

Management Report of Fund Performance

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# Advanced Education Savings Plan

For the period from April 1, 2016 to March 31, 2017

This annual management report of fund performance contains financial highlights but does not contain the complete annual audited financial statements of the Advanced Education Savings Plan ("Plan"). You may obtain a copy of the audited financial statements at your request and at no cost by calling Global Client Services at 1-877-460-7377, by writing to us at 100 Mural St, Suite 102, Richmond Hill, Ontario L4B 1J3, or by visiting our Website at [www.globalfinancial.ca](http://www.globalfinancial.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

The Global Educational Trust Foundation (the Foundation) views corporate governance and compliance as important contributors to overall corporate performance and long-term investment returns. Currently, the investments of the Plan are limited to specified government bonds, guaranteed investment certificates, principal protected notes, and corporate debt securities with an approved rating. These securities do not carry voting rights. Therefore, the Plan's policies and procedures on voting and proxy voting are limited to exceptional circumstances where creditors of an issuer are given a right to vote in accordance with applicable laws.

## 2017 Annual Management Report of Fund Performance Advanced Education Savings Plan

### MANAGEMENT REPORT OF FUND PERFORMANCE

Global Growth Assets Inc. ("GGAI" or the "Manager") has retained the services of 1832 Asset Management L.P. ("1832 AM"), UBS Investment Management Canada Inc. ("UBS"), Yorkville Asset Management ("YAM") and Adaptive Asset Management ("AAM") to act as the portfolio advisors for the Plan.

The views of the portfolio advisors contained in this report are as of March 31, 2017 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date.

### INVESTMENT OBJECTIVE AND STRATEGIES

Global Growth Assets Inc. ("GGAI") invests in a prudent manner, with the objective of protecting your principal and delivering a positive return on your Advanced Education Savings Plan investment. GGAI invests primarily in federal, provincial and investment grade corporate bonds, guaranteed investment certificates, exchange traded funds and principal protected notes.

Due to the size of the Plan, all of the Plan's assets are with managed by 1832 AM. The Plan does not pay any fees to UBS, YAM, and AAM.

#### Allocation by Portfolio Advisor



### RISK

The risks of investing in the Plan and its suitability for investors are outlined in the Prospectus. As the portfolio is expected to primarily invest in fixed income instruments, the key risks associated with fixed income investing are interest rate risk, liquidity risk, pricing risk and credit risk.

### RESULTS OF OPERATIONS

Global Educational Trust Foundation, the sponsor of the Plan retained GGAI as administrator and Investment Fund Manager.

The net assets of the Plan as of March 31, 2017 topped \$1.24 million (2016 - \$0.14 million). The Plan's rate of return during fiscal year was 0.03% compared to the FTSE TMX Canada All Government Bond Index (formerly known as DEX Universe All Government Index) ("Benchmark") return of 0.56%. Unlike the Index, the Plan's return is after the deduction of its fees and expenses. The Plan's relatively low return is due low yield fixed income environment coupled with very slow sales volume of AESP

Due to the size of the Plan, the expenses of the Plan during the period from April 01, 2016 to March 31, 2017 were absorbed by GGAI.

### FINANCIAL AND OPERATING HIGHLIGHTS

The following table shows key financial data for the Plan and is intended to help you understand the financial results for the past fiscal year and period from April 01, 2016 to March 31, 2017.

(Dollar amounts in \$'000)

Statement of Financial Position	2017	2016
Total Assets	\$1,273	\$142
Net Assets	\$1,238	\$ 142
% change in Net Assets	768%	N/A
<b>Statement of Comprehensive Income</b>		
Net Investment Income	\$ 0.8	\$ 0
<b>Statement of Changes in Net Assets</b>		
Educational Assistance Payments ("EAP")	\$ 0	\$ 0
Government Grants	\$0	\$34
<b>Other</b>		
Total Number of Contracts	421	54
% change in Number of Contracts	680%	N/A

### MANAGEMENT FEES

The administration functions of the Plan include processing and call center services related to new and existing agreements, fund payments, government grant collection, plan modifications, terminations, maturities and EAP.

Total administration fee expenses for the year ended March 31, 2017 were \$16,775 (2016 - \$480) was waived by GGAI.

### RELATED PARTY TRANSACTIONS

Under the terms of an Administrative Services Agreement, the Foundation has delegated administrative functions to GGAI and distribution functions to Global RESP ("GRESP"), registered as a scholarship plan dealer under securities legislation in each of the provinces and territories in which it sells scholarship plans. GRESP is the primary distributor of the Plan.

In exchange for its administrative services, GGAI is entitled to receive administration fees of 2.35% per annum of the assets of the Plan. In addition, special service fees charged to subscribers principally in respect of dishonored and returned cheques, are remitted by GGAI to GRESP.

As Distributor of the Plan, GRESP is considered to be a related entity to the Plan because of their common connection to certain parties, which may mean that the Distributor and the issuer (the Plan) is not independent of each other.

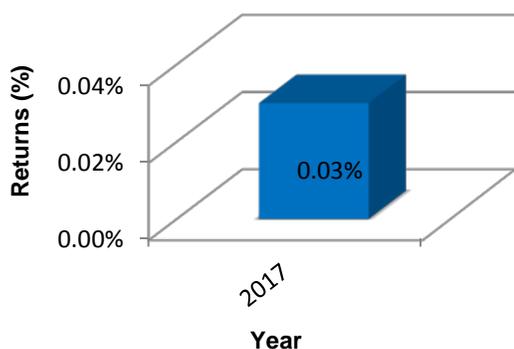
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### PAST PERFORMANCE

The performance information shown assumes that all of the income, interest earned and capital gains distributions are reinvested in the Plan and would be lower if distributions were not reinvested. Past performance is not indicative of how the Fund may perform in the future.

#### Year-by-Year Returns

The bar chart indicates the Plan's performance for the financial year shown. Annual return is the percentage change in the value of an investment from January to December 31, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



#### Annual Compound Returns

The following table compares the historical annual compound return of the Plan for the periods shown ended March 31<sup>st</sup> with the Benchmark.

	<b>Past 1 Year</b>
Plan	0.03%
Benchmark	0.56%

The Benchmark index returns do not include any costs of investing. See **Results of Operation** for a discussion of performance relative to the Benchmark index. Unlike the Index, the Plan's returns are after the deduction of its fees and expenses.

#### FTSE TMX Canada All Government Bond Index

The Plan is measured against the FTSE TMX Canada All Government Bond Index for performance. This Index tracks the performance of Government-issued bonds. It is designed to be a broad measure of the Canadian fixed income markets with the exclusion of corporate bonds.

### SUMMARY OF INVESTMENT PORTFOLIO As of March 31, 2017

Issuer	% of Plan's
1 Government of Canada T-bills April 20, 2017	47.20%
2 Government of Canada T-bills April 6, 2017	34.33%
3 Cash	18.47%
<b>TOTAL</b>	<b>100.00%</b>

*All holdings in the Plan are long positions as at March 31, 2017.*

*The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Plan.*