONAL RAILWAY			2,111,729	2,424,000	
8,375	CANADIAN PACIFIC RAILWAY			2,168,060	2,583,101	
30,900	CCL INDUSTRIES INC			1,672,435	1,984,398	
21,100	CGI INC			1,820,258	2,124,348	
2,380	CONSTELLATION SOFTWARE INC			2,200,061	2,937,515	
34,800	DOLLARAMA INC			1,098,625	1,603,236	
28,800	GREAT-WEST LIFECO INC			922,665	868,320	
39,850	IMPERIAL OIL LTD			1,456,519	1,444,961	
12,750	INTACT FINANCIAL CORP			1,310,026	1,543,005	
28,750	LOBLAW COMPANIES LTD			1,799,737	1,927,688	
45,500	METRO INC			2,170,756	2,235,870	
28,625	NATIONAL BANK OF CANADA			1,700,471	1,780,761	
40,175	OPEN TEXT CORP			1,843,317	2,171,057	
58,200	QUEBECOR INC			1,699,199	1,815,258	
16,200	RESTAURANT BRANDS			1,172,890	1,475,334	

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 Government Grants

June 30, 2019 (unaudited) (Continued)

Shares / Units	Equity Securities	Average Cost (\$)	Fair Value (\$)	
12,125	ROGERS COMMUNICATIONS INC	855,521	849,963	
26,650	ROYAL BANK OF CANADA	2,365,140	2,773,466	
27,650	SAPUTO INC	1,130,251	1,083,880	
45,425	SHAW COMMUNICATIONS INC	1,191,320	1,213,756	
17,550	TELUS CORPORATION	823,755	849,596	
25,800	THOMSON REUTERS CORP	1,774,638	2,179,584	
21,750	TMX GROUP LIMITED	1,732,042	1,981,425	
33,925	TOROMONT INDUSTRIES LTD	1,895,446	2,105,725	
34,275	TORONTO-DOMINION BANK	2,239,111	2,622,723	
12,200	WASTE CONNECTIONS INC	1,271,302	1,526,220	
32,275	WINPAK LTD	1,465,589	1,394,280	
	Total Equity Securities	53,086,634	60,963,468	19.4%
		\$299,650,941	\$314,067,177	100.0%

Schedule of Investment Portfolio for Subscriber deposits under Escrow Agreements

June 30, 2019 (unaudited)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
57,000	CANADA HOUSING TRUST	2.254%	15Sep2020	56,889	57,130	
102,000	CANADA HOUSING TRUST	2.550%	15Dec2023	102,353	105,821	
97,000	CANADA HOUSING TRUST NO. 1	2.100%	15Sep2029	97,452	99,030	
100,000	CANADA HOUSING TRUST NO. 1	1.250%	15Dec2020	99,803	99,383	
140,000	CANADA HOUSING TRUST NO. 1	2.400%	15Dec2022	141,846	143,541	
83,000	CANADA HOUSING TRUST NO. 1	1.900%	15Sep2026	82,419	83,509	
79,000	CANADA HOUSING TRUST NO. 1	2.650%	15Dec2028	81,162	84,275	
15,000	CANADA POST CORP	4.080%	16Jul2025	16,496	16,924	
185,000	GOVERNMENT OF CANADA	1.500%	01Jun2026	184,553	185,864	
17,000	GOVERNMENT OF CANADA	2.000%	01Jun2028	16,832	17,771	
19,000	GOVERNMENT OF CANADA	5.750%	01Jun2033	27,129	28,938	
16,000	GOVERNMENT OF CANADA	3.500%	01Dec2045	20,685	22,129	
40,000	PROVINCE OF QUEBEC	6.250%	01Jun2032	53,021	57,654	
86,000	PROVINCE OF ALBERTA	3.450%	01Dec2043	88,437	100,037	
103,000	PROVINCE OF MANITOBA	2.550%	02Jun2023	104,615	106,025	
72,000	PROVINCE OF MANITOBA	6.300%	05Mar2031	92,676	101,080	
85,000	PROVINCE OF NEW BRUNSWICK	4.800%	26Sep2039	104,879	112,798	
70,000	PROVINCE OF NEWFOUNDLAND	2.379%	27Feb2023	70,001	70,041	
62,000	PROVINCE OF NEWFOUNDLAND	2.242%	17Mar2024	61,945	62,001	
120,000	PROVINCE OF NOVA SCOTIA	2.320%	09Nov2022	120,217	120,317	
45,000	PROVINCE OF ONTARIO	4.200%	02Jun2020	46,021	45,993	
77,000	PROVINCE OF ONTARIO	3.150%	02Jun2022	80,184	80,137	
110,000	PROVINCE OF ONTARIO	2.454%	27Jun2022	110,599	110,653	
225,000	PROVINCE OF ONTARIO	2.279%	21Aug2023	224,863	225,059	
21,000	PROVINCE OF ONTARIO	2.600%	02Jun2027	20,336	21,807	
55,000	PROVINCE OF ONTARIO	6.500%	08Mar2029	70,331	75,615	
38,000	PROVINCE OF ONTARIO	5.850%	08Mar2033	48,975	53,649	
45,000	PROVINCE OF ONTARIO	4.700%	02Jun2037	56,819	59,627	
189,000	PROVINCE OF ONTARIO	3.500%	02Jun2043	198,304	222,946	
22,000	PROVINCE OF ONTARIO	3.450%	02Jun2045	22,381	25,965	
22,000	PROVINCE OF QUEBEC	9.375%	16Jan2023	27,338	27,678	
140,000	PROVINCE OF QUEBEC	2.511%	13Oct2024	140,127	142,177	
108,000	PROVINCE OF QUEBEC	2.750%	01Sep2025	110,083	113,210	
16,000	PROVINCE OF SASKATCHEWAN	3.400%	03Feb2042	16,488	18,363	
	Total Fixed Income Securities			\$2,796,259	\$2,897,147	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

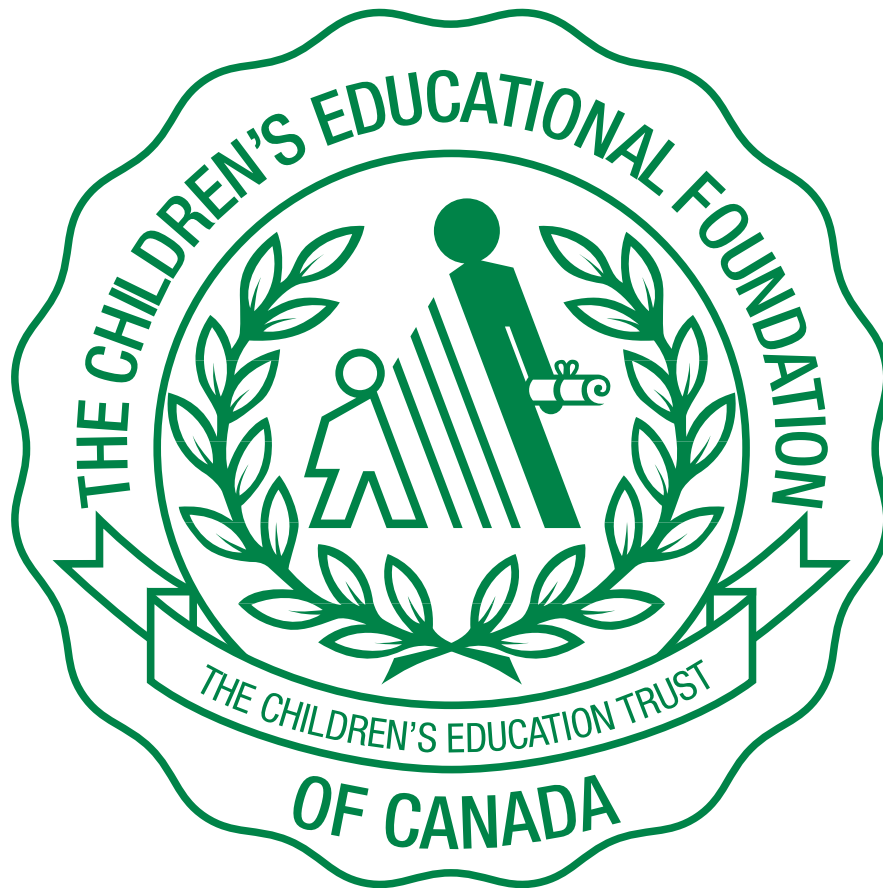
June 30, 2019 (unaudited)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
67,000	CANADA HOUSING TRUST	2.254%	15Sep2020	66,860	67,153	
131,000	CANADA HOUSING TRUST	2.550%	15Dec2023	131,454	135,907	
128,000	CANADA HOUSING TRUST NO. 1	2.100%	15Sep2029	128,637	130,679	
135,000	CANADA HOUSING TRUST NO. 1	1.250%	15Dec2020	134,736	134,167	
184,000	CANADA HOUSING TRUST NO. 1	2.400%	15Dec2022	186,458	188,653	
104,000	CANADA HOUSING TRUST NO. 1	1.900%	15Sep2026	103,119	104,638	
97,000	CANADA HOUSING TRUST NO. 1	2.650%	15Dec2028	99,674	103,477	
15,000	CANADA POST CORP	4.080%	16Jul2025	16,496	16,924	
247,000	GOVERNMENT OF CANADA	1.500%	01Jun2026	246,412	248,153	
22,000	GOVERNMENT OF CANADA	2.000%	01Jun2028	21,783	22,997	
24,000	GOVERNMENT OF CANADA	5.750%	01Jun2033	34,268	36,553	
21,000	GOVERNMENT OF CANADA	3.500%	01Dec2045	27,058	29,044	
55,000	PROVINCE OF QUEBEC	6.250%	01Jun2032	72,904	79,275	
110,000	PROVINCE OF ALBERTA	3.450%	01Dec2043	113,315	127,954	
131,000	PROVINCE OF MANITOBA	2.550%	02Jun2023	133,071	134,847	
96,000	PROVINCE OF MANITOBA	6.300%	05Mar2031	123,863	134,773	
110,000	PROVINCE OF NEW BRUNSWICK	4.800%	26Sep2039	135,726	145,974	
90,000	PROVINCE OF NEWFOUNDLAND	2.379%	27Feb2023	90,001	90,053	
81,000	PROVINCE OF NEWFOUNDLAND	2.242%	17Mar2024	80,904	81,002	
150,000	PROVINCE OF NOVA SCOTIA	2.320%	09Nov2022	150,272	150,396	
60,000	PROVINCE OF ONTARIO	4.200%	02Jun2020	61,362	61,324	
100,000	PROVINCE OF ONTARIO	3.150%	02Jun2022	103,163	104,074	
135,000	PROVINCE OF ONTARIO	2.454%	27Jun2022	135,735	135,802	
320,000	PROVINCE OF ONTARIO	2.279%	21Aug2023	319,779	320,085	
29,000	PROVINCE OF ONTARIO	2.600%	02Jun2027	28,093	30,115	
64,000	PROVINCE OF ONTARIO	6.500%	08Mar2029	81,817	87,988	
50,000	PROVINCE OF ONTARIO	5.850%	08Mar2033	64,516	70,591	
53,000	PROVINCE OF ONTARIO	4.700%	02Jun2037	66,920	70,227	
247,000	PROVINCE OF ONTARIO	3.500%	02Jun2043	259,104	291,364	
29,000	PROVINCE OF ONTARIO	3.450%	02Jun2045	29,502	34,226	
29,000	PROVINCE OF QUEBEC	9.375%	16Jan2023	36,036	36,485	
179,000	PROVINCE OF QUEBEC	2.511%	13Oct2024	179,176	181,783	
139,000	PROVINCE OF QUEBEC	2.750%	01Sep2025	141,817	145,705	
21,000	PROVINCE OF SASKATCHEWAN	3.400%	03Feb2042	21,641	24,101	
Total Fixed Income Securities				\$3,625,672	\$3,756,489	100.0%

Summary of Schedules of Investment Portfolio

June 30, 2019 (unaudited)

	Average Cost (\$)	Fair Value (\$)
Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements	736,902,096	781,168,452
Schedule of Investment Portfolio for Government Grants	299,650,941	314,067,177
Schedule of Investment Portfolio for Subscriber deposits under Escrow Agreements	2,796,259	2,897,147
Schedule of Investment Portfolio for the Scholarship Enhancement Fund	3,625,672	3,756,489
	\$1,042,974,968	\$1,101,889,265



THE CHILDREN'S EDUCATION
TRUST OF CANADA

Offered to the public by
CHILDREN'S EDUCATION FUNDS INC.

Administered by

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