

# 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, 2023





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# 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 Children's Educational Foundation of Canada's (the "Foundation") 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, and intra-market-spread trades. 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 including ETFs subject to certain restrictions.

## 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.

As at December 31, 2023, approximately 28.5% 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.

## Results of Operations

Net Assets of the Plan decreased by 4.40%, driven by a reduction in total number of plan units, when compared to the prior year and totaled \$0.85 billion at the end of 2023. The overall Rate of Return on

the Plans' investments in 2023 was 8.53%. The benchmark used for comparison purposes is as follows:

- Fixed Income Benchmark: 50% FTSE TMX Canada All Government Bond Index, 30% FTSE TMX Canada Short Government Bond Index, and 20% FTSE TMX Canada Financial Bond Index
- Equity Benchmark: 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.

The blended benchmark return in 2023 was 7.66%.

## Market Commentary

The Canadian fixed income market stumbled from one market narrative to the next and uncertainty remained elevated with central bank policy action front and centre. Year 2023 can be characterized as one of high volatility as Canadian yields moved to the ebbs and flow of changing market expectations. Inflation has remained top of mind and a key input into Central Bankers' framework on determining how restrictive monetary policy must be and how long to maintain the restrictive stance before victory can be declared on the inflation battle.

The year started with a significant tailwind for Canadian fixed income. There was a high expectation that the high cost of capital would result in a material slowdown, and perhaps a recession, in 2023. Investors were in hot pursuit of bonds across all sectors, such as government, corporate and high yield sectors. Compounding the demand and adding justification for a flight to quality was the US regional banking crisis at the end of the first quarter. Yields moved lower and credit spreads reset higher as the turmoil unfolded. The US Federal Reserve was quick to backstop the sector and bring order to the turbulence. The market then shifted focus back to inflation and central bank policy rates.

The US Federal Reserve and the Bank of Canada (BoC) remained highly focused on communicating their priority to ensure inflation was on a path to sustainably achieve their 2% target and that inflation expectations remain anchored. The BoC was very deliberate in communicating a pause in January 2023 to allow previous policy rate increases to filter through the real economy, which rekindled the important Canadian housing market, as activity picked up through the spring months. With growth tracking too hot and still too high inflation, the BoC enacted two more rate hikes during June and July, putting a stake in the ground to quell excess demand and retain the credibility that high inflation will not be tolerated. The US Federal Reserve also increased rates through the first half of the year before implementing its last 25 bps increase in July.

Market participants took notice of the strong tone and commitment of Central Bankers to fight inflation, setting bond yields on a directional course higher. Add in resilient US economic growth and higher Government bond supply due to borrowing caused by fiscal deficits, rates moved to their peak levels into the fall months. Inflation however had begun to show signs of slowdown, as it was essentially halved from 6.3% to 3.4% in Canada over the year. This progress and some early signs that the cumulative impact of previous rate hikes was beginning to take effect shifted the expectations that the last rate hike of the cycle was in. Markets priced this in with fury, resulting in a stark rally in yields across Government curves and providing a strong tailwind in the fourth quarter.



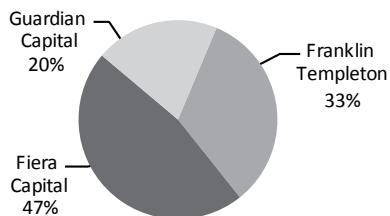
The year was dominated by commentary of rising yields and policy rates. As the dust settled, policy rates were 75 bps higher on the year, while Canada 10-year yields end the year 19 bps below where they began. Canadian corporate bond spreads narrowed by 39 bps over the year adding an additional tailwind to bond returns. After the material widening in Q1 during the regional banking crisis, spreads performed relatively well through most of the remainder of 2023. There was a final quarter thrust for credit as risk-asset rallied to end the year.

After a strong yet volatile first half of the year led in part by positive investor sentiment surrounding technology and improving economic data, the Canadian market experienced a broad pull back in the third quarter of 2023. Technology and consumer stocks retreated from their previous peaks as rising commodity prices pushed energy stocks higher. After 3 consecutive quarters of positive returns, the S&P/TSX composite shifted back into negative territory during the third quarter with a broad-based downturn affecting almost all sectors. During the final quarter of the year, Canadian equities experienced a sustained and rapid rise across almost all sectors as the prospect of a soft landing ignited optimism within the market. With the possibility of an end to rising rates becoming more real, Technology and Financials stocks led the way while Energy stocks retreated from their previous highs. The S&P/TSX Composite ended 2023 with the strongest 3-month return in more than 2 years.

Throughout the year, the Canadian Equity Team remained focused on owning high quality businesses trading at attractive valuations, with a significant emphasis on capital preservation. Our goal is to own good businesses that have demonstrated an ability to build intrinsic value for our investors, as we have found this approach has outperformed over time, and with lower risk.

In 2023, our Canadian Equity portfolio gained 15.6%, outperforming the benchmark by 385 bps. Despite not having any exposure to certain technology stocks which led the market in terms of return, the strategy was able to outperform its benchmark and provide significant downside protection throughout the year. This in part came from superior security selection in the Industrials, Communication Services and Consumer Discretionary sectors. Our outlook for 2024 remains unchanged as we continue to stay disciplined and committed to following our investment philosophy.

As at December 31, 2023, the investment advisors managed the following percentage of assets on behalf of the Plan:



## Recent Developments

Signs of economic and inflationary slowdown indicate that peak interest rates have potentially been achieved for this cycle. We are working with our baseline assumption, which calls for the Federal Reserve, Bank of Canada, and European Central Bank to maintain their current rate levels for early 2024, with the first cuts starting in the summer of 2024. This is at odds with year end market pricing that is expecting rate cuts to potentially begin in Q1 2024. In relation to our baseline assumption, we are keeping a very close eye on service inflation, which remains relatively high and could delay the first-rate cuts. Although we cannot rule out further upward pressure on interest rates and/or credit spreads in the near term, according to our baseline assumption, the Bond strategy is well positioned to weather this period of uncertainty and volatility (including an economic slowdown) and offer attractive returns per unit of risk. We

expect the lagged flow through of previous rate hikes and the high cost of capital to continue to flow through to the economy over the next several quarters and slow the economy. This makes us cautious and is leading to defensive positioning. Canadian and US economic growth is diverging, however, we are not yet clear of higher and sticky inflation. Labour markets have remained strong, but we expect the unemployment rate to rise as restrictive monetary policy continues to work its way through the real economy. We anticipate the year will be one defined by volatile price action and quickly shifting macro narratives.

Given these risks and the current level of interest rates, we will maintain the portfolio duration modestly longer than that of the benchmark. In addition, we remain focused on an overweight to mid-term bonds that would benefit from a steepening of the Government of Canada curve that would be driven when rate cuts materialize. Given the economic outlook, we will continue to be selective and prudent in corporate bonds where relative value opportunities are present.

## 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 2023, administration fees of \$5,405,788 were paid to the Scholarship Plan Dealer.

### Depository Trustee Fee

During 2023, Scotiabank, the Depository Trustee and Scholarship Trustee, was paid fees totaling \$124,893. 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 2023 portfolio management fee based on net assets was approximately 0.161%.

## 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.

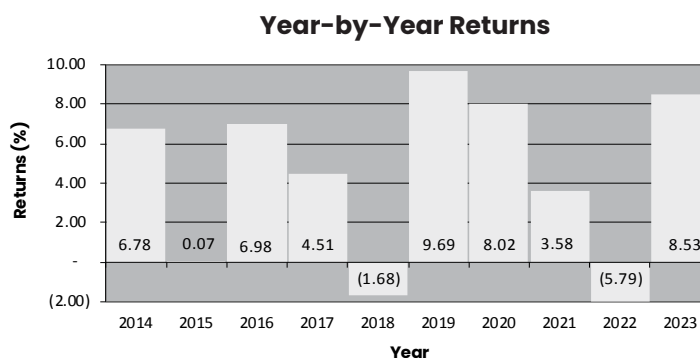
	2023	2022	2021	2020	2019
<b>Statement of Net Assets</b>					
Total Assets	\$853,026,257	\$891,972,838	\$1,041,524,187	\$1,090,752,141	\$1,072,545,123
Net Assets	\$845,512,265	\$884,398,075	\$1,033,382,277	\$1,081,478,843	\$1,063,315,699
% Change of Net Assets	-4%	-14%	-4%	2%	3%
<b>Statement of Operations</b>					
Net Investment Income	\$26,113,225	\$23,398,662	\$25,963,128	\$37,761,569	\$37,531,660
<b>Statement of changes in Net Assets</b>					
Scholarship Awards	\$36,398,952	\$34,317,568	\$33,939,510	\$31,818,000	\$28,709,530
Grants	\$22,997,180	\$20,239,886	\$19,529,503	\$17,855,376	\$15,720,413
<b>Other</b>					
Total Number of Units in plans	375,397	419,492	460,052	498,427	534,501
% Change in the Total of Units in plans	-11%	-9%	-8%	-7%	-6%

## Past Performance

The Plans achieved their investment objectives and produced 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, 2023. 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, 2023 holdings was 7.66%.

	1 Year	3 Years	5 Years	10 Years
Net Plans Return (%)	8.53%	1.93%	4.64%	3.96%
Current Blended Fixed Income Benchmark (%)*	5.78%	-1.99%	1.12%	2.28%
Equity Benchmark (%)**	12.32%	9.72%	11.52%	n/a

\* Fixed income allocation benchmark consists of 50% FTSE Canada All Government Bonds Index, 30% FTSE Canada Short Term Government Bond Index, and 20% FTSE Canada Financial Bond Index.

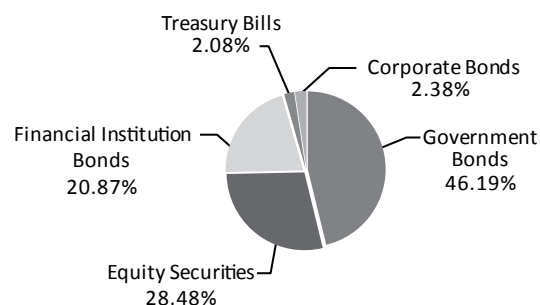
\*\* Equity allocation benchmark consists of 95% of the total return of the S&P/TSX Composite Index and 5% of the total return of the S&P 500 Index on a Canadian dollar hedged basis.

## Summary of Investment Portfolio

The allocation of the Plans' investments by asset class for the year ended December 31, 2023 is:

Asset Class	% of Total
Government Bonds	46.19%
Equity Securities	28.48%
Financial institution bonds	20.87%
Treasury Bills	2.08%
Corporate Bonds	2.38%
<b>Total</b>	<b>100.00%</b>

## Asset Mix



# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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

December 31, 2023

Face Value/ Shares	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	% of Portfolio
19,697,000	PROVINCE OF ONTARIO	3.750%	2-Jun-32	19,316,176	19,756,288	2.3%
18,547,000	PROVINCE OF ONTARIO	3.500%	2-Jun-24	18,672,020	18,430,896	2.2%
17,623,000	GOVERNMENT OF CANADA	1.500%	1-Jun-31	16,981,432	15,756,901	1.9%
4,071	CONSTELLATION SOFTWARE INC			4,895,764	13,374,334	1.6%
191,238	BMO S&P 500 INDEX ETF			5,612,936	13,212,633	1.6%
13,524,000	GOVERNMENT OF CANADA	2.750%	1-Jun-33	12,561,924	13,146,139	1.6%
86,627	CGI INC			8,016,860	12,296,703	1.5%
60,027	THOMSON REUTERS CORP			4,903,922	11,629,032	1.4%
120,473	DOLLARAMA INC			4,911,867	11,503,967	1.4%
108,712	CANADIAN PAC KANS CITY LTD			7,002,665	11,393,018	1.3%
8,495,000	UNITED STATES TREASURY BILL	0.000%	4-Jan-24	11,718,048	11,256,850	1.3%
81,889	ROYAL BANK OF CANADA			7,862,774	10,973,126	1.3%
52,035	INTACT FINANCIAL CORP			6,626,560	10,607,855	1.3%
61,990	CANADIAN NATIONAL RAILWAY			7,126,642	10,324,435	1.2%
10,258,000	PROVINCE OF ONTARIO	3.650%	2-Jun-33	9,532,126	10,160,754	1.2%
86,355	TOROMONT INDUSTRIES LTD			5,830,697	10,025,816	1.2%
12,284,000	ROYAL OFFICE FINANCE LP	5.209%	12-Nov-32	12,431,361	9,994,864	1.2%
311,145	TMX GROUP LIMITED			6,229,777	9,972,197	1.2%
125,982	ALIMENTATION COUCHE-TARD			5,310,213	9,830,375	1.2%
138,531	METRO INC			7,251,261	9,501,841	1.1%
47,984	WASTE CONNECTIONS INC			6,118,623	9,494,114	1.1%
9,555,000	BANK OF MONTREAL	2.700%	11-Sep-24	9,633,218	9,397,916	1.1%
9,577,000	GOVERNMENT OF CANADA	2.500%	1-Dec-32	9,076,525	9,131,765	1.1%
9,194,000	CANADA HOUSING TRUST	1.800%	15-Dec-24	9,042,307	8,955,416	1.1%
8,995,000	CANADA HOUSING TRUST	2.900%	15-Jun-24	9,000,158	8,908,918	1.1%
<b>Top 25 holdings as a percentage of the total investment portfolio</b>				<b>\$225,665,856</b>	<b>\$289,036,153</b>	<b>34.1%</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 IFRS Accounting Standards and include certain amounts that are based on estimates and judgments. The material accounting policies which management

**Donna J. Haid**

President and Chief Executive Officer



March 27, 2024

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.

**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, 2023 and December 31, 2022
- the statements of comprehensive income (loss) 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 material 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, 2023 and December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

### 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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 and remain alert for indications that the other information 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 auditor's 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 as issued by the International Accounting Standards Board, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern,

# 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)

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.

### Auditor's 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 auditor's 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.

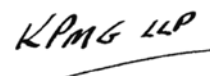
We also:

- 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 auditor's 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 auditor's 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.

Toronto, Canada  
March 27, 2024



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, 2023

December 31, 2022

### Assets

Cash	\$2,259,592	\$4,158,264
Investment, at fair value (note 6)	846,388,871	883,257,745
Accrued interest	3,491,291	3,504,794
Dividends receivable	359,150	384,940
Government grants receivable	527,353	667,095
<b>Total assets</b>	<b>853,026,257</b>	<b>891,972,838</b>

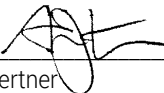
### Liabilities

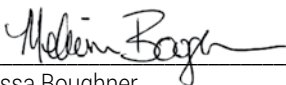
Due to Scholarship Plan Dealer (Note 11)	734,582	553,840
Subscriber liability due to terminations	6,779,410	7,020,923
	<b>7,513,992</b>	<b>7,574,763</b>
<b>Net assets attributable to subscribers and beneficiaries</b>	<b>\$845,512,265</b>	<b>\$884,398,075</b>

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

Subscriber deposits received in advance	\$656,288	\$696,400
Subscriber deposits under scholarship agreements	380,443,945	433,897,189
Subscriber deposits under escrow agreements	2,669,979	2,599,025
Accumulated investment income earned on subscriber deposits	167,455,459	158,809,218
Accumulated investment income earned under escrow agreements	1,250,125	1,094,902
Government grants (Note 3)	194,937,721	204,694,899
Accumulated investment income earned on government grants	89,478,428	77,041,865
Funds for Scholarship Enhancements (Note 9)	8,158,403	5,080,898
Funds for Enrichment (Note 9)	461,917	483,679
<b>Net assets attributable to subscribers and beneficiaries</b>	<b>\$845,512,265</b>	<b>\$884,398,075</b>

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 (loss)

For the year ended  
December 31, 2023

For the year ended  
December 31, 2022

### Income

Interest income earned on subscriber deposits	\$13,403,876	\$10,174,937
Interest income earned on subscriber deposits under escrow agreements	169,744	105,022
Interest income earned on government grants	7,470,041	5,528,974
Interest income earned on funds for Scholarship Enhancements	293,645	191,026
Dividend income earned on subscriber deposits	3,514,699	3,635,335
Dividend income earned on government grants	1,506,526	1,394,786
Realized gains on sale of investments	2,484,185	4,924,225
Net change in unrealized gains (losses)	44,215,295	(83,939,677)
<b>Total income</b>	<b>73,058,011</b>	<b>(57,985,372)</b>

### Expenses

Administration fees	1,160,614	1,046,660
Trustee fees	124,893	138,430
Portfolio management fees	1,412,719	1,339,344
Independent Review Committee fees and expenses	19,265	19,209
Directors' fees	12,000	12,000
<b>Total expenses</b>	<b>2,729,491</b>	<b>2,555,643</b>
<b>Increase (Decrease) in net assets attributable to subscribers and beneficiaries</b>	<b>\$70,328,520</b>	<b>\$(60,541,015)</b>

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 December 31, 2023	For the year ended December 31, 2022
<b>Net assets attributable to subscribers and beneficiaries, beginning of year</b>	<b>\$884,398,075</b>	<b>\$1,033,382,277</b>
Increase (Decrease) in net assets attributable to subscribers and beneficiaries	<b>70,328,520</b>	<b>(60,541,015)</b>
<b>Transactions with subscribers and beneficiaries</b>		
Subscriber deposits	<b>31,819,887</b>	36,938,809
Fees deducted from subscriber deposits (Note 11)	<b>(6,872,581)</b>	(7,697,161)
Subscriber deposit withdrawals due to termination	<b>(5,048,995)</b>	(6,076,745)
Subscriber deposit withdrawals due to maturing plans	<b>(73,320,710)</b>	(63,009,147)
Canada Education Savings Grants	<b>4,499,366</b>	5,359,451
Canada Learning Bonds	<b>591,200</b>	629,208
Provincial Savings Grants	<b>300,213</b>	330,115
Income paid to Designated Educational Institutions	<b>(1,415,159)</b>	-
Total transactions with subscribers and beneficiaries	<b>(49,446,779)</b>	<b>(33,525,470)</b>
<b>Disbursements to beneficiaries</b>		
Education assistance payments		
Scholarships	<b>36,398,952</b>	34,317,568
Government grants	<b>22,997,180</b>	20,239,886
Refund of enrolment fees	<b>371,419</b>	360,263
Total disbursements to beneficiaries	<b>59,767,551</b>	<b>54,917,717</b>
Decrease in net assets attributable to subscribers and beneficiaries	<b>(38,885,810)</b>	<b>(148,984,202)</b>
<b>Net assets attributable to subscribers and beneficiaries, end of year</b>	<b>\$845,512,265</b>	<b>\$884,398,075</b>

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)

<b>Statements of Cash Flows</b>	For the year ended <b>December 31, 2023</b>	For the year ended <b>December 31, 2022</b>
<b>Operating Activities</b>		
Increase (Decrease) in net assets attributable to subscribers and beneficiaries	<b>\$70,328,520</b>	\$(60,541,015)
Non-cash items		
Realized gains on sale of investments	<b>(2,484,185)</b>	(4,924,225)
Net change in unrealized (gains) losses	<b>(44,215,295)</b>	83,939,677
Amortization of discounts and premiums on investments	<b>188,610</b>	3,118,991
Decrease (Increase) in accrued interest	<b>13,503</b>	(254,471)
Decrease in dividends receivable	<b>25,790</b>	356
Increase in due to Scholarship Plan Dealer	<b>180,742</b>	139,063
Purchases of investments	<b>(499,350,908)</b>	(567,018,349)
Proceeds from the sale of investments	<b>582,730,654</b>	629,299,439
Cash flow from operating activities	<b>107,417,431</b>	83,759,466
<b>Financing Activities</b>		
Subscriber deposits received under scholarship agreements	<b>\$31,688,224</b>	\$36,790,351
Payments out of subscriber deposits under scholarship agreements	<b>(85,423,093)</b>	(77,422,507)
Subscriber deposits received under escrow agreements	<b>131,660</b>	148,459
Payments out of subscriber deposits under escrow agreements	<b>(60,705)</b>	(66,757)
Government grants received	<b>5,530,521</b>	6,436,038
Education assistance payments	<b>(59,396,132)</b>	(54,557,454)
Return of enrolment fees	<b>(371,419)</b>	(360,263)
Income paid to Designated Educational Institutions	<b>(1,415,159)</b>	-
Cash flow used in financing activities	<b>(109,316,103)</b>	(89,032,133)
Net (decrease) in cash	<b>(1,898,672)</b>	(5,272,667)
Cash, beginning of year	<b>4,158,264</b>	9,430,931
<b>Cash, end of year</b>	<b>\$2,259,592</b>	\$4,158,264
Supplemental information:		
Interest received	<b>\$21,379,539</b>	\$20,339,800
Dividends received, net of withholding tax	<b>\$5,021,225</b>	\$5,030,121

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, 2023

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
<b>Fixed Income Securities</b>					
487,000	ALTALINK LP	3.717%	3-Dec-2046	505,645	436,245
90,000	BANK OF AMERICA CORP	2.598%	4-Apr-2029	90,000	82,900
3,070,000	BANK OF MONTREAL	2.700%	9-Dec-2026	3,173,091	2,940,108
7,620,000	BANK OF MONTREAL	2.700%	11-Sep-2024	7,698,061	7,494,727
455,000	BANK OF MONTREAL	2.850%	6-Mar-2024	455,673	453,030
563,000	BANK OF MONTREAL	2.280%	29-Jul-2024	554,506	553,660
3,050,000	BANK OF MONTREAL	3.190%	1-Mar-2028	3,104,719	2,940,261
365,000	BANK OF MONTREAL	2.370%	3-Feb-2025	364,999	354,302
4,334,000	BANK OF MONTREAL	3.650%	1-Apr-2027	4,252,359	4,225,867
210,000	BANK OF MONTREAL	4.309%	2-Jun-2027	210,000	208,862
420,000	BANK OF MONTREAL	1.551%	28-May-2026	390,167	391,192
470,000	BANK OF MONTREAL	5.039%	29-May-2028	470,000	480,866
280,000	BANK OF MONTREAL	4.537%	18-Dec-2028	280,000	281,266
55,000	BANK OF MONTREAL	5.625%	26-May-2082	55,000	52,355
130,000	BANK OF NOVA SCOTIA	2.620%	2-Dec-2026	128,189	124,323
2,710,000	BANK OF NOVA SCOTIA	3.100%	2-Feb-2028	2,734,187	2,603,118
3,090,000	BANK OF NOVA SCOTIA	2.290%	28-Jun-2024	3,093,499	3,047,667
4,232,000	BANK OF NOVA SCOTIA	2.160%	3-Feb-2025	4,189,094	4,098,692
460,000	BANK OF NOVA SCOTIA	1.850%	2-Nov-2026	459,936	429,166
250,000	BANK OF NOVA SCOTIA	1.950%	10-Jan-2025	249,963	242,100
390,000	BANK OF NOVA SCOTIA	2.950%	8-Mar-2027	389,667	372,337
586,000	BANK OF NOVA SCOTIA	3.934%	3-May-2032	585,971	566,428
385,000	BANK OF NOVA SCOTIA	5.500%	29-Dec-2025	384,782	390,840
605,000	BELL CANADA	3.550%	2-Mar-2026	590,617	594,261
4,430,000	BELL CANADA	3.800%	21-Aug-2028	4,247,733	4,338,919
810,000	BROOKFIELD FINANCE II INC	5.431%	14-Dec-2032	810,000	831,368
4,840,000	CANADA HOUSING TRUST	2.900%	15-Jun-2024	4,872,641	4,793,681
1,425,000	CANADA HOUSING TRUST	1.800%	15-Dec-2024	1,404,388	1,388,021
1,115,000	CANADA HOUSING TRUST	0.950%	15-Jun-2025	1,054,708	1,064,457
3,460,000	CANADA HOUSING TRUST	1.600%	15-Dec-2031	3,363,513	3,016,220
7,330,000	CANADA HOUSING TRUST	3.550%	15-Sep-2032	7,298,284	7,361,959
3,034,000	CANADA HOUSING TRUST	3.650%	15-Jun-2033	3,065,106	3,061,882
937,000	CANADA HOUSING TRUST	4.150%	15-Jun-2033	934,887	985,818
600,000	CANADA HOUSING TRUST	4.250%	15-Mar-2034	599,638	635,802
1,025,000	CANADA HOUSING TRUST NO.1	2.650%	15-Dec-2028	994,882	990,355
2,010,000	CANADA HOUSING TRUST NO.1	2.100%	15-Sep-2029	2,054,277	1,875,873
1,010,000	CANADA POST CORP	4.080%	16-Jul-2025	1,037,710	1,007,091
290,000	CANADA POST CORP	4.360%	16-Jul-2040	273,397	302,766
63,000	CANADIAN IMPERIAL BANK OF COMMERCE	3.300%	26-May-2025	63,364	61,886
275,000	CANADIAN IMPERIAL BANK OF COMMERCE	2.000%	17-Apr-2025	268,017	265,015
275,000	CANADIAN IMPERIAL BANK OF COMMERCE	2.250%	7-Jan-2027	274,641	258,244
295,000	CANADIAN IMPERIAL BANK OF COMMERCE	4.950%	29-Jun-2027	294,685	298,947
2,880,000	CANADIAN IMPERIAL BANK OF COMMERCE	4.200%	7-Apr-2032	2,764,495	2,810,218
700,000	CANADIAN IMPERIAL BANK OF COMMERCE	5.330%	19-Jan-2033	699,943	703,871
370,000	CANADIAN IMPERIAL BANK OF COMMERCE	5.935%	14-Jul-2026	370,055	372,054
1,088,000	CU INC	2.963%	7-Sep-2049	1,058,677	839,512
55,000	ENBRIDGE INC	3.950%	19-Nov-2024	55,036	54,383
95,000	ENBRIDGE INC	2.350%	15-Sep-2031	94,980	83,647
466,025	FEDERATION DES CAISSES	2.050%	10-Feb-2025	465,897	447,868
3,091,000	FEDERATION DES CAISSES	1.992%	28-May-2031	2,792,892	2,882,172
75,000	FIRST CAPITAL REALTY INC	3.604%	6-May-2026	77,178	71,882
570,000	GOVERNMENT OF CANADA	2.000%	1-Dec-2051	480,665	459,078
6,080,000	GOVERNMENT OF CANADA	2.250%	1-Jun-2029	6,034,721	5,840,326
4,590,000	GOVERNMENT OF CANADA	1.250%	1-Jun-2030	4,617,187	4,103,506

# 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, 2023 (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
17,623,000	GOVERNMENT OF CANADA	1.500%	1-Jun-2031	16,981,432	15,756,901
1,655,000	GOVERNMENT OF CANADA	4.000%	1-Jun-2041	2,096,672	1,850,158
200,000	GOVERNMENT OF CANADA	1.750%	1-Dec-2053	143,174	149,878
9,577,000	GOVERNMENT OF CANADA	2.500%	1-Dec-2032	9,076,525	9,131,765
13,524,000	GOVERNMENT OF CANADA	2.750%	1-Jun-2033	12,561,924	13,146,139
3,294,000	GOVERNMENT OF CANADA	3.250%	1-Dec-2033	3,224,110	3,333,824
3,710,000	GOVERNMENT OF CANADA	0.000%	18-Jan-2024	3,700,855	3,699,760
584,000	GOVERNMENT OF CANADA	0.000%	4-Jan-2024	583,681	583,515
210,000	GOVERNMENT OF CANADA	0.000%	15-Feb-2024	208,681	208,614
7,920,000	GOVERNMENT OF CANADA	1.500%	1-Dec-2031	7,174,981	7,032,247
50,000	GREATER TORONTO AIRPORTS	7.050%	12-Jun-2030	59,547	57,540
225,000	GREAT-WEST LIFECO INC	3.337%	28-Feb-2028	225,474	216,756
245,000	GREAT-WEST LIFECO INC	2.981%	8-Jul-2050	245,000	189,385
645,000	HSBC BANK CANADA	1.782%	20-May-2026	645,000	607,280
72,000	HYDRO ONE INC	6.930%	1-Jun-2032	91,289	84,064
65,000	HYDRO ONE INC	5.490%	16-Jul-2040	79,156	72,475
681,000	IA FINANCIAL CORP INC	6.611%	30-Jun-2082	681,000	668,796
315,000	IA FINANCIAL CORP INC	5.685%	20-Jun-2033	315,000	322,925
110,000	IGM FINANCIAL INC	3.440%	26-Jan-2027	110,163	105,724
779,000	IGM FINANCIAL INC	4.206%	21-Mar-2050	885,267	702,082
105,000	INDEPENDENT ORDER OF FORESTERS	2.885%	15-Oct-2035	105,000	88,822
165,000	LABRADOR-ISLAND LINK FDG TR	3.860%	1-Dec-2045	197,510	162,205
420,000	LABRADOR-ISLAND LINK FDG TR	3.760%	1-Jun-2033	387,578	420,311
120,000	LAURENTIAN BANK OF CANADA	1.603%	6-May-2026	120,000	112,568
475,000	MANULIFE BANK OF CANADA	2.378%	19-Nov-2024	476,200	463,624
345,000	MANULIFE BANK OF CANADA	1.504%	25-Jun-2025	345,547	329,734
365,000	MANULIFE BANK OF CANADA	1.536%	14-Sep-2026	365,000	339,454
70,000	MANULIFE FINANCIAL CORP	5.059%	15-Dec-2036	77,591	69,332
1,099,000	MCGILL UNIVERSITY HEALTH	5.360%	31-Dec-2043	1,327,433	1,197,591
1,005,000	MUSKRAT FALLS / LABRADOR	3.860%	1-Dec-2048	1,098,641	990,518
2,523,000	NATIONAL BANK OF CANADA	5.426%	16-Aug-2032	2,523,857	2,544,900
213,502	NEW BRUNSWICK PROJECT	6.470%	30-Nov-2027	229,124	219,623
30,000	NEW YORK LIFE GLO FUNDING	2.000%	17-Apr-2028	29,957	27,328
250,000	NHA MORTGAGE BACKED SECURITIES	5.375%	1-Jul-2028	171,267	74,767
100,000	NHA MORTGAGE BACKED SECURITIES	1.740%	1-Jan-2025	89,790	56,631
190,000	NHA MORTGAGE BACKED SECURITIES	1.920%	1-Jan-2030	184,863	161,167
205,000	NHA MORTGAGE BACKED SECURITIES	0.500%	1-Oct-2025	182,297	139,745
200,000	NHA MORTGAGE BACKED SECURITIES	0.990%	1-Mar-2026	176,317	142,030
350,000	NHA MORTGAGE BACKED SECURITIES	0.840%	1-Apr-2026	259,662	259,536
220,000	NHA MORTGAGE BACKED SECURITIES	0.840%	1-Jun-2026	197,259	166,094
175,000	NHA MORTGAGE BACKED SECURITIES	3.500%	1-Mar-2028	168,966	166,460
200,000	NHA MORTGAGE BACKED SECURITIES	4.040%	1-Aug-2028	193,123	199,401
1,943,000	NORTH WEST REDWATER PRT	4.150%	1-Jun-2033	1,940,271	1,889,004
40,000	NORTH WEST REDWATER PRT	2.800%	1-Jun-2027	38,288	38,106
1,000,000	ONTARIO HYDRO	0.000%	11-Apr-2031	818,823	745,800
4,170,000	OPB FINANCE TRUST	3.890%	4-Jul-2042	4,193,370	3,934,729
2,222,000	OPB FINANCE TRUST	2.980%	25-Jan-2027	2,221,645	2,160,851
3,320,274	ORNGE ISSUER TRUST	5.727%	11-Jun-2034	3,491,454	3,454,048
30,000	PEMBINA PIPELINE CORP	3.310%	1-Feb-2030	29,987	27,793
1,190,000	PROVINCE OF ALBERTA	3.450%	1-Dec-2043	1,149,597	1,088,303
1,900,000	PROVINCE OF ALBERTA	2.350%	1-Jun-2025	1,909,426	1,849,688
740,000	PROVINCE OF ALBERTA	3.300%	1-Dec-2046	629,901	652,406
2,554,000	PROVINCE OF ALBERTA	2.200%	1-Jun-2026	2,631,888	2,456,207
1,285,000	PROVINCE OF ALBERTA	3.050%	1-Dec-2048	1,066,254	1,077,177
260,000	PROVINCE OF ALBERTA	3.100%	1-Jun-2050	221,859	220,563

# 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, 2023 (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
1,975,000	PROVINCE OF ALBERTA	3.900%	1-Dec-2033	2,126,267	1,987,936
2,495,000	PROVINCE OF ALBERTA	3.100%	1-Jun-2050	2,559,393	2,116,558
2,555,000	PROVINCE OF BRITISH COLUMBIA	4.300%	18-Jun-2042	3,125,272	2,642,662
3,780,000	PROVINCE OF BRITISH COLUMBIA	5.700%	18-Jun-2029	4,268,447	4,188,542
2,210,000	PROVINCE OF BRITISH COLUMBIA	6.350%	18-Jun-2031	2,612,665	2,595,269
3,755,000	PROVINCE OF BRITISH COLUMBIA	2.200%	18-Jun-2030	3,974,965	3,460,570
535,000	PROVINCE OF BRITISH COLUMBIA	2.800%	18-Jun-2048	589,050	433,446
325,000	PROVINCE OF BRITISH COLUMBIA	1.550%	18-Jun-2031	260,526	280,849
245,000	PROVINCE OF MANITOBA	5.700%	5-Mar-2037	330,907	286,175
675,000	PROVINCE OF MANITOBA	4.650%	5-Mar-2040	779,876	716,877
555,000	PROVINCE OF MANITOBA	4.050%	5-Sep-2045	608,701	542,318
7,000	PROVINCE OF MANITOBA	2.850%	5-Sep-2046	6,976	5,622
505,000	PROVINCE OF NEW BRUNSWICK	4.800%	26-Sep-2039	594,483	546,213
275,000	PROVINCE OF NEWFOUNDLAND	4.500%	17-Apr-2037	301,998	281,592
1,304,000	PROVINCE OF NEWFOUNDLAND	3.300%	17-Oct-2046	1,233,702	1,093,574
510,000	PROVINCE OF NEWFOUNDLAND	0.648%	17-Mar-2024	510,000	510,541
3,830,000	PROVINCE OF ONTARIO	4.650%	2-Jun-2041	4,457,413	4,122,727
2,765,000	PROVINCE OF ONTARIO	5.850%	8-Mar-2033	3,307,010	3,200,792
1,185,000	PROVINCE OF ONTARIO	4.700%	2-Jun-2037	1,226,377	1,279,326
18,547,000	PROVINCE OF ONTARIO	3.500%	2-Jun-2024	18,672,020	18,430,896
5,530,000	PROVINCE OF ONTARIO	2.600%	2-Jun-2025	5,387,866	5,402,699
3,055,000	PROVINCE OF ONTARIO	2.400%	2-Jun-2026	3,129,391	2,953,177
1,635,000	PROVINCE OF ONTARIO	2.800%	2-Jun-2048	1,688,963	1,326,426
4,850,000	PROVINCE OF ONTARIO	2.600%	2-Jun-2027	4,705,087	4,687,671
5,050,000	PROVINCE OF ONTARIO	2.300%	8-Sep-2024	5,097,868	4,965,564
2,866,000	PROVINCE OF ONTARIO	2.050%	2-Jun-2030	2,686,185	2,619,008
1,140,000	PROVINCE OF ONTARIO	2.900%	2-Dec-2046	861,184	946,850
6,805,000	PROVINCE OF ONTARIO	1.900%	2-Dec-2051	4,536,725	4,490,007
19,697,000	PROVINCE OF ONTARIO	3.750%	2-Jun-2032	19,316,176	19,756,288
300,000	PROVINCE OF ONTARIO	2.900%	2-Jun-2028	292,033	292,221
3,278,000	PROVINCE OF ONTARIO	1.350%	2-Dec-2030	2,701,664	2,832,848
10,258,000	PROVINCE OF ONTARIO	3.650%	2-Jun-2033	9,532,126	10,160,754
1,500,000	PROVINCE OF PRINCE EDWARD ISLAND	6.100%	29-Jul-2027	1,542,796	1,605,345
840,000	PROVINCE OF QUEBEC	6.000%	1-Oct-2029	941,439	946,672
925,000	PROVINCE OF QUEBEC	5.750%	1-Dec-2036	1,143,452	1,095,080
1,480,000	PROVINCE OF QUEBEC	3.500%	1-Dec-2045	1,421,321	1,363,198
3,495,000	PROVINCE OF QUEBEC	3.750%	1-Sep-2024	3,521,600	3,470,954
1,616,000	PROVINCE OF QUEBEC	3.900%	22-Nov-2032	1,613,873	1,646,138
516,000	PROVINCE OF QUEBEC	1.900%	1-Sep-2030	458,454	465,613
740,000	PROVINCE OF SASKATCHEWAN	5.800%	5-Sep-2033	872,517	856,165
2,123,000	PROVINCE OF SASKATCHEWAN	3.400%	3-Feb-2042	2,139,479	1,938,511
1,220,000	PROVINCE OF SASKATCHEWAN	2.650%	2-Jun-2027	1,207,120	1,180,496
7,000,000	PROVINCE OF SASKATCHEWAN	0.800%	2-Sep-2025	6,965,449	6,628,370
690,000	PROVINCE OF SASKATCHEWAN	5.600%	5-Sep-2035	874,581	798,344
720,000	PROVINCE OF SASKATCHEWAN	5.000%	5-Mar-2037	808,137	796,140
435,000	ROGERS COMMUNICATIONS INC	4.250%	15-Apr-2032	409,634	418,492
60,000	ROGERS COMMUNICATIONS INC	5.250%	15-Apr-2052	59,708	60,022
463,000	ROYAL BANK OF CANADA	2.880%	23-Dec-2029	481,260	451,300
950,000	ROYAL BANK OF CANADA	1.589%	4-May-2026	947,131	894,596
550,000	ROYAL BANK OF CANADA	2.609%	1-Nov-2024	550,462	538,654
60,000	ROYAL BANK OF CANADA	2.140%	3-Nov-2031	59,148	55,664
350,000	ROYAL BANK OF CANADA	4.642%	12-Jan-2028	350,000	352,499
5,000,000	ROYAL BANK OF CANADA	2.328%	28-Jan-2027	5,085,608	4,710,500
1,730,000	ROYAL BANK OF CANADA	1.833%	31-Jul-2028	1,730,000	1,559,647
1,720,000	ROYAL BANK OF CANADA	4.612%	13-Jul-2027	1,720,000	1,730,079

# 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, 2023 (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
1,360,000	ROYAL BANK OF CANADA	1.670%	28-Jan-2033	1,146,318	1,209,978
297,240	ROYAL BANK OF CANADA	2.550%	16-Jul-2024	300,135	313,387
437,675	ROYAL BANK OF CANADA	0.535%	20-Jan-2026	437,900	458,706
330,000	ROYAL BANK OF CANADA	5.235%	2-Nov-2026	329,998	336,848
350,000	ROYAL BANK OF CANADA	4.642%	12-Jan-2028	350,000	352,499
5,226,000	ROYAL BANK OF CANADA	5.010%	1-Feb-2033	5,149,893	5,241,626
12,284,000	ROYAL OFFICE FINANCE LP	5.209%	12-Nov-2032	12,431,361	9,994,864
65,000	SCOTIABANK CAPITAL TRUST	5.650%	31-Dec-2056	74,964	70,886
1,500,000	SINAI HEALTH SYSTEM	3.527%	9-Jun-2056	1,500,000	1,291,815
3,370,000	SUN LIFE FINANCIAL INC	2.580%	10-May-2032	3,130,048	3,143,570
1,640,000	SUN LIFE FINANCIAL INC	2.060%	1-Oct-2035	1,361,129	1,376,403
730,000	SUN LIFE FINANCIAL INC	2.800%	21-Nov-2033	653,445	669,184
745,000	SUN LIFE FINANCIAL INC	4.780%	10-Aug-2034	744,842	745,022
2,058,000	TCHC ISSUER TRUST	5.395%	22-Feb-2040	2,536,342	2,289,895
295,000	THE CANADA LIFE ASSURANCE	6.400%	11-Dec-2028	326,785	321,641
1,500,000	THE HOSPITAL FOR SICK CHILDREN	3.416%	7-Dec-2057	1,500,000	1,272,225
1,235,000	TORONTO DOMINION BANK	4.210%	1-Jun-2027	1,235,000	1,225,256
7,500,000	TORONTO DOMINION BANK	1.888%	8-Mar-2028	7,383,757	6,833,850
960,000	TORONTO DOMINION BANK	3.060%	26-Jan-2032	968,383	911,347
4,084,000	TORONTO DOMINION BANK	4.859%	4-Mar-2031	4,189,830	4,086,736
185,000	TORONTO DOMINION BANK	1.943%	13-Mar-2025	185,298	178,828
520,000	TORONTO DOMINION BANK	1.128%	9-Dec-2025	518,589	488,426
320,000	TORONTO DOMINION BANK	3.226%	24-Jul-2024	319,412	316,624
330,190	TORONTO DOMINION BANK	0.350%	10-Sep-2024	330,442	350,827
615,000	TORONTO DOMINION BANK	0.250%	31-Jan-2025	615,000	614,539
75,000	TORONTO DOMINION BANK	3.600%	31-Oct-2081	75,000	56,647
240,000	TORONTO DOMINION BANK	2.850%	8-Mar-2024	239,625	238,958
280,000	TORONTO DOMINION BANK	7.232%	31-Dec-2149	280,000	275,313
1,255,000	TORONTO DOMINION BANK	4.477%	18-Jan-2028	1,255,000	1,255,452
475,000	TORONTO DOMINION BANK	2.667%	9-Sep-2025	459,305	459,230
100,000	TRANSCANADA PIPELINES LTD	3.000%	18-Sep-2029	99,834	92,399
4,270,000	TRANSCANADA PIPELINES LTD	3.800%	5-Apr-2027	4,145,250	4,181,099
1,340,000	TRANSCANADA PIPELINES LTD	5.330%	12-May-2032	1,354,029	1,386,337
980,000	UNITED STATES TREASURY BILL	0.000%	4-Jan-2024	1,352,583	1,298,613
850,000	UNITED STATES TREASURY BILL	0.000%	14-Mar-2024	1,122,167	1,114,958
160,770	UNITED STATES TREASURY NOTE	1.500%	15-Feb-2030	168,236	132,902
206,000	UNITED STATES TREASURY NOTE	2.500%	30-Apr-2024	205,913	210,092
675,000	WATERLOO ONTARIO REGIONAL	2.150%	4-Oct-2025	674,743	651,913
675,000	WATERLOO ONTARIO REGIONAL	2.200%	4-Oct-2026	674,433	645,111
675,000	WATERLOO ONTARIO REGIONAL	2.250%	4-Oct-2027	674,006	634,095
675,000	WATERLOO ONTARIO REGIONAL	2.300%	4-Oct-2028	673,903	628,412
45,000	WELLS FARGO & CO	3.874%	21-May-2025	45,251	44,140
1,725,000	YUKON DEVELOPMENT CORP	5.000%	29-Jun-2040	2,063,348	1,717,410
	<b>Total Fixed Income Securities</b>			<b>\$384,838,380</b>	<b>\$372,254,278</b>
					69.2%
<b>Shares / Units</b>	<b>Equity Securities</b>				
86,395	ALIMENTATION COUCHE-TARD			3,663,540	6,741,402
42,528	BANK OF MONTREAL			4,049,281	5,635,385
134,100	BMO S&P 500 INDEX ETF			4,149,450	9,264,969
42,456	CANADIAN NATIONAL RAILWAY			5,003,740	7,071,047
74,509	CANADIAN PAC KANS CITY LTD			4,952,616	7,808,543
68,847	CCL INDUSTRIES INC			3,761,729	4,102,593
59,416	CGI INC			5,550,996	8,434,101
2,791	CONSTELLATION SOFTWARE INC			3,510,116	9,169,189

# 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, 2023 (Continued)

Shares / Units	Security Description	Average Cost (\$)	Fair Value (\$)	
34,989	DESCARTES SYSTEMS GROUP INC	2,791,404	3,895,325	
82,557	DOLLARAMA INC	3,479,497	7,883,368	
114,494	EMPIRE COMPANY LTD	3,877,699	4,013,015	
15,649	IA FINANCIAL CORP INC	1,358,021	1,413,574	
35,658	INTACT FINANCIAL CORP	4,654,103	7,269,240	
40,876	LOBLAW COMPANIES LTD	3,397,472	5,243,573	
11,094	LUMINE GROUP INC	154,970	331,711	
94,945	METRO INC	5,026,737	6,512,278	
52,220	NATIONAL BANK OF CANADA	3,401,391	5,274,220	
98,264	QUEBECOR INC CL B	3,005,553	3,097,281	
33,357	RB GLOBAL INC	2,194,100	2,957,765	
43,935	RESTAURANT BRANDS	3,415,493	4,549,966	
38,657	RICHELIEU HARDWARE LTD	1,465,104	1,854,763	
56,260	ROYAL BANK OF CANADA	5,447,800	7,538,840	
39,692	STANTEC INC	2,165,826	4,222,435	
206,678	TELUS CORPORATION	5,334,742	4,873,467	
41,151	THOMSON REUTERS CORP	3,459,224	7,972,184	
213,280	TMX GROUP LIMITED	4,400,413	6,835,624	
17,034	TOPICUS COM INC	1,380,701	1,520,114	
59,210	TOROMONT INDUSTRIES LTD	4,165,541	6,874,281	
59,296	TORONTO DOMINION BANK	3,920,471	5,076,924	
32,862	WASTE CONNECTIONS INC	4,265,493	6,502,075	
36,660	WINPAK LTD	1,628,475	1,499,394	
	<b>Total Equity Securities</b>	<b>\$109,031,698</b>	<b>\$165,438,646</b>	30.8%
		<b>\$493,870,078</b>	<b>\$537,692,924</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, 2023

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
<b>Fixed Income Securities</b>					
205,000	BANK OF AMERICA CORP	2.598%	4-Apr-2029	205,000	188,828
1,935,000	BANK OF MONTREAL	2.700%	11-Sep-2024	1,935,157	1,903,189
2,190,000	BANK OF MONTREAL	2.850%	6-Mar-2024	2,192,277	2,180,517
2,700,000	BANK OF MONTREAL	2.280%	29-Jul-2024	2,657,900	2,655,207
1,250,000	BANK OF MONTREAL	3.190%	1-Mar-2028	1,247,882	1,205,025
1,485,000	BANK OF MONTREAL	2.370%	3-Feb-2025	1,481,875	1,441,475
2,300,000	BANK OF MONTREAL	1.551%	28-May-2026	2,136,627	2,142,243
2,530,000	BANK OF MONTREAL	5.039%	29-May-2028	2,530,000	2,588,494
235,000	BANK OF MONTREAL	5.625%	26-May-2082	235,000	223,697
725,000	BANK OF NOVA SCOTIA	2.620%	2-Dec-2026	714,904	693,339
970,000	BANK OF NOVA SCOTIA	3.100%	2-Feb-2028	969,865	931,743
1,250,000	BANK OF NOVA SCOTIA	2.290%	28-Jun-2024	1,251,163	1,232,875
2,400,000	BANK OF NOVA SCOTIA	1.850%	2-Nov-2026	2,399,664	2,239,128
1,625,000	BANK OF NOVA SCOTIA	1.950%	10-Jan-2025	1,624,760	1,573,650
2,440,000	BANK OF NOVA SCOTIA	2.950%	8-Mar-2027	2,437,918	2,329,492
1,740,000	BANK OF NOVA SCOTIA	5.500%	29-Dec-2025	1,740,953	1,766,396
4,155,000	CANADA HOUSING TRUST	2.900%	15-Jun-2024	4,127,517	4,115,237
7,340,000	CANADA HOUSING TRUST	1.800%	15-Dec-2024	7,221,358	7,149,527
5,735,000	CANADA HOUSING TRUST	0.950%	15-Jun-2025	5,432,983	5,475,032
3,060,000	CANADA HOUSING TRUST	4.250%	15-Mar-2034	3,058,153	3,242,590
4,820,000	CANADA HOUSING TRUST NO.1	2.650%	15-Dec-2028	4,690,781	4,657,084
4,600,000	CANADA POST CORP	4.080%	16-Jul-2025	4,729,446	4,586,752
1,477,000	CANADA POST CORP	4.360%	16-Jul-2040	1,392,440	1,542,018
760,000	CANADIAN IMPERIAL BANK OF COMMERCE	3.300%	26-May-2025	765,926	746,563
1,625,000	CANADIAN IMPERIAL BANK OF COMMERCE	2.000%	17-Apr-2025	1,677,900	1,565,996
1,625,000	CANADIAN IMPERIAL BANK OF COMMERCE	2.250%	7-Jan-2027	1,622,879	1,525,989
1,625,000	CANADIAN IMPERIAL BANK OF COMMERCE	4.950%	29-Jun-2027	1,623,262	1,646,743
2,100,000	CANADIAN IMPERIAL BANK OF COMMERCE	5.935%	14-Jul-2026	2,100,310	2,111,655
265,000	ENBRIDGE INC	3.950%	19-Nov-2024	264,927	262,027
415,000	ENBRIDGE INC	2.350%	15-Sep-2031	414,914	365,403
1,997,250	FEDERATION DES CAISSES	2.050%	10-Feb-2025	1,996,702	1,919,435
270,000	FIRST CAPITAL REALTY INC	3.604%	6-May-2026	277,840	258,776
295,000	GOVERNMENT OF CANADA	0.000%	18-Jan-2024	294,274	294,186
410,000	GOVERNMENT OF CANADA	0.000%	15-Feb-2024	407,425	407,294
215,000	GREATER TORONTO AIRPORTS	7.050%	12-Jun-2030	256,052	247,422
1,145,000	GREAT-WEST LIFECO INC	3.337%	28-Feb-2028	1,147,410	1,103,047
1,315,000	GREAT-WEST LIFECO INC	2.981%	8-Jul-2050	1,291,635	1,016,495
2,695,000	HSBC BANK CANADA	1.782%	20-May-2026	2,680,933	2,537,396
122,000	HYDRO ONE INC	6.930%	1-Jun-2032	154,684	142,442
110,000	HYDRO ONE INC	5.490%	16-Jul-2040	133,956	122,650
2,025,000	HYDRO QUEBEC	2.000%	1-Sep-2028	1,898,153	1,891,046
1,685,000	IA FINANCIAL CORP INC	5.685%	20-Jun-2033	1,685,000	1,727,395
370,000	IGM FINANCIAL INC	3.440%	26-Jan-2027	370,549	355,618
590,000	INDEPENDENT ORDER OF FORESTERS	2.885%	15-Oct-2035	590,000	499,093
2,115,000	LABRADOR-ISLAND LINK FDG TR	3.760%	1-Jun-2033	1,951,734	2,116,565
1,125,000	LABRADOR-ISLAND LINK FDG TR	3.860%	1-Dec-2045	1,218,332	1,105,943
800,000	LAURENTIAN BANK OF CANADA	1.603%	6-May-2026	800,000	750,456
3,395,000	MANULIFE BANK OF CANADA	2.378%	19-Nov-2024	3,404,676	3,313,690
1,950,000	MANULIFE BANK OF CANADA	1.504%	25-Jun-2025	1,955,266	1,863,713
2,235,000	MANULIFE BANK OF CANADA	1.536%	14-Sep-2026	2,209,040	2,078,572
130,000	MANULIFE FINANCIAL CORP	5.059%	15-Dec-2036	144,097	128,760
1,330,000	MUSKRAT FALLS / LABRADOR	3.630%	1-Jun-2029	1,382,824	1,343,885
5,085,000	MUSKRAT FALLS / LABRADOR	3.860%	1-Dec-2048	5,356,898	5,011,725
126,000	NEW YORK LIFE GLO FUNDING	2.000%	17-Apr-2028	125,819	114,778
1,255,000	NHA MORTGAGE BACKED SECURITIES	3.250%	1-Jul-2028	858,960	366,247



# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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## Schedule of Investment Portfolio for Government Grants

December 31, 2023 (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)
605,000	NHA MORTGAGE BACKED SECURITIES	1.750%	1-Jun-2024	569,221	292,965
565,000	NHA MORTGAGE BACKED SECURITIES	1.890%	1-Oct-2024	520,141	326,097
335,000	NHA MORTGAGE BACKED SECURITIES	1.740%	1-Jan-2025	300,797	195,472
830,000	NHA MORTGAGE BACKED SECURITIES	1.920%	1-Jan-2030	808,010	704,045
1,095,000	NHA MORTGAGE BACKED SECURITIES	0.500%	1-Oct-2025	975,090	746,441
1,080,000	NHA MORTGAGE BACKED SECURITIES	0.600%	1-Dec-2025	954,047	746,190
800,000	NHA MORTGAGE BACKED SECURITIES	0.990%	1-Mar-2026	705,267	568,120
1,235,000	NHA MORTGAGE BACKED SECURITIES	0.840%	1-Apr-2026	1,104,470	915,791
1,540,000	NHA MORTGAGE BACKED SECURITIES	0.840%	1-Jun-2026	1,380,125	1,162,658
940,000	NHA MORTGAGE BACKED SECURITIES	3.100%	1-Mar-2028	907,586	894,126
1,050,000	NHA MORTGAGE BACKED SECURITIES	4.040%	1-Aug-2028	1,013,894	1,046,858
255,000	NORTH WEST REDWATER PRT	2.800%	1-Jun-2027	244,106	242,928
2,300,000	ONTARIO HYDRO	0.000%	11-Apr-2031	1,894,744	1,715,340
225,000	PEMBINA PIPELINE CORP	3.310%	1-Feb-2030	224,900	208,447
6,955,000	PROVINCE OF ALBERTA	3.450%	1-Dec-2043	6,980,515	6,360,626
4,630,000	PROVINCE OF ALBERTA	3.300%	1-Dec-2046	3,941,138	4,081,947
6,485,000	PROVINCE OF ALBERTA	3.050%	1-Dec-2048	5,355,496	5,436,181
1,280,000	PROVINCE OF ALBERTA	3.100%	1-Jun-2050	1,092,230	1,085,850
2,075,000	PROVINCE OF ALBERTA	3.900%	1-Dec-2033	2,200,795	2,088,591
1,225,000	PROVINCE OF BRITISH COLUMBIA	2.200%	18-Jun-2030	1,237,505	1,128,948
1,050,000	PROVINCE OF BRITISH COLUMBIA	1.550%	18-Jun-2031	841,698	907,358
1,310,000	PROVINCE OF MANITOBA	5.700%	5-Mar-2037	1,773,235	1,530,159
3,145,000	PROVINCE OF MANITOBA	4.650%	5-Mar-2040	3,635,132	3,340,116
2,830,000	PROVINCE OF MANITOBA	4.050%	5-Sep-2045	3,135,486	2,765,335
2,720,000	PROVINCE OF NEW BRUNSWICK	4.800%	26-Sep-2039	3,201,969	2,941,979
1,560,000	PROVINCE OF NEWFOUNDLAND	4.500%	17-Apr-2037	1,716,584	1,597,393
1,990,000	PROVINCE OF NEWFOUNDLAND	3.300%	17-Oct-2046	1,948,164	1,668,874
1,520,000	PROVINCE OF NEWFOUNDLAND	0.648%	17-Mar-2024	1,520,000	1,521,611
4,905,000	PROVINCE OF ONTARIO	2.900%	2-Dec-2046	3,802,053	4,073,946
4,015,000	PROVINCE OF QUEBEC	6.000%	1-Oct-2029	4,501,079	4,524,865
7,680,000	PROVINCE OF QUEBEC	3.500%	1-Dec-2045	7,368,855	7,073,894
1,930,000	PROVINCE OF SASKATCHEWAN	5.800%	5-Sep-2033	2,252,304	2,232,971
597,000	PROVINCE OF SASKATCHEWAN	3.400%	3-Feb-2042	612,227	545,121
3,340,000	PROVINCE OF SASKATCHEWAN	5.600%	5-Sep-2035	4,187,806	3,864,447
3,315,000	PROVINCE OF SASKATCHEWAN	5.000%	5-Mar-2037	3,720,798	3,665,561
100,000	ROGERS COMMUNICATIONS INC	5.250%	15-Apr-2052	99,514	100,036
4,815,000	ROYAL BANK OF CANADA	1.589%	4-May-2026	4,792,746	4,534,189
2,765,000	ROYAL BANK OF CANADA	2.609%	1-Nov-2024	2,768,823	2,707,958
1,945,000	ROYAL BANK OF CANADA	1.833%	31-Jul-2028	1,936,615	1,753,476
1,390,000	ROYAL BANK OF CANADA	4.612%	13-Jul-2027	1,390,730	1,398,145
1,808,210	ROYAL BANK OF CANADA	2.550%	16-Jul-2024	1,825,820	1,906,438
2,501,000	ROYAL BANK OF CANADA	0.535%	20-Jan-2026	2,502,289	2,621,176
185,000	ROYAL BANK OF CANADA	2.140%	3-Nov-2031	184,124	171,630
1,790,000	ROYAL BANK OF CANADA	5.235%	2-Nov-2026	1,789,987	1,827,143
1,650,000	ROYAL BANK OF CANADA	4.642%	12-Jan-2028	1,650,000	1,661,781
110,000	SCOTIABANK CAPITAL TRUST	5.650%	31-Dec-2056	126,862	119,962
765,000	SUN LIFE FINANCIAL INC	2.060%	1-Oct-2035	754,912	642,042
1,390,000	THE CANADA LIFE ASSURANCE	6.400%	11-Dec-2028	1,533,818	1,515,531
815,000	TORONTO DOMINION BANK	4.210%	1-Jun-2027	815,000	808,570
980,000	TORONTO DOMINION BANK	1.943%	13-Mar-2025	973,939	947,307
2,245,000	TORONTO DOMINION BANK	1.128%	9-Dec-2025	2,238,639	2,108,684
1,220,000	TORONTO DOMINION BANK	3.226%	24-Jul-2024	1,221,111	1,207,129
2,161,810	TORONTO DOMINION BANK	0.350%	10-Sep-2024	2,163,459	2,296,925
3,250,000	TORONTO DOMINION BANK	0.250%	31-Jan-2025	3,250,000	3,247,563
400,000	TORONTO DOMINION BANK	3.600%	31-Oct-2081	400,003	302,112

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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December 31, 2023 (Continued)

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
1,665,000	TORONTO DOMINION BANK	2.850%	8-Mar-2024	1,662,399	1,657,774	
1,220,000	TORONTO DOMINION BANK	7.232%	31-Dec-2149	1,220,000	1,199,577	
2,525,000	TORONTO DOMINION BANK	2.667%	9-Sep-2025	2,441,569	2,441,170	
365,000	TRANSCANADA PIPELINES LTD	3.000%	18-Sep-2029	364,393	337,256	
7,515,000	UNITED STATES TREASURY BILL	0.000%	4-Jan-2024	10,365,464	9,958,238	
1,034,520	UNITED STATES TREASURY NOTE	1.500%	15-Feb-2030	1,082,562	855,196	
759,625	UNITED STATES TREASURY NOTE	2.500%	30-Apr-2024	759,304	774,713	
355,000	WELLS FARGO & CO	3.874%	21-May-2025	357,047	348,216	
	<b>Total Fixed Income Securities</b>			<b>\$224,774,596</b>	<b>\$216,655,731</b>	74.1%
<b>Shares / Units</b>	<b>Equity Securities</b>					
39,587	ALIMENTATION COUCHE-TARD			1,646,673	3,088,974	
19,512	BANK OF MONTREAL			1,807,152	2,585,535	
57,138	BMO S&P 500 INDEX ETF			1,463,487	3,947,664	
19,534	CANADIAN NATIONAL RAILWAY			2,122,901	3,253,388	
34,203	CANADIAN PAC KANS CITY LTD			2,050,049	3,584,474	
31,612	CCL INDUSTRIES INC			1,673,064	1,883,759	
27,211	CGI INC			2,465,864	3,862,601	
1,280	CONSTELLATION SOFTWARE INC			1,385,649	4,205,146	
15,971	DESCARTES SYSTEMS GROUP INC			1,268,777	1,778,051	
37,916	DOLLARAMA INC			1,432,370	3,620,599	
52,487	EMPIRE COMPANY LTD			1,737,342	1,839,669	
7,197	IA FINANCIAL CORP INC			627,348	650,105	
16,377	INTACT FINANCIAL CORP			1,972,457	3,338,615	
18,800	LOBLAW COMPANIES LTD			1,619,766	2,411,664	
5,214	LUMINE GROUP INC			76,698	155,899	
43,586	METRO INC			2,224,523	2,989,564	
24,004	NATIONAL BANK OF CANADA			1,459,033	2,424,404	
45,094	QUEBECOR INC CLB			1,362,913	1,421,363	
15,246	RB GLOBAL INC			894,511	1,351,863	
20,059	RESTAURANT BRANDS			1,578,754	2,077,336	
19,050	RICHELIEU HARDWARE LTD			716,310	914,019	
25,629	ROYAL BANK OF CANADA			2,414,974	3,434,286	
18,231	STANTEC INC			985,354	1,939,414	
94,834	TELUS CORPORATION			2,418,870	2,236,186	
18,876	THOMSON REUTERS CORP			1,444,698	3,656,848	
97,865	TMX GROUP LIMITED			1,829,364	3,136,573	
7,816	TOPICUS COM INC			627,901	697,500	
27,145	TOROMONT INDUSTRIES LTD			1,665,156	3,151,535	
27,215	TORONTO DOMINION BANK			1,790,471	2,330,148	
15,122	WASTE CONNECTIONS INC			1,853,130	2,992,039	
16,564	WINPAK LTD			749,337	677,467	
	<b>Total Equity Securities</b>			<b>\$47,364,896</b>	<b>\$75,636,688</b>	25.9%
				<b>\$272,139,492</b>	<b>\$292,292,419</b>	100.0%

# THE CHILDREN'S EDUCATIONAL FOUNDATION OF CANADA

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

## Schedule of Investment Portfolio for the Scholarship Enhancement Fund

December 31, 2023

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
<b>Fixed Income Securities</b>						
570,000	CANADA HOUSING TRUST	2.350%	15-Jun-2027	530,643	547,810	
359,000	CANADA HOUSING TRUST	1.800%	15-Dec-2024	348,591	349,684	
750,000	CANADA HOUSING TRUST	0.950%	15-Jun-2025	739,637	716,003	
575,000	CANADA HOUSING TRUST	1.100%	15-Mar-2031	549,249	489,779	
610,000	CANADA HOUSING TRUST	1.100%	15-Dec-2026	553,010	567,068	
455,000	CANADA HOUSING TRUST	2.450%	15-Dec-2031	437,514	423,314	
635,000	CANADA HOUSING TRUST	4.250%	15-Mar-2034	665,847	672,890	
632,000	CANADA HOUSING TRUST NO.1	1.900%	15-Sep-2026	642,219	602,498	
650,000	CANADA HOUSING TRUST NO.1	2.650%	15-Dec-2028	642,395	628,030	
696,000	CANADA HOUSING TRUST NO.1	0.422%	15-Sep-2024	696,940	697,761	
75,000	CANADA POST CORP	4.080%	16-Jul-2025	75,667	74,784	
927,000	GOVERNMENT OF CANADA	1.500%	1-Jun-2026	935,846	882,958	
107,000	GOVERNMENT OF CANADA	2.000%	1-Jun-2028	106,527	102,041	
415,000	PROVINCE OF ALBERTA	3.450%	1-Dec-2043	447,599	379,534	
150,000	PROVINCE OF BRITISH COLUMBIA	2.200%	18-Jun-2030	151,895	138,239	
371,000	PROVINCE OF MANITOBA	6.300%	5-Mar-2031	455,694	431,829	
494,000	PROVINCE OF MANITOBA	3.000%	2-Jun-2028	522,037	482,480	
453,000	PROVINCE OF NEW BRUNSWICK	4.800%	26-Sep-2039	559,435	489,969	
321,000	PROVINCE OF NEWFOUNDLAND	0.695%	17-Mar-2024	321,172	321,340	
241,000	PROVINCE OF ONTARIO	6.500%	8-Mar-2029	287,661	274,391	
450,000	PROVINCE OF ONTARIO	5.850%	8-Mar-2033	494,891	520,925	
554,000	PROVINCE OF ONTARIO	4.700%	2-Jun-2037	632,094	598,098	
945,000	PROVINCE OF ONTARIO	3.500%	2-Jun-2043	1,030,953	875,873	
724,000	PROVINCE OF ONTARIO	2.600%	2-Jun-2027	750,673	699,768	
535,000	PROVINCE OF ONTARIO	2.900%	2-Dec-2046	384,849	444,355	
490,000	PROVINCE OF QUEBEC	6.000%	1-Oct-2029	541,626	552,225	
235,000	PROVINCE OF QUEBEC	3.500%	1-Dec-2045	222,085	216,454	
533,000	PROVINCE OF QUEBEC	2.750%	1-Sep-2025	543,558	521,365	
71,000	PROVINCE OF SASKATCHEWAN	3.400%	3-Feb-2042	76,731	64,829	
<b>Total Fixed Income Securities</b>				<b>\$14,347,038</b>	<b>\$13,766,294</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, 2023

Face Value	Security Description	Coupon Rate (%)	Maturity Date	Average Cost (\$)	Fair Value (\$)	
<b>Fixed Income Securities</b>						
185,000	GOVERNMENT OF CANADA	1.500%	1-Jun-2026	184,992	176,211	
81,000	PROVINCE OF ALBERTA	3.450%	1-Dec-2043	82,860	74,078	
30,000	PROVINCE OF BRITISH COLUMBIA	2.200%	18-Jun-2030	30,306	27,648	
17,000	GOVERNMENT OF CANADA	2.000%	1-Jun-2028	16,917	16,212	
128,000	CANADA HOUSING TRUST NO.1	1.900%	15-Sep-2026	129,315	122,025	
110,000	CANADA HOUSING TRUST	2.350%	15-Jun-2027	102,405	105,718	
99,000	CANADA HOUSING TRUST NO.1	2.650%	15-Dec-2028	96,544	95,654	
140,000	CANADA HOUSING TRUST NO.1	0.490%	15-Sep-2024	140,137	140,354	
70,000	CANADA HOUSING TRUST	1.800%	15-Dec-2024	67,970	68,184	
130,000	CANADA HOUSING TRUST	0.950%	15-Jun-2025	128,425	124,107	
110,000	CANADA HOUSING TRUST	1.100%	15-Mar-2031	106,608	93,697	
100,000	CANADA HOUSING TRUST	1.100%	15-Dec-2026	90,657	92,962	
15,000	CANADA POST CORP	4.080%	16-Jul-2025	15,367	14,957	
100,000	PROVINCE OF MANITOBA	6.300%	5-Mar-2031	117,750	116,396	
92,000	PROVINCE OF MANITOBA	3.000%	2-Jun-2028	99,020	89,855	
85,000	PROVINCE OF NEW BRUNSWICK	4.800%	26-Sep-2039	100,062	91,937	
62,000	PROVINCE OF NEWFOUNDLAND	2.181%	17-Mar-2024	61,998	62,066	
50,000	PROVINCE OF ONTARIO	6.500%	8-Mar-2029	57,087	56,928	
85,000	PROVINCE OF ONTARIO	5.850%	8-Mar-2033	93,479	98,397	
102,000	PROVINCE OF ONTARIO	4.700%	2-Jun-2037	114,871	110,119	
179,000	PROVINCE OF ONTARIO	3.500%	2-Jun-2043	186,114	165,906	
132,000	PROVINCE OF ONTARIO	2.600%	2-Jun-2027	136,924	127,582	
90,000	PROVINCE OF QUEBEC	6.000%	1-Oct-2029	99,482	101,429	
40,000	PROVINCE OF QUEBEC	3.500%	1-Dec-2045	38,414	36,843	
93,000	PROVINCE OF QUEBEC	2.750%	1-Sep-2025	93,497	90,970	
90,000	CANADA HOUSING TRUST	2.450%	15-Dec-2031	86,760	83,732	
100,000	PROVINCE OF ONTARIO	2.900%	2-Dec-2046	71,934	83,057	
18,000	PROVINCE OF SASKATCHEWAN	3.400%	3-Feb-2042	19,480	16,436	
145,000	CANADA HOUSING TRUST	4.250%	15-Mar-2034	150,846	153,774	
<b>Total Fixed Income Securities</b>				<b>\$2,720,221</b>	<b>\$2,637,234</b>	100.0%

## Summary of Schedules of Investment Portfolio

December 31, 2023

	Average Cost (\$)	Fair Value (\$)
Schedule of Investment Portfolio for Subscriber deposits under Scholarship Agreements	493,870,078	537,692,924
Schedule of Investment Portfolio for Government Grants	272,139,492	292,292,419
Schedule of Investment Portfolio for the Scholarship Enhancement Fund	14,347,038	13,766,294
Schedule of Investment Portfolio for Subscriber deposits under Escrow Agreements	2,720,221	2,637,234
	<b>\$783,076,829</b>	<b>\$846,388,871</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, 2023 and 2022

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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 IFRS Accounting Standards 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 20, 2024.

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### 3. Summary of material accounting policies

The accounting policies applied to these financial statements are the same as those applied in the financial statements as at and for the year ended December 31, 2022. There are no new accounting standards adopted for the year ended December 31, 2023.

Although the amendments to IAS 1 and IFRS practice Statement 2 effective January 1, 2023 did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 *Material accounting policies (2022 - Significant accounting policies)* in certain instances in line with the amendments.

#### 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, 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 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, 2023 and 2022

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

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

The classification and measurement of financial assets is set out below.

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

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

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

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

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

#### 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. Average cost includes amortization of premiums and discounts on the Plan's debt securities.

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, 2023 there was a net unrealized gain of \$63,311,918 (December 31, 2022 – \$19,452,949) 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.

#### 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



# 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, 2023 and 2022

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

beneficiary if certain conditions are met) either on termination or maturity of the scholarship agreement. Subscriber deposits, upon termination of the plan or cancellation by the subscriber, are shown in liabilities. The financial statements reflect all other subscriber deposits in net assets attributable to subscribers and beneficiaries. As the subscriber deposits are due on demand, they are recorded at their fair value. Subscriber deposits received in advance of plan payments terms are recorded in subscriber deposits received in advance. Subscriber deposits received prior to receipt of the beneficiary's social insurance number are held in subscriber deposits under escrow agreements.

The Foundation deducts sales charges, depository fees, administrative fees, where applicable, and other service charges 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 \$53,359 are eligible for an additional 20% of CESG on the first \$500 contributed. Families with annual income between \$53,359 and \$106,717 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 \$49,275 are eligible for an additional 10% on contributions to a maximum of \$50. Families with annual income between \$49,276 and \$98,540 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.

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 3% of investments as at December 31, 2023. 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.

#### 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 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, 2023 and 2022

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

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

### 6. Risks associated with financial instruments

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Investment in debt securities	605,313,537	635,322,620

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

<u>Asset Class</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Government - Federal	\$ 175,621,480	\$193,025,897
Government - Provincial	232,887,611	230,851,668
Financial institution bonds	176,674,996	190,018,008
Corporate bonds	20,129,450	21,427,047
	<u>\$ 605,313,537</u>	<u>\$635,322,620</u>

The debt securities (and all other securities) are invested according to the standard investment restrictions and practices contained in National Policy 15 of the Canadian Securities Administrators. The investments in the Foundation primarily comprise of bonds which have been issued or guaranteed by either the Federal or any provincial government, and financial institution bonds, corporate bonds and Government of Canada treasury bills. Risk is managed through guidelines mandated by the Canadian Securities Administrators. The Foundation is invested in debt instruments with the following credit ratings:

<u>Debit instruments*by credit rating</u>	<u>Percentage of total debit instruments*</u>	
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
AAA	27.2%	25.5%
AA	44.6%	44.2%
A	25.3%	28.1%
BBB	2.9%	2.2%

\* 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 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, 2023 and 2022

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

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.

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, and credit analysis. Pursuant to an Undertaking, interest and dividend income on subscribers' savings and government grants may be invested in equity securities traded on a Canadian stock exchange. As such, beginning May 2014, the Foundation began investing in equity securities. Currently, the Foundation utilizes the investment advisory services of three registered investment advisors to assist the Foundation in investing subscriber savings and government grants and interest and dividend income earned thereon. Each of these investment advisors provides advisory and discretionary managed account services with respect to purchasing, selling and otherwise dealing in securities and other investments comprising the investment portfolios. The investment advisors are charged with broad diversification across issuers and securities and constantly monitor how the various risks affect the investment portfolios.

#### (i) Interest rate risk

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

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

Instruments by Maturity at Face value	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Due in one year	16.9%	12.8%
Due one year through five years	30.1%	38.3%
Due after five years	53.0%	48.9%

As at December 31, 2023, 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 \$605,313,537 (December 31, 2022 - \$635,322,620) would have decreased or increased by approximately \$8,592,983 (December 31, 2022 - \$8,708,642). In practice, the actual trading results may differ materially.

# 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, 2023 and 2022

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

#### (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 are most impacted by price risk. The total fair value of equity securities on hand as at December 31, 2023 was \$241,075,335 (December 31, 2022 - \$247,935,125). As at December 31, 2023 if underlying index prices increased or decreased by 1%, with all other variables held constant, the investment portfolio of equity would increase or decrease by approximately \$2,410,753 (December 31, 2022 - \$2,479,351). In practice, the actual trading results may differ materially.

#### (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, 2023 was \$37,872,107 (December 31, 2022 - \$35,874,407). As at December 31, 2023 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 \$1,893,605 (December 31, 2022 - \$1,793,720).

#### 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 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, 2023 and December 31, 2022:

As at December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$241,075,335	\$ –	\$241,075,335
Bonds and treasury bills	7,813,230	597,500,306	605,313,536
	<u>\$248,888,565</u>	<u>\$597,500,306</u>	<u>\$846,388,871</u>

As at December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$247,935,125	\$ –	\$247,935,125
Bonds and treasury bills	106,904,029	528,418,591	635,322,620
	<u>\$354,839,154</u>	<u>\$528,418,591</u>	<u>\$883,257,745</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.

Foundation sold its remaining investments in equity linked notes of \$33,572,000 during the year ended December 31, 2022 and realized a gain of \$13,572,000. Foundation has not invested in any equity linked notes during the year ended December 31, 2023 and 2022.

# 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, 2023 and 2022

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

#### Other risk

Terrorism, war, military confrontations and related geopolitical events (and their aftermath) can lead to increased short-term market volatility and may have adverse long-term effects on the Canadian, U.S., and world economies and markets generally. Likewise, natural and environmental disasters, such as, for example, earthquakes, fires, floods, hurricanes, tsunamis and weather-related phenomena generally, as well as wide-spread disease and virus epidemics, can be highly disruptive to economies and markets into the medium term, adversely affecting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors impacting the value of the Foundation's investments.

### 7. Financial instruments by category

The following table presents the carrying amounts of the Foundation's financial assets by category as at December 31, 2023 and December 31, 2022. All of the Foundation's financial liabilities as at December 31, 2023 and December 31, 2022 were measured at amortized cost.

As at December 31, 2023

	<u>Financial assets at fair value</u>		
	<u>FVTPL</u>	<u>Financial assets at amortized cost</u>	<u>Total</u>
Investments	\$846,388,871	\$ –	\$846,388,871
Cash	–	2,259,592	2,259,592
Accrued interest	–	3,491,291	3,491,291
Dividends receivable	–	359,150	359,150
Government grants receivable	–	527,353	527,353
	<u>\$846,388,871</u>	<u>\$6,637,386</u>	<u>\$853,026,257</u>

As at December 31, 2022

	<u>Financial assets at fair value</u>		
	<u>FVTPL</u>	<u>Financial assets at amortized cost</u>	<u>Total</u>
Investments	\$883,257,745	\$ –	\$883,257,745
Cash	–	4,158,264	4,158,264
Accrued interest	–	3,504,794	3,504,794
Dividends receivable	–	384,940	384,940
Government grants receivable	–	667,095	667,095
	<u>\$883,257,745</u>	<u>\$8,715,093</u>	<u>\$891,972,838</u>

### 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, 2023 and 2022

### 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 Board of Directors approve 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:

#### *Funds for Scholarship Enhancements*

	<u>For the year ended</u> <u>December 31, 2023</u>	<u>For the year ended</u> <u>December 31, 2022</u>
Balance, beginning of year	\$5,080,898	\$15,546,888
Investment income (loss) after maturity date	6,923,844	(7,033,332)
Investment income earned on fund balance	261,691	164,431
Return of sales charges	(338,117)	(325,953)
Net change in unrealized gains (losses)	490,380	(1,179,878)
Additional educational assistance payments	(4,260,293)	(2,091,258)
Balance, end of year	<u>8,158,403</u>	<u>\$5,080,898</u>

#### *Funds for Enrichment*

	<u>For the year ended</u> <u>December 31, 2023</u>	<u>For the year ended</u> <u>December 31, 2022</u>
Balance, beginning of year	\$483,679	\$461,137
Investment Income after maturity date	130,943	116,765
Return of sales charges	(33,303)	(34,310)
Additional educational assistance payments	(119,402)	(59,913)
Balance, end of year	<u>\$461,917</u>	<u>\$483,679</u>

### 10. Education assistance payments

	<u>2023</u>	<u>2022</u>
Number of units		
First scholarship	30,600	27,111
Second scholarship	26,632	23,899
Third scholarship	22,022	19,879
Amount of scholarships per unit		
First scholarship	\$360	\$413
Second scholarship	\$402	\$385
Third scholarship	\$430	\$430

The education assistance payments comprise the specified per unit scholarship payments as well as additional payments of \$2,126,737 (2022 - \$1,987,983) for students where the qualifying programs are less than four full years.

# 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, 2023 and 2022

### 10. Education assistance payments (Continued)

The foundation also made education assistance payments of \$415,433 (2022 - \$454,303) and \$212,811 (2022 - \$218,743) 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 \$255,722 (2022 - \$286,799). During the year, scholarships for late applications totaling \$2,737,597 (2022 - \$3,024,764) were paid based on the 2022 scholarship rate.

The total scholarships paid in 2023 for 79,254 units (2022 - 70,889 units) of \$360 per unit (2022 - \$413) for the first scholarship, \$402 per unit (2022 - \$385) for the second scholarship and \$430 per unit (2022 - \$430) for the third scholarship, net of the above adjustments, and including the payments of \$2,126,737 (2022 - \$1,987,983), \$415,433 (2022 - \$454,303) and \$212,811 (2022 - \$218,743) for programs less than 4 years, payments under the self-initiated option and Achievers plans respectively, were \$36,398,952 (2022 - \$34,317,568).

### 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, 2023 and December 31, 2022 are as follows:

	<u>For the year ended</u> <u>December 31, 2023</u>	<u>For the year ended</u> <u>December 31, 2022</u>
<i>Paid directly by subscriber</i>		
Sales charges	\$696,216	\$723,516
Group insurance premiums	1,395,188	1,547,699
Depository fees	650,057	763,203
Annual administration fees on subscriber deposits	4,245,174	4,635,604
Service charges	1,048,600	1,149,075
<i>Deducted from Foundation's income</i>		
Administration fees	\$1,160,614	\$1,046,660

#### *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, 2023 was \$31,265 (December 31, 2022 - \$31,209).

# 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, 2023

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						23,084,221	36,584,652	25,866,932
2024	59,515	8	15,301	44,222	11,634,304	30,488,214	23,101,944	13,015,527
2025	41,299	15,945	0	57,244	90,253,875	38,270,881	30,630,808	15,772,279
2026	35,402	28	(95)	35,525	55,615,868	20,014,347	18,553,130	8,102,451
2027	31,978	2	178	31,802	46,536,052	15,307,933	15,979,696	6,370,760
2028	28,074	13	271	27,815	38,038,041	11,242,893	13,236,220	4,837,711
2029	25,207	12	209	25,009	31,284,657	8,400,588	11,183,681	3,756,719
2030	22,436	26	159	22,303	25,730,153	6,140,186	9,253,633	2,814,336
2031	19,369	30	195	19,204	20,587,375	3,996,630	7,262,944	1,824,882
2032	15,299	18	237	15,080	14,733,138	2,382,099	5,169,702	1,109,340
2033	12,115	68	221	11,962	10,157,582	1,412,920	3,664,248	682,353
2034	10,143	62	190	10,016	7,486,006	918,537	2,619,199	427,309
2035	8,901	102	268	8,735	5,507,334	558,998	2,050,684	284,566
2036	7,834	98	305	7,627	3,890,204	332,366	1,504,857	182,138
2037	6,914	129	240	6,803	2,769,671	189,015	1,100,410	112,745
2038	5,367	127	154	5,340	1,565,752	97,496	706,611	58,075
2039	3,109	340	144	3,305	586,023	32,421	327,004	21,151
2040	2,234	510	166	2,578	221,643	16,143	176,371	11,351
2041	1,359	1,245	338	2,266	68,784	4,841	92,234	4,924
2042	0	1,664	20	1,644	6,867	768	17,293	831
Self-initiated	5,605	372	487	5,490	10,285,230	4,679,469	8,853,194	3,235,271
Achievers	34,576	1,503	4,653	31,427	6,155,365	1,134,618	2,869,206	986,777
	<b>376,736</b>	<b>22,302</b>	<b>23,641</b>	<b>375,397</b>	<b>\$383,113,924</b>	<b>\$168,705,584</b>	<b>\$194,937,721</b>	<b>\$89,478,428</b>

Represented by:

Scholarship agreements

380,443,945

167,455,459

Escrow agreements

2,669,979

1,250,125

**\$383,113,924**

**\$168,705,584**

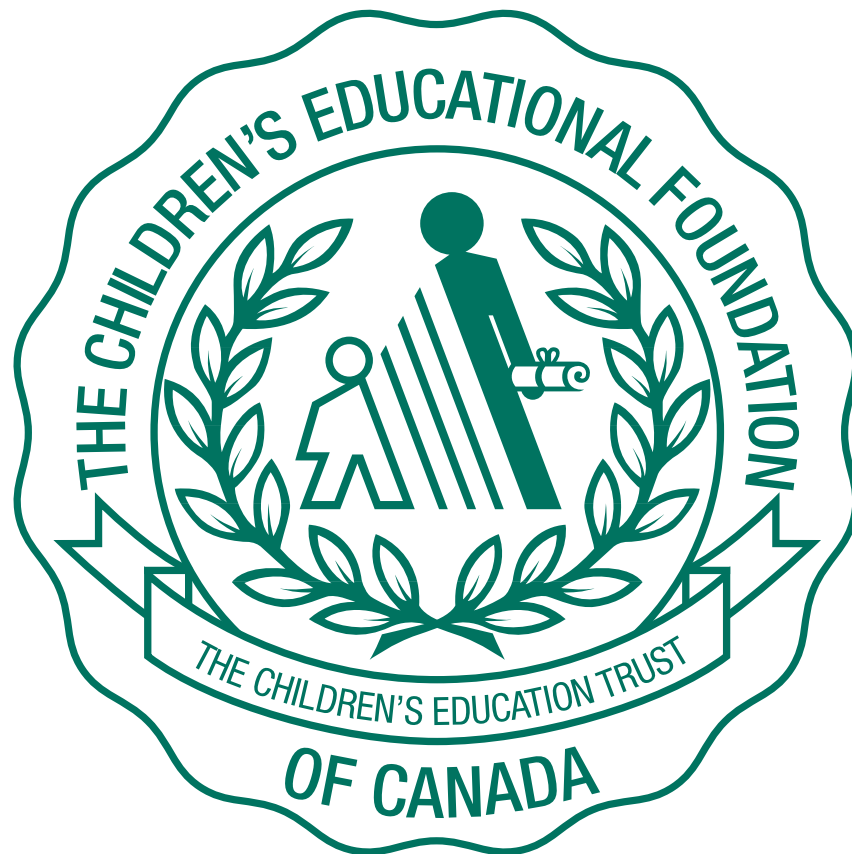
Note: Subscriber deposits held are fully refundable to subscribers

<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  
THE CHILDREN'S EDUCATIONAL  
FOUNDATION OF CANADA

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**Nurture the Dream**