

# 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)

## Management Report of Fund Performance and Audited Financial Statements

December 31, 2020





# Contents

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|   | Page  |
|---|-------|
| Management Report of Fund Performance   | 1-4   |
| Management's Responsibilities for Financial Reporting                                       | 5     |
| Independent Auditor's Report  | 5-6   |
| Statements of Financial Position  | 7     |
| Statements of Comprehensive Income  | 8     |
| Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries           | 9     |
| Statements of Cash Flows  | 10    |
| Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements       | 11-15 |
| Schedule of Investment Portfolio for Government Grants                                      | 16-18 |
| Schedule of Investment Portfolio for Subscriber deposits under Scholarship Enhancement Fund | 19    |
| Schedule of Investment Portfolio for Subscriber deposits under Escrow Agreements            | 20    |
| Summary of Schedules of Investment Portfolio  | 20    |
| Notes to the Financial Statements   | 21-30 |
| Schedule of Scholarship and Escrow Agreements   | 31    |



# Management Report of Fund Performance

This annual management report of fund performance contains financial highlights and the complete annual audited financial statements of The Children's Education Trust of Canada (the "Plans"). You may obtain a copy of the annual financial statements at your request, and at no cost, by calling our Customer Service at 1-800-246-1203, by writing to us at 3221 North Service Road, Burlington, Ontario, L7N 3G2 or by visiting our website at [www.cefi.ca](http://www.cefi.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Plan holders may also contact us using one of these methods to request a copy of the Foundation's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Investment Objective

The Plans invest funds contributed by parents, grandparents and others to fund tuition and other expenses for children who intend to pursue a post-secondary education (the "Beneficiaries"). The Plans' primary investment objectives are achieving long-term growth of income on Savings while ensuring the preservation of Savings. In an effort to provide investment returns superior to the benchmark index, our fixed-income Investment Advisors utilize active portfolio management strategies. These strategies include yield curve and duration management, sector allocation, credit analysis, intra-market-spread trades and investment in variable rate securities with a guarantee of principal. Beginning in May 2014, pursuant to an undertaking executed on November 22, 2013, the Income of each Plan may now be invested in exchange-traded equity securities listed on a Canadian stock exchange.

## Investment Strategies

In order to achieve the investment objectives of the Plans, savings and investment income earned on savings are invested according to the standard investment restrictions and practices contained in National Policy 15 of the Canadian Securities Administrators and, as such, shall always be limited to "qualified investments" as defined under the Income Tax Act in respect of Registered Education Savings Plans ("RESP").

The Plans are invested primarily in 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.

Pursuant to an undertaking executed November 22, 2013, the Income of each Plan may now be invested in exchange-traded equity securities listed on a stock exchange in Canada including ETFs subject to certain restrictions. As at December 31, 2020, approximately 20.7% of plan assets had been invested in common shares of Canadian listed equity securities.

Assets of the Plans are managed by our investment advisors: Fiera Capital; Franklin Templeton and Guardian Capital. Assets are allocated across market segments and sectors according to the investment advisors' outlook, the Foundation Investment Policy, and securities regulation. Ongoing allocations to each of the investment advisors are based on the results of regular internal performance reviews, quarterly meetings with the investment advisors and qualitative assessment of the investment advisors as deemed by the Plans' management to be important to the management of the assets.

## Risk

Beginning in May 2014, the Income of each Plan is now being invested in exchange-traded equity securities listed on a Canadian stock exchange which entails the undertaking of equity risk, the financial risk involved in holding equities in a particular investment.

However, this risk is mitigated through our investment policy statement with the equity manager which stipulates, among other things, concentration limits, sector and individual security exposure parameters as well as minimum market capitalization requirements for securities held in order to minimize the liquidity risk inherent in certain equity securities.

With respect to variable rate securities, these assets carry a guarantee of principal and a minimum interest yield when specified. The value of the securities and amount of interest payable at maturity may fluctuate based on the performance of the underlying market index. Though variable rate securities enhance portfolio diversification, there currently is no active secondary market in which these securities trade. However, at this time, the Foundation's strategy is to hold all variable rate securities until maturity.

## Results of Operations

Assets of the Plans increased by 1.71% compared to the prior year and totaled \$1.08 billion at the end of 2020. The overall Rate of Return on the Plans' investments in 2020 was 8.02%. The benchmark used for comparison purposes is comprised of the FTSE TMX Canada All Government Bond Index, the 91 day Canada Treasury Bill Index, the total return of the S&P/TSX Composite Index and the total return of the S&P 500 Index on a hedged basis. The benchmark return in 2020 was 6.62%.

## Market Commentary

As the coronavirus was officially declared a pandemic in March 2020 with stay at home orders declared Government bond yields swung wildly as investors sought to assess the economic fallout stemming from the virus. Credit spreads blew out as the economic stop threatened corporate health and liquidity seized up in the tumultuous market environment.

Policymakers quickly stepped in and pledged their unrelenting support in response to the COVID-19 outbreak, with extraordinary measures from central banks and governments across the world. The Federal Reserve slashed rates back to zero and introduced an unprecedented series of liquidity programs to keep credit flowing. Governments around the world have agreed on massive rescue packages to stimulate their economies as well as providing emergency unemployment benefits for workers whose livelihood has been cut off abruptly through mandatory business closures. The Bank of Canada cut rates to 0.25% and introduced large scale asset purchases.

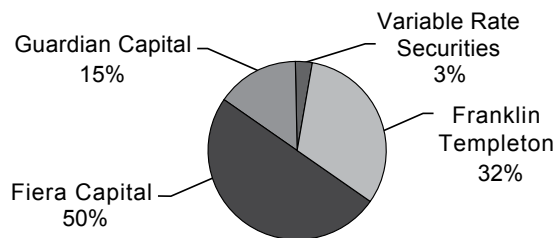
As the year progressed, the short end remained pinned lower as central banks reinforced their pledges for unrelenting support. Meanwhile, longer-term bond yields traded in a narrow range but drifted higher on an improved global growth landscape and the prospect for increased fiscal spending. Corporate and high yield spreads narrowed as direct purchases by central banks and a revival in risk appetite in general boosted appetite for credit.

The Canadian bond universe had strong positive performance for 2020. Canadian bond yields rallied to a low in August with 10-year Canada bonds at 0.43%, down 128 basis points in eight months but as economies opened and the vaccine became a reality, they trended higher to end the year at 0.67%. Corporate bonds outperformed provincial bonds, which in turn outperformed federal bonds on a duration adjusted basis.

For 2020, the TSX closed 5.6% higher, slightly below normal versus long-term history, coming off the strongest return in a decade in 2019 (+22.88%). Behind the headline number, one can observe the roller coaster ride investors faced on a quarterly basis.

For the full year of 2020, wide dispersion was witnessed in performance across sectors. With little surprise, the Information Technology benefitted (+80.68%) from the pandemic as people worked and consumed on-line from home, while the Materials sector (+21.24%) provided a safe haven through its gold exposure. Energy was the worst performing sector, with a negative 26.57% return for the year, and while the Financials managed to deliver a small positive return of 1.62%, the heavyweight sector of the Canadian market lagged the index for the full year.

As at December 31, 2020, the investment advisors managed the following percentage of assets on behalf of the Plan:



### Recent Developments

Policymakers will anchor rates at the short end for years to come. As a result, the curve should steepen, and rates will trend modestly higher, but this will not be without interruption. Bonds will rally with additional lockdowns and slow distribution of the vaccine and sell off on the risk on trade spurred by economic stimulus and encouraging COVID news.

We believe rates are generally range bound for the first half of 2021 with 10-year US yields trading between 0.75% and 1.25%. Increased government borrowing to fund swelling deficits are almost certain to eventually exert some upward pressure at the long end, but that's not a story for 2021.

The widespread delivery of vaccines, the easy money policies of the world central banks and record government spending will be sufficient to overcome the inevitable bouts of uncertainty that lie ahead as we await a more complete economic recovery.

### Related Party Transactions

Children's Education Funds Inc. ("CEFI") is registered as a scholarship plan dealer under the securities legislation in each of the provinces and territories of Canada. It has been approved by Canada Revenue Agency ("CRA") to operate Registered Education Saving Plans and approved by Human Resources and Skills Development Canada ("HRSDC") to process deposits from Plan holders to obtain government grants (Canada Education Savings Grants, Canada Learning Bond, British Columbia Training and Education Savings Grant and Quebec Education Savings Incentive on behalf of the Plan holders.

By agreement with the Foundation, Children's Education Funds Inc. has been appointed as the Scholarship Plan Dealer for the Children's Educational Foundation of Canada and as such is the exclusive distributor and administrator of the Plans. Under the terms of this agreement and in accordance with the prospectus, the Scholarship Plan Dealer is entitled to receive sales charges, depository charges, administrative fees and service charges. Since the Scholarship Plan Dealer is a marketing and administrative organization which is beneficially owned by a Director of the Foundation, the Scholarship Plan Dealer is considered to be a related party.

### Management Fees Annual Administration Fee

All expenses of distribution and administration of the Plans are currently paid by the Scholarship Plan Dealer. Sales representatives across Canada provide distribution of the Plans. The administration of the Plans includes covering ongoing costs of maintaining and administering the Plans. The Scholarship Plan Dealer is compensated for its expenses by way of an annual administration fee calculated and payable semi-annually at the annual rate of 1/2% of all Savings for Subscribers under the Group Option Plan, 1½% of all Savings for Subscribers under the Self-Initiated Option Plan, 0.95% of all Savings for subscribers under the Achievers Plan, and 1.00% of all Savings for subscribers under the Achievers Plan who entered into agreements that were signed post September 2020, including any government grant plus all income earned. In 2020, administration fees of \$6,422,565 were paid to the Scholarship Plan Dealer.

### Depository Trustee Fee

During 2020, Scotiatrust, the Depository Trustee and Scholarship Trustee, was paid fees totaling \$160,135. In return for the fees, the Trustee receives monies for investment, receives income, settles investment trades, provides safekeeping of assets, and maintains investment records.

### Portfolio Management Fee

The Plans retain the services of three professional investment advisors to manage the investments of the Plans. The fees are calculated monthly based on the ending value of the net assets managed by each investment advisor. The average 2020 portfolio management fee based on net assets was approximately 0.143%.

## Financial Highlights

The following tables show selected key financial information about the Plans and are intended to help you understand the financial performance for the past 5 years.

|   | 2020            | 2019            | 2018            | 2017            | 2016            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Statement of Net Assets</b>            |                 |                 |                 |                 |                 |
| Total Assets                              | \$1,090,752,141 | \$1,072,545,123 | \$1,053,573,771 | \$1,107,085,557 | \$1,095,969,301 |
| Net Assets                                | \$1,081,478,843 | \$1,063,315,699 | \$1,035,617,714 | \$1,095,677,352 | \$1,079,414,014 |
| % Change of Net Assets                    | 2%              | 3%              | -5%             | 2%              | 5%              |
| <b>Statement of Operations</b>            |                 |                 |                 |                 |                 |
| Net Investment Income                     | \$37,761,569    | \$37,531,660    | \$2,775,923     | \$35,049,851    | \$40,674,414    |
| <b>Statement of Changes in Net Assets</b> |                 |                 |                 |                 |                 |
| Scholarship Awards                        | \$31,818,000    | \$28,709,530    | \$27,095,886    | \$24,096,263    | \$22,207,466    |
| Grants                                    | \$17,855,376    | \$15,720,413    | \$15,440,074    | \$14,163,915    | \$12,399,587    |
| <b>Other</b>                              |                 |                 |                 |                 |                 |
| Total Number of Units in plans            | 498,427         | 534,501         | 567,382         | 595,028         | 618,960         |
| % Change in the Total Number of Units     | -7%             | -6%             | -5%             | -4%             | -2%             |

## Past Performance

The Plans achieved its investment objectives positive results for the subscribers and beneficiaries of the plans. Past performance of the Plans does not necessarily indicate how it will perform in the future.

## Year-by-Year Returns

The following graph indicates the time-weighted Market Value Year-by-Year Rate of Return for the Plans after fees for the past 10 years in percentage terms.



## Annual Compounded Returns

The following table illustrates the Plans' annual compounded returns for the periods ending December 31, 2020. The FTSE TMX Canada All Government Bond Index, a broad index of the Canadian investment-grade fixed income market, is the most appropriate measure for comparison purpose for the 3 year, 5 year, and 10 year periods as equity trading did not begin until 2014. The 1 year weighted average of the Fixed Income benchmark and the Equity benchmark based on December 31, 2020 holdings was 6.62%.

|                             | 1 Year | 3 Years | 5 Years | 10 Years |
|-----------------------------|--------|---------|---------|----------|
| Net Plans Return (%)        | 8.02%  | 5.22%   | 5.43%   | 4.49%    |
| Fixed Income Benchmark (%)* | 6.73%  | 4.46%   | 3.17%   | 3.46%    |
| Equity Benchmark (%)**      | 6.20%  | 5.84%   | 10.28%  | n/a      |

\* Fixed income allocation benchmark consists of 75% FTSE Canada All Government Bonds Index and 25% 91 day Canada Treasury Bill Index.

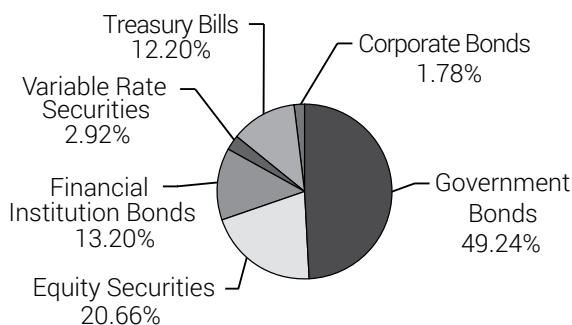
\*\* Equity allocation benchmark consists of 95% of the total return of the S&P/TSX Composite Index and 5% of the total return of the S&P 500 Index on a Canadian dollar hedged basis.

## Summary of Investment Portfolio

The allocation of the Plans' investments by asset class for the year ended December 31, 2020 is:

| Asset class                 | % of Total     |
|-----------------------------|----------------|
| Government Bonds            | 49.24%         |
| Equity Securities           | 20.66%         |
| Financial institution bonds | 13.20%         |
| Variable Rate Securities    | 2.92%          |
| Treasury Bills              | 12.20%         |
| Corporate Bonds             | 1.78%          |
| <b>Total</b>                | <b>100.00%</b> |

## Asset Mix



# 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)

## Top 25 holdings as a percentage of the total investment portfolio

December 31, 2020

| Face Value/<br>Shares  | Security Description                           | Coupon<br>Rate (%) | Maturity<br>Date | Average<br>Cost (\$) | Fair<br>Value (\$) | % of<br>Portfolio |
|--|--|--------------------|------------------|----------------------|--------------------|-------------------|
| 38,305,000   | GOVERNMENT OF CANADA                           |                    | 4-Mar-2021       | 38,297,392           | 38,301,936         | 3.5%              |
| 24,000,000   | GOVERNMENT OF CANADA                           |                    | 15-Apr-2021      | 23,990,679           | 23,985,600         | 2.2%              |
| 19,968,000   | GOVERNMENT OF CANADA                           | 1.250%             | 1-Jun-2030       | 21,070,167           | 21,012,326         | 1.9%              |
| 17,061,000   | GOVERNMENT OF CANADA                           | 2.250%             | 1-Jun-2029       | 18,987,335           | 19,393,921         | 1.8%              |
| 18,325,000   | GOVERNMENT OF CANADA                           |                    | 7-Jan-2021       | 18,324,639           | 18,324,634         | 1.7%              |
| 10,000,000   | TORONTO DOMINION BANK US INDEX<br>LINKED NOTE  |                    | 11-Oct-2022      | 10,000,000           | 17,869,000         | 1.6%              |
| 13,587,000   | PROVINCE OF ONTARIO                            | 3.450%             | 2-Jun-2045       | 15,819,478           | 17,315,137         | 1.6%              |
| 15,155,000   | PROVINCE OF ONTARIO                            | 2.600%             | 2-Jun-2025       | 15,872,400           | 16,429,081         | 1.5%              |
| 12,284,000   | ROYAL OFFICE FINANCE LP                        | 5.209%             | 12-Nov-2032      | 13,214,473           | 15,707,551         | 1.4%              |
| 15,700,000   | GOVERNMENT OF CANADA                           |                    | 14-Jan-2021      | 15,699,372           | 15,699,529         | 1.4%              |
| 10,058,000   | TCHC ISSUER TRUST                              | 5.395%             | 22-Feb-2040      | 12,886,280           | 14,933,414         | 1.4%              |
| 14,325,000   | GOVERNMENT OF CANADA                           |                    | 18-Mar-2021      | 14,321,208           | 14,322,565         | 1.3%              |
| 10,000,000   | TORONTO DOMINION BANK CDN INDEX<br>LINKED NOTE |                    | 11-Oct-2022      | 10,000,000           | 13,841,000         | 1.3%              |
| 9,624,000  | PROVINCE OF QUEBEC                             | 3.500%             | 1-Dec-2048       | 11,261,420           | 12,663,163         | 1.2%              |
| 239,883  | BMO S&P 500 INDEX ETF                          |                    |                  | 6,362,926            | 12,541,083         | 1.2%              |
| 11,420,000   | GOVERNMENT OF CANADA                           | 1.500%             | 1-May-2022       | 11,594,856           | 11,615,168         | 1.1%              |
| 10,497,000   | CANADA HOUSING TRUST NO. 1                     | 1.900%             | 15-Sep-2026      | 10,478,951           | 11,205,023         | 1.0%              |
| 10,433,000   | CADILLAC FAIRVIEW FINANCE                      | 4.310%             | 25-Jan-2021      | 10,440,263           | 10,454,596         | 1.0%              |
| 10,455,000   | GOVERNMENT OF CANADA                           |                    | 21-Jan-2021      | 10,454,436           | 10,454,582         | 1.0%              |
| 114,625  | TOROMONT INDUSTRIES LTD                        |                    |                  | 6,933,871            | 10,184,431         | 0.9%              |
| 97,375   | ROYAL BANK OF CANADA                           |                    |                  | 8,707,376            | 10,153,291         | 0.9%              |
| 6,031  | CONSTELLATION SOFTWARE INC                     |                    |                  | 6,476,087            | 9,968,761          | 0.9%              |
| 22,575   | CANADIAN PACIFIC RAILWAY                       |                    |                  | 6,248,560            | 9,933,000          | 0.9%              |
| 138,250  | TORONTO DOMINION BANK                          |                    |                  | 8,818,293            | 9,915,290          | 0.9%              |
| 9,260,000  | CANADA HOUSING TRUST                           | 1.950%             | 15-Dec-2025      | 9,852,527            | 9,859,215          | 0.9%              |
| <b>Top 25 holdings as a percentage of the total investment portfolio</b> |  |                    |                  | <b>336,112,989</b>   | <b>376,083,297</b> | <b>34.6%</b>      |



# Management's Responsibilities for Financial Reporting

The accompanying financial statements of the Children's Educational Foundation of Canada (the "Foundation") are prepared by management and are approved by the Board of Directors. Management is responsible for the information and representations contained in these financial statements.

Management maintains appropriate processes to ensure that relevant and reliable information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting

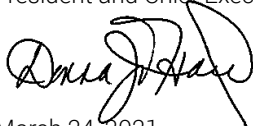
policies which management believes are appropriate for the Foundation are described in Note 3 to the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

KPMG LLP are the external auditors of the Foundation. The external auditors have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Board of Directors their opinion on the financial statements. Their report is set out below.

**Donna J. Haid**

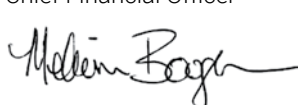
President and Chief Executive Officer



March 24, 2021

**Melissa Boughner**

Chief Financial Officer



## Independent Auditor's Report

To the Board of Directors of The Children's Educational Foundation of Canada

### Opinion

We have audited the financial statements of The Children's Educational Foundation of Canada (the Entity), which comprise:

- the statements of financial position as at December 31, 2020 and 2019
- the statements of comprehensive income for the years then ended
- the statements of changes in net assets attributable to subscribers and beneficiaries for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Continued...*

# 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)

## Independent Auditor's Report (Continued)

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

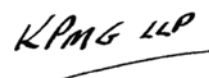
We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

March 24, 2021  
Toronto, Canada



**Chartered Professional Accountants,  
Licensed Public Accountants**

# 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)

## Statements of Financial Position

December 31, 2020

December 31, 2019

### Assets

|                                    |                        |                 |
|------------------------------------|------------------------|-----------------|
| Investment, at fair value (note 6) | <b>\$1,086,100,103</b> | \$1,065,405,314 |
| Accrued interest                   | <b>3,362,240</b>       | 3,700,584       |
| Dividends receivable               | <b>360,680</b>         | 277,267         |
| Government grants receivable       | <b>929,118</b>         | 1,070,490       |
| Receivable for securities sold     | -                      | 2,091,468       |
| <b>Total assets</b>                | <b>1,090,752,141</b>   | 1,072,545,123   |


### Liabilities

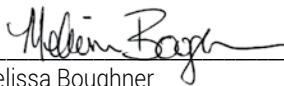
|   |                        |                 |
|---|------------------------|-----------------|
| Bank indebtedness   | <b>333,111</b>         | 570,912         |
| Due to Scholarship Plan Dealer (Note 11)                        | <b>607,327</b>         | 287,228         |
| Subscriber liability due to terminations                        | <b>8,332,860</b>       | 8,371,284       |
|   | <b>9,273,298</b>       | 9,229,424       |
| <b>Net assets attributable to subscribers and beneficiaries</b> | <b>\$1,081,478,843</b> | \$1,063,315,699 |

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

|   |                        |                 |
|---|------------------------|-----------------|
| Subscriber deposits received in advance                         | <b>\$737,885</b>       | \$858,008       |
| Subscriber deposits under scholarship agreements                | <b>505,619,947</b>     | 526,692,357     |
| Subscriber deposits under escrow agreements                     | <b>2,401,381</b>       | 2,324,482       |
| Accumulated investment income earned on subscriber deposits     | <b>234,131,521</b>     | 214,938,668     |
| Accumulated investment income earned under escrow agreements    | <b>1,366,988</b>       | 1,168,914       |
| Government grants (Note 3)                                      | <b>215,702,485</b>     | 217,264,565     |
| Accumulated investment income earned on government grants       | <b>105,002,286</b>     | 88,631,086      |
| Funds for Scholarship Enhancements (Note 9)                     | <b>16,087,005</b>      | 11,167,229      |
| Funds for Enrichment (Note 9)                                   | <b>429,345</b>         | 270,390         |
| <b>Net assets attributable to subscribers and beneficiaries</b> | <b>\$1,081,478,843</b> | \$1,063,315,699 |

Approved by the Board of Directors of The Children's Educational Foundation of Canada:

  
Arie Gaertner Director

  
Melissa Boughner Director

See accompanying notes to the audited 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)

## Statements of Comprehensive Income

For the year ended  
December 31, 2020

For the year ended  
December 31, 2019

### Income

|   |                   |                   |
|---|-------------------|-------------------|
| Interest income earned on subscriber deposits                         | \$11,310,499      | \$15,515,250      |
| Interest income earned on subscriber deposits under escrow agreements | 57,140            | 71,757            |
| Interest income earned on government grants                           | 5,664,498         | 6,515,747         |
| Interest income earned on funds for Scholarship Enhancements          | 77,233            | 83,567            |
| Investment income earned on funds for Enrichment                      | 2,469             | 2,794             |
| Dividend income earned on subscriber deposits                         | 2,706,202         | 2,773,210         |
| Dividend income earned on government grants                           | 1,309,237         | 1,328,893         |
| Realized gains on sale of investments                                 | 19,257,716        | 13,490,410        |
| Net change in unrealized gains  | 41,975,157        | 48,557,110        |
| <b>Total income</b>   | <b>82,360,151</b> | <b>88,338,738</b> |

### Expenses

|  |                  |                  |
|--|------------------|------------------|
| Administration fees                            | 869,282          | 698,421          |
| Trustee fees                                   | 160,135          | 162,400          |
| Portfolio management fees                      | 1,556,900        | 1,357,403        |
| Independent Review Committee fees and expenses | 19,108           | 19,475           |
| Directors' fees                                | 18,000           | 12,269           |
| <b>Total expenses</b>                          | <b>2,623,425</b> | <b>2,249,968</b> |

### Increase in net assets attributable to subscribers and beneficiaries

**\$79,736,726**      **\$86,088,770**

See accompanying notes to the audited 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)

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

|  | For the year ended<br>December 31, 2020 | For the year ended<br>December 31, 2019 |
|--|---|---|
| <b>Net assets attributable to subscribers and beneficiaries, beginning of year</b> | <b>\$1,063,315,699</b>                  | \$1,035,622,999                         |
| Increase in net assets attributable to subscribers and beneficiaries               | <b>79,736,726</b>                       | 86,088,770                              |
| <b>Transactions with subscribers and beneficiaries</b>                             |   |   |
| Subscriber deposits  | <b>48,358,054</b>                       | 53,591,939                              |
| Fees deducted from subscriber deposits (Note 11)                                   | <b>(10,219,621)</b>                     | (11,305,597)                            |
| Subscriber deposit withdrawals due to termination                                  | <b>(5,500,544)</b>                      | (6,930,356)                             |
| Subscriber deposit withdrawals due to maturing plans                               | <b>(53,753,525)</b>                     | (58,138,283)                            |
| Canada Education Savings Grants  | <b>8,055,966</b>                        | 8,082,801                               |
| Canada Learning Bonds  | <b>1,114,948</b>                        | 1,436,002                               |
| Provincial Savings Grants  | <b>443,914</b>                          | 601,238                                 |
| Income paid to Designated Educational Institutions                                 | <b>-</b>                                | (819,406)                               |
| Total transactions with subscribers and beneficiaries                              | <b>(11,500,808)</b>                     | (13,481,662)                            |
| <b>Disbursements to beneficiaries</b>  |   |   |
| Education assistance payments  |   |   |
| Scholarships   | <b>31,818,000</b>                       | 28,709,530                              |
| Government grants  | <b>17,855,376</b>                       | 15,720,413                              |
| Refund of enrolment fees   | <b>399,398</b>                          | 484,465                                 |
| Total disbursements to beneficiaries   | <b>50,072,774</b>                       | 44,914,408                              |
| Increase in net assets attributable to subscribers and beneficiaries               | <b>18,163,144</b>                       | 27,692,700                              |
| <b>Net assets attributable to subscribers and beneficiaries, end of year</b>       | <b>\$1,081,478,843</b>                  | \$1,063,315,699                         |

See accompanying notes to the audited 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)

## Statements of Cash Flows

For the year ended  
December 31, 2020

For the year ended  
December 31, 2019

### Operating Activities

|  |                        |                 |
|--|------------------------|-----------------|
| Increase in net assets attributable to subscribers and beneficiaries | <b>\$79,736,726</b>    | \$86,088,770    |
| Non-cash items   |                        |                 |
| Realized (gains) on sale of investments                              | <b>(19,257,716)</b>    | (13,490,410)    |
| Net change in unrealized (gains)                                     | <b>(41,975,157)</b>    | (48,557,110)    |
| Amortization of discounts and premiums on investments                | <b>4,364,219</b>       | 3,223,839       |
| Decrease in accrued interest   | <b>338,344</b>         | 360,300         |
| (Increase) in dividends receivable                                   | <b>(83,413)</b>        | (41,469)        |
| Increase (Decrease) in due to Scholarship Plan Dealer                | <b>320,099</b>         | (539,415)       |
| Purchases of investments   | <b>(2,165,989,528)</b> | (2,498,389,338) |
| Proceeds from the sale of investments                                | <b>2,204,254,859</b>   | 2,525,370,723   |
| Cash flow from operating activities                                  | <b>61,708,433</b>      | 54,025,890      |

### Financing Activities

|  |                     |              |
|--|---------------------|--------------|
| Subscriber deposits received under scholarship agreements        | <b>48,157,458</b>   | 53,232,784   |
| Payments out of subscriber deposits under scholarship agreements | <b>(69,388,415)</b> | (75,926,742) |
| Subscriber deposits received under escrow agreements             | <b>200,599</b>      | 359,155      |
| Payments out of subscriber deposits under escrow agreements      | <b>(123,700)</b>    | (214,623)    |
| Government grants received                                       | <b>9,756,200</b>    | 11,104,254   |
| Education assistance payments                                    | <b>(49,673,376)</b> | (44,429,943) |
| Return of enrolment fees   | <b>(399,398)</b>    | (484,465)    |
| Income paid to Designated Educational Institutions               | <b>-</b>            | (819,406)    |
| Cash flow used in financing activities                           | <b>(61,470,632)</b> | (57,178,986) |
| Net increase (decrease) in cash                                  | <b>237,801</b>      | (3,153,096)  |
| (Bank indebtedness) cash, beginning of year                      | <b>(570,912)</b>    | 2,582,184    |
| <b>(Bank indebtedness), end of year</b>                          | <b>\$(333,111)</b>  | \$(570,912)  |
| Supplemental information:  |                     |              |
| Interest received  | <b>\$23,051,917</b> | \$28,718,724 |
| Dividends received, net of withholding tax                       | <b>\$4,015,439</b>  | \$4,060,635  |

See accompanying notes to the audited 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)

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

December 31, 2020

| Face Value | Security Description               | Coupon Rate (%) | Maturity Date | Average Cost (\$) | Fair Value (\$) |
|------------|------------------------------------|-----------------|---------------|-------------------|-----------------|
|            | <b>Fixed Income Securities</b>     |                 |               |                   |                 |
| 1,000,000  | ALTALINK LP                        | 3.717%          | 3-Dec-2046    | 1,043,400         | 1,220,990       |
| 160,000    | AVIVA PLC                          | 4.000%          | 2-Oct-2030    | 160,749           | 170,304         |
| 85,000     | BANK OF AMERICA CORP               | 3.301%          | 24-Apr-2024   | 87,118            | 89,845          |
| 245,955    | BANK OF MONTREAL                   | 0.684%          | 13-Apr-2021   | 246,094           | 242,289         |
| 475,000    | BANK OF MONTREAL                   | 2.270%          | 11-Jul-2022   | 481,198           | 488,243         |
| 235,000    | BANK OF MONTREAL                   | 1.880%          | 31-Mar-2021   | 235,064           | 235,914         |
| 930,000    | BANK OF MONTREAL                   | 1.610%          | 28-Oct-2021   | 927,832           | 939,979         |
| 655,000    | BANK OF MONTREAL                   | 2.700%          | 11-Sep-2024   | 661,777           | 702,474         |
| 390,000    | BANK OF MONTREAL                   | 2.850%          | 6-Mar-2024    | 392,468           | 415,058         |
| 505,000    | BANK OF MONTREAL                   | 2.890%          | 20-Jun-2023   | 504,716           | 534,139         |
| 35,000     | BANK OF MONTREAL                   | 0.853%          | 1-Feb-2023    | 34,945            | 35,022          |
| 400,000    | BANK OF MONTREAL                   | 3.190%          | 1-Mar-2028    | 398,870           | 456,032         |
| 670,000    | BANK OF MONTREAL                   | 2.370%          | 3-Feb-2025    | 669,995           | 709,610         |
| 455,000    | BANK OF NOVA SCOTIA                | 1.900%          | 2-Dec-2021    | 454,897           | 461,629         |
| 280,000    | BANK OF NOVA SCOTIA                | 2.620%          | 2-Dec-2026    | 272,137           | 306,132         |
| 185,000    | BANK OF NOVA SCOTIA                | 3.100%          | 2-Feb-2028    | 184,955           | 209,396         |
| 1,840,000  | BANK OF NOVA SCOTIA                | 2.290%          | 28-Jun-2024   | 1,837,477         | 1,941,936       |
| 846,437    | BANK OF NOVA SCOTIA                | 0.658%          | 20-Apr-2021   | 846,514           | 842,554         |
| 1,050,000  | BANK OF NOVA SCOTIA                | 0.519%          | 13-Jan-2021   | 1,050,113         | 1,050,105       |
| 800,000    | BANK OF NOVA SCOTIA                | 2.160%          | 3-Feb-2025    | 837,091           | 822,696         |
| 145,000    | BHP BILLITON FINANCE               | 3.230%          | 15-May-2023   | 143,001           | 152,966         |
| 1,358,000  | BROCK UNIVERSITY                   | 3.033%          | 17-May-2060   | 1,358,000         | 1,358,272       |
| 10,433,000 | CADILLAC FAIRVIEW FINANCE          | 4.310%          | 25-Jan-2021   | 10,440,263        | 10,454,596      |
| 2,225,000  | CANADA HOUSING TRUST               | 1.950%          | 15-Dec-2025   | 2,367,373         | 2,368,980       |
| 860,000    | CANADA HOUSING TRUST               | 1.800%          | 15-Dec-2024   | 875,035           | 903,353         |
| 900,000    | CANADA HOUSING TRUST               | 1.100%          | 15-Mar-2031   | 898,449           | 901,269         |
| 3,000,000  | CANADA HOUSING TRUST NO. 1         | 2.650%          | 15-Mar-2022   | 3,017,296         | 3,087,450       |
| 630,000    | CANADA HOUSING TRUST NO. 1         | 2.400%          | 15-Dec-2022   | 635,795           | 656,158         |
| 2,455,000  | CANADA HOUSING TRUST NO. 1         | 1.900%          | 15-Sep-2026   | 2,450,729         | 2,620,590       |
| 29,000     | CANADA HOUSING TRUST NO. 1         | 0.490%          | 15-Sep-2024   | 29,148            | 29,187          |
| 720,000    | CANADA POST CORP                   | 4.360%          | 16-Jul-2040   | 941,981           | 1,017,691       |
| 1,670,000  | CANADA POST CORP                   | 4.080%          | 16-Jul-2025   | 1,810,397         | 1,909,912       |
| 5,230,000  | CANADIAN IMPERIAL BANK OF COMMERCE | 3.300%          | 26-May-2025   | 5,434,535         | 5,794,892       |
| 1,755,000  | CANADIAN IMPERIAL BANK OF COMMERCE | 2.970%          | 11-Jul-2023   | 1,756,479         | 1,860,879       |
| 45,000     | CANADIAN IMPERIAL BANK OF COMMERCE | 2.300%          | 11-Jul-2022   | 45,015            | 46,269          |
| 790,200    | CANADIAN IMPERIAL BANK OF COMMERCE | 2.360%          | 17-Mar-2023   | 790,200           | 765,000         |
| 266,603    | CANADIAN IMPERIAL BANK OF COMMERCE | 0.909%          | 13-Sep-2023   | 266,603           | 263,966         |
| 40,000     | CANADIAN NATL RESOURCES            | 3.420%          | 1-Dec-2026    | 40,141            | 43,559          |
| 676,000    | CAPITAL DESJARDINS INC             | 4.954%          | 15-Dec-2026   | 718,376           | 702,296         |
| 120,000    | CITIGROUP INC                      | 4.090%          | 9-Jun-2025    | 122,979           | 133,037         |
| 600,000    | CITY OF WINNIPEG MANITOBA          | 4.300%          | 15-Nov-2051   | 803,825           | 863,604         |
| 3,000,000  | CU INC                             | 2.963%          | 7-Sep-2049    | 2,909,852         | 3,233,970       |
| 55,000     | ENBRIDGE INC                       | 3.950%          | 19-Nov-2024   | 55,160            | 60,536          |
| 732,325    | FEDERATION DES CAISSES             | 2.050%          | 10-Feb-2025   | 731,584           | 734,321         |
| 175,000    | FEDERATION DES CAISSES             | 2.394%          | 25-Aug-2022   | 175,000           | 180,625         |
| 70,000     | FEDERATION DES CAISSES             | 3.056%          | 11-Sep-2023   | 70,000            | 74,596          |
| 75,000     | FIRST CAPITAL REALTY INC           | 3.604%          | 6-May-2026    | 80,053            | 79,451          |
| 295,000    | GOVERNMENT OF CANADA               | 1.500%          | 1-Jun-2026    | 299,265           | 312,181         |
| 4,165,000  | GOVERNMENT OF CANADA               | 2.750%          | 1-Dec-2048    | 5,688,720         | 5,713,547       |
| 1,190,000  | GOVERNMENT OF CANADA               | 0.500%          | 1-Mar-2022    | 1,171,350         | 1,194,689       |
| 510,000    | GOVERNMENT OF CANADA               | 1.750%          | 1-Mar-2023    | 508,638           | 526,585         |
| 7,995,000  | GOVERNMENT OF CANADA               | 2.000%          | 1-Dec-2051    | 9,577,155         | 9,614,787       |
| 525,000    | GOVERNMENT OF CANADA               | 2.000%          | 1-Sep-2023    | 531,908           | 549,182         |
| 17,061,000 | GOVERNMENT OF CANADA               | 2.250%          | 1-Jun-2029    | 18,987,335        | 19,393,921      |
| 19,968,000 | GOVERNMENT OF CANADA               | 1.250%          | 1-Jun-2030    | 21,070,167        | 21,012,326      |
| 6,977,000  | GOVERNMENT OF CANADA               | 1.500%          | 1-Feb-2022    | 7,008,758         | 7,077,469       |
| 11,420,000 | GOVERNMENT OF CANADA               | 1.500%          | 1-May-2022    | 11,594,856        | 11,615,168      |

# 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

December 31, 2020 (Continued)

| Face Value | Security Description           | Coupon Rate (%) | Maturity Date | Average Cost (\$) | Fair Value (\$) |
|------------|--------------------------------|-----------------|---------------|-------------------|-----------------|
| 1,150,000  | GOVERNMENT OF CANADA           | 5.750%          | 1-Jun-2033    | 1,570,046         | 1,817,644       |
| 6,215,000  | GOVERNMENT OF CANADA           | 4.000%          | 1-Jun-2041    | 8,517,420         | 9,577,999       |
| 697,000    | GOVERNMENT OF CANADA           | 3.500%          | 1-Dec-2045    | 956,372           | 1,052,700       |
| 18,325,000 | GOVERNMENT OF CANADA           |                 | 7-Jan-2021    | 18,324,639        | 18,324,634      |
| 310,000    | GOVERNMENT OF CANADA           |                 | 4-Feb-2021    | 309,975           | 309,985         |
| 38,305,000 | GOVERNMENT OF CANADA           |                 | 4-Mar-2021    | 38,297,392        | 38,301,936      |
| 15,700,000 | GOVERNMENT OF CANADA           |                 | 14-Jan-2021   | 15,699,372        | 15,699,529      |
| 10,455,000 | GOVERNMENT OF CANADA           |                 | 21-Jan-2021   | 10,454,436        | 10,454,582      |
| 120,000    | GOVERNMENT OF CANADA           |                 | 18-Feb-2021   | 119,983           | 119,976         |
| 1,575,000  | GOVERNMENT OF CANADA           |                 | 11-Mar-2021   | 1,574,685         | 1,574,606       |
| 14,325,000 | GOVERNMENT OF CANADA           |                 | 18-Mar-2021   | 14,321,208        | 14,322,565      |
| 24,000,000 | GOVERNMENT OF CANADA           |                 | 15-Apr-2021   | 23,990,679        | 23,985,600      |
| 400,000    | GOVERNMENT OF CANADA           |                 | 6-May-2021    | 399,888           | 399,920         |
| 375,000    | GREAT-WEST LIFECO INC          | 3.337%          | 28-Feb-2028   | 376,359           | 423,709         |
| 385,000    | GREAT-WEST LIFECO INC          | 2.981%          | 8-Jul-2050    | 385,000           | 395,526         |
| 4,130,000  | GREAT-WEST LIFECO INC          | 2.379%          | 14-May-2030   | 4,130,000         | 4,403,447       |
| 155,000    | HSBC BANK CANADA               | 2.542%          | 31-Jan-2023   | 155,000           | 161,181         |
| 72,000     | HYDRO ONE INC                  | 6.930%          | 1-Jun-2032    | 99,340            | 108,456         |
| 65,000     | HYDRO ONE INC                  | 5.490%          | 16-Jul-2040   | 82,033            | 94,366          |
| 110,000    | IGM FINANCIAL INC              | 3.440%          | 26-Jan-2027   | 110,323           | 122,024         |
| 425,000    | INDEPENDENT ORDER OF FORESTERS | 2.885%          | 15-Oct-2035   | 425,000           | 426,517         |
| 815,000    | LABRADOR-ISLAND LINK FDG TR    | 3.760%          | 1-Jun-2033    | 900,751           | 1,029,598       |
| 165,000    | LABRADOR-ISLAND LINK FDG TR    | 3.860%          | 1-Dec-2045    | 202,429           | 226,964         |
| 160,000    | MANUFACTURERS LIFE INS CO      | 3.181%          | 22-Nov-2027   | 161,359           | 167,605         |
| 430,000    | MANULIFE BANK OF CANADA        | 2.844%          | 12-Jan-2023   | 439,504           | 449,501         |
| 975,000    | MANULIFE BANK OF CANADA        | 2.378%          | 19-Nov-2024   | 985,507           | 1,032,145       |
| 1,475,000  | MANULIFE BANK OF CANADA        | 2.340%          | 4-Mar-2021    | 1,475,092         | 1,475,885       |
| 270,000    | MANULIFE BANK OF CANADA        | 1.504%          | 25-Jun-2025   | 270,000           | 277,115         |
| 760,000    | MANULIFE BANK OF CANADA        | 2.082%          | 26-May-2022   | 766,173           | 776,500         |
| 70,000     | MANULIFE FINANCIAL CORP        | 5.059%          | 15-Dec-2036   | 79,461            | 87,226          |
| 3,699,000  | MCGILL UNIVERSITY HEALTH       | 5.360%          | 31-Dec-2043   | 4,596,140         | 5,567,772       |
| 425,000    | MUSKRAT FALLS / LABRADOR       | 3.630%          | 1-Jun-2029    | 461,546           | 511,636         |
| 625,000    | MUSKRAT FALLS / LABRADOR       | 3.860%          | 1-Dec-2048    | 813,910           | 880,644         |
| 25,000     | NATIONAL BANK OF CANADA        | 2.105%          | 18-Mar-2022   | 24,957            | 25,528          |
| 341,487    | NEW BRUNSWICK PROJECT          | 6.470%          | 30-Nov-2027   | 386,835           | 400,837         |
| 465,000    | NHA MORTGAGE BACKED SECURITIES | 5.375%          | 1-Jul-2028    | 307,085           | 234,228         |
| 375,000    | NHA MORTGAGE BACKED SECURITIES | 2.348%          | 1-Dec-2022    | 343,487           | 301,712         |
| 1,465,000  | NHA MORTGAGE BACKED SECURITIES | 1.784%          | 1-Apr-2021    | 1,385,899         | 575,129         |
| 500,000    | NHA MORTGAGE BACKED SECURITIES | 1.690%          | 1-Feb-2023    | 426,206           | 371,194         |
| 860,000    | NHA MORTGAGE BACKED SECURITIES | 2.124%          | 1-Jun-2021    | 804,840           | 535,649         |
| 115,000    | NHA MORTGAGE BACKED SECURITIES | 2.402%          | 1-May-2023    | 98,075            | 86,002          |
| 170,000    | NHA MORTGAGE BACKED SECURITIES | 2.705%          | 1-Nov-2023    | 147,089           | 139,094         |
| 150,000    | NHA MORTGAGE BACKED SECURITIES | 1.750%          | 1-Jun-2024    | 134,333           | 132,179         |
| 635,000    | NHA MORTGAGE BACKED SECURITIES | 1.800%          | 1-Sep-2024    | 583,975           | 587,937         |
| 225,000    | NHA MORTGAGE BACKED SECURITIES | 1.890%          | 1-Oct-2024    | 209,438           | 213,206         |
| 100,000    | NHA MORTGAGE BACKED SECURITIES | 1.740%          | 1-Jan-2025    | 93,318            | 95,509          |
| 390,000    | NHA MORTGAGE BACKED SECURITIES | 1.920%          | 1-Jan-2030    | 394,080           | 402,144         |
| 405,000    | NHA MORTGAGE BACKED SECURITIES | 0.500%          | 1-Oct-2025    | 399,482           | 399,091         |
| 400,000    | NHA MORTGAGE BACKED SECURITIES | 0.600%          | 1-Dec-2025    | 398,559           | 399,370         |
| 60,000     | NORTH WEST REDWATER            | 4.050%          | 22-Jul-2044   | 62,417            | 69,212          |
| 2,680,000  | NORTH WEST REDWATER            | 4.150%          | 1-Jun-2033    | 2,675,039         | 3,139,272       |
| 170,000    | NORTH WEST REDWATER            | 2.800%          | 1-Jun-2027    | 170,705           | 182,458         |
| 1,000,000  | ONTARIO HYDRO                  |                 | 11-Apr-2031   | 754,097           | 864,030         |
| 4,170,000  | OPB FINANCE TRUST              | 3.890%          | 4-Jul-2042    | 4,197,168         | 5,280,471       |
| 3,000,000  | OPB FINANCE TRUST              | 2.980%          | 25-Jan-2027   | 2,999,054         | 3,316,380       |
| 3,959,649  | ORNGE ISSUER TRUST             | 5.727%          | 11-Jun-2034   | 4,224,308         | 4,721,723       |
| 30,000     | PEMBINA PIPELINE CORP          | 3.310%          | 1-Feb-2030    | 29,980            | 32,399          |



# 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

December 31, 2020 (Continued)

| Face Value | Security Description         | Coupon Rate (%) | Maturity Date | Average Cost (\$) | Fair Value (\$) |
|------------|------------------------------|-----------------|---------------|-------------------|-----------------|
| 140,000    | PEPSICO INC                  | 2.150%          | 6-May-2024    | 138,104           | 146,457         |
| 510,000    | PROVINCE DE QUEBEC           | 6.250%          | 1-Jun-2032    | 652,503           | 766,321         |
| 1,265,000  | PROVINCE OF ALBERTA          | 3.450%          | 1-Dec-2043    | 1,481,712         | 1,545,741       |
| 2,434,000  | PROVINCE OF ALBERTA          | 3.100%          | 1-Jun-2024    | 2,534,636         | 2,645,953       |
| 1,900,000  | PROVINCE OF ALBERTA          | 2.350%          | 1-Jun-2025    | 1,929,507         | 2,038,624       |
| 1,023,000  | PROVINCE OF ALBERTA          | 3.300%          | 1-Dec-2046    | 1,029,348         | 1,232,838       |
| 731,000    | PROVINCE OF ALBERTA          | 2.200%          | 1-Jun-2026    | 731,675           | 783,866         |
| 924,000    | PROVINCE OF ALBERTA          | 3.050%          | 1-Dec-2048    | 900,863           | 1,078,049       |
| 425,000    | PROVINCE OF ALBERTA          | 2.050%          | 1-Jun-2030    | 423,283           | 449,506         |
| 285,000    | PROVINCE OF ALBERTA          | 2.900%          | 20-Sep-2029   | 297,502           | 322,361         |
| 2,510,000  | PROVINCE OF ALBERTA          | 3.900%          | 1-Dec-2033    | 2,762,113         | 3,137,450       |
| 1,955,000  | PROVINCE OF ALBERTA          | 3.500%          | 1-Jun-2031    | 2,102,919         | 2,328,170       |
| 2,635,000  | PROVINCE OF ALBERTA          | 3.100%          | 1-Jun-2050    | 2,710,833         | 3,122,264       |
| 2,555,000  | PROVINCE OF BRITISH COLUMBIA | 4.300%          | 18-Jun-2042   | 3,231,228         | 3,624,497       |
| 3,199,000  | PROVINCE OF BRITISH COLUMBIA | 3.250%          | 18-Dec-2021   | 3,241,884         | 3,292,539       |
| 4,205,000  | PROVINCE OF BRITISH COLUMBIA | 5.700%          | 18-Jun-2029   | 5,077,057         | 5,751,431       |
| 2,360,000  | PROVINCE OF BRITISH COLUMBIA | 6.350%          | 18-Jun-2031   | 2,984,136         | 3,510,712       |
| 4,265,000  | PROVINCE OF BRITISH COLUMBIA | 2.200%          | 18-Jun-2030   | 4,655,406         | 4,635,714       |
| 2,899,000  | PROVINCE OF BRITISH COLUMBIA | 2.800%          | 18-Jun-2048   | 2,921,824         | 3,405,861       |
| 745,000    | PROVINCE OF MANITOBA         | 5.700%          | 5-Mar-2037    | 1,083,475         | 1,134,814       |
| 1,040,000  | PROVINCE OF MANITOBA         | 4.650%          | 5-Mar-2040    | 1,234,178         | 1,466,764       |
| 950,000    | PROVINCE OF MANITOBA         | 4.050%          | 5-Sep-2045    | 1,134,738         | 1,285,426       |
| 1,176,000  | PROVINCE OF MANITOBA         | 2.850%          | 5-Sep-2046    | 1,171,446         | 1,325,340       |
| 485,000    | PROVINCE OF MANITOBA         | 3.400%          | 5-Sep-2048    | 567,521           | 605,998         |
| 645,000    | PROVINCE OF MANITOBA         | 2.600%          | 2-Jun-2027    | 639,825           | 711,345         |
| 1,272,000  | PROVINCE OF NEW BRUNSWICK    | 1.550%          | 4-May-2022    | 1,264,379         | 1,293,433       |
| 635,000    | PROVINCE OF NEW BRUNSWICK    | 4.550%          | 26-Mar-2037   | 719,668           | 861,549         |
| 820,000    | PROVINCE OF NEW BRUNSWICK    | 4.800%          | 26-Sep-2039   | 995,769           | 1,166,671       |
| 585,000    | PROVINCE OF NEWFOUNDLAND     | 4.500%          | 17-Apr-2037   | 656,229           | 772,493         |
| 2,219,000  | PROVINCE OF NEWFOUNDLAND     | 3.300%          | 17-Oct-2046   | 2,094,501         | 2,582,517       |
| 215,000    | PROVINCE OF NEWFOUNDLAND     | 3.000%          | 2-Jun-2026    | 235,293           | 238,308         |
| 565,000    | PROVINCE OF NEWFOUNDLAND     | 2.075%          | 27-Feb-2023   | 565,002           | 564,463         |
| 1,450,000  | PROVINCE OF NEWFOUNDLAND     | 0.715%          | 17-Mar-2024   | 1,450,000         | 1,451,378       |
| 2,962,000  | PROVINCE OF NOVA SCOTIA      | 4.400%          | 1-Jun-2042    | 3,365,391         | 4,158,204       |
| 6,356,000  | PROVINCE OF NOVA SCOTIA      | 2.150%          | 1-Jun-2025    | 6,313,816         | 6,769,521       |
| 425,000    | PROVINCE OF NOVA SCOTIA      | 5.800%          | 1-Jun-2033    | 576,123           | 625,073         |
| 2,365,000  | PROVINCE OF ONTARIO          | 4.650%          | 2-Jun-2041    | 2,828,165         | 3,452,025       |
| 730,000    | PROVINCE OF ONTARIO          | 6.500%          | 8-Mar-2029    | 909,779           | 1,030,614       |
| 3,290,000  | PROVINCE OF ONTARIO          | 5.850%          | 8-Mar-2033    | 4,180,056         | 4,869,694       |
| 1,250,000  | PROVINCE OF ONTARIO          | 4.700%          | 2-Jun-2037    | 1,303,002         | 1,768,550       |
| 590,000    | PROVINCE OF ONTARIO          | 4.600%          | 2-Jun-2039    | 797,087           | 840,945         |
| 7,522,000  | PROVINCE OF ONTARIO          | 4.000%          | 2-Jun-2021    | 7,592,032         | 7,639,569       |
| 9,616,000  | PROVINCE OF ONTARIO          | 3.450%          | 2-Jun-2045    | 11,381,407        | 12,254,534      |
| 8,905,000  | PROVINCE OF ONTARIO          | 2.600%          | 2-Jun-2025    | 9,112,241         | 9,653,643       |
| 1,103,000  | PROVINCE OF ONTARIO          | 2.400%          | 2-Jun-2026    | 1,115,968         | 1,195,663       |
| 4,414,000  | PROVINCE OF ONTARIO          | 2.800%          | 2-Jun-2048    | 4,612,335         | 5,132,908       |
| 6,725,000  | PROVINCE OF ONTARIO          | 2.050%          | 2-Jun-2030    | 7,046,004         | 7,177,189       |
| 4,265,000  | PROVINCE OF ONTARIO          | 1.900%          | 2-Dec-2051    | 4,144,935         | 4,174,710       |
| 1,605,000  | PROVINCE OF ONTARIO          | 3.500%          | 2-Jun-2024    | 1,739,708         | 1,766,238       |
| 550,000    | PROVINCE OF ONTARIO          | 2.900%          | 2-Jun-2028    | 620,496           | 622,947         |
| 1,500,000  | PROVINCE OF PRINCE EDWARD    | 6.100%          | 29-Jul-2027   | 1,579,617         | 1,960,785       |
| 95,000     | PROVINCE OF QUEBEC           | 9.375%          | 16-Jan-2023   | 108,999           | 112,410         |
| 1,105,000  | PROVINCE OF QUEBEC           | 8.500%          | 1-Apr-2026    | 1,443,521         | 1,538,779       |
| 1,130,000  | PROVINCE OF QUEBEC           | 5.750%          | 1-Dec-2036    | 1,478,058         | 1,762,992       |
| 3,842,000  | PROVINCE OF QUEBEC           | 4.250%          | 1-Dec-2021    | 3,946,920         | 3,983,270       |
| 2,665,000  | PROVINCE OF QUEBEC           | 3.000%          | 1-Sep-2023    | 2,831,399         | 2,849,525       |
| 6,120,000  | PROVINCE OF QUEBEC           | 3.750%          | 1-Sep-2024    | 6,457,170         | 6,839,528       |
| 9,624,000  | PROVINCE OF QUEBEC           | 3.500%          | 1-Dec-2048    | 11,261,420        | 12,663,163      |

# 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

December 31, 2020 (Continued)

| Face Value                            | Security Description                        | Coupon Rate (%) | Maturity Date | Average Cost (\$)    | Fair Value (\$)      |       |
|---------------------------------------|---|-----------------|---------------|----------------------|----------------------|-------|
| 4,554,000                             | PROVINCE OF QUEBEC                          | 2.500%          | 1-Sep-2026    | 4,711,842            | 4,985,218            |       |
| 825,000                               | PROVINCE OF QUEBEC                          | 2.750%          | 1-Sep-2027    | 910,245              | 923,332              |       |
| 425,000                               | PROVINCE OF SASKATCHEWAN                    | 5.800%          | 5-Sep-2033    | 532,585              | 624,274              |       |
| 765,000                               | PROVINCE OF SASKATCHEWAN                    | 5.600%          | 5-Sep-2035    | 1,057,547            | 1,132,537            |       |
| 760,000                               | PROVINCE OF SASKATCHEWAN                    | 4.750%          | 1-Jun-2040    | 929,374              | 1,088,647            |       |
| 2,123,000                             | PROVINCE OF SASKATCHEWAN                    | 3.400%          | 3-Feb-2042    | 2,142,225            | 2,599,231            |       |
| 1,865,000                             | PROVINCE OF SASKATCHEWAN                    | 2.750%          | 2-Dec-2046    | 1,797,273            | 2,074,067            |       |
| 1,078,000                             | PROVINCE OF SASKATCHEWAN                    | 3.300%          | 2-Jun-2048    | 1,079,300            | 1,325,595            |       |
| 1,220,000                             | PROVINCE OF SASKATCHEWAN                    | 2.650%          | 2-Jun-2027    | 1,195,943            | 1,347,722            |       |
| 1,998,000                             | PSP CAPITAL INC                             | 3.290%          | 4-Apr-2024    | 2,002,135            | 2,177,500            |       |
| 937,000                               | ROYAL BANK OF CANADA                        | 4.930%          | 16-Jul-2025   | 1,032,838            | 1,110,158            |       |
| 565,000                               | ROYAL BANK OF CANADA                        | 1.650%          | 15-Jul-2021   | 564,549              | 569,192              |       |
| 110,000                               | ROYAL BANK OF CANADA                        | 2.333%          | 5-Dec-2023    | 110,000              | 115,521              |       |
| 680,000                               | ROYAL BANK OF CANADA                        | 2.360%          | 5-Dec-2022    | 686,465              | 704,582              |       |
| 655,000                               | ROYAL BANK OF CANADA                        | 2.949%          | 1-May-2023    | 663,302              | 691,274              |       |
| 1,565,000                             | ROYAL BANK OF CANADA                        | 1.408%          | 27-Jun-2023   | 1,561,868            | 1,566,768            |       |
| 1,500,000                             | ROYAL BANK OF CANADA                        | 2.740%          | 25-Jul-2029   | 1,584,393            | 1,529,655            |       |
| 800,000                               | ROYAL BANK OF CANADA                        | 2.609%          | 1-Nov-2024    | 803,074              | 852,264              |       |
| 1,500,000                             | ROYAL BANK OF CANADA                        | 2.880%          | 23-Dec-2029   | 1,595,757            | 1,602,945            |       |
| 8,195,000                             | ROYAL BANK OF CANADA                        | 1.968%          | 2-Mar-2022    | 8,259,132            | 8,346,935            |       |
| 12,284,000                            | ROYAL OFFICE FINANCE LP                     | 5.209%          | 12-Nov-2032   | 13,214,473           | 15,707,551           |       |
| 65,000                                | SCOTIABANK CAPITAL TRUST                    | 5.650%          | 31-Dec-2056   | 75,941               | 77,559               |       |
| 1,500,000                             | SINAI HEALTH SYSTEM                         | 3.527%          | 9-Jun-2056    | 1,500,000            | 1,774,485            |       |
| 914,693                               | SNC-LAVALIN INNISFREE                       | 6.632%          | 30-Jun-2044   | 1,141,954            | 1,298,809            |       |
| 900,000                               | SUN LIFE FINANCIAL INC                      | 4.570%          | 23-Aug-2021   | 917,212              | 922,329              |       |
| 85,000                                | SUN LIFE FINANCIAL INC                      | 2.060%          | 1-Oct-2035    | 84,932               | 86,316               |       |
| 10,058,000                            | TCHC ISSUER TRUST                           | 5.395%          | 22-Feb-2040   | 12,886,280           | 14,933,414           |       |
| 595,000                               | THE CANADA LIFE ASSURANCE                   | 6.400%          | 11-Dec-2028   | 699,525              | 794,545              |       |
| 1,500,000                             | THE HOSPITAL FOR SICK CHILDREN              | 3.416%          | 7-Dec-2057    | 1,500,000            | 1,822,140            |       |
| 2,400,000                             | TORONTO DOMINION BANK                       | 4.859%          | 4-Mar-2031    | 2,638,346            | 2,828,688            |       |
| 140,000                               | TORONTO DOMINION BANK                       | 3.226%          | 24-Jul-2024   | 145,092              | 152,457              |       |
| 70,000                                | TORONTO DOMINION BANK                       | 1.909%          | 18-Jul-2023   | 70,000               | 72,405               |       |
| 1,110,000                             | TORONTO DOMINION BANK                       | 3.005%          | 30-May-2023   | 1,110,190            | 1,175,379            |       |
| 1,075,000                             | TORONTO DOMINION BANK                       | 0.815%          | 28-Jun-2023   | 1,075,000            | 1,084,277            |       |
| 960,000                               | TORONTO DOMINION BANK                       | 3.060%          | 26-Jan-2032   | 971,515              | 1,048,723            |       |
| 160,000                               | TORONTO DOMINION BANK                       | 1.943%          | 13-Mar-2025   | 160,000              | 166,830              |       |
| 985,000                               | TORONTO DOMINION BANK                       | 3.105%          | 22-Apr-2030   | 985,000              | 1,064,361            |       |
| 620,000                               | TORONTO DOMINION BANK                       | 1.128%          | 9-Dec-2025    | 620,000              | 623,472              |       |
| 100,000                               | TRANSCANADA PIPELINES LTD                   | 3.000%          | 18-Sep-2029   | 99,746               | 108,208              |       |
| 100,000                               | TRANSCANADA TRUST                           | 4.650%          | 18-May-2077   | 100,156              | 102,875              |       |
| 1,560,000                             | UNITED STATES TREASURY BILL                 |                 | 18-Feb-2021   | 2,044,526            | 1,988,812            |       |
| 440,370                               | UNITED STATES TREASURY NOTE                 | 1.500%          | 15-Feb-2030   | 471,169              | 424,969              |       |
| 1,330,000                             | VILLE DE QUEBEC CITY                        | 1.900%          | 26-Sep-2024   | 1,318,496            | 1,390,582            |       |
| 675,000                               | WATERLOO ONTARIO REGIONAL                   | 2.150%          | 4-Oct-2025    | 674,310              | 690,363              |       |
| 675,000                               | WATERLOO ONTARIO REGIONAL                   | 2.200%          | 4-Oct-2026    | 673,817              | 689,810              |       |
| 675,000                               | WATERLOO ONTARIO REGIONAL                   | 2.250%          | 4-Oct-2027    | 673,215              | 688,932              |       |
| 675,000                               | WATERLOO ONTARIO REGIONAL                   | 2.300%          | 4-Oct-2028    | 673,214              | 725,807              |       |
| 125,000                               | WELLS FARGO & CO                            | 3.874%          | 21-May-2025   | 127,217              | 137,291              |       |
| 1,725,000                             | YUKON DEVELOPMENT CORP                      | 5.000%          | 29-Jun-2040   | 2,131,619            | 2,405,789            |       |
| <b>Total Fixed Income Securities</b>  |   |                 |               | <b>\$531,801,277</b> | <b>\$560,721,801</b> | 74.4% |
| <b>Variable Rate Securities</b>       |   |                 |               |                      |                      |       |
| 10,000,000                            | TORONTO DOMINION BANK CDN INDEX LINKED NOTE |                 | 11-Oct-2022   | 10,000,000           | 13,841,000           |       |
| 10,000,000                            | TORONTO DOMINION BANK US INDEX LINKED NOTE  |                 | 11-Oct-2022   | 10,000,000           | 17,869,000           |       |
| <b>Total Variable Rate Securities</b> |   |                 |               | <b>\$20,000,000</b>  | <b>\$31,710,000</b>  | 4.2%  |

# 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

December 31, 2020 (Continued)

| Shares/<br>Units | Security Description           | Average<br>Cost (\$) | Fair<br>Value (\$)   |        |
|------------------|--------------------------------|----------------------|----------------------|--------|
| 142,500          | ALIMENTATION COUCHE-TARD       | 5,124,866            | 6,156,000            |        |
| 95,525           | ATCO LTD-CL I NON-VTG          | 3,949,009            | 3,485,707            |        |
| 58,225           | BANK OF MONTREAL               | 5,331,805            | 5,635,016            |        |
| 168,525          | BMO S&P 500 INDEX ETF          | 4,709,241            | 8,810,487            |        |
| 122,425          | BROOKFIELD ASSET MANAGEMENT    | 4,890,149            | 6,418,743            |        |
| 88,950           | CAE INC                        | 2,512,518            | 3,123,035            |        |
| 50,525           | CANADIAN NATIONAL RAILWAY      | 5,641,527            | 7,048,231            |        |
| 16,200           | CANADIAN PACIFIC RAILWAY       | 4,598,246            | 7,128,000            |        |
| 91,050           | CCL INDUSTRIES INC             | 4,807,828            | 5,237,196            |        |
| 58,650           | CGI INC                        | 5,160,077            | 5,912,507            |        |
| 4,337            | CONSTELLATION SOFTWARE INC     | 4,787,236            | 7,168,714            |        |
| 92,225           | DOLLARAMA INC                  | 3,309,907            | 4,772,644            |        |
| 115,000          | EMPIRE COMPANY LTD             | 3,749,046            | 4,000,850            |        |
| 32,350           | INTACT FINANCIAL CORP          | 3,653,604            | 4,861,558            |        |
| 64,775           | LOBLAW COMPANIES LTD           | 4,116,679            | 4,065,927            |        |
| 107,950          | METRO INC                      | 5,364,738            | 6,131,560            |        |
| 76,285           | NATIONAL BANK OF CANADA        | 4,705,583            | 5,465,057            |        |
| 95,225           | OPEN TEXT CORP                 | 4,581,298            | 5,507,814            |        |
| 8,066            | TOPICUS.COM                    | 38,816               | 38,816               |        |
| 142,970          | QUEBECOR INC CL B              | 4,327,451            | 4,683,697            |        |
| 53,275           | RESTAURANT BRANDS              | 4,024,946            | 4,136,804            |        |
| 26,300           | RITCHIE BROS AUCTIONEERS       | 1,458,733            | 2,327,024            |        |
| 45,550           | ROGERS COMMUNICATIONS INC CL B | 3,011,372            | 2,691,550            |        |
| 70,075           | ROYAL BANK OF CANADA           | 6,272,569            | 7,306,720            |        |
| 39,775           | SAPUTO INC                     | 1,594,873            | 1,412,013            |        |
| 34,275           | SHAW COMMUNICATIONS INC CL B   | 881,189              | 765,018              |        |
| 170,650          | TELUS CORPORATION              | 4,184,945            | 4,302,087            |        |
| 49,725           | THOMSON REUTERS CORP           | 3,709,797            | 5,172,395            |        |
| 42,325           | TMX GROUP LIMITED              | 3,682,459            | 5,381,201            |        |
| 82,575           | TOROMONT INDUSTRIES LTD        | 5,121,685            | 7,336,789            |        |
| 99,500           | TORONTO DOMINION BANK          | 6,335,150            | 7,136,140            |        |
| 28,850           | WASTE CONNECTIONS INC          | 3,135,778            | 3,748,192            |        |
| 91,475           | WINPAK LTD                     | 4,102,337            | 3,916,960            |        |
|                  | <b>Total Equity Securities</b> | <b>\$132,875,457</b> | <b>\$161,284,452</b> | 24.4%  |
|                  |                                | <b>\$684,676,734</b> | <b>\$753,716,253</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 Government Grants

December 31, 2020

| Face Value | Security Description               | Coupon Rate (%) | Maturity Date | Average Cost (\$) | Fair Value (\$) |
|------------|------------------------------------|-----------------|---------------|-------------------|-----------------|
|            | <b>Fixed Income Securities</b>     |                 |               |                   |                 |
| 485,000    | AVIVA PLC                          | 4.000%          | 2-Oct-2030    | 487,270           | 516,234         |
| 195,000    | BANK OF AMERICA CORP               | 3.301%          | 24-Apr-2024   | 194,761           | 206,115         |
| 1,380,122  | BANK OF MONTREAL                   | 0.684%          | 13-Apr-2021   | 1,381,793         | 1,358,092       |
| 2,045,000  | BANK OF MONTREAL                   | 2.270%          | 11-Jul-2022   | 2,071,684         | 2,102,015       |
| 500,000    | BANK OF MONTREAL                   | 1.880%          | 31-Mar-2021   | 500,136           | 501,945         |
| 2,580,000  | BANK OF MONTREAL                   | 1.610%          | 28-Oct-2021   | 2,573,987         | 2,607,683       |
| 1,985,000  | BANK OF MONTREAL                   | 2.700%          | 11-Sep-2024   | 2,004,554         | 2,128,873       |
| 1,130,000  | BANK OF MONTREAL                   | 2.850%          | 6-Mar-2024    | 1,137,318         | 1,202,603       |
| 305,000    | BANK OF MONTREAL                   | 0.853%          | 1-Feb-2023    | 304,525           | 305,189         |
| 1,250,000  | BANK OF MONTREAL                   | 3.190%          | 1-Mar-2028    | 1,246,362         | 1,425,100       |
| 2,050,000  | BANK OF MONTREAL                   | 2.370%          | 3-Feb-2025    | 2,049,983         | 2,171,196       |
| 2,045,000  | BANK OF NOVA SCOTIA                | 1.900%          | 2-Dec-2021    | 2,044,537         | 2,074,796       |
| 725,000    | BANK OF NOVA SCOTIA                | 2.620%          | 2-Dec-2026    | 704,689           | 792,664         |
| 970,000    | BANK OF NOVA SCOTIA                | 3.100%          | 2-Feb-2028    | 969,766           | 1,097,914       |
| 1,195,000  | BANK OF NOVA SCOTIA                | 2.290%          | 28-Jun-2024   | 1,207,252         | 1,261,203       |
| 1,846,699  | BANK OF NOVA SCOTIA                | 0.658%          | 20-Apr-2021   | 1,846,966         | 1,838,285       |
| 3,050,000  | BANK OF NOVA SCOTIA                | 0.519%          | 13-Jan-2021   | 3,050,328         | 3,050,305       |
| 390,000    | BHP BILLITON FINANCE               | 3.230%          | 15-May-2023   | 384,624           | 411,427         |
| 7,035,000  | CANADA HOUSING TRUST               | 1.950%          | 15-Dec-2025   | 7,485,154         | 7,490,235       |
| 2,995,000  | CANADA HOUSING TRUST               | 1.800%          | 15-Dec-2024   | 3,046,208         | 3,145,978       |
| 2,960,000  | CANADA HOUSING TRUST               | 1.100%          | 15-Mar-2031   | 2,954,899         | 2,964,174       |
| 7,850,000  | CANADA HOUSING TRUST NO. 1         | 1.900%          | 15-Sep-2026   | 7,836,027         | 8,379,483       |
| 450,000    | CANADA HOUSING TRUST NO. 1         | 0.490%          | 15-Sep-2024   | 452,299           | 452,903         |
| 2,585,000  | CANADA POST CORP                   | 4.360%          | 16-Jul-2040   | 3,381,972         | 3,653,794       |
| 5,500,000  | CANADA POST CORP                   | 4.080%          | 16-Jul-2025   | 5,974,372         | 6,290,223       |
| 875,000    | CANADIAN IMPERIAL BANK OF COMMERCE | 3.300%          | 26-May-2025   | 895,959           | 969,509         |
| 280,000    | CANADIAN IMPERIAL BANK OF COMMERCE | 2.970%          | 11-Jul-2023   | 284,162           | 296,892         |
| 250,000    | CANADIAN IMPERIAL BANK OF COMMERCE | 2.300%          | 11-Jul-2022   | 250,082           | 257,053         |
| 2,238,900  | CANADIAN IMPERIAL BANK OF COMMERCE | 2.360%          | 17-Mar-2023   | 2,238,900         | 2,167,499       |
| 383,648    | CANADIAN IMPERIAL BANK OF COMMERCE | 0.909%          | 13-Sep-2023   | 383,648           | 379,853         |
| 245,000    | CANADIAN NATL RESOURCES            | 3.420%          | 1-Dec-2026    | 245,862           | 266,800         |
| 2,000,000  | CAPITAL DESJARDINS INC             | 4.954%          | 15-Dec-2026   | 2,123,939         | 2,077,800       |
| 205,000    | CITIGROUP INC                      | 4.090%          | 9-Jun-2025    | 209,997           | 227,271         |
| 265,000    | ENBRIDGE INC                       | 3.950%          | 19-Nov-2024   | 264,711           | 291,675         |
| 2,263,550  | FEDERATION DES CAISSES             | 2.050%          | 10-Feb-2025   | 2,261,261         | 2,269,721       |
| 625,000    | FEDERATION DES CAISSES             | 2.394%          | 25-Aug-2022   | 624,491           | 645,088         |
| 305,000    | FEDERATION DES CAISSES             | 3.056%          | 11-Sep-2023   | 305,000           | 325,023         |
| 270,000    | FIRST CAPITAL REALTY INC           | 3.604%          | 6-May-2026    | 288,190           | 286,025         |
| 1,340,000  | GOVERNMENT OF CANADA               | 1.500%          | 1-Jun-2026    | 1,354,910         | 1,418,042       |
| 2,188,000  | GOVERNMENT OF CANADA               | 3.500%          | 1-Dec-2045    | 2,991,065         | 3,304,602       |
| 100,000    | GOVERNMENT OF CANADA               |                 | 4-Feb-2021    | 99,991            | 99,995          |
| 535,000    | GOVERNMENT OF CANADA               |                 | 18-Feb-2021   | 534,926           | 534,893         |
| 150,000    | GOVERNMENT OF CANADA               |                 | 6-May-2021    | 149,958           | 149,970         |
| 1,145,000  | GREAT-WEST LIFECO INC              | 3.337%          | 28-Feb-2028   | 1,149,150         | 1,293,724       |
| 815,000    | GREAT-WEST LIFECO INC              | 2.981%          | 8-Jul-2050    | 815,000           | 837,282         |
| 400,000    | HSBC BANK CANADA                   | 2.542%          | 31-Jan-2023   | 399,687           | 415,952         |
| 122,000    | HYDRO ONE INC                      | 6.930%          | 1-Jun-2032    | 168,326           | 183,773         |
| 110,000    | HYDRO ONE INC                      | 5.490%          | 16-Jul-2040   | 138,825           | 159,696         |
| 370,000    | IGM FINANCIAL INC                  | 3.440%          | 26-Jan-2027   | 371,086           | 410,445         |
| 1,350,000  | INDEPENDENT ORDER OF FORESTERS     | 2.885%          | 15-Oct-2035   | 1,350,000         | 1,354,820       |
| 2,730,000  | LABRADOR-ISLAND LINK FDG TR        | 3.760%          | 1-Jun-2033    | 3,010,700         | 3,448,836       |
| 925,000    | LABRADOR-ISLAND LINK FDG TR        | 3.860%          | 1-Dec-2045    | 1,131,359         | 1,272,375       |
| 420,000    | MANUFACTURERS LIFE INS CO          | 3.181%          | 22-Nov-2027   | 423,413           | 439,963         |
| 2,040,000  | MANULIFE BANK OF CANADA            | 2.844%          | 12-Jan-2023   | 2,082,779         | 2,132,514       |
| 3,460,000  | MANULIFE BANK OF CANADA            | 2.378%          | 19-Nov-2024   | 3,500,529         | 3,662,791       |
| 5,245,000  | MANULIFE BANK OF CANADA            | 0.938%          | 4-Mar-2021    | 5,245,328         | 5,248,147       |
| 800,000    | MANULIFE BANK OF CANADA            | 1.504%          | 25-Jun-2025   | 800,000           | 821,080         |
| 2,725,000  | MANULIFE BANK OF CANADA            | 2.082%          | 26-May-2022   | 2,747,133         | 2,784,160       |
| 130,000    | MANULIFE FINANCIAL CORP            | 5.059%          | 15-Dec-2036   | 147,571           | 161,990         |
| 1,330,000  | MUSKRAT FALLS / LABRADOR           | 3.630%          | 1-Jun-2029    | 1,437,226         | 1,601,121       |
| 1,555,000  | MUSKRAT FALLS / LABRADOR           | 3.860%          | 1-Dec-2048    | 2,025,009         | 2,191,042       |

# 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

December 31, 2020 (Continued)

| Face Value | Security Description           | Coupon Rate (%) | Maturity Date | Average Cost (\$) | Fair Value (\$) |
|------------|--------------------------------|-----------------|---------------|-------------------|-----------------|
| 110,000    | NATIONAL BANK OF CANADA        | 2.105%          | 18-Mar-2022   | 109,654           | 112,324         |
| 1,255,000  | NHA MORTGAGE BACKED SECURITIES | 3.250%          | 1-Jul-2028    | 826,682           | 632,163         |
| 610,000    | NHA MORTGAGE BACKED SECURITIES | 2.360%          | 1-Dec-2022    | 559,362           | 490,784         |
| 4,360,000  | NHA MORTGAGE BACKED SECURITIES | 1.784%          | 1-Apr-2021    | 4,137,560         | 1,711,648       |
| 330,000    | NHA MORTGAGE BACKED SECURITIES | 1.890%          | 1-Sep-2022    | 293,257           | 242,958         |
| 1,000,000  | NHA MORTGAGE BACKED SECURITIES | 1.690%          | 1-Feb-2023    | 852,413           | 742,389         |
| 1,440,000  | NHA MORTGAGE BACKED SECURITIES | 2.124%          | 1-Jun-2021    | 1,347,640         | 896,900         |
| 195,000    | NHA MORTGAGE BACKED SECURITIES | 2.124%          | 1-May-2023    | 166,301           | 145,829         |
| 550,000    | NHA MORTGAGE BACKED SECURITIES | 2.690%          | 1-Nov-2023    | 475,876           | 450,009         |
| 605,000    | NHA MORTGAGE BACKED SECURITIES | 1.750%          | 1-Jun-2024    | 541,811           | 533,121         |
| 1,750,000  | NHA MORTGAGE BACKED SECURITIES | 1.700%          | 1-Sep-2024    | 1,610,864         | 1,620,299       |
| 565,000    | NHA MORTGAGE BACKED SECURITIES | 1.890%          | 1-Oct-2024    | 525,921           | 535,383         |
| 335,000    | NHA MORTGAGE BACKED SECURITIES | 1.740%          | 1-Jan-2025    | 312,616           | 319,956         |
| 830,000    | NHA MORTGAGE BACKED SECURITIES | 1.920%          | 1-Jan-2030    | 838,682           | 855,845         |
| 1,095,000  | NHA MORTGAGE BACKED SECURITIES | 0.500%          | 1-Oct-2025    | 1,080,082         | 1,079,024       |
| 1,280,000  | NHA MORTGAGE BACKED SECURITIES | 0.600%          | 1-Dec-2025    | 1,275,389         | 1,277,983       |
| 100,000    | NORTH WEST REDWATER            | 4.050%          | 22-Jul-2044   | 104,028           | 115,353         |
| 380,000    | NORTH WEST REDWATER            | 2.800%          | 1-Jun-2027    | 381,575           | 407,846         |
| 2,300,000  | ONTARIO HYDRO                  | 0.000%          | 11-Apr-2031   | 1,749,334         | 1,987,269       |
| 225,000    | PEMBINA PIPELINE CORP          | 3.310%          | 1-Feb-2030    | 224,850           | 242,996         |
| 565,000    | PEPSICO INC                    | 2.150%          | 6-May-2024    | 557,212           | 591,058         |
| 4,160,000  | PROVINCE OF ALBERTA            | 3.450%          | 1-Dec-2043    | 4,885,804         | 5,083,229       |
| 1,233,000  | PROVINCE OF ALBERTA            | 2.050%          | 1-Jun-2030    | 1,228,206         | 1,304,095       |
| 760,000    | PROVINCE OF ALBERTA            | 2.900%          | 20-Sep-2029   | 793,339           | 859,628         |
| 3,475,000  | PROVINCE OF ALBERTA            | 3.900%          | 1-Dec-2033    | 3,815,606         | 4,343,681       |
| 6,215,000  | PROVINCE OF ALBERTA            | 3.500%          | 1-Jun-2031    | 6,711,574         | 7,401,319       |
| 1,340,000  | PROVINCE OF BRITISH COLUMBIA   | 5.700%          | 18-Jun-2029   | 1,609,076         | 1,832,798       |
| 2,525,000  | PROVINCE OF MANITOBA           | 5.700%          | 5-Mar-2037    | 3,673,044         | 3,846,181       |
| 3,600,000  | PROVINCE OF MANITOBA           | 4.650%          | 5-Mar-2040    | 4,274,214         | 5,077,260       |
| 3,480,000  | PROVINCE OF MANITOBA           | 4.050%          | 5-Sep-2045    | 4,221,819         | 4,708,718       |
| 1,945,000  | PROVINCE OF MANITOBA           | 2.600%          | 2-Jun-2027    | 1,932,101         | 2,145,063       |
| 2,345,000  | PROVINCE OF NEW BRUNSWICK      | 4.550%          | 26-Mar-2037   | 2,661,744         | 3,181,626       |
| 3,020,000  | PROVINCE OF NEW BRUNSWICK      | 4.800%          | 26-Sep-2039   | 3,667,345         | 4,296,765       |
| 1,785,000  | PROVINCE OF NEWFOUNDLAND       | 4.500%          | 17-Apr-2037   | 2,006,934         | 2,357,093       |
| 2,265,000  | PROVINCE OF NEWFOUNDLAND       | 3.300%          | 17-Oct-2046   | 2,211,208         | 2,636,052       |
| 985,000    | PROVINCE OF NEWFOUNDLAND       | 3.000%          | 2-Jun-2026    | 1,077,971         | 1,091,784       |
| 2,435,000  | PROVINCE OF NEWFOUNDLAND       | 2.075%          | 27-Feb-2023   | 2,435,010         | 2,432,687       |
| 4,720,000  | PROVINCE OF NEWFOUNDLAND       | 1.613%          | 17-Mar-2024   | 4,720,000         | 4,724,484       |
| 1,235,000  | PROVINCE OF NOVA SCOTIA        | 5.800%          | 1-Jun-2033    | 1,674,145         | 1,816,389       |
| 2,165,000  | PROVINCE OF ONTARIO            | 6.500%          | 8-Mar-2029    | 2,705,364         | 3,056,547       |
| 2,270,000  | PROVINCE OF ONTARIO            | 4.600%          | 2-Jun-2039    | 3,066,758         | 3,235,499       |
| 3,920,000  | PROVINCE OF ONTARIO            | 3.450%          | 2-Jun-2045    | 4,386,240         | 4,995,609       |
| 4,080,000  | PROVINCE OF ONTARIO            | 2.400%          | 2-Jun-2026    | 4,124,041         | 4,422,761       |
| 4,115,000  | PROVINCE OF ONTARIO            | 3.500%          | 2-Jun-2024    | 4,470,329         | 4,528,393       |
| 6,250,000  | PROVINCE OF ONTARIO            | 2.600%          | 2-Jun-2025    | 6,760,159         | 6,775,438       |
| 1,425,000  | PROVINCE OF ONTARIO            | 2.800%          | 2-Jun-2048    | 1,677,224         | 1,657,090       |
| 1,680,000  | PROVINCE OF ONTARIO            | 2.900%          | 2-Jun-2028    | 1,895,334         | 1,902,818       |
| 420,000    | PROVINCE OF QUEBEC             | 9.375%          | 16-Jan-2023   | 481,553           | 496,969         |
| 4,265,000  | PROVINCE OF QUEBEC             | 8.500%          | 1-Apr-2026    | 5,605,375         | 5,939,268       |
| 1,540,000  | PROVINCE OF QUEBEC             | 6.250%          | 1-Jun-2032    | 1,975,377         | 2,313,989       |
| 2,300,000  | PROVINCE OF SASKATCHEWAN       | 5.600%          | 5-Sep-2035    | 3,218,300         | 3,405,012       |
| 2,560,000  | PROVINCE OF SASKATCHEWAN       | 4.750%          | 1-Jun-2040    | 3,141,579         | 3,667,021       |
| 597,000    | PROVINCE OF SASKATCHEWAN       | 3.400%          | 3-Feb-2042    | 614,787           | 730,919         |
| 3,262,000  | ROYAL BANK OF CANADA           | 4.930%          | 16-Jul-2025   | 3,594,828         | 3,864,818       |
| 2,045,000  | ROYAL BANK OF CANADA           | 1.650%          | 15-Jul-2021   | 2,043,367         | 2,060,174       |
| 360,000    | ROYAL BANK OF CANADA           | 2.333%          | 5-Dec-2023    | 360,000           | 378,068         |
| 2,570,000  | ROYAL BANK OF CANADA           | 2.360%          | 5-Dec-2022    | 2,594,473         | 2,662,906       |
| 2,145,000  | ROYAL BANK OF CANADA           | 2.949%          | 1-May-2023    | 2,177,474         | 2,263,790       |
| 5,395,000  | ROYAL BANK OF CANADA           | 1.408%          | 27-Jun-2022   | 5,382,653         | 5,401,096       |
| 2,825,000  | ROYAL BANK OF CANADA           | 2.609%          | 1-Nov-2024    | 2,836,009         | 3,009,557       |
| 110,000    | SCOTIABANK CAPITAL TRUST       | 5.650%          | 31-Dec-2056   | 128,516           | 131,254         |

# 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

December 31, 2020 (Continued)

| Face Value            | Security Description                 | Coupon Rate (%) | Maturity Date | Average Cost (\$)    | Fair Value (\$)      |        |
|-----------------------|--------------------------------------|-----------------|---------------|----------------------|----------------------|--------|
| 2,725,000             | SUN LIFE FINANCIAL INC               | 4.570%          | 23-Aug-2021   | 2,777,113            | 2,792,607            |        |
| 200,000               | SUN LIFE FINANCIAL INC               | 2.060%          | 1-Oct-2035    | 199,841              | 203,096              |        |
| 1,390,000             | THE CANADA LIFE ASSURANCE            | 6.400%          | 11-Dec-2028   | 1,628,126            | 1,856,164            |        |
| 550,000               | TORONTO DOMINION BANK                | 3.226%          | 24-Jul-2024   | 567,602              | 598,939              |        |
| 330,000               | TORONTO DOMINION BANK                | 1.909%          | 18-Jul-2023   | 330,000              | 341,339              |        |
| 3,140,000             | TORONTO DOMINION BANK                | 1.545%          | 28-Jun-2023   | 3,140,000            | 3,167,098            |        |
| 340,000               | TORONTO DOMINION BANK                | 1.943%          | 13-Mar-2025   | 340,000              | 354,515              |        |
| 1,880,000             | TORONTO DOMINION BANK                | 1.128%          | 9-Dec-2025    | 1,880,000            | 1,890,528            |        |
| 365,000               | TRANSCANADA PIPELINES LTD            | 3.000%          | 18-Sep-2029   | 364,074              | 394,959              |        |
| 180,000               | TRANSCANADA TRUST                    | 4.650%          | 18-May-2077   | 180,281              | 185,175              |        |
| 4,925,000             | UNITED STATES TREASURY BILL          |                 | 18-Feb-2021   | 6,454,625            | 6,278,783            |        |
| 1,034,520             | UNITED STATES TREASURY NOTE          | 1.500%          | 15-Feb-2030   | 1,106,874            | 998,341              |        |
| 355,000               | WELLS FARGO & CO                     | 3.874%          | 21-May-2025   | 361,507              | 389,907              |        |
|                       | <b>Total Fixed Income Securities</b> |                 |               | <b>\$251,881,671</b> | <b>\$262,296,287</b> | 80.6%  |
| <b>Shares / Units</b> | <b>Equity Securities</b>             |                 |               |                      |                      |        |
| 55,500                | ALIMENTATION COUCHE-TARD             |                 |               | 1,897,763            | 2,397,600            |        |
| 37,200                | ATCO LTD-CL I NON-VTG                |                 |               | 1,554,083            | 1,357,428            |        |
| 22,645                | BANK OF MONTREAL                     |                 |               | 2,048,854            | 2,191,583            |        |
| 71,358                | BMO S&P 500 INDEX ETF                |                 |               | 1,653,685            | 3,730,596            |        |
| 47,700                | BROOKFIELD ASSET MANAGEMENT          |                 |               | 1,772,403            | 2,500,911            |        |
| 34,625                | CAE INC                              |                 |               | 952,052              | 1,215,684            |        |
| 19,700                | CANADIAN NATIONAL RAILWAY            |                 |               | 2,096,775            | 2,748,150            |        |
| 6,375                 | CANADIAN PACIFIC RAILWAY             |                 |               | 1,650,314            | 2,805,000            |        |
| 35,450                | CCL INDUSTRIES INC                   |                 |               | 1,835,179            | 2,039,084            |        |
| 22,850                | CGI INC                              |                 |               | 1,967,523            | 2,303,509            |        |
| 1,694                 | CONSTELLATION SOFTWARE INC           |                 |               | 1,688,852            | 2,800,046            |        |
| 35,900                | DOLLARAMA INC                        |                 |               | 1,159,859            | 1,857,825            |        |
| 44,600                | EMPIRE COMPANY LTD                   |                 |               | 1,423,752            | 1,551,634            |        |
| 12,600                | INTACT FINANCIAL CORP                |                 |               | 1,328,451            | 1,893,528            |        |
| 25,225                | LOBLAW COMPANIES LTD                 |                 |               | 1,602,514            | 1,583,373            |        |
| 42,050                | METRO INC                            |                 |               | 2,006,160            | 2,388,440            |        |
| 29,715                | NATIONAL BANK OF CANADA              |                 |               | 1,778,005            | 2,128,783            |        |
| 37,100                | OPEN TEXT CORP                       |                 |               | 1,702,229            | 2,145,864            |        |
| 3,150                 | TOPICUS.COM                          |                 |               | 15,159               | 15,159               |        |
| 55,648                | QUEBECOR INC CL B                    |                 |               | 1,656,920            | 1,823,028            |        |
| 20,750                | RESTAURANT BRANDS                    |                 |               | 1,564,619            | 1,611,238            |        |
| 10,225                | RITCHIE BROS AUCTIONEERS             |                 |               | 496,883              | 904,708              |        |
| 17,732                | ROGERS COMMUNICATIONS INC CL B       |                 |               | 1,192,439            | 1,047,784            |        |
| 27,300                | ROYAL BANK OF CANADA                 |                 |               | 2,434,808            | 2,846,571            |        |
| 15,375                | SAPUTO INC                           |                 |               | 626,304              | 545,813              |        |
| 13,350                | SHAW COMMUNICATIONS INC CL B         |                 |               | 350,118              | 297,972              |        |
| 66,475                | TELUS CORPORATION                    |                 |               | 1,616,301            | 1,675,835            |        |
| 19,350                | THOMSON REUTERS CORP                 |                 |               | 1,330,979            | 2,012,787            |        |
| 16,475                | TMX GROUP LIMITED                    |                 |               | 1,311,972            | 2,094,632            |        |
| 32,050                | TOROMONT INDUSTRIES LTD              |                 |               | 1,812,185            | 2,847,643            |        |
| 38,750                | TORONTO DOMINION BANK                |                 |               | 2,483,142            | 2,779,150            |        |
| 11,250                | WASTE CONNECTIONS INC                |                 |               | 1,172,307            | 1,461,600            |        |
| 35,650                | WINPAK LTD                           |                 |               | 1,615,625            | 1,526,533            |        |
|                       | <b>Equity Income Securities</b>      |                 |               | <b>\$49,798,214</b>  | <b>\$63,129,491</b>  | 19.4%  |
|                       |                                      |                 |               | <b>\$301,679,885</b> | <b>\$325,425,778</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 Subscriber deposits under Scholarship Enhancement Fund

December 31, 2020

| Face Value                           | Security Description       | Coupon Rate (%) | Maturity Date | Average Cost (\$)  | Fair Value (\$)    |        |
|--------------------------------------|----------------------------|-----------------|---------------|--------------------|--------------------|--------|
| 155,000                              | CANADA HOUSING TRUST       | 2.350%          | 15-Sep-2023   | 162,169            | 163,313            |        |
| 231,000                              | CANADA HOUSING TRUST       | 2.550%          | 15-Dec-2023   | 234,189            | 245,618            |        |
| 145,000                              | CANADA HOUSING TRUST       | 0.950%          | 15-Jun-2025   | 144,919            | 147,727            |        |
| 145,000                              | CANADA HOUSING TRUST       | 1.100%          | 15-Mar-2031   | 144,750            | 145,204            |        |
| 109,000                              | CANADA HOUSING TRUST NO. 1 | 2.400%          | 15-Dec-2022   | 109,819            | 113,526            |        |
| 104,000                              | CANADA HOUSING TRUST NO. 1 | 1.900%          | 15-Sep-2026   | 103,300            | 111,015            |        |
| 52,000                               | CANADA HOUSING TRUST NO. 1 | 2.650%          | 15-Dec-2028   | 53,391             | 58,996             |        |
| 181,000                              | CANADA HOUSING TRUST NO. 1 | 0.490%          | 15-Sep-2024   | 181,925            | 182,167            |        |
| 15,000                               | CANADA POST CORP           | 4.080%          | 16-Jul-2025   | 16,107             | 17,155             |        |
| 247,000                              | GOVERNMENT OF CANADA       | 1.500%          | 1-Jun-2026    | 246,537            | 261,385            |        |
| 22,000                               | GOVERNMENT OF CANADA       | 2.000%          | 1-Jun-2028    | 21,819             | 24,387             |        |
| 24,000                               | GOVERNMENT OF CANADA       | 5.750%          | 1-Jun-2033    | 32,917             | 37,933             |        |
| 86,000                               | GOVERNMENT OF CANADA       | 3.500%          | 1-Dec-2045    | 126,698            | 129,888            |        |
| 110,000                              | PROVINCE OF ALBERTA        | 3.450%          | 1-Dec-2043    | 113,107            | 134,412            |        |
| 96,000                               | PROVINCE OF MANITOBA       | 6.300%          | 5-Mar-2031    | 119,758            | 139,903            |        |
| 141,000                              | PROVINCE OF MANITOBA       | 3.000%          | 2-Jun-2028    | 159,512            | 160,327            |        |
| 125,000                              | PROVINCE OF NEW BRUNSWICK  | 4.800%          | 26-Sep-2039   | 154,695            | 177,846            |        |
| 38,000                               | PROVINCE OF NEWFOUNDLAND   | 2.098%          | 27-Feb-2023   | 38,000             | 37,964             |        |
| 81,000                               | PROVINCE OF NEWFOUNDLAND   | 2.181%          | 17-Mar-2024   | 80,934             | 81,077             |        |
| 150,000                              | PROVINCE OF NOVA SCOTIA    | 2.085%          | 9-Nov-2022    | 150,150            | 150,717            |        |
| 64,000                               | PROVINCE OF ONTARIO        | 6.500%          | 8-Mar-2029    | 78,877             | 90,355             |        |
| 50,000                               | PROVINCE OF ONTARIO        | 5.850%          | 8-Mar-2033    | 62,685             | 74,008             |        |
| 68,000                               | PROVINCE OF ONTARIO        | 4.700%          | 2-Jun-2037    | 86,573             | 96,209             |        |
| 40,000                               | PROVINCE OF ONTARIO        | 4.000%          | 2-Jun-2021    | 40,378             | 40,625             |        |
| 74,000                               | PROVINCE OF ONTARIO        | 3.150%          | 2-Jun-2022    | 76,023             | 77,015             |        |
| 247,000                              | PROVINCE OF ONTARIO        | 3.500%          | 2-Jun-2043    | 258,320            | 315,197            |        |
| 29,000                               | PROVINCE OF ONTARIO        | 3.450%          | 2-Jun-2045    | 29,472             | 36,957             |        |
| 150,000                              | PROVINCE OF ONTARIO        | 2.600%          | 2-Jun-2027    | 161,198            | 165,576            |        |
| 20,000                               | PROVINCE OF ONTARIO        | 2.123%          | 27-Jun-2022   | 20,054             | 20,121             |        |
| 320,000                              | PROVINCE OF ONTARIO        | 0.634%          | 21-Aug-2023   | 319,859            | 321,843            |        |
| 29,000                               | PROVINCE OF QUEBEC         | 9.375%          | 16-Jan-2023   | 32,821             | 34,315             |        |
| 55,000                               | PROVINCE OF QUEBEC         | 6.250%          | 1-Jun-2032    | 70,463             | 82,642             |        |
| 139,000                              | PROVINCE OF QUEBEC         | 2.750%          | 1-Sep-2025    | 141,124            | 152,311            |        |
| 21,000                               | PROVINCE OF SASKATCHEWAN   | 3.400%          | 3-Feb-2042    | 21,597             | 25,711             |        |
| <b>Total Fixed Income Securities</b> |                            |                 |               | <b>\$3,794,140</b> | <b>\$4,053,445</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 Subscriber deposits under Escrow Agreements

December 31, 2020

| Face Value                           | Security Description       | Coupon Rate (%) | Maturity Date | Average Cost (\$)  | Fair Value (\$)    |        |
|--------------------------------------|----------------------------|-----------------|---------------|--------------------|--------------------|--------|
| 105,000                              | CANADA HOUSING TRUST       | 2.350%          | 15-Sep-2023   | 109,856            | 110,631            |        |
| 160,000                              | CANADA HOUSING TRUST       | 2.550%          | 15-Dec-2023   | 161,505            | 170,125            |        |
| 95,000                               | CANADA HOUSING TRUST       | 0.950%          | 15-Jun-2025   | 94,947             | 96,787             |        |
| 110,000                              | CANADA HOUSING TRUST       | 1.100%          | 15-Mar-2031   | 109,810            | 110,155            |        |
| 79,000                               | CANADA HOUSING TRUST NO. 1 | 2.400%          | 15-Dec-2022   | 79,761             | 82,280             |        |
| 88,000                               | CANADA HOUSING TRUST NO. 1 | 1.900%          | 15-Sep-2026   | 88,895             | 93,936             |        |
| 34,000                               | CANADA HOUSING TRUST NO. 1 | 2.650%          | 15-Dec-2028   | 34,765             | 38,574             |        |
| 140,000                              | CANADA HOUSING TRUST NO. 1 | 0.490%          | 15-Sep-2024   | 140,715            | 140,903            |        |
| 15,000                               | CANADA POST CORP           | 4.080%          | 16-Jul-2025   | 16,107             | 17,155             |        |
| 175,000                              | GOVERNMENT OF CANADA       | 1.500%          | 1-Jun-2026    | 174,674            | 185,192            |        |
| 17,000                               | GOVERNMENT OF CANADA       | 2.000%          | 1-Jun-2028    | 16,860             | 18,845             |        |
| 19,000                               | GOVERNMENT OF CANADA       | 5.750%          | 1-Jun-2033    | 26,059             | 30,031             |        |
| 53,000                               | GOVERNMENT OF CANADA       | 3.500%          | 1-Dec-2045    | 78,762             | 80,047             |        |
| 81,000                               | PROVINCE OF ALBERTA        | 3.450%          | 1-Dec-2043    | 83,144             | 98,976             |        |
| 75,000                               | PROVINCE OF MANITOBA       | 6.300%          | 5-Mar-2031    | 94,995             | 109,299            |        |
| 92,000                               | PROVINCE OF MANITOBA       | 3.000%          | 2-Jun-2028    | 104,083            | 104,610            |        |
| 85,000                               | PROVINCE OF NEW BRUNSWICK  | 4.800%          | 26-Sep-2039   | 103,220            | 120,935            |        |
| 28,000                               | PROVINCE OF NEWFOUNDLAND   | 2.098%          | 27-Feb-2023   | 28,000             | 27,973             |        |
| 62,000                               | PROVINCE OF NEWFOUNDLAND   | 2.181%          | 17-Mar-2024   | 61,962             | 62,059             |        |
| 100,000                              | PROVINCE OF NOVA SCOTIA    | 2.085%          | 9-Nov-2022    | 100,100            | 100,478            |        |
| 50,000                               | PROVINCE OF ONTARIO        | 6.500%          | 8-Mar-2029    | 61,633             | 70,590             |        |
| 33,000                               | PROVINCE OF ONTARIO        | 5.850%          | 8-Mar-2033    | 41,331             | 48,845             |        |
| 52,000                               | PROVINCE OF ONTARIO        | 4.700%          | 2-Jun-2037    | 66,287             | 73,572             |        |
| 30,000                               | PROVINCE OF ONTARIO        | 4.000%          | 2-Jun-2021    | 30,283             | 30,469             |        |
| 52,000                               | PROVINCE OF ONTARIO        | 3.150%          | 2-Jun-2022    | 53,265             | 54,118             |        |
| 179,000                              | PROVINCE OF ONTARIO        | 3.500%          | 2-Jun-2043    | 187,237            | 228,422            |        |
| 22,000                               | PROVINCE OF ONTARIO        | 3.450%          | 2-Jun-2045    | 22,358             | 28,037             |        |
| 108,000                              | PROVINCE OF ONTARIO        | 2.600%          | 2-Jun-2027    | 116,034            | 119,215            |        |
| 20,000                               | PROVINCE OF ONTARIO        | 2.123%          | 27-Jun-2022   | 20,054             | 20,121             |        |
| 210,000                              | PROVINCE OF ONTARIO        | 2.011%          | 21-Aug-2023   | 209,918            | 211,210            |        |
| 22,000                               | PROVINCE OF QUEBEC         | 9.375%          | 16-Jan-2023   | 24,899             | 26,032             |        |
| 40,000                               | PROVINCE OF QUEBEC         | 6.250%          | 1-Jun-2032    | 51,246             | 60,104             |        |
| 103,000                              | PROVINCE OF QUEBEC         | 2.750%          | 1-Sep-2025    | 104,546            | 112,863            |        |
| 18,000                               | PROVINCE OF SASKATCHEWAN   | 3.400%          | 3-Feb-2042    | 19,745             | 22,038             |        |
| <b>Total Fixed Income Securities</b> |                            |                 |               | <b>\$2,717,056</b> | <b>\$2,904,627</b> | 100.0% |

## Summary of Schedules of Investment Portfolio

December 31, 2019

|   | Average Cost (\$)    | Fair Value (\$)        |
|---|----------------------|------------------------|
| Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements | 684,676,734          | 753,716,253            |
| Schedule of Investment Portfolio for Government Grants                                | 301,679,885          | 325,425,778            |
| Schedule of Investment Portfolio for the Scholarship Enhancement Fund                 | 3,794,140            | 4,053,445              |
| Schedule of Investment Portfolio for Subscriber deposits under Escrow Agreements      | 2,717,056            | 2,904,627              |
|   | <b>\$992,867,815</b> | <b>\$1,086,100,103</b> |



# 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 Financial Statements

December 31, 2020

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### 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.

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### 2. Statement of compliance

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 March 24, 2021.

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### 3. Summary of significant accounting policies

#### Financial Instruments

##### Recognition, initial measurement and classification

The Foundation's financial instruments consist of cash, accrued interest, dividends 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 investment income and dividend income earned on subscriber deposits, accumulated investment income and dividend income earned on subscriber deposits under escrow agreements, government grants, accumulated investment income 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.

# 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 Financial Statements

December 31, 2020

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

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. 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.

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 out. 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 uses an external pricing model that values its equity-linked notes based on the price at which these securities could be sold to the counterparty. These equity-linked notes have been issued by a Canadian bank.

#### 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 amortized 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 December 31, 2020 there was a net unrealized gain of \$93,232,169 (December 31, 2019 – \$51,270,726) 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 FVPTL.

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

# 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 Financial Statements

December 31, 2020

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

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 and insurance premiums from deposits made by subscribers in accordance with the terms of the Prospectus (see Note 11).

#### 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 \$48,535 are eligible for an additional 20% of CESG on the first \$500 contributed. Families with annual income between \$48,535 and \$97,069 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 \$44,545 are eligible for an additional 10% on contributions to a maximum of \$50. Families with annual income between \$44,546 and \$89,080 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, 2015, 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 2% of investments as at December 31, 2020. The financial results of this segment are equivalent to the financial statements of the Foundation as a whole.

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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.

# 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 Financial Statements

December 31, 2020

### 5. Critical accounting estimates and judgments (continued)

#### 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.

#### Potential implications of COVID-19

In the first quarter of 2020, the viral outbreak of COVID-19 rapidly developed into a global pandemic. In response, worldwide emergency measures were taken, and continue to be taken, to combat the spread of the virus, including the imposition of travel restrictions, business closure orders, and physical distancing requirements. Governments have also implemented unprecedented monetary and fiscal policy changes aimed to help stabilize economies and financial markets. The Foundation cannot predict future legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact the Foundation's business.

The ongoing COVID-19 pandemic could continue to adversely impact the Foundation's financial results in future periods as a result of reduced new business. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets, which could lead to lower increase in net assets attributable to subscribers and beneficiaries. While in recent years the Foundation has taken significant actions to diversify the investment portfolio, further management actions may be required.

The duration and impact of the COVID-19 pandemic is unknown at this time and can introduce additional uncertainty around estimates, assumptions and judgements used in preparing these financial statements.

### 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 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 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 investments in debt securities as summarized below:

|                               | <b>December 31, 2020</b> | December 31, 2019 |
|-------------------------------|--------------------------|-------------------|
| Investment in debt securities | <b>861,686,160</b>       | 878,486,662       |

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

| <b>Asset Class</b>          | <b>December 31, 2020</b> | December 31, 2019 |
|-----------------------------|--------------------------|-------------------|
| Government - Federal        | <b>\$321,888,196</b>     | \$375,615,159     |
| Government - Provincial     | <b>345,401,681</b>       | 328,936,069       |
| Financial institution bonds | <b>143,367,497</b>       | 128,329,320       |
| Corporate bonds             | <b>19,318,785</b>        | 15,608,114        |
| Equity-linked notes         | <b>31,710,000</b>        | 29,998,000        |
|                             | <b>\$861,686,160</b>     | \$878,486,662     |

# 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 Financial Statements

December 31, 2020

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

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:

| Debit instruments*<br>by credit rating | Percentage of total debit instruments* |                   |
|--|--|-------------------|
|  | <b>December 31, 2020</b>               | December 31, 2019 |
| AAA                                    | <b>30.6%</b>                           | 35.3%             |
| AA                                     | <b>49.0%</b>                           | 46.5%             |
| A                                      | <b>19.2%</b>                           | 17.1%             |
| BBB                                    | <b>1.2%</b>                            | 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 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

# 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 Financial Statements

December 31, 2020

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

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>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------------|--------------------------|--------------------------|
| Due in one year                       | 22.0 %                   | 20.2 %                   |
| Due one year through five years       | 27.8 %                   | 28.2 %                   |
| Due after five years                  | 50.2 %                   | 51.6 %                   |

As at December 31, 2020, 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 \$829,976,048 (December 31, 2019 - \$848,488,662) which excludes equity-linked notes would have decreased or increased by approximately \$13,991,972 (December 31, 2019 - \$14,628,000). 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 December 31, 2020 was \$224,359,968 (December 31, 2019 - \$186,918,652). As at December 31, 2020 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 \$256,069,968 (December 31, 2019 - \$216,916,652) would increase or decrease by approximately \$2,338,600 (December 31, 2019 - \$2,003,187). 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 and which holds US dollar investments. These investments create currency risk as the underlying investments within this ETF are exposed to the US dollar and therefore the Foundation is directly and 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 and US dollar investments exposed to the US dollar as at December 31, 2020 was \$42,540,414 (December 31, 2019 - \$32,866,874). As at December 31, 2020 if the Canadian dollar had strengthened or weakened by 5%, with all other variables held constant, the total value of equity ETFs and US dollar investments exposed to the US dollar would increase or decrease by approximately \$2,127,021 (December 31, 2019 - \$1,643,344).

#### 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, bank indebtedness, 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 Financial Statements

December 31, 2020

### 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 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 at December 31, 2020 and December 31, 2019:

As at December 31, 2020

|                          | <u>Level 1</u>       | <u>Level 2</u>       | <u>Level 3</u>      | <u>Total</u>           |
|--------------------------|----------------------|----------------------|---------------------|------------------------|
| Equities                 | \$224,413,943        | \$ –                 | \$ –                | \$224,413,943          |
| Bonds and treasury bills | –                    | 829,976,160          | –                   | 829,976,160            |
| Equity-linked notes      | –                    | –                    | 31,710,000          | 31,710,000             |
|                          | <u>\$224,413,943</u> | <u>\$829,976,160</u> | <u>\$31,710,000</u> | <u>\$1,086,100,103</u> |

As at December 31, 2019

|                          | <u>Level 1</u>       | <u>Level 2</u>       | <u>Level 3</u>      | <u>Total</u>           |
|--------------------------|----------------------|----------------------|---------------------|------------------------|
| Equities                 | \$186,918,652        | \$ –                 | \$ –                | \$186,918,652          |
| Bonds and treasury bills | 619,744,218          | 228,744,444          | –                   | 848,488,662            |
| Equity-linked notes      | –                    | –                    | 29,998,000          | 29,998,000             |
|                          | <u>\$806,662,870</u> | <u>\$228,744,444</u> | <u>\$29,998,000</u> | <u>\$1,065,405,314</u> |

#### Equities and bonds

The Foundation's equity and bond 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. In 2019, bonds totalling \$619,744,218 were transferred to Level 1 since these securities are traded in an active market.

#### 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 notes are non-interest bearing and 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  
TD Bank US Index Linked Note

S&P TSX 60 index  
Two US equity indices

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

| <b>Level 3 – Equity-linked notes</b> | <b>For the year ended<br/>December 31, 2020</b> | <b>For the year ended<br/>December 31, 2019</b> |
|--------------------------------------|---|---|
| Balance - beginning of year          | <b>\$29,998,000</b>                             | \$31,904,000                                    |
| Maturity of Notes                    | –   | (5,000,000)                                     |
| Increase in unrealized gains         | <b>1,712,000</b>                                | 3,094,000                                       |
| Balance - end of year                | <b>\$31,710,000</b>                             | \$29,998,000                                    |

# 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 Financial Statements

December 31, 2020

### 7. Financial instruments by category

The following table presents the carrying amounts of the Foundation's financial assets by category as at December 31, 2020 and December 31, 2019. All of the Foundation's financial liabilities as at December 31, 2020 and December 31, 2019 were measured at amortized cost.

As at December 31, 2020

#### Financial assets at fair value

|                                 | <u>FVTPL</u>           | <u>Designated at<br/>FVTPL</u> | <u>Financial assets at<br/>amortized cost</u> | <u>Total</u>           |
|---------------------------------|------------------------|--------------------------------|---|------------------------|
| Investments                     | \$1,054,390,103        | \$31,710,000                   | \$ –  | \$1,086,100,103        |
| Cash                            | –                      | –                              | –   | –                      |
| Accrued interest                | –                      | –                              | 3,362,240                                     | 3,362,240              |
| Dividends receivable            | –                      | –                              | 360,680                                       | 360,680                |
| Government grants receivable    | –                      | –                              | 929,118                                       | 929,118                |
| Receivables for securities sold | –                      | –                              | –   | –                      |
|                                 | <u>\$1,054,390,103</u> | <u>\$31,710,000</u>            | <u>\$4,652,038</u>                            | <u>\$1,090,752,141</u> |

As at December 31, 2019

#### Financial assets at fair value

|                                 | <u>FVTPL</u>           | <u>Designated at<br/>FVTPL</u> | <u>Financial assets at<br/>amortized cost</u> | <u>Total</u>           |
|---------------------------------|------------------------|--------------------------------|---|------------------------|
| Investments                     | \$1,035,407,314        | \$29,998,000                   | \$ –  | \$1,065,405,314        |
| Cash                            | –                      | –                              | –   | –                      |
| Accrued interest                | –                      | –                              | 3,700,584                                     | 3,700,584              |
| Dividends receivable            | –                      | –                              | 277,267                                       | 277,267                |
| Government grants receivable    | –                      | –                              | 1,070,490                                     | 1,070,490              |
| Receivables for securities sold | –                      | –                              | 2,091,468                                     | 2,091,468              |
|                                 | <u>\$1,035,407,314</u> | <u>\$29,998,000</u>            | <u>\$7,139,809</u>                            | <u>\$1,072,545,123</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 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.



# 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 Financial Statements

December 31, 2020

### 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 are allocated to funds for Scholarship Enhancements and Enrichments for additional Educational Assistance Payments and the return of sales charges.

The amount of additional Educational Assistance Payments and the return of sales charges depend on the money available in the Scholarship Enhancements and Enrichments for each Beneficiary Group. The Foundation's Trustees determine the allocation between additional Educational Assistance Payments and the return of sales charges for Scholarship Enhancements and Enrichments on an annual basis. The payments of Scholarship Enhancements and Enrichments are included as distributions to beneficiaries in the Statement of Changes in Net Assets Attributable to Subscribers and Beneficiaries

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

| <i>Funds for Scholarship Enhancements</i>        | <b><u>For the year ended</u></b><br><b><u>December 31, 2020</u></b> | <b><u>For the year ended</u></b><br><b><u>December 31, 2019</u></b> |
|--|---|---|
| Balance, beginning of year                       | \$11,167,229  | \$3,255,153   |
| Interest and dividend income after maturity date | 11,202,363  | 12,744,541  |
| Investment income earned on fund balance         | 99,117  | 102,576   |
| Return of sales charges                          | (373,305)   | (469,228)   |
| Net change in unrealized gains                   | 162,688   | 107,197   |
| Additional educational assistance payments       | <b>(6,171,087)</b>  | (4,573,010)   |
| Balance, end of year                             | <b>\$16,087,005</b>   | \$11,167,229  |

| <i>Funds for Enrichment</i>                      | <b><u>For the year ended</u></b><br><b><u>December 31, 2020</u></b> | <b><u>For the year ended</u></b><br><b><u>December 31, 2019</u></b> |
|--|---|---|
| Balance, beginning of year                       | \$270,390   | \$131,765   |
| Interest and dividend income after maturity date | 182,579   | 151,069   |
| Investment income earned on fund balance         | 2,469   | 2,794   |
| Return of sales charges                          | (26,093)  | (15,238)  |
| Balance, end of year                             | <b>\$429,345</b>  | \$270,390   |

# 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 Financial Statements

December 31, 2020

### 10. Education assistance payments

|                                 | <u>2020</u>   | <u>2019</u> |
|---------------------------------|---------------|-------------|
| Number of units                 |               |             |
| First scholarship               | <b>22,776</b> | 22,145      |
| Second scholarship              | <b>20,193</b> | 17,372      |
| Third scholarship               | <b>15,345</b> | 14,150      |
| Amount of scholarships per unit |               |             |
| First scholarship               | <b>\$487</b>  | \$460       |
| Second scholarship              | <b>\$423</b>  | \$441       |
| Third scholarship               | <b>\$486</b>  | \$462       |

The education assistance payments comprise the specified per unit scholarship payments as well as additional payments of \$2,164,270 (2019 - \$2,227,097) for students where the qualifying programs are less than four full years.

The foundation also made education assistance payments of \$677,106 (2019 - \$602,000) and \$230,939 (2019 - \$205,345) for students enrolled in plans under the self-initiated option and Achievers plans respectively.

Under the Group Option Plan, a beneficiary may advance the year of eligibility to an earlier year. Such advancement may result in a present valued education assistance payment. In addition, late applications for education assistance payments are subject to fees. The adjustments to scholarship payments as a result of the above amounted to \$257,731 (2019 - \$245,669). During the year, scholarships for late applications totaling \$1,927,517 (2019 - \$1,535,270) were paid based on the 2019 scholarship rate.

The total scholarships paid in 2020 for 58,314 units (2019 - 53,667 units) of \$487 per unit (2019 - \$460) for the first scholarship, \$423 per unit (2019 - \$441) for the second scholarship and \$486 per unit (2019 - \$462) for the third scholarship, net of the above adjustments, and including the payments of \$2,164,270 (2019 - \$2,227,097), \$677,106 (2019 - \$602,000) and \$230,939 (2019 - \$205,592) for programs less than 4 years, payments under the self-initiated option and Achievers plans respectively, were \$31,818,000 (2019 - \$28,709,530).

### 11. 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. Fees charged in the year ended December 31, 2020 and December 31, 2019 are as follows:

|   | <u>For the year ended</u><br><u>December 31, 2020</u> | <u>For the year ended</u><br><u>December 31, 2019</u> |
|---|---|---|
| Paid directly by subscriber                       |   |   |
| Sales charges                                     | <b>\$1,602,525</b>                                    | \$2,067,963   |
| Group insurance premiums                          | <b>1,907,283</b>                                      | 2,047,676   |
| Depository fees                                   | <b>1,006,173</b>                                      | 1,117,618   |
| Annual administration fees on subscriber deposits | <b>5,553,283</b>                                      | 5,620,435   |
| Service charges                                   | <b>1,166,607</b>                                      | 1,384,864   |
| <i>Deducted from Foundation's income</i>          |   |   |
| Administration fees                               | <b>\$869,282</b>                                      | \$698,421   |

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

The total remuneration paid to members of the Independent Review Committee and Directors during the year ended December 31, 2020 was \$37,108 (December 31, 2019 - \$31,744).

# 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 Scholarship and Escrow Agreements

December 31, 2020

| Year of eligibility                    | Opening units | Inflow units <sup>1</sup> | Outflow units <sup>2</sup> | Closing units | Principal deposits | Investment income | Government grants | Investment income on government grants |
|--|---------------|---------------------------|----------------------------|---------------|--------------------|-------------------|-------------------|--|
| Plans eligible for assistance payments |               |                           |                            |               |                    | 24,596,633        | 26,211,349        | 22,699,734                             |
| 2021                                   | 50,969        | -                         | 17,155                     | 33,813        | 10,977,108         | 29,803,213        | 15,085,512        | 9,440,020                              |
| 2022                                   | 39,919        | 16,314                    | 0                          | 56,232        | 95,043,400         | 45,740,104        | 25,709,992        | 14,194,520                             |
| 2023                                   | 42,542        | 2                         | 0                          | 42,543        | 69,620,864         | 30,048,140        | 21,429,798        | 10,338,367                             |
| 2024                                   | 42,908        | 19                        | 175                        | 42,752        | 62,982,486         | 25,812,594        | 21,543,286        | 10,576,711                             |
| 2025                                   | 41,566        | 12                        | 150                        | 41,428        | 56,443,120         | 21,295,634        | 20,148,373        | 9,242,876                              |
| 2026                                   | 36,114        | 4                         | 310                        | 35,808        | 45,241,969         | 15,333,644        | 16,255,841        | 6,739,168                              |
| 2027                                   | 32,521        | 19                        | 239                        | 32,301        | 37,415,133         | 11,612,569        | 13,821,807        | 5,251,555                              |
| 2028                                   | 28,642        | 45                        | 277                        | 28,410        | 29,809,444         | 8,274,735         | 11,133,642        | 3,919,103                              |
| 2029                                   | 25,951        | 48                        | 398                        | 25,602        | 24,096,152         | 6,022,482         | 9,271,871         | 2,972,818                              |
| 2030                                   | 23,369        | 44                        | 463                        | 22,949        | 19,103,219         | 4,249,248         | 7,538,312         | 2,180,155                              |
| 2031                                   | 20,358        | 84                        | 376                        | 20,065        | 14,692,604         | 2,725,744         | 5,759,391         | 1,394,514                              |
| 2032                                   | 15,805        | 99                        | 231                        | 15,673        | 9,936,868          | 1,562,871         | 3,959,060         | 816,188                                |
| 2033                                   | 12,681        | 143                       | 324                        | 12,500        | 6,314,994          | 842,755           | 2,646,521         | 475,016                                |
| 2034                                   | 10,708        | 93                        | 372                        | 10,429        | 4,260,218          | 496,577           | 1,819,245         | 274,862                                |
| 2035                                   | 9,154         | 199                       | 312                        | 9,042         | 2,582,805          | 246,186           | 1,254,083         | 158,155                                |
| 2036                                   | 8,300         | 271                       | 488                        | 8,083         | 1,444,932          | 116,953           | 875,947           | 93,771                                 |
| 2037                                   | 6,724         | 561                       | 300                        | 6,986         | 635,752            | 38,179            | 533,160           | 44,955                                 |
| 2038                                   | 4,097         | 1,889                     | 606                        | 5,380         | 209,105            | 7,912             | 259,217           | 13,201                                 |
| 2039                                   | -             | 2,002                     | 105                        | 1,896         | 44,248             | 711               | 32,031            | 730                                    |
| Self-initiated                         | 5,093         | 790                       | 512                        | 5,371         | 9,373,241          | 4,856,193         | 6,986,716         | 3,036,344                              |
| Achievers                              | 44,713        | 960                       | 4,512                      | 41,164        | 7,793,666          | 1,815,432         | 3,427,331         | 1,139,523                              |
|  | 502,134       | 23,598                    | 27,305                     | 498,427       | \$508,021,328      | \$235,498,509     | \$215,702,485     | \$105,002,286                          |

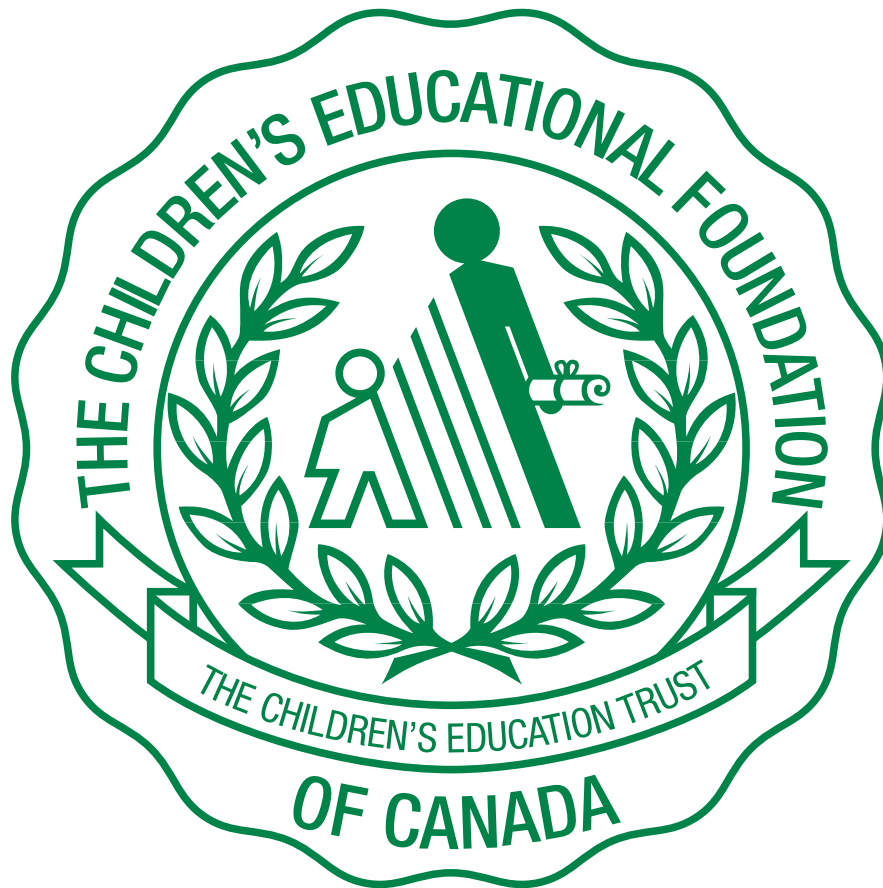
Represented by:

|                        |                      |                      |
|------------------------|----------------------|----------------------|
| Scholarship agreements | 505,619,947          | 234,134,521          |
| Escrow agreements      | 2,401,381            | 1,366,988            |
|                        | <u>\$508,021,328</u> | <u>\$235,498,509</u> |

Note: Subscriber deposits held are fully refundable to subscribers

<sup>1</sup> Inflow units are comprised of purchases and transfers-in

<sup>2</sup> Outflow units are comprised of terminations and transfers-out



THE CHILDREN'S EDUCATION  
TRUST OF CANADA

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

Administered by

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