Canadian Scholarship Trust Group Savings Plan

Audited Financial Statements and

Management Report of Fund Performance

October 31, 2022 and 2021

CST SAVINGS

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain portions of the Management Report of Fund Performance, including but not limited to, "Results of Operations" and "Recent Developments", may contain forward-looking statements about the Plan, including its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Plan action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Plan and economic factors. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Plan. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

It should be stressed that the above-mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

Management Report of Fund Performance

Introduction

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Canadian Scholarship Trust Group Savings Plan ("the Plan"). A copy of the annual financial statements can be obtained on request, and at no cost, by visiting our website at www.cst.org, SEDAR at www.sedar.com, by calling our customer service team at 1-877-333-7377 or by writing to us by mail at 2235 Sheppard Avenue East, Suite 1600, Toronto, Ontario M2J 5B8.

The Canadian Scholarship Trust Foundation, as the Plan sponsor, and C.S.T. Savings Inc. ("CST Savings"), formerly C.S.T. Consultants Inc., as the Investment Fund Manager, view corporate governance and compliance as critical to overall corporate performance and long-term investment returns, and as such we review and support the proxy voting guidelines established by our investment managers. Each investment manager's proxy voting policy is available on request through our customer service area or by contacting us at cstplan@cst.org.

This management discussion of fund performance presents the portfolio management team's view on the significant factors and developments during the year ended October 31, 2022, that have affected the Plan's performance and outlook.

Investment Objective and Strategy

The Plan's investment objectives are to protect Subscribers' principal (net "Contributions" or "Principal"), and to deliver a reasonable positive return on investments over a long-term investment horizon within prudent risk tolerances.

The Plan is invested according to a strategic mix with Principal and Income (money earned on either contributions or government grants, such as interest and capital gains) assets invested in Canadian government fixed income securities all passively managed by CIBC Asset Management Inc., according to pre-specified duration targets. A portion of Plan assets are invested according to a pre-determined maturity payout schedule using both Canadian government fixed income securities and corporate bonds with a minimum debt rating of BBB and above.

Risk

The risks of investing in the Plan remain as described in the prospectus. There were no material changes to the Plan during the year that affected the overall level of risk associated with an investment in the Plan.

Results of Operation

Plan Performance

During the year, the Plan's rate of return, net of fees, was –2.7% compared to the investment policy benchmark ("Benchmark") return of –1.3% and the FTSE Canada Short-Term Government Bond Index return of –3.8% ("Broad-based Index"). The Plan's return is after the deduction of fees and expenses of 0.6%, while the Benchmark and Broad-based Index returns do not include any costs of investing such as fees, expenses and commissions.

In comparison to the Benchmark, the Plan's rate of return, before fees and expenses, underperformed the Benchmark over the one-year period. Underperformance was largely due to the Plan holding a lower allocation of Canadian Treasury Bills as compared with the benchmark throughout a period in which short-term bond performance was negative.

In comparison to the Broad-based Index, the Plan's allocation to shorter maturity fixed income was the primary source of outperformance relative to the FTSE Canada Short-Term Government Bond Index over the one-year period.

Economic Review

The global economy experienced a number of challenges throughout the fiscal 2022 period. Inflation reached decades level highs followed by central banks responding with monetary tightening and rapid increases in interest rates. These actions, combined with Russia's invasion of Ukraine, and China's economic slowdown all contributed to steep losses and extreme volatility across bonds and equities. In October, the International Monetary Fund further reduced its 2023 global growth forecast from 3.2% to 2.7%. Market risk volatility measures continue to remain elevated with considerably more economic downside and potential further slowing of the global economy in the near future.

Similar to other developed global regions, in 2022 the Canadian economy experienced inflation at the highest level in decades, with the Consumer Price Index rising to 8.1% in June before partially declining to 6.9% in October. The Bank of Canada responded by rapidly raising the overnight lending rate six times throughout the year, starting at 0.25% in February 2022 and moving to 3.75% by October. The Canadian economy continued to expand throughout 2022, albeit at a slower pace, as GDP moderated from 1.6% in December 2021 to 0.8% by July 2022. The Canadian labour market was extremely tight throughout the year with unemployment reaching a 40 year low of 4.9% in July, before slightly ticking upwards to 5.2% in October. Similar to most other global currencies, the Canadian dollar weakened relative to the US dollar, falling below 74 cents U.S., as investors sought the safety of the world's reserve currency.

With the unprecedented speed and amount of central bank rate hikes implemented throughout the year, fixed income investors experienced some of the worst annual losses in decades. In this environment, the broad Canadian bond market (the FTSE Canada Universe Bond Index) declined by –10.4%, with longer dated maturities such as the FTSE Canada Long-Term Bond Index falling by a staggering –19.1% over the same period. Canadian corporate bonds fared slightly better as spreads over government bonds narrowed, resulting in a return of –9.9%. Investors of historically more conservative short–term bonds faced losses as well, for the FTSE Canadian Short-Term Bond Index fell by –4.2% over the year. Cash was a rare exception to the price declines as the FTSE 91-Day Treasury Index generated a positive return of 1.2% over the period.

Recent Developments and Other Information

We believe that our investment strategy and conservative management approach will continue to provide value over the long-term horizon of the Plan. Our goal, as always, is to provide safety of principal and deliver a reasonable return within our investment policy guidelines and risk tolerances for our subscribers and beneficiaries.

Financial and Operating Highlights (with comparative figures)

The following table shows selected financial information about the Plan and is intended to help you understand the Plan's financial performance for each of the past five fiscal years. This information is derived from the Plan's audited annual financial statements.

($ thousands)	**2022**	2021	2020	2019	2018
Statements of Financial Position					
Total Assets	**$ 77,060**	$ 97,304	$146,624	$183,357	$261,440
Net Assets	**74,079**	94,560	137,115	179,385	256,566
% Change in Net Assets Attributable to Subscribers and Beneficiaries	**(21.7)%**	(31.0)%	(23.6)%	(30.1)%	(36.8)%
Statements of Comprehensive Income					
Net Investment (Loss) Income	**$ (2,537)**	$ 510	$ 5,948	$ 14,940	$ 2,674
Statements of Changes in Net Assets					
Education Assistance Payments	**$ (6,644)**	$ (12,563)	$ (19,177)	$ (31,146)	$ (39,199)
Government Grants Received (net of repayments)	**(121)**	(251)	2	(22)	6
Government Grant Payments to Beneficiaries	**(5,497)**	(9,928)	(14,910)	(21,880)	(24,449)
Other					
Total number of units	**132,694**	155,009	195,487	242,544	295,005
% Change in the total number of units	**(14.4)%**	(20.7)%	(19.4)%	(17.8)%	(15.1)%

Management Fees

Administration Fees

An administration fee of $0.5 million (2021 – $0.7 million) comprising of Plan administration and processing fees and financial reporting expenses was paid to the Canadian Scholarship Trust Foundation (the "Foundation"), the sponsor and administrator of the Plan, in accordance with subscribers' Education Savings Plan Agreements. The administration of the Plan includes processing and call centre services related to new agreements, Government grants, plan modifications, terminations, maturities and Education Assistance Payments ("EAPs"). The annual administration fee is calculated as 0.6% of the total amount of net Contributions, Government Grants and income earned on these amounts, subject to applicable taxes, and is paid monthly.

The Foundation has delegated certain administrative and distribution functions to its wholly-owned subsidiary, C.S.T. Savings Inc., which is registered as the Plan's Investment Fund Manager in Ontario, Quebec, Newfoundland and Labrador, and Scholarship Plan Dealer under securities legislation of each of the provinces and territories of Canada in which it operates to sell scholarship plans. CST Savings is the exclusive distributor of the Canadian Scholarship Trust Plans.

In exchange for its administrative services, CST Savings receives an amount equal to the administration costs incurred plus a percentage of such costs from the Foundation. The administration services agreement is renewable on an annual basis.

Portfolio Management Fees

The Plan's annual investment management fee was 0.06% including taxes (2021 – 0.08%), of the average market value of assets based on the Investment Management Agreements with portfolio managers. The portfolio managers provide investment advisory and discretionary managed account services with respect to purchasing, selling, and dealing in securities.

Trustee and Custodian Fees

The Plan pays trustee and custodian fees to RBC Investor Services Trust to settle all investment trades and disburse fees, EAPs and other amounts in accordance with the terms of the Plan Agreement. For 2022 these fees charged to the Plan amounted to $20 thousand (2021 – $24 thousand) and were 0.02% including taxes (2021 – 0.02%) of the average market value of assets.

Summary of Plan Investment Portfolio

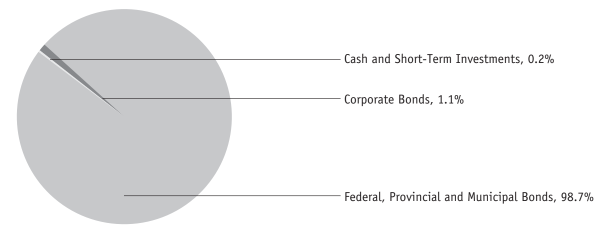
The Plan's Total Portfolio Assets are comprised of the Principal, Government Grants and Income for all education savings plan agreements that have not reached their maturity date, and the assets from which eligible beneficiaries collect EAP payments. In previous years, the Plan's Total Portfolio Assets did not include the Government Grant assets.

Sales Charge Refund assets and related investment income are used to pay Sales Charge Refund Entitlements to qualified beneficiaries. These assets are invested together with funds from other Plans administered by the Foundation. Any payments to beneficiaries from Sales Charge Refund assets are treated as separate payments.

The Plan's Total Portfolio Assets as presented and as defined in this report, reflect only the Principal, Government Grant, and Income assets. The Plan's Total Portfolio Assets do not include the Sales Charge Refund asset pools that are attributable to thisPlan.

The following chart illustrates the Plan's Total Portfolio Assets by investment categories.

Asset Mix as of October 31, 2022



The following table details the top 25 long positions of the Total Portfolio Assets of the Plan. The Plan is prohibited from holding short positions in securities.

Issuer			Fair Value ($ 000's)	% of Plan Portfolio Assets
Government of Canada	0.00%	10 Nov 2022	10,916	14.7%
Government of Canada	1.25%	1 Mar 2027	3,550	4.8%
Government of Canada	0.00%	22 Dec 2022	3,517	4.7%
Government of Canada	0.00%	24 Nov 2022	3,274	4.4%
Government of Canada	2.00%	1 Sep 2023	3,142	4.2%
Government of Canada	1.50%	1 May 2024	3,085	4.1%
Canada Housing Trust	1.55%	15 Dec 2026	2,930	3.9%
Canada Housing Trust	1.25%	15 Jun 2026	2,741	3.7%
Canada Housing Trust	2.90%	15 Jun 2024	2,454	3.3%
Government of Canada	3.00%	1 Oct 2025	2,347	3.2%
Government of Canada	0.00%	2 Feb 2023	2,177	2.9%
Government of Canada	0.00%	5 Jan 2023	2,129	2.9%
Province of Ontario	2.60%	2 Jun 2027	1,897	2.5%
Government of Canada	0.50%	1 Sep 2025	1,824	2.5%
Canada Housing Trust	2.55%	15 Dec 2023	1,817	2.4%
Government of Canada	0.75%	1 Feb 2024	1,729	2.3%
Canada Housing Trust	1.95%	15 Dec 2025	1,698	2.3%
Canada Housing Trust	2.55%	15 Mar 2025	1,548	2.1%
Province of Ontario	2.40%	2 Jun 2026	1,234	1.7%
Government of Canada	1.00%	1 Sep 2026	1,090	1.5%
Province of Alberta	4.45%	15 Dec 2025	1,008	1.4%
Province of Québec	3.75%	1 Sep 2024	994	1.3%
Province of Ontario	3.50%	2 Jun 2024	990	1.3%
Government of Canada	3.00%	1 Nov 2024	983	1.3%
Canada Housing Trust	1.80%	15 Dec 2024	955	1.3%
Top 25 long positions as a percentage of Total Portfolio Assets of the Plan				**80.7%**

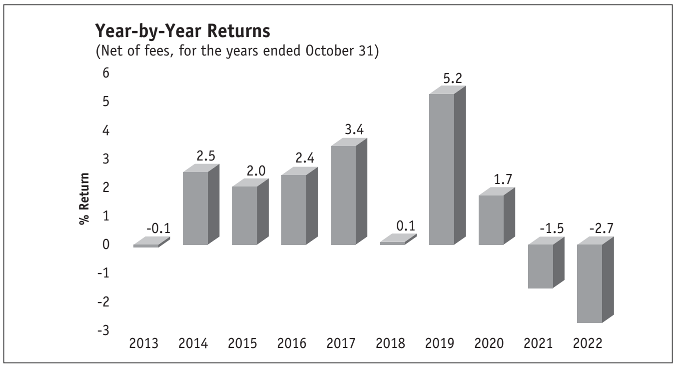
Past Performance

The returns presented in the following chart and the annual compound returns table are based on the investment performance of the Plan's Total Portfolio Assets only and do not reflect the investment performance of assets from the Sales Charge Refund Entitlements. Investment returns have been calculated using market values and time-weighted cash flows during the periods. Total expenses incurred by the Plan, including administration, portfolio management, custody and trustee fees, and Independent Review

Committee expenses have been deducted and only net returns are displayed in each period. Past returns of the Plan do not necessarily indicate how it will perform in the future.

Year–by–Year Returns

The following bar chart illustrates the annual performance in each of the past ten years to October 31, 2022 of the Plan's Total Portfolio Assets. The chart illustrates in percentage terms how much an investment in the Plan's Total Portfolio Assets, made on the first day of each financial year, would have increased or decreased by the last day of each financial year:



Annual Compound Returns

The Plan's investment benchmark is composed of 50% FTSE Canada Short-Term Government Bond Index + 50% FTSE Canada 91-Day Treasury Bill Index. The FTSE Canada Short-Term Government Bond Index is a broad measure of Canadian investment grade fixed income securities, issued by the Government of Canada, including Crown Corporations and provincial governments, with maturities between 1 and 5 years. The FTSE Canada 91-Day Treasury Bill Index is based upon the average daily yield of 91-Day Treasury Bills.

The following table illustrates the annual compound returns as a percentage of the Plan's Total Portfolio Assets, for the periods shown ending on October 31, 2022.

	Period			
	1 Yr	3 Yr	5 Yr	10 Yr
Net Plan Return*	(2.7)	(0.8)	0.6	1.3
Benchmark	(1.3)	0.2	1.4	2.2
FTSE Canada Short–Term Government Bond Index	(3.8)	(0.4)	0.4	0.7

* Plan returns are after the deduction of fees and expenses, while the Benchmarks and Broad–based Index returns do not include any costs of investing such as fees, expenses and commissions. The Plan's fees and expenses were 0.6% for all periods.

For commentary on the market or information regarding the relative performance of the Plan compared to its Broad-based Index and Benchmark, see the Results of Operations section of this report.

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Canadian Scholarship Trust Group Savings Plan (the "Plan") are prepared by management and are approved by the Board of Directors (the "Board") of the Canadian Scholarship Trust Foundation (the "Foundation"). Management is responsible for the information and representations contained in these 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.

The Foundation, through C.S.T. Savings Inc., formerly C.S.T. Consultants Inc., a wholly-owned subsidiary which administers the Plan, maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Plan, are described in Note 2 to the financial statements.

Deloitte LLP is the external auditor of the Plan. It has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the Board of Directors and Members of the Foundation its opinion on the financial statements. Its report is set out below.

Sherry J. MacDonald, CPA, CA
President and Chief Executive Officer

Christopher Ferris, CPA, CGA, CFA
Chief Financial Officer

Toronto, Ontario
December 14, 2022

Independent Auditor's Report

To the Board of Directors and Members of the Canadian Scholarship Trust Foundation

Opinion

We have audited the financial statements of Canadian Scholarship Trust Group Savings Plan (the "Plan"), which comprise the statements of financial position as October 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to subscribers and beneficiaries, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at October 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan 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. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's 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 this 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Plan'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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Plan'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 Plan'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 Plan 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.

We 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
December 14, 2022

Statements of Financial Position

As at October 31, 2022 and 2021

(thousands of Canadian dollars)

	2022	2021
Assets		
Cash and cash equivalents	**$ 198**	$ 3,322
Investments *(Note 4 and Schedule I)*	**76,611**	89,218
Accrued income and other receivables	**251**	4,764
	77,060	97,304
Liabilities		
Accounts payable and accrued liabilities	**2,981**	2,744
	2,981	2,744
Net Assets Attributable to Subscribers and Beneficiaries	**74,079**	94,560
Represented by:		
Non-Discretionary Funds		
Accumulated income held for future education assistance payments	**10,605**	17,804
Subscribers' deposits *(Schedule II)*	**17,730**	21,377
Government grants	**23,407**	26,489
Income on Government grants	**23,487**	28,134
Sales charge refund entitlements *(Note 8)*	**2,923**	2,951
General Fund *(Note 7)*	**(3,672)**	(2,371)
Unrealized (losses) gains	**(401)**	176
	$74,079	$94,560

Approved on behalf of the Board of Canadian Scholarship Trust Foundation.

Douglas P. McPhie, FCPA, FCA
Director

Sherry J. MacDonald, CPA, CA
Director

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income

For the years ended October 31, 2022 and 2021

(thousands of Canadian dollars)

	2022	2021
Income		
Interest	**$ 1,513**	$1,383
Realized (losses) gains on sale of investments	**(1,132)**	142
Change in unrealized (losses)	**(2,724)**	(683)
Dividends	**368**	431
	(1,975)	1,273
Expenses		
Administration and account maintenance fees *(Note 3(a))*	**488**	649
Portfolio management fees	**53**	88
Custodian and trustee fees	**20**	24
Independent Review Committee fees	**1**	2
	562	763
(Decrease) increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	**$(2,537)**	$ 510

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the year ended October 31, 2022 and 2021

(thousands of Canadian dollars)

	2022	2021
Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Year	**$ 94,560**	$137,115
(Decrease) increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	**(2,537)**	510
Transfers to internal and external plans	**(1,206)**	(14,449)
	(3,743)	(13,939)
Disbursements		
Net decrease in Subscribers' deposits *(Schedule II)*	**(3,647)**	(5,621)
Government grants repaid (net of receipts)	**(121)**	(251)
Payments to beneficiaries		
Education assistance payments	**(6,644)**	(12,563)
Government grants	**(5,497)**	(9,928)
Refund of Sales Charge	**(296)**	(490)
Return of income	**(533)**	237
Total payments to beneficiaries	**(12,970)**	(22,744)
Total Disbursements	**(16,738)**	(28,616)
Change in Net Assets Attributable to Subscribers and Beneficiaries	**(20,481)**	(42,555)
Net Assets Attributable to Subscribers and Beneficiaries, End of Year	**$ 74,079**	$ 94,560

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the years ended October 31, 2022 and 2021

(thousands of Canadian dollars)

	2022	2021
Operating Activities		
(Decrease) increase in Net Assets from Operations Attributable to Subscribers and Beneficiaries	**$ (2,537)**	$ 510
Items not affecting cash		
Realized losses (gains) on sale of investments	**1,132**	(142)
Change in unrealized losses	**2,724**	683
Change in non-cash operating capital		
Decrease in Accrued income and other receivables	**4,513**	747
Increase in Accounts payable and accrued liabilities	**237**	519
Purchase of investments	**(55,063)**	(112,438)
Proceeds from sales and maturities of investments	**63,814**	134,336
Net Cash flows from Operating Activities	**14,820**	24,215
Financing Activities		
Transfers to internal and external plans	**(1,206)**	(14,449)
Net Government grants repaid (net of receipts)	**(121)**	(251)
Net decrease in Subscribers' deposits *(Schedule II)*	**(3,647)**	(5,621)
Payments to beneficiaries	**(12,970)**	(22,744)
Net Cash flows (used in) Financing Activities	**(17,944)**	(43,065)
Net decrease in Cash and cash equivalents	**(3,124)**	(18,850)
Cash and cash equivalents, Beginning of Year	**3,322**	**22,172**
Cash and cash equivalents, End of Year	**198**	**3,322**
Supplemental cash flow information:		
Withholding taxes	**$ –**	$ –
Interest income received	**6,026**	2,130

The accompanying notes are an integral part of these financial statements.

Schedule I – Statement of Investment Portfolio

As at October 31, 2022

(in thousands of Canadian dollars)

Security	Interest Rate (%)	Maturity Date	Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds					
Federal – 75.4%					
Canada Housing Trust	2.55	15 Dec 2023	1,850	1,817	1,916
Canada Housing Trust	2.90	15 Jun 2024	2,500	2,454	2,635
Canada Housing Trust	1.80	15 Dec 2024	1,000	955	1,050
Canada Housing Trust	2.55	15 Mar 2025	1,600	1,548	1,701
Canada Housing Trust	0.95	15 Jun 2025	1,000	926	1,006
Canada Housing Trust	1.95	15 Dec 2025	1,800	1,698	1,871
Canada Housing Trust	1.25	15 Jun 2026	3,000	2,741	2,945
Canada Housing Trust	1.90	15 Sep 2026	900	839	862
Canada Housing Trust	1.55	15 Dec 2026	3,200	2,930	2,998
Government of Canada	0.00	10 Nov 2022	11,000	10,915	10,892
Government of Canada	0.00	24 Nov 2022	3,300	3,274	3,274
Government of Canada	0.00	22 Dec 2022	3,550	3,517	3,517
Government of Canada	0.00	5 Jan 2023	2,150	2,129	2,129
Government of Canada	0.00	2 Feb 2023	2,200	2,177	2,177
Government of Canada	2.00	1 Sep 2023	3,200	3,142	3,329
Government of Canada	0.75	1 Feb 2024	1,800	1,729	1,776
Government of Canada	1.50	1 May 2024	3,200	3,085	3,195
Government of Canada	3.00	1 Nov 2024	1,000	983	990
Government of Canada	0.50	1 Sep 2025	2,000	1,824	1,928
Government of Canada	3.00	1 Oct 2025	2,400	2,347	2,411
Government of Canada	0.25	1 Mar 2026	500	447	484
Government of Canada	1.00	1 Sep 2026	1,200	1,090	1,209
Government of Canada	1.25	1 Mar 2027	3,900	3,550	3,651
				56,117	57,946
Provincial – 21.8%					
Province of Alberta	3.40	1 Dec 2023	300	297	298
Province of Alberta	2.35	1 Jun 2025	200	192	214
Province of Alberta	4.45	15 Dec 2025	1,000	1,008	1,144
Province of British Columbia	0.00	8 Sep 2023	174	167	170
Province of British Columbia	3.30	18 Dec 2023	700	693	750
Province of British Columbia	2.15	3 Jun 2024	200	194	209
Province of British Columbia	2.85	18 Jun 2025	200	194	220
Province of British Columbia	2.30	18 Jun 2026	300	284	318
Province of Manitoba	3.30	2 Jun 2024	500	494	538
Province of Manitoba	2.45	2 Jun 2025	500	480	530
Province of Manitoba	2.55	2 Jun 2026	300	286	320
Province of New Brunswick	1.80	14 Aug 2025	500	471	513
Province of New Brunswick	2.60	14 Aug 2026	200	191	214
Province of Newfoundland and Labrador	2.30	2 Jun 2025	150	143	160
Province of Ontario	3.50	2 Jun 2024	1,000	990	1,089
Province of Ontario	2.65	5 Feb 2025	500	485	492
Province of Ontario	2.60	2 Jun 2025	950	917	1,017
Province of Ontario	1.75	8 Sep 2025	600	563	628
Province of Ontario	8.50	2 Dec 2025	500	563	665
Province of Ontario	2.40	2 Jun 2026	1,300	1,234	1,373
Province of Ontario	1.35	8 Sep 2026	500	455	465
Province of Ontario	1.85	1 Feb 2027	300	276	299
Province of Ontario	2.60	2 Jun 2027	2,000	1,897	1,896

Security	Interest Rate (%)	Maturity Date	Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds (continued)					
Provincial – 21.8% (continued)					
Province of Québec	3.75	1 Sep 2024	1,000	994	1,106
Province of Québec	2.75	1 Sep 2025	700	677	756
Province of Québec	2.50	1 Sep 2026	700	665	747
Province of Québec	2.75	1 Sep 2027	1,000	953	949
Province of Saskatchewan	0.80	2 Sep 2025	500	457	494
				16,220	17,574
Municipal – 1.5%					
City of Montreal	3.00	1 Sep 2025	500	485	538
Regional Municipality of York	2.60	15 Dec 2025	500	479	531
The Regional Municipality of Niagara	0.00	30 Dec 2022	150	148	148
				1,112	1,217
Corporate – 1.1%					
Brookfield Infrastructure Partners LP	3.32	22 Feb 2024	50	52	52
Calloway REIT Inc.	3.99	30 May 2023	115	120	120
Canadian Western Bank	1.57	14 Sep 2023	150	151	151
Central 1 Credit Union	2.58	6 Dec 2023	70	72	72
Daimler Canada Finance Inc.	2.54	21 Aug 2023	75	77	77
Fortified Trust	2.56	23 Mar 2024	75	77	77
Inter Pipeline Ltd.	2.73	18 Apr 2024	50	51	51
National Bank of Canada	2.98	4 Mar 2024	50	52	52
Pembina Pipeline Corporation	2.99	22 Jan 2024	50	52	52
Toyota Credit Canada Inc.	2.64	27 Mar 2024	75	77	77
Ventas Canada Finance Limited	2.80	12 Apr 2024	50	52	52
				833	833
Total Fixed Income – 99.8%				**74,282**	**77,570**
Total Investments – 99.8%				**74,282**	**77,570**
Cash and cash equivalents – 0.2%				**142**	**142**
Total Portfolio Assets – 100.0%				**74,424**	**77,712**
Investments Allocation *(Note 4)*					
Sales Charge Refund Entitlements *(Appendix I)*				2,329	2,732
Cash and cash equivalents *(Appendix I)*				56	56
Total Investment Fund				**76,809**	**80,500**
Represented by :					
Cash and cash equivalents				198	
Investments, at fair value				76,611	
				76,809	

The accompanying notes are an integral part of these financial statements.

Schedule II – Subscribers' Deposits and Accumulated Income

As at October 31, 2022 and 2021

(in thousands of Canadian dollars)

The following table provides a summary of Group Savings Plan Units, Subscribers' Deposits and Accumulated Income by year of eligibility.

Year of Eligibility	Opening Units	Inflow Units[1]	Outflow Units[2]	Closing Units	Subscribers' Deposits	Accumulated Income[3]
2021 and prior to 2021	154,843	79	22,396	132,526	$ 17,524	$ 10,510
2022	63	–	–	63	102	41
2023	26	–	–	26	37	11
2024	18	3	1	20	13	5
2025	13	–	–	13	6	5
2026	19	–	–	19	18	14
2027 and thereafter	27	–	–	27	30	19
TOTAL	**155,009**	**82**	**22,397**	**132,694**	**$17,730**	**$10,605**

1. Inflow units are comprised of transfers in.
2. Outflow units are comprised of terminations, transfers out and education assistance payments.
3. Accumulated income represents both income allocated to subscribers' accounts and income held for future education assistance payments.

The changes in Subscribers' deposits are as follows:

	2022	2021
Payments from Subscribers	**$ 102**	$ 88
Inter-Plan principal transfers	**(1,611)**	(2,994)
Account maintenance fees	**(15)**	(18)
Return of principal	**(2,123)**	(2,697)
Net decrease in Subscribers' deposits	**(3,647)**	(5,621)
Balance, Beginning of Year	**21,377**	26,998
Balance, End of Year	**$17,730**	$21,377

The accompanying notes are an integral part of these financial statements.

Schedule III – Education Assistance Payments

As at October 31, 2022 and 2021

(in thousands of Canadian dollars)

The following tables provide the total dollar payments by fiscal year, as well as number of eligible units paid, and education assistance payment amounts by year of eligibility.

Education Assistance Payments	2022	2021
Current year payments	**$ 28**	$ 1,156
Deferred payments	**6,616**	11,407
	$6,644	$12,563

Education Assistance Payments	2022	2021
Non-Discretionary	**$6,644**	$12,563

	Number of education assistance payment units Year of Eligibility				Amount of education assistance payment per unit Year of Eligibility			
	2022	2021	2020	2019	**2022**	2021	2020	2019
First	**8.5**	36.7	260.5	418.5	**$230**	$ 165	$ 170	$ 160
Second		**6.0**	173.3	356.1		**177**	192	197
Third			**53.4**	231.1			**216**	191
Fourth				**51.8**				**252**

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

October 31, 2022 and 2021

(in thousands of Canadian dollars)

Note 1. Nature of Operations

The Canadian Scholarship Trust Group Savings Plan (the "Plan") is a Pooled Education Savings Plan that was established on September 1, 1991. Since June 2001, the Plan is no longer available for sale. The objective of the Plan is to assist parents and others to save for the post-secondary education of children. The Plan is managed by C.S.T. Savings Inc ("CST Savings"), formerly C.S.T. Consultants Inc., a wholly-owned subsidiary of the Canadian Scholarship Trust Foundation (the "Foundation"). The Plan's registered place of business is 1600-2235 Sheppard Avenue East, Toronto, Ontario, Canada.

Payments are made by a subscriber to an account maintained by the Plan's trustee on behalf of a beneficiary. Deductions of sales charges and account maintenance fees are made from the subscriber's contributions. The principal accumulated over the term of the subscriber's education savings plan agreement (the "Agreement") is returned to the subscriber when:

i. the Agreement matures and the beneficiary is a qualified student eligible to receive the first education assistance payment ("EAP"),
ii. the Agreement matures and the beneficiary is not yet a qualified student, in which case the beneficiary will forfeit all government grants (as described below), or
iii. the Agreement is terminated.

The investment income earned on the subscribers' principal balance is used to provide EAPs to qualified students. A beneficiary is deemed to be a qualified student upon receipt of evidence of enrolment in a qualifying educational program at an eligible institution.

There are a number of government grants that may be available to beneficiaries including the Canada Education Savings Grant Program ("CESG"), the Canada Learning Bond ("CLB"), and the Quebec Education Savings Incentive ("QESI") (collectively, "Government Grants").

The Plan collects Government Grants, which are credited directly into Agreements and invests these funds in accordance with the Plan's investment policies. The Government Grants, along with investment income earned thereon, are paid to qualified students with their EAPs.

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 ("RESP") under the *Income Tax Act* (Canada). Current tax legislation provides that income credited on subscribers' principal is not taxable income of the subscriber unless withdrawn as an Accumulated Income Payment subject to certain eligibility requirements. The deposits are not deductible for income tax purposes and are not taxable when returned to the subscriber. Payments made to a beneficiary, including EAPs, Government Grants and investment income earned on Government Grants are taxable income of that beneficiary in the year that the payments are made.

Note 2. Significant Accounting Policies

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

These financial statements were approved by the Board of Directors of the Foundation on December 14, 2022.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for financial instruments classified as "at fair value through profit or loss" ("FVTPL"), which are measured at fair value.

(c) Financial instruments

The Plan recognizes financial assets and financial liabilities when it becomes a party to a contract. The Plan classifies its investments in debt and equity securities and financial liabilities based on its business model for managing those financial assets and financial liabilities and the contractual cash flow characteristics of the financial assets and financial liabilities.

Financial assets and financial liabilities classified as FVTPL are measured at fair value on initial recognition and transaction costs are expensed when incurred. Subsequent changes in fair value of financial assets and financial liabilities classified as FVTPL are recorded in "Change in unrealized gains (losses)" in the Statements of Comprehensive Income. When a financial asset and financial liability classified as FVTPL is sold, the difference between the sale proceeds and the fair value on initial recognition of the security is recorded as "Realized gains (losses) on sale of investments" in the Statements of Comprehensive Income.

Financial assets and financial liabilities that are held to collect contractual cash flows are measured at amortized cost using the effective interest method. Financial assets and financial liabilities measured at amortized cost are initially recorded at their fair value plus any directly attributable incremental costs of acquisition or issue. Financial assets at amortized cost are presented net of any allowance for impairment. Interest income, including the amortization of premiums and discounts on securities measured at amortized cost are recorded in interest income. Impairment gains or losses recognized on amortized cost securities are recorded in the Statements of Comprehensive Income. When a debt instrument measured at amortized cost is sold, the difference between the sale proceeds and the amortized cost of the security at the time of the sale is recorded as realized gains (losses) on sale of investments in the Statements of Comprehensive Income.

The effective interest method is a method of calculating the amortized cost of a financial instrument and allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows (including all transaction costs and other premiums or discounts) through the expected life of the financial instrument to the net carrying amount on initial recognition.

Notes to the Financial Statements (continued)

October 31, 2022 and 2021

(in thousands of Canadian dollars)

Note 2. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Measurement in subsequent periods depends on the classification of the financial instrument. The financial assets and financial liabilities of the Plan are classified as follows:

Financial asset or financial liability	Classification
Investments, at fair value	FVTPL[i]
Investments, at amortized cost	Amortized Cost[ii]
Cash and cash equivalents	Amortized Cost[ii]
Accrued income and other receivables	Amortized Cost[ii]
Receivables for securities sold	Amortized Cost[ii]
Accounts payable and accrued liabilities	Amortized Cost[iii]
Payables for securities purchased	Amortized Cost[iii]

[i] Financial assets are designated as FVTPL when acquired principally for the purpose of trading.

[ii] Financial assets classified as amortized cost, including debt instruments and non-derivative financial assets, are held to collect contractual cash flows and at the time of acquisition are not acquired principally for the purpose of trading. Subsequent to initial recognition, these financial assets are carried at amortized cost using the effective interest method.

[iii] Financial liabilities classified as amortized cost are liabilities that are not derivative liabilities or classified as FVTPL. Subsequent to initial recognition, financial liabilities are carried at amortized cost using the effective interest method.

Impairment is based on expected credit losses for the investment securities, which are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical loss experience, and expectations about future cash flows.

(d) Investment valuation

Investments include investments valued at fair value and amortized cost.

Investments at fair value include the following types of securities: bonds, money market securities, equities, exchange-traded funds (“ETFs”) and pooled funds.

The fair value of fixed income securities that are not publicly traded is measured by using either the average bid price from multiple dealers, or by the present value of contractual cash flows, discounted at current market rates. Interest accrued at the reporting date is included in Accrued income and other receivables on the Statements of Financial Position.

The fair value of securities that are publicly traded in an active market is measured using bid prices at the reporting date.

Investments in pooled funds used to pay the Sales Charge Refund (“SCR”) Entitlements referred to in Note 8 are valued at net asset values of the pooled funds at the valuation date, as these represent the value that would be received by the Plan from redeeming its units held in the pooled funds.

Note 9 provides further guidance on fair value measurements.

(e) Investment transactions and income recognition

Investment transactions are accounted for on a trade-date basis. Interest represents the coupon interest received by the Plan accounted for on an accrual basis. The Plan does not amortize premiums paid or discounts received on the purchase of fixed income securities that are classified as FVTPL. Dividends and distributions are accrued as of the ex-dividend date and ex-distribution date, respectively. Realized gains (losses) on the sale of investments and Change in unrealized gains (losses) are calculated with reference to the average cost of the related investments and are recognized in the period that such gains (losses) occur.

(f) Subscribers’ deposits, sales charges and account maintenance fees

Subscribers’ deposits reflect amounts received from subscribers net of sales charges and account maintenance fees and do not include future amounts receivable on outstanding Agreements. Sales charges were deducted from subscribers’ deposits and collected over periods of up to 32 months from the date of initial deposit. Account maintenance fees are paid annually to the Foundation from subscribers’ deposits and are accrued throughout the year.

(g) Income taxes

The Plan is exempt from income taxes under Section 146.1 of the *Income Tax Act* (Canada).

(h) Cash and cash equivalents

Cash and cash equivalents include deposit balances with banks and securities with a purchase date to maturity of 90 days or less and includes term deposits, treasury bills and bankers’ acceptances.

(i) Foreign currency

The functional and presentation currency of the Plan is the Canadian Dollar.

To the extent applicable in any period, foreign currency purchases and sales of investments and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or losses on investments are included in the Statements of Comprehensive Income in Realized gains (losses) on sale of investments and Change in unrealized gains (losses), respectively.

(j) Critical accounting estimates and judgments

When preparing the financial statements, management makes estimates and judgments that affect the reported amounts recognized and disclosed in the financial statements. These estimates and judgments have a direct effect on the measurement of transactions and balances recognized in the financial statements. By their nature, these estimates and judgments are subject to measurement uncertainty and actual results could differ.

Notes to the Financial Statements (continued)

October 31, 2022 and 2021

(in thousands of Canadian dollars)

Note 2. Significant Accounting Policies (continued)

(j) Critical accounting estimates and judgments (continued)

The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used in the valuation of the SCR Entitlements. Further information on the SCR Entitlement valuation can be found in Note 8(b).

Note 3. Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount agreed between the parties.

(a) Administration of the Plan

The Foundation, as the Plan sponsor, has appointed CST Savings as the Investment Fund Manager to administer the Plan. The agreement is renewable annually on November 1.

Administration and account maintenance fees are paid to the Foundation. Administration fees are annual fees of ½ of 1% of the total amount of principal, Government Grants and income earned thereon, as well as the investments used to pay the SCR Entitlements ("SCR Fund").

During the year ended October 31, 2022, $488 was recognized as an expense for Administration and account maintenance fees (2021 – $649). Administration and account maintenance fees included in Accounts payable and accrued liabilities at October 31, 2022 was $nil (2021 – $nil).

Sales charges were paid by subscribers and deducted from their contributions. In accordance with the distribution agreement, the Foundation agreed to set aside a portion of the sales charges collected from subscribers to the SCR Fund each year in order to pay SCR Entitlements when they become due. The Foundation is responsible to pay to beneficiaries of the Plan the refunds of sales charges as promised. Any shortfall in the assets to meet the SCR Entitlements will be funded by the Foundation (see Note 8).

(b) SCR Deficit Funding Payments from the Canadian Scholarship Trust Foundation

During the year ended October 31, 2022, the Foundation provided deficit funding payments of $nil (2021 – $nil) to the SCR Fund (see Note 8(b)).

(c) Fees paid for services of an Independent Review Committee

The Independent Review Committee ("IRC") provides independent review and oversight of conflicts of interest relating to the management of the Plans. For the year ended October 31, 2022, the Plan recognized an expense of $1 (2021 – $2) for the services of the IRC. IRC fees included in Accounts payable and accrued liabilities at October 31, 2022 was $nil (2021 – $nil).

(d) Fees paid to monitor and manage the portfolio managers

Included in Portfolio management fees on the Statements of Comprehensive Income is $19 (2021 – $20) charged by CST Savings for expenses incurred to monitor and manage the portfolio managers. Included in Accounts payable and accrued liabilities is $5 owing to CST Savings at October 31, 2022 (2021 – $4) relating to these expenses.

Note 4. Investment Holdings

The investment holdings are disclosed in Schedule I – Statement of Investment Portfolio and the related Appendix I to the schedule, which is explained below.

Government Grants received and income earned thereon are invested collectively with Subscribers' principal and income earned on principal. Investment holdings are disclosed in Schedule I – Statement of Investment Portfolio.

Investments used to fund the SCR Entitlements of the Group Savings Plan and CST Advantage Plan of 100% of sales charges paid, are managed in a separate SCR Fund (see Appendix I to Schedule 1). The SCR Fund's holdings and income are allocated to the Plan based on the Plan's proportionate share of the SCR Entitlements.

The investment restrictions set out in National Policy Statement 15 of the Canadian Securities Administrators do not apply to assets in the SCR Fund.

Note 5. Capital Risk Management

The Plan's capital consists of the components of the net assets attributable to subscribers and beneficiaries as per the Statements of Financial Position. The Plan has obligations to return subscriber contributions upon maturity or termination as well as pay EAPs of investment income, grants and income on grants. The Plan invests subscriber contributions and government grants received in appropriate investments in accordance with its stated investment objectives while maintaining sufficient liquidity to meet subscribers' obligations.

Note 6. Risks Associated with Financial Instruments

In the normal course of business, the Plan may be exposed to a variety of risks arising from financial instruments. The Plan's exposures to such risks are concentrated in its investment holdings and are related to market risk (which includes interest rate risk and other price risk), credit risk, liquidity risk and currency risk.

The Plan's risk management process includes monitoring compliance with the Plan's investment policy. The Plan manages the effects of these financial risks to the Plan portfolio performance by retaining and overseeing professional external investment managers. The investment managers regularly monitor the Plan's positions,

Notes to the Financial Statements (continued)

October 31, 2022 and 2021

(in thousands of Canadian dollars)

Note 6. Risks Associated with Financial Instruments (continued)

market events and manage the investment portfolio according to the investment policy and mandates.

(a) Market risk

i. Interest rate risk

Interest rate risk is the risk of a change in the fair value or cash flows of the Plan's investments in interest-bearing financial instruments as a result of fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of bonds. This risk is actively managed using duration, yield curve analysis, sector and credit selection. There is reduced risk to interest rate changes for cash and cash equivalents due to their short-term nature.

The Plan's holdings of debt instruments by maturity are as follows:

Debt Instruments by Maturity Date	% of Total Investment Fund	
	Oct 31, 2022	Oct 31, 2021
Less than 1 year	**29%**	36%
1-3 years	**23%**	36%
3-5 years	**33%**	24%
Greater than 5 years	**14%**	2%
Total debt instruments	**99%**	98%

As at October 31, 2022, if prevailing interest rates had increased by 1%, the fair value of the Total Investment Fund of $76,809 (2021 – $92,540) as per Schedule I – Statement of Investment Portfolio, would have decreased by approximately $1,358 (2021 – $1,696). If prevailing interest rates had decreased by 1%, the fair value of the Total Investment Fund would have increased by approximately $1,431 (2021 – $1,586). This 1% change assumes a parallel shift in the yield curve with all other variables held constant. In practice, actual results may differ materially.

ii. Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk. Factors specific to an individual investment, its issuer or other factors affecting all instruments traded in a market or market segment affect other price risk. The asset classes that are most impacted by other price risk are the ETFs of the Plan and the SCR Fund, which represent 1% (2021 – 2%) of the Total Investment Fund as at October 31, 2022. The risk associated with the equity component of the SCR Fund is managed by security selection and active management by external managers within approved investment policy and mandates.

As at October 31, 2022, if equity and underlying indices prices had increased or decreased by 1%, with all other variables held constant, the fair value of the Total Investment Fund as per Schedule I – Statement of Investment Portfolio would have increased or decreased by approximately $11 (2021 – $14). In practice, actual results may differ materially.

(b) Credit risk

Credit risk refers to the ability of the issuer of debt securities to make interest payments and repay principal. The Plan's portfolio is mainly comprised of bonds issued or guaranteed by federal or provincial governments along with corporate debt instruments with a minimum approved credit rating as set by Canadian Securities Administrators. The Plan has a concentration of investments in government and government guaranteed bonds, which are considered to be high credit quality investments thereby moderating credit risk.

The Plan's credit risk exposure is summarized below:

	October 31, 2022		October 31, 2021	
Credit rating	**% of Total Investment Fund**	**Amount**	% of Total Investment Fund	Amount
AAA	**46%**	**$35,229**	39%	$35,872
AA/AAH/AAL	**19%**	**14,294**	19%	17,595
A/AH/AL	**4%**	**3,187**	11%	10,212
BBB	**1%**	**623**	4%	3,833
R-1	**29%**	**22,012**	24%	22,291
Short-term unrated	**0%**	**358**	1%	651
Total debt Instruments	**99%**	**$75,703**	98%	$90,454

DBRS Morningstar was the primary source for obtaining credit ratings. Secondary sources used include Standard & Poor's Financial Services LLC and Moody's Investors Service, Inc.

(c) Liquidity risk

Liquidity risk is the risk that the Plan may not be able to meet its financial obligations as they come due. The Plan's exposure to liquidity risk is concentrated in principal repayments to subscribers and EAPs to beneficiaries including SCR Entitlements. The Plan primarily invests in securities that are traded in active markets and can be readily sold. The Plan retains sufficient cash and cash equivalent positions to meet liquidity requirements by utilizing cash forecasting models that reflect the maturity distribution of subscribers' deposits and accumulated income. All other financial liabilities are short term and due within one year. The Foundation directed a portion of the sales charges collected from subscribers to the SCR Fund each year in order to pay SCR Entitlements when they become due.

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan holds foreign pooled equity funds and ETFs, which represent

Notes to the Financial Statements (continued)

October 31, 2022 and 2021

(in thousands of Canadian dollars)

Note 6. Risks Associated with Financial Instruments (continued)

(d) Currency risk (continued)

1% (2021 – 2%) of the Total Investment Fund. The fair value of the Total Investment Fund would increase or decrease by approximately $11 (2021 – $14) in response to a 1% depreciation or appreciation of the Canadian dollar currency exchange rate. In practice the actual change may differ materially.

Note 7. General Fund and Donations from the Foundation

The Canadian Scholarship Group Savings Plan Trust (the "Group Trust") is a legal trust, which includes the Group Savings Plan and CST Advantage Plan (the "Plans"). The Plans are registered with the Canada Revenue Agency as Education Savings Plans. The General Fund is a separate account within the Group Trust and derives its income from the following sources:

i. income earned on the subscribers' accumulated income from the date of maturity of the subscribers' agreements to the date the funds are paid to qualified students as EAPs;

ii. income earned on the income forfeited when a subscriber's agreement is terminated prior to maturity;

iii. income not collected by beneficiaries before the expiry of the Agreements; and

iv. unclaimed principal and income payments.

According to the trust indenture of the Group Trust, the General Fund may be used to subsidize EAPs for qualified students of either of the Plans within the Group Trust.

Donations from the Foundation represent a discretionary pool of funds shared between the Plans. These funds are used to supplement EAPs when the General Fund is depleted. The amount is allocated annually between the Plans according to the payout forecast in each of the Plans.

Receipts and disbursements of the General Fund included in the financial statements of the Plan for the years ended October 31, 2022 and 2021 are as follows:

	2022	2021
Receipts		
Net investment income	**$ 33**	$ 36
Transfer from Scholarship Pool	**–**	–
Disbursements		
Education assistance payments	**(1,334)**	(1,482)
(Shortfalls) Excess of Receipts over Disbursements	**(1,301)**	(1,446)
Balance, Beginning of Year	**(2,371)**	(925)
Balance, End of Year	**$(3,672)**	$(2,371)

Note 8. Sales Charge Refund

(a) Sales Charge Refund Entitlements

The Plan refunds sales charges to qualified beneficiaries ("SCR Entitlements") from the SCR Fund, which amount to 100% of sales charges paid. This SCR Entitlement is paid with the first instalment of the EAP pay-outs. The total amount refunded for the year ended October 31, 2022 was $296 (2021 – $490).

As at October 31, 2022, the SCR Entitlements amount of $2,923 (2021 – $2,951) presented in the Statements of Financial Position represents the average cost of the Plan's investments in the SCR Fund of $2,788 (2021 – $3,001), adjusted for funds to be transferred to (from) the direct investment holdings of the Plan of $128 (2021 – ($58)) for SCR payments made to beneficiaries during the year, plus accrued interest and payables of $7 (2021 – $8). The fair value of the investments in the SCR Fund as at October 31, 2022, after adjusting for the above, amounted to $2,520 (2021 – $3,126). The SCR Fund comprises investments, at fair value, of $2,329 and Cash and cash equivalents of $56 which are reported in the Statement of Financial Position. The difference between the present value of SCR Entitlements and the fair value of the SCR Fund is not recorded in the financial statements of the Plan.

(b) Sales Charge Refund Entitlements Valuations

Two separate valuations are performed for SCR Entitlements. First, on an annual basis, a valuation of SCR Entitlements is prepared based on management's best estimates. This valuation is used to estimate the current funded status for SCR Entitlements. The present value of the SCR Entitlements is determined using the expected long-term investment rates of return based on the investment policy for the SCR Fund as explained in (i) below.

Second, a funding valuation is performed at least every two years to assess the adequacy of the assets in the SCR Fund and the Foundation's funding requirements to meet SCR Entitlements in future years. This valuation uses expected long-term investment rates of return as determined by management to calculate the present value of the SCR Entitlements and to project the asset growth of the SCR Fund to ensure that future SCR Entitlements will be fully funded, as set out in (ii) below.

i. Management's Best Estimates Valuation

The assumptions used in determining the valuation of SCR Entitlements reflect management's best estimate of future payments to beneficiaries and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as termination of Agreements prior to maturity and participation of eligible students in the collection of EAPs. The primary economic assumption is the discount rate, which is set at the expected long-term investment rates of return of the SCR Fund at October 31, 2022 of 4.8% (2021 – 4.2%) based on the investment policy

Notes to the Financial Statements (continued)

October 31, 2022 and 2021

(in thousands of Canadian dollars)

Note 8. Sales Charge Refund (continued)

(b) Sales Charge Refund Entitlements Valuations (continued)

approved by the Investment Committee of the Foundation. As underlying conditions change over time, assumptions may also change, which could cause a material change in the present value of the SCR Entitlements.

The funded status of the SCR Entitlements at October 31 was:

	2022	2021
Present value of SCR Entitlements	**$2,474**	$3,176
Fair value of SCR Fund (Note 8(a))	**2,385**	3,176
Overfunded portion of SCR Entitlements	**$ 89**	$ –

A 1% decrease or increase in the discount rate used will increase or decrease the present value of SCR Entitlements by $33 or $35, respectively (2021 – $47 or $44, respectively).

ii. Funding Valuation

A funding valuation of the SCR Entitlements for the Plan was completed based on assets and obligations as at October 31, 2020. This valuation included assumptions regarding management's best estimate of termination of Agreements prior to maturity and participation of eligible students in the collection of EAPs. The discount rate used to determine the present value of SCR Entitlements was based on the expected long-term investment rate of return of 4.2%, which resulted in the liability being fully funded. The Foundation has a responsibility to pay beneficiaries of the Plan a refund sales charges as promised. Funding requirements were established by the Foundation to ensure assets are sufficient to meet future SCR Entitlements using expected long-term investment rates of return based on the investment policy approved by Investment Committee of the Foundation to project the asset growth of the SCR Fund. Any shortfall in the assets to meet the SCR Entitlements will be funded by the Foundation.

The next actuarial funding valuation will be performed in 2023 based on assets and obligations as at October 31, 2022.

Note 9. Fair Value Measurements and Disclosure

Estimates of fair value used for measurement and disclosure are designed to approximate amounts that would be received to sell an asset, or paid to discharge a liability, in an orderly transaction between market participants.

The following table provides a comparison of the carrying amounts and fair values for each classification of financial instruments. For measurement purposes, they are carried at fair value when conditions requiring separation are met.

Carrying Amount and Fair Value of Financial Instruments as at October 31, 2022

	Carrying amount and fair value	Carrying Amount	Fair Value		
	Financial instruments classified as FVTPL	Financial instruments measured at amortized cost	Financial instruments measured at amortized cost	**Total carrying amount**	**Total fair value**
Financial Assets					
Cash Equivalents[1]	$ –	$ –	$ –	**$ –**	**$ –**
Investments	75,460	1,151	1,104	**76,611**	**76,564**
Other Assets[2]	–	251	251	**251**	**251**
Financial Liabilities					
Other Liabilities[3]	$ –	$2,981	$2,981	**$ 2,981**	**$ 2,981**

Carrying Amount and Fair Value of Financial Instruments as at October 31, 2021

	Carrying amount and fair value	Carrying Amount	Fair Value		
	Financial instruments classified as FVTPL	Financial instruments measured at amortized cost	Financial instruments measured at amortized cost	**Total carrying amount**	**Total fair value**
Financial Assets					
Cash Equivalents[1]	$ –	$ 1,999	$ 1,999	**$ 1,999**	**$ 1,999**
Investments	74,873	14,388	14,352	**89,261**	**89,225**
Other Assets[2]	–	5,254	5,254	**5,254**	**5,254**
Financial Liabilities					
Other Liabilities[3]	$ –	$ 2,744	$ 2,744	**$ 2,744**	**$ 2,744**

1. Cash and bank balances of $198 (2021 – $1,404) have been excluded.
2. Other assets consist of Receivables for securities sold, Accrued income and other receivables and Government grants receivable.
3. Other liabilities consist of Payable for securities purchased and Accounts Payable and accrued liabilities.

The following table presents the level, in the fair value hierarchy, into which the Plan's financial instruments are categorized:

i. Level 1 financial instruments are valued using quoted market prices.

ii. Level 2 financial instruments are valued using directly or indirectly observable inputs.

iii. Level 3 financial instruments are valued using unobservable inputs (including the use of assumptions based on the best information available).

Notes to the Financial Statements (continued)

October 31, 2022 and 2021

(in thousands of Canadian dollars)

Note 9. Fair Value Measurements and Disclosure (continued)

Assets Measured at Fair Value as of October 31, 2022

	Level 1	Level 2	Level 3	**Total**
Fixed income securities	$ –	$ 74,354	$ –	**$74,354**
Equity securities, ETFs and Pooled equity funds	1,106	–	–	**1,106**
Total Investments, at fair value	**$1,106**	**$74,354**	**$ –**	**$75,460**

Assets Measured at Fair Value as of October 31, 2021

	Level 1	Level 2	Level 3	**Total**
Fixed income securities	$ –	$ 73,278	$ –	**$73,278**
Equity securities, ETFs and Pooled equity funds	1,595	–	–	**1,595**
Total Investments, at fair value	**$1,595**	**$73,278**	**$ –**	**$74,873**

For the years ended October 31, 2022 and 2021, there were no transfers between Levels 1 and 2.

Sales Charge Refund Entitlements

Appendix I to Schedule I
Statement of Investment Portfolio
As at October 31, 2022

(in thousands of Canadian dollars)

Agreements Purchased prior to October 2, 2007

Security	Interest Rate (%)	Maturity Date	Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds					
Federal – 7.9%					
Blue Water Bridge Authority	6.41	9 Jul 2027	1,246	440	539
Government of Canada	0.25	1 May 2023	209	205	207
Government of Canada	0.25	1 Aug 2023	1,168	1,134	1,134
Government of Canada	0.25	1 Apr 2024	2,272	2,157	2,172
Government of Canada	0.75	1 Oct 2024	521	491	496
Government of Canada	0.50	1 Sep 2025	488	445	451
Government of Canada	7.38	1 Dec 2026	450	869	873
Greater Toronto Airports Authority	6.45	30 Jul 2029	827	867	1,006
Greater Toronto Airports Authority	7.05	12 Jun 2030	115	130	145
				6,738	7,023
Provincial – 0.2%					
Province of New Brunswick	6.47	30 Nov 2027	159	165	189
				165	189
Corporate – 43.2%					
407 International Inc.	6.75	27 Jul 2039	161	181	222
407 International Inc.	7.13	26 Jul 2040	518	619	800
Bank of America	4.64	15 Sep 2027	1,758	1,669	1,758
Bankers Hall LP	4.38	20 Nov 2023	243	238	253
Bell Canada	–	15 May 2034	496	238	272
Cogeco Communications Inc.	2.99	22 Sep 2031	855	694	855
Concentra Bank	0.81	1 Nov 2025	310	227	248
CSS Partnership	6.92	31 Jul 2042	173	191	225
Enbridge Gas Inc.	3.65	1 Apr 2050	251	194	260
Enbridge Inc.	4.57	11 Mar 2044	1,499	1,208	1,483
First National Financial LP	2.39	1 Jul 2023	800	341	340
First National Financial LP	2.69	1 Nov 2023	170	84	84
First National Financial LP	3.64	1 May 2026	630	451	452
GE Capital Canada Funding Company	5.73	22 Oct 2037	404	404	387
Goldman Sachs Group, Inc.	3.86	29 Apr 2025	641	625	641
Great-West Lifeco Inc.	3.60	31 Dec 2081	1,352	1,043	1,352
Heathrow Funding Ltd.	3.40	8 Mar 2028	200	180	190
Heathrow Funding Ltd.	3.66	13 Jan 2031	1,662	1,432	1,680
Honda Canada Finance Inc.	1.71	28 Sep 2026	500	438	450
InPower BC General Partnership	4.47	31 Mar 2033	440	423	437
Loblaw Companies Limited	–	7 Jun 2027	552	432	418
Loblaw Companies Limited	–	23 Nov 2027	174	132	129
Loblaw Companies Limited	6.54	17 Feb 2033	848	900	1,085
Manulife Financial Corporation	3.38	19 Jun 2081	1,381	1,070	1,381
Manulife Financial Corporation	4.10	19 Mar 2082	412	323	412
MCAP Service Corporation	2.59	1 May 2023	1,100	433	433

Security	Interest Rate (%)	Maturity Date	Par Value ($)	Fair Value ($)	Average Cost ($)
Bonds (continued)					
Corporate – 43.2% (continued)					
McCain Finance Limited	3.87	7 Feb 2023	737	734	737
MetLife Inc.	2.45	12 Jan 2029	1,658	1,420	1,653
Metropolitan Life Global Funding I	1.95	20 Mar 2028	1,181	1,006	1,178
NAV Canada	–	1 Dec 2022	3	3	3
NAV Canada	–	1 Jun 2023	3	3	3
NAV Canada	–	1 Dec 2023	3	3	3
NAV Canada	–	1 Jun 2024	3	2	3
NAV Canada	–	1 Dec 2024	3	2	3
NAV Canada	–	1 Jun 2025	3	2	2
NAV Canada	–	1 Dec 2025	3	2	2
NAV Canada	–	1 Jun 2026	3	2	2
NAV Canada	–	1 Dec 2026	3	2	2
NAV Canada	7.56	1 Mar 2027	392	411	492
NAV Canada	–	1 Jun 2027	75	59	66
Nestle Holdings, Inc.	2.19	26 Jan 2029	3,663	3,160	3,663
New York Life Global Funding	2.00	17 Apr 2028	1,489	1,285	1,486
North Battleford Power LP	4.96	31 Dec 2032	677	674	783
Nova Gas Transmission Ltd.	9.90	16 Dec 2024	109	118	167
Ornge Issuer Trust	5.73	11 Jun 2034	825	841	951
Pembina Pipeline Corporation	4.75	26 Mar 2048	2,042	1,635	2,122
Scotia Capital Inc.	3.68	1 Apr 2027	3,355	2,997	3,008
Scotia Capital Inc.	–	1 Jun 2027	124	113	114
Shaw Communications Inc.	6.75	9 Nov 2039	973	1,007	983
Shaw Communications Inc.	4.25	9 Dec 2049	1,100	803	1,096
Sobeys Inc.	6.06	29 Oct 2035	510	503	618
Sobeys Inc.	6.64	7 Jun 2040	100	104	140
Strait Crossing Development Inc.	6.17	15 Sep 2031	451	263	264
Sun Life Assurance Company of Canada	6.30	15 May 2028	41	43	50
Sun Life Financial Inc.	3.60	30 Jun 2081	464	360	464
Toronto Dominion Bank	3.60	31 Oct 2081	455	349	455
TransCanada PipeLines Limited	8.29	5 Feb 2026	214	230	283
TransCanada PipeLines Limited	6.28	26 May 2028	327	337	407
TransCanada PipeLines Limited	6.89	7 Aug 2028	117	124	146
TransCanada PipeLines Limited	4.33	16 Sep 2047	529	408	518
Transcontinental Inc.	2.28	13 Jul 2026	350	311	350
University Health Network	5.64	8 Dec 2022	159	159	181
University of Ontario Institute of Technology	6.35	15 Oct 2034	946	1,020	1,004
WTH Car Rental ULC	2.78	22 Jul 2024	2,500	2,402	2,440
				37,067	42,089
Total Fixed Income – 51.3%				**43,970**	**49,301**

The accompanying notes are an integral part of these financial statements.

Sales Charge Refund Entitlements (continued)

Appendix I to Schedule I
Statement of Investment Portfolio
As at October 31, 2022
(in thousands of Canadian dollars)

Agreements Purchased prior to October 2, 2007 (continued)

Security	Number of Securities	Fair Value ($)	Average Cost ($)
Pool Equity Fund – 46.4%			
CCL Global Equity Fund	2,195,735	39,740	48,829
Total Equities – 46.4%		**39,740**	**48,829**
Total Investments – 97.7%		**83,709**	**98,130**
Cash and cash equivalents – 2.3%		**2,017**	**2,017**
Total Portfolio Assets – 100%		**85,726**	**100,147**
Total Investments Allocation			
Group Savings Plan		2,329	2,732
Group Savings Plan 2001		81,380	95,400
		83,709	**98,132**
Cash and cash equivalents Allocation			
Group Savings Plan		56	56
Group Savings Plan 2001		1,961	1,961
		2,017	**2,017**

The accompanying notes are an integral part of these financial statements.

Canadian Scholarship Trust Plan

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