

Interim Financial Statements  
(Unaudited)

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# Legacy Education Savings Plan

(formerly Global Educational Trust Plan)

For the six month period ended September 30, 2018

# Legacy Education Savings Plan

Interim Financial Statements (Unaudited)

September 30, 2018

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**Notification:**

*These Interim Financial Statements have not been audited or reviewed by the Plan's external auditors.*

# Legacy Education Savings Plan

## Statements of Financial Position (Unaudited)

	As at September 30, 2018	As at March 31, 2018
	\$	\$
	[unaudited]	
<b>Assets</b>		
Cash and cash equivalents	24,676,519	36,285,783
Investments - at fair value (Note 6)	676,651,205	661,309,104
Due from the Global Educational Trust Foundation (Note 4)	954,358	818,665
Grants receivable (Note 2)	1,092,005	1,866,772
Interest receivable	2,934,655	3,936,808
	<b>706,308,742</b>	<b>704,217,132</b>
<b>Liabilities</b>		
Accounts payable	1,025,411	862,775
Due to the Advanced Education Savings Plan (Note 4)	15,599	198,882
Due to the Distributor - Global RESP Corporation (Note 4)	4,260,548	3,533,639
Due to the Fund Manager - Global Growth Assets Inc. (Note 4)	166,386	830,432
<b>Net assets attributable to Subscribers and Beneficiaries</b>	<b>700,840,798</b>	<b>698,791,404</b>
<b>Net assets Attributable to Subscribers and Beneficiaries represented by:</b>		
Subscriber contributions (Note 5)	450,344,684	445,975,405
Accumulated government grants	182,132,234	179,663,055
Unrealized (depreciation) appreciation of investments	(487,920)	799,769
Accumulated and undistributed investment income and realized gains on investments	68,851,800	72,353,175
	<b>700,840,798</b>	<b>698,791,404</b>

Approved by the Board of Directors of the Global Educational Trust Foundation and Global Growth Assets Inc.

(signed) "Hanane Bouji"

Hanane Bouji  
Director

(signed) "Ronald Brooks"

Ronald Brooks  
Director

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

# Legacy Education Savings Plan

## Statements of Comprehensive Income (Unaudited)

For the six month periods ended September 30, 2018 and 2017

	2018	2017
	\$	\$
	[unaudited]	[unaudited]
<b>Revenue</b>		
Interest income for educational assistance payments	8,313,342	8,489,189
Dividend income	565,881	426,183
Realized losses on disposal of investments	(2,779,997)	(1,835,069)
Change in unrealized depreciation on investments	(1,287,689)	(9,383,935)
	<b>4,811,537</b>	<b>(2,303,632)</b>
<b>Expenses</b>		
Administration fees	4,746,146	4,612,243
Audit costs	106,524	115,999
Other	34,925	36,898
Independent review committee	17,638	5,525
	<b>4,905,233</b>	<b>4,770,665</b>
<b>Decrease in Net Assets Attributable to Subscribers and Beneficiaries from operations</b>	<b>(93,696)</b>	<b>(7,074,297)</b>

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

## Legacy Education Savings Plan

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

For the six month periods ended September 30, 2018 and 2017

	2018	2017
	\$	\$
	[unaudited]	[unaudited]
<b>Net Assets Attributable to Subscribers and Beneficiaries, beginning of period</b>	<b>698,791,404</b>	678,411,146
<b>Decrease in Net Assets attributable to Subscribers and Beneficiaries from operations</b>	<b>(93,696)</b>	(7,074,297)
<b>Increase in Net Assets Attributable to Subscribers and Beneficiaries</b>		
Subscriber contributions received	<b>28,520,437</b>	30,086,848
Government grants received (Note 2):		
Canada Education Savings Grants (CESG)	<b>5,482,820</b>	6,108,713
Canada Learning Bond (CLB)	<b>1,742,650</b>	2,044,746
British Columbia Training and Education Savings Grant (BCTESG)	<b>127,200</b>	311,600
Quebec Education Saving Incentive (QESI)	<b>(21,764)</b>	488,532
Saskatchewan an Advantage Grant for Education Savings (SAGES)	-	15,750
	<b>35,851,343</b>	39,056,189
<b>Decrease in Net Assets Attributable to Subscribers and Beneficiaries</b>		
Refund of subscriber contributions	<b>(24,151,158)</b>	(24,273,250)
Educational assistance payments:		
Government grants	<b>(4,861,727)</b>	(4,992,691)
Income earned on Government grants	<b>(1,150,759)</b>	(1,205,883)
Income earned on Subscriber contributions	<b>(3,544,609)</b>	(3,891,983)
	<b>(33,708,253)</b>	(34,363,807)
<b>Net Assets Attributable to Subscribers and Beneficiaries, end of period</b>	<b>700,840,798</b>	676,029,231

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

# Legacy Education Savings Plan

## Statements of Cash Flows (Unaudited)

For the six month periods ended September 30, 2018 and 2017

	2018	2017
	\$	\$
	[unaudited]	[unaudited]
Cash provided by (used in):		
<b>Operating Activities</b>		
Decrease in Net Assets attributable to Subscribers and Beneficiaries from operations	(93,696)	(7,074,297)
Adjustments for:		
Change in unrealized depreciation on investments	1,287,689	9,383,935
Realized losses on disposal of investments	2,779,997	1,835,069
Increase (decrease) in interest receivable	1,002,153	(82,413)
Increase in due from the Global Educational Trust Foundation	(135,693)	(262,505)
Increase (decrease) in due to the Fund Manager - Global Growth Assets Inc.	(664,046)	347,112
Increase (decrease) in due to the Distributor - Global RESP Corporation	726,909	(533,061)
Decrease in due to Advanced Education Savings Plan	(183,283)	(5,309)
Increase in accounts payable	162,636	562,197
Increase in payable for securities purchased	-	61,531,026
Increase in receivable for securities sold	-	(66,196,891)
Decrease in grants receivable	774,767	385,379
Net sales (purchases) of investments	(19,409,787)	4,599,793
<b>Cash flow provided by (used in) Operating Activities</b>	<b>(13,752,354)</b>	4,490,035
<b>Financing Activities</b>		
Subscriber contributions received, net	4,369,279	5,813,598
Government grants received	7,330,906	8,969,341
Educational assistance payments made to beneficiaries	(9,557,095)	(10,090,557)
<b>Cash flow provided by Financing Activities</b>	<b>2,143,090</b>	4,692,382
Increase (decrease) in cash and cash equivalents	(11,609,264)	9,182,417
Cash and cash equivalents, beginning of period	36,285,783	8,093,507
<b>Cash and cash equivalents, end of period</b>	<b>24,676,519</b>	17,275,924
<b>Supplemental cash flow information:</b>		
Interest received	9,315,495	8,470,876
Dividends received	565,881	426,183

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

# Legacy Education Savings Plan

## Schedule of Investment Portfolio (Unaudited)

As at September 30, 2018

	Par Value \$	Cost \$	Fair value \$
<b>Subscribers' contribution invested - (68.40%)</b>			
<b>Government Securities - 18.50%</b>			
Canada Housing Trust 2.00% December 15, 2019	72,500,000	72,469,570	72,354,170
Canada Housing Trust 2.65% December 15, 2028	20,000,000	19,918,000	19,703,930
Canada Housing Trust 2.65% March 15, 2028	11,780,000	11,780,152	11,627,636
Canada Housing Trust 1.90% September 15, 2026	6,000,000	5,984,140	5,625,540
Canada Housing Trust 2.90% June 15, 2024	5,000,000	5,065,361	5,059,300
Canada Government 1.00% June 1, 2027	4,730,000	4,313,543	4,206,436
Canada Government 2.75% December 1, 2048	3,845,000	4,444,177	4,112,228
Canada Housing Trust 3.80% June 15, 2021	2,275,000	2,524,925	2,356,013
CPPIB Capital Inc. Series A 1.40% June 4, 2020	2,200,000	2,195,730	2,165,174
Canada Housing Trust 2.40% December 15, 2022	2,030,000	2,013,212	2,015,506
CPPIB Capital Inc. Series A 1.10% June 10, 2019	500,000	495,750	496,725
		<u>131,204,560</u>	<u>129,722,658</u>
<b>Provincial Securities - 16.10%</b>			
Province of Ontario 6.50% March 8, 2029	15,430,000	21,226,739	20,041,373
Hydro-Quebec 6.00% February 15, 2040	12,140,000	17,604,336	17,289,815
Province of Ontario 3.50% June 2, 2043	9,890,000	10,218,858	10,308,168
Province of Manitoba 5.70% May 3, 2037	6,520,000	8,768,357	8,648,008
Province of British Columbia 2.70% December 18, 2022	6,430,000	6,369,416	6,447,217
Province of Ontario 2.85% June 2, 2023	5,330,000	5,346,517	5,354,782
Province of British Columbia 2.30% June 18, 2026	4,000,000	4,020,640	3,839,200
Province of Saskatchewan 3.20% June 3, 2024	4,000,000	4,096,710	4,079,280
Province of Alberta 3.05% June 1, 2031	3,220,000	3,311,752	3,337,176
Province of Manitoba 2.13% April 2, 2019	3,200,500	3,199,644	3,207,221
Province of Quebec 5.00% December 1, 2041	2,925,000	3,690,369	3,773,221
Province of Quebec 3.75% September 1, 2024	2,765,000	2,898,284	2,902,006
Province of Manitoba 4.60% March 5, 2038	2,700,000	3,262,334	3,183,894
Province of Saskatchewan 5.00% March 5, 2037	2,355,000	2,966,773	2,869,240
Province of Manitoba 4.15% June 3, 2020	2,300,000	2,535,060	2,368,057
Manufacturers Life Insurance Company 3.18% November 22, 2027	2,100,000	2,115,330	2,099,853
Province of New Brunswick 2.85% June 2, 2023	2,030,000	2,004,300	2,035,826
Province of British Columbia 2.80% June 18, 2048	2,000,000	1,843,080	1,878,140
Province of Manitoba 1.60% September 5, 2020	2,000,000	2,013,600	1,971,040
Province of Alberta 1.35% September 1, 2021	1,600,000	1,583,120	1,548,624
Province of New Brunswick 1.55% May 4, 2022	1,550,000	1,516,489	1,491,472
Province of Ontario 1.35% March 8, 2022	1,550,000	1,508,011	1,486,682
Province of Alberta 2.55% December 15, 2022	1,500,000	1,573,500	1,493,190
Province of Ontario 2.80% June 02, 2048	1,500,000	1,390,950	1,377,240
		<u>115,064,169</u>	<u>113,030,725</u>



# Legacy Education Savings Plan

## Schedule of Investment Portfolio (Unaudited)

As at September 30, 2018

	Par Value	Cost	Fair value
	\$	\$	\$
<b>Financial Institution Securities - 17.00%</b>			
Pacific & Western Bank 8.00% March 11, 2021	10,000,000	10,000,000	10,000,000
Pacific & Western Bank GIC 4.50% August 3, 2021	10,000,000	10,000,000	10,000,000
Bank of Nova Scotia 2.29% June 28 2024	6,450,000	6,181,651	6,149,108
Bank of Montreal 3.19% March 1, 2028	5,600,000	5,588,576	5,536,674
Bank of Nova Scotia 3.10% February 2, 2028	5,600,000	5,560,391	5,492,506
Canadian Imperial Bank of Commerce 3.30% May 26, 2025	5,600,000	5,648,721	5,623,692
HSBC Bank 3.245% Septebmer 15, 2023	5,600,000	5,610,416	5,591,224
Manulife Bank of Canada 2.844% January 12, 2023	5,600,000	5,556,264	5,528,374
Royal Bank of Canada 2.333% December 5, 2023	5,600,000	5,423,600	5,395,362
Toronto Dominion Bank 3.226% July 24,2024	5,600,000	5,643,149	5,626,762
Bank of Montreal 2.12% March 16, 2022	5,050,000	5,110,993	4,912,692
Bank of Nova Scoita 2.10% June 1, 2027	3,400,000	3,161,401	3,154,180
Royal Bank of Canada1.97% March 2, 2022	3,300,000	3,248,279	3,193,674
HSBC Bank 2.08% November 26, 2018	3,100,000	3,116,890	3,105,270
Canadian Imperial Bank of Commerce 1.90% April 26, 2021	3,000,000	3,051,780	2,929,860
Toronto Dominion Bank 1.91% July 18 2023	3,000,000	2,862,369	2,845,890
Toronto Dominion Bank 3.22% July 25, 2029	3,000,000	2,940,596	2,918,880
Royal Bank of Canada 1.97% March 2, 2022	2,900,000	2,328,359	2,226,239
Bank of Montreal 2.27% July 11, 2022	2,550,000	2,512,052	2,484,924
Sun Life Financial Inc 3.05% September 19, 2028	2,550,000	2,518,633	2,509,812
Toronto Dominion Bank 2.62% December 22, 2021	2,400,000	2,411,425	2,279,760
Royal Bank of Canada 2.0% March 21, 2022	2,300,000	2,827,210	2,810,564
Toronto Dominion Bank 2.05% March 8, 2021	2,300,000	2,416,560	2,358,120
Royal Bank of Canada 3.45% September 29, 2026	2,250,000	2,310,329	2,261,250
Bank of Nova Scotia 2.87% June 4, 2021	2,100,000	2,179,821	2,098,677
Bank of Nova Scotia 3.04% October 18 2024	2,100,000	2,152,500	2,104,767
Royal Bank of Canada 2.86% March 4, 2021	2,100,000	2,121,630	2,099,916
Toronto Dominion Bank 2.56% June 24, 2020	2,100,000	2,103,990	2,095,128
Manulife Financial Debentures 3.05% August 20, 2029	2,000,000	1,955,440	1,940,060
National Bank of Canada 1.81% July 26, 2021	2,000,000	2,018,720	1,941,900
Toronto Dominion Bank 2.98% September 30, 2025	1,670,000	1,681,490	1,666,827
Bank of Montreal 2.70% December 9, 2026	350,000	350,744	335,279
		<u>120,593,979</u>	<u>119,217,371</u>
<b>Principal Protected Notes - 9.10%</b>			
Bank of Nova Scotia Yorkville Guaranteed Top-up Yield Seeker May 1, 2020	15,000,000	15,000,000	14,800,500
Bank of Nova Scotia Yorkville Guaranteed Top-up Yield Seeker August 25, 2021	11,250,000	11,250,000	10,716,750
JP Morgan ETF Efficiente 5 Index PPN May 19, 2021	7,100,000	7,100,000	7,087,930
JP Morgan ETF Efficiente PPN February 26, 2020	7,100,000	7,100,000	7,053,850
JP Morgan S&P 500 Low Index Variable Return PPN January 25, 2021	7,100,000	7,100,000	7,507,540
Toronto Dominion Bank Index Linked Dolphin NT August 16,2021	7,100,000	7,100,000	7,415,950
JP Morgan S&P 500 Low Volatility Index PPN March 14, 2019	4,260,000	4,260,000	5,769,318
JP Morgan STOXX Europe Large 200 PPN August 26, 2020	3,550,000	3,550,000	3,444,565
		<u>62,460,000</u>	<u>63,796,403</u>

# Legacy Education Savings Plan

## Schedule of Investment Portfolio (Unaudited)

As at September 30, 2018

	Par Value	Cost	Fair value
	\$	\$	\$
<b>Exchange Traded Funds - 3.90%</b>			
BMO S&P 500 Index ETF	251,434	9,290,623	10,403,507
iShares S&P US Mid-Cap Index ETF	202,632	3,898,676	4,059,056
iShares Nasdaq 100 Index ETF (CAD-Hedged)	80,700	4,481,487	4,994,589
BMO S&P 500 Hedged to CAD ETF	78,313	3,112,807	3,432,459
Vanguard S&P 500 Index ETF (CAD-Hedged)	67,240	3,205,585	3,423,861
iShares US Small Cap Index ETF (CAD-Hedged)	38,245	1,299,534	1,334,627
		<u>25,288,712</u>	<u>27,648,099</u>
<b>Equities - 3.80%</b>			
Manulife Financial Corporation	37,083	898,927	856,246
IAM Gold Corporation	30,831	199,692	146,447
Transcanada Corporation	27,633	1,105,540	1,061,034
Chemtrade Logistics Income Fund	25,114	386,200	388,514
Choice Properties REIT	23,832	278,878	287,652
Toronto Dominion Bank	23,418	1,686,806	1,838,079
Cenovus Energy Inc.	21,500	275,200	278,855
Suncor Energy Inc.	21,225	1,062,795	1,060,825
Gold Corp Inc.	19,608	339,468	258,041
Enerflex Limited	19,455	286,956	321,591
Royal Bank of Canada	18,518	1,825,209	1,917,354
Bank of Nova Scotia	18,125	1,415,601	1,395,444
Power Corporation of Canada	17,509	521,492	491,303
Canadian Natural Resources Limited	17,123	792,985	722,590
BCE Inc.	17,080	924,000	893,797
Prairiesky Royalty Limited	16,432	443,075	372,842
Northland Power Inc.	15,785	375,130	342,535
Teck Resources Limited - Class B	15,327	555,463	477,130
Shaw Communication Inc. - Class B	13,461	352,813	338,813
Brookfield Asset Management Inc.	13,063	648,100	759,761
Encana Corporation	12,782	208,808	216,399
Nutrien Limited	10,810	681,027	806,210
Alimentation Couche Trade Inc. - Class B	10,791	580,830	697,206
Canadian National Railway Company	10,632	1,076,502	1,232,123
Wheaton Precious Metals Corporation	10,322	276,613	233,274
ARC Resources Limited	9,800	131,449	141,120
Maple Leaf Foods Inc.	9,067	268,193	281,621
Saputo Inc.	8,977	383,520	344,896
CGI Group Inc.	8,161	620,045	679,648
Fortis Inc.	7,979	337,274	334,161
Cineplex Inc.	7,824	224,843	273,840
Enbridge Inc.	6,825	287,605	284,466
Metro Inc.	6,810	289,073	273,626
Sun Life Financial Inc.	5,935	313,819	304,762
Toromont Industries Limited	5,678	330,026	379,120
CCL Industries Inc. - Class B	5,645	359,477	328,652
Bank of Montreal	5,611	550,733	597,796
Waste Connections Inc.	5,286	503,798	544,247
Linamar Corporation	5,175	340,861	307,964
NFI Group Inc.	4,647	237,896	233,605
Canadian Imperial Bank of Commerce	4,594	535,741	556,012

# Legacy Education Savings Plan

## Schedule of Investment Portfolio (Unaudited)

As at September 30, 2018

	Par Value \$	Cost \$	Fair value \$
<b>Equities - 3.80% (continued)</b>			
Restaurant Brands International Inc.	4,557	327,298	348,519
Dollarama Inc.	4,206	206,319	171,142
Franco-Nevada Corporation	3,953	358,745	319,402
Intact Financial Corporation	3,689	353,486	396,199
ONEX Corporation	3,468	322,520	306,328
Open Text Corporation	3,414	153,263	167,798
Canadian Pacific Railway Limited	3,272	749,032	894,152
Loblaw Companies Limited	2,991	195,782	198,486
Roger Communications Inc.	2,925	177,357	194,308
Canadian Tire Corporation Limited	949	158,665	143,622
		<u>25,914,930</u>	<u>26,399,557</u>
<b>Total Subscriber contributions invested</b>		<b><u>480,526,350</u></b>	<b><u>479,814,813</u></b>
<b>Government Grants invested - (28.10%)</b>			
<b>Government Securities - 8.40%</b>			
Canada Housing Trust 2.00% December 15, 2019	31,400,000	31,390,580	31,336,839
Canada Housing Trust 2.65% December 15, 2028	10,000,000	9,959,000	9,851,965
Canada Housing Trust 2.65% March 15, 2028	5,360,000	5,360,030	5,290,845
Canada Government 1.00% June 1, 2027	2,995,000	2,731,619	2,663,483
Canada Housing Trust 2.90% June 15, 2024	2,660,000	2,694,747	2,691,548
Canada Government 2.75% December 1, 2048	2,229,000	2,569,626	2,383,916
Canada Housing Trust 1.90% September 15, 2026	1,600,000	1,578,956	1,500,144
Canada Housing Trust 3.80% June 15, 2021	1,075,000	1,190,645	1,113,281
Canada Housing Trust 2.40% December 15, 2022	870,000	862,805	863,788
CPPIB Capital Inc. SER A 1.40% June 4, 2020	600,000	598,200	590,502
Public Service Pension Capital S8 1.34% August 18, 2021	400,000	388,200	387,092
		<u>59,324,408</u>	<u>58,673,403</u>
<b>Provincial Securities - 7.40%</b>			
Ontario Province 6.50% March 8, 2029	6,935,000	9,655,359	9,007,577
Hydro-Quebec 6.00% February 15, 2040	5,730,000	8,309,129	8,160,679
Province of Ontario 3.50% June 2, 2043	5,010,000	5,151,310	5,221,732
Province of Manitoba 5.70% May 3, 2037	3,105,000	4,175,728	4,118,415
Province of British Columbia 2.70% December 18, 2022	2,995,000	2,966,865	3,002,941
Province of Ontario 2.85% June 2, 2023	2,575,000	2,592,531	2,586,958
Province of Saskatchewan 3.20% June 3, 2024	1,775,000	1,805,603	1,810,181
Province of Quebec 3.75% September 1, 2024	1,725,000	1,826,035	1,810,474
Province of British Columbia 2.30% June 18, 2026	1,700,000	1,701,534	1,631,660
Province of Quebec 5.00% December 1, 2041	1,667,000	2,100,720	2,150,413
Province of Alberta 3.05% June 1, 2031	1,380,000	1,419,322	1,430,218
Province of Manitoba 2.13% April 2, 2019	1,349,500	1,349,226	1,352,334
Province of Manitoba 4.15% June 3, 2020	1,225,000	1,350,108	1,261,248
Province of Saskatchewan 5.00% March 5, 2037	1,135,000	1,428,568	1,381,658
Province of Manitoba 4.60% March 5, 2038	1,100,000	1,329,099	1,297,142
Province of Manitoba 1.60% September 5, 2020	950,000	949,431	936,244
Manufacturers Life Insurance Company 3.18% November 22, 2027	900,000	906,570	899,937
Province of New Brunswick 2.85% June 2, 2023	870,000	858,986	872,497
Province of Alberta 2.55% December 15, 2022	850,000	891,650	846,141
Province of New Brunswick 1.55% May 4, 2022	640,000	626,163	615,834
Province of Ontario 1.35% March 8, 2022	640,000	622,662	613,856
Province of Alberta 1.35% September 1, 2021	600,000	593,670	580,734
		<u>52,610,269</u>	<u>51,588,873</u>

# Legacy Education Savings Plan

## Schedule of Investment Portfolio (Unaudited)

As at September 30, 2018

	Par Value \$	Cost \$	Fair value \$
<b>Financial Institution Securities - 5.80%</b>			
Bank of Montreal 3.19% March 1, 2028	2,600,000	2,604,836	2,595,926
Bank of Nova Scotia 3.10% February 2, 2028	2,600,000	2,620,121	2,612,425
Canadian Imperial Bank of Commerce 3.30% May 26, 2025	2,600,000	2,581,555	2,550,092
HSBC Bank 3.245% September 15, 2023	2,600,000	2,621,798	2,611,000
Manulife Bank of Canada 2.844% January 12, 2023	2,600,000	2,594,696	2,570,598
Royal Bank of Canada 2.333% December 5, 2023	2,600,000	2,518,100	2,504,989
Toronto Dominion Bank 3.226% July 24, 2024	2,600,000	2,579,694	2,566,745
Bank of Montreal 2.12% March 16, 2022	2,150,000	2,167,927	2,091,562
Bank of Nova Scotia 2.29% June 28 2024	1,900,000	1,820,664	1,811,365
Bank of Nova Scotia 2.10% June 1, 2027	1,400,000	1,301,753	1,298,780
Royal Bank of Canada 2.0% March 21, 2022	1,400,000	1,364,860	1,356,824
Royal Bank of Canada 1.97% March 2, 2022	1,350,000	1,328,841	1,306,503
Canadian Imperial Bank of Commerce 1.90% April 26, 2021	1,200,000	1,209,422	1,171,944
HSBC Bank 2.08% November 26, 2018	1,200,000	1,206,555	1,202,040
Bank of Montreal 2.27% July 11, 2022	1,000,000	985,119	974,480
Sun Life Financial Inc 3.05% September 19, 2028	1,000,000	987,699	984,240
Toronto Dominion Bank 2.62% December 22, 2021	1,000,000	1,036,660	991,200
Royal Bank of Canada 3.45% September 29, 2026	950,000	975,445	954,750
Bank of Nova Scotia 2.87% June 4, 2021	900,000	933,903	899,433
Bank of Nova Scotia 3.04% October 18 2024	900,000	922,500	902,043
Royal Bank of Canada 1.97% March 2, 2022	900,000	901,276	871,137
Royal Bank of Canada 2.86% March 4, 2021	900,000	909,270	899,964
Toronto Dominion Bank 2.56% June 24, 2020	900,000	901,710	897,912
National Bank of Canada 1.81% July 26, 2021	800,000	801,452	776,760
Toronto Dominion Bank 2.05% March 8, 2021	800,000	806,560	786,040
Manulife Financial Debentures 3.05% August 20, 2029	750,000	733,290	727,523
Toronto Dominion Bank 2.98% September 30, 2025	680,000	684,678	678,708
Toronto Dominion Bank 1.91% July 18 2023	500,000	477,062	474,315
Toronto Dominion Bank 3.22% July 25, 2029	500,000	490,100	486,480
Bank of Montreal 2.70% December 9, 2026	200,000	199,360	191,588
		41,266,906	40,747,366
<b>Principal Protected Notes - 3.40%</b>			
Bank of Nova Scotia Yorkville Guaranteed Top-up Yield Seeker May 1, 2020	5,000,000	5,000,000	4,933,500
Bank of Nova Scotia Yorkville Guaranteed Top-up Yield Seeker August 25, 2021	3,750,000	3,750,000	3,572,250
JP Morgan ETF Efficiente 5 Index PPN May 19, 2021	2,900,000	2,900,000	2,895,070
JP Morgan ETF Efficiente PPN February 26, 2020	2,900,000	2,900,000	2,881,150
JP Morgan S&P 500 Low Index Variable Return PPN January 25, 2021	2,900,000	2,900,000	3,066,460
Toronto Dominion Bank Index Linked Dolphin NT August 16, 2021	2,900,000	2,900,000	3,029,050
JP Morgan S&P 500 Low Volatility Index PPN March 14, 2019	1,740,000	1,740,000	2,356,482
JP Morgan STOXX Europe Large 200 PPN August 26, 2020	1,450,000	1,450,000	1,406,935
		23,540,000	24,140,897

# Legacy Education Savings Plan

## Schedule of Investment Portfolio (Unaudited)

As at September 30, 2018

	Par Value	Cost	Fair value
	\$	\$	\$
<b>Exchange Traded Funds - 1.60%</b>			
BMO S&P 500 Index ETF	102,194	3,773,533	4,228,454
iShares S&P US Mid-Cap Index ETF	81,462	2,336,390	1,631,822
iShares Nasdaq 100 Index ETF (CAD-Hedged)	32,723	1,046,011	2,025,191
BMO S&P 500 Hedged to CAD ETF	32,009	1,272,303	1,402,954
Vanguard S&P 500 Index ETF (CAD-Hedged)	26,985	1,285,270	1,374,076
iShares US Small Cap Index ETF (CAD-Hedged)	15,300	519,976	533,468
		<u>10,233,483</u>	<u>11,195,965</u>
<b>Equities - 1.50%</b>			
Manulife Financial Corporation	14,512	356,534	335,083
Toronto Dominion Bank	9,602	707,759	753,661
Chemtrade Logistics Income Fund	9,516	146,023	147,213
Choice Properties REIT	9,246	107,669	111,599
Cenovus Energy Inc.	8,573	109,734	111,192
Suncor Energy Inc.	8,404	424,162	420,032
IAM Gold Corporation	8,134	61,802	38,637
Transcanada Corporation	8,016	434,620	418,916
Enerflex Limited	7,614	111,837	125,859
Royal Bank of Canada	7,469	743,617	773,340
Bank of Nova Scotia	7,294	577,146	561,565
BCE Inc.	6,810	367,045	356,367
Canadian Natural Resources Limited	6,759	314,288	285,230
Power Corporation of Canada	6,650	198,132	186,599
Gold Corp Inc.	6,362	113,177	83,724
Prairiesky Royalty Limited	6,140	167,240	139,316
Northland Power Inc.	5,985	142,707	129,875
Teck Resources Limited - Class B	5,645	208,525	175,729
Shaw Communication Inc. - Class B	5,500	144,155	138,435
Brookfield Asset Management Inc.	5,423	274,290	315,350
Encana Corporation	4,758	79,551	80,553
Alimentation Couche Trade Inc. - Class B	4,549	245,305	293,911
Nutrien Limited	4,428	281,746	330,241
Canadian National Railway Company	4,355	448,085	504,693
ARC Resources Limited	3,950	52,926	56,880
Maple Leaf Foods Inc.	3,602	106,352	111,878
Saputo Inc.	3,537	151,623	135,892
Wheaton Precious Metals Corporation	3,537	98,118	79,936
CGI Group Inc.	3,278	251,519	272,992
Fortis Inc.	3,278	138,585	137,283
Cineplex Inc.	2,813	78,918	98,455
Enbridge Inc.	2,788	117,486	116,204
Metro Inc.	2,487	105,712	99,928
Sun Life Financial Inc.	2,423	128,274	124,421
Toromont Industries Limited	2,320	134,847	154,906

## Legacy Education Savings Plan

### Schedule of Investment Portfolio (Unaudited)

As at September 30, 2018

	Par Value	Cost	Fair value
	\$	\$	\$
<b>Equities - 1.50% (continued)</b>			
CCL Industries Inc. - Class B	2,306	146,847	134,255
Bank of Montreal	2,283	226,924	243,231
Waste Connections Inc.	2,143	206,361	220,643
Linamar Corporation	2,038	134,806	121,281
Restaurant Brands International Inc.	1,862	133,735	142,406
Canadian Imperial Bank of Commerce	1,809	210,622	218,943
Dollarama Inc.	1,695	83,457	68,969
NFI Group Inc.	1,569	80,439	78,874
Intact Financial Corporation	1,507	144,403	161,852
Franco-Nevada Corporation	1,440	131,240	116,352
ONEX Corporation	1,417	131,779	125,163
Open Text Corporation	1,376	60,414	67,630
Canadian Pacific Railway Limited	1,347	316,761	368,100
Roger Communications Inc.	1,248	76,119	82,905
Loblaw Companies Limited	1,221	80,475	81,025
Canadian Tire Corporation Limited	346	57,505	52,364
		<u>10,351,396</u>	<u>10,489,888</u>
<b>Total Government Grants Invested</b>		<b><u>197,326,462</u></b>	<b><u>196,836,392</u></b>
<b>Total Subscriber contributions and Government Grants invested - 96.50%</b>		677,852,812	676,651,205
Cash - 1.20%		8,349,367	8,349,367
Cash equivalent - 2.30%		16,296,670	16,327,152
<b>Total Investment Portfolio - 100.00%</b>		<b><u>702,498,849</u></b>	<b><u>701,327,724</u></b>

# Legacy Education Savings Plan

## Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2018

### 1. Organization and general

Legacy Education Savings Plan (formerly known as Global Educational Trust Plan) (the "Plan") was established on October 14, 1998. It was administered by the Global Educational Trust Foundation (the "Foundation") up to September 28, 2010. The Foundation is a not-for-profit organization, incorporated without share capital, under the laws of Canada. The Foundation continues to be the sponsor of the Plan. The Foundation retained Global Growth Assets Inc. ("GGAI") as administrator and Investment Fund Manager of the Plan. The Plan's registered place of business is 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3.

The Plan provides post-secondary education financial assistance to beneficiaries named in the Educational Assistance Payment ("EAP") Contracts. Global RESP Corporation ("GRESP"), a company incorporated under the Canada Business Corporations Act, is the registered distributor of the Plan. The Foundation, GRESP and GGAI are under common management and control.

The Foundation has had a specimen copy of the EAP Contract approved by the Canada Revenue Agency ("CRA") such that subscribers' EAP Contracts may be submitted to the CRA on the subscribers' behalf by the Foundation for registration as Registered Education Savings Plans ("RESP"). A subscriber's plan is an education savings plan and not an RESP until the applicable conditions of the Income Tax Act (Canada) (the "ITA") are met and registered.

Subscribers to the Plan enter into EAP Contracts with the Foundation. Under an EAP Contract, the subscriber purchases units in the Plan. The subscriber authorizes the Foundation to deduct fees, as outlined in the Plan's prospectus, for the purpose of providing services to the Plan. At maturity, payments are made to the beneficiary after meeting the conditions as set out in the EAP Contract. Education assistance payments are paid from the income earned on the subscriber's contributions.

The interim financial statements of the Plan were authorized for issuance by the Board of Directors of the Foundation and GGAI on November 23, 2018.

### 2. Summary of significant accounting policies

#### *Basis of presentation*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The same accounting policies and methods of computation are followed in these interim financial statements, as compared with the most recent annual financial statements, except as noted below relating to the adoption of IFRS 9, Financial Instruments ("IFRS 9 (2014)").

These financial statements have been prepared on a going concern and historical cost basis, except for certain financial assets and liabilities which have been presented at fair value at the end of each reporting period as described below.

#### *Financial instruments*

##### *(a) Standards, amendments and interpretations effective for the current year*

The Plan has adopted IFRS 9 (2014) for the first time for the period beginning on April 1, 2018.

The adoption of IFRS 9 (2014) has been applied retrospectively, with the Plan utilizing the provisions allowed in the standard to not restate prior period comparative information. IFRS 9 (2014) requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit or loss or other comprehensive income, based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Upon adoption of IFRS 9 (2014), the Plan's financial assets and liabilities previously classified as at fair value through profit or loss ("FVTPL") and amortized cost under IAS 39 "Financial Instruments: Recognition and Measurement", continued to be classified at FVTPL and amortized cost.

##### *(b) Recognition, measurement and classification*

The Plan classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Plan also manages these financial assets with the objective of realizing cash flows through sales. The Plan has not taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income ("FVOCI"). Consequently, these financial assets are mandatorily measured at FVTPL.

Financial assets and liabilities are recognized when the Plan becomes a party to the contractual provisions of the instruments and are initially measured at fair value with transaction costs recorded immediately through profit or loss. Investments are recorded on a trade date basis.

# Legacy Education Savings Plan

## Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2018

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

#### Financial instruments (continued)

Gains or losses due to the revaluation are recorded in net earnings for the period in which they arise. Financial assets classified as “amortized” and financial liabilities classified as “other liabilities” are measured at their amortized cost using the effective interest method.

Principal Protected Notes (“PPNs”) are hybrid financial debt instruments issued by governments, Canadian chartered banks and licensed trust and loan companies that have embedded components that change the risk/return profile of the security. Included in this class are structured notes that are debt instruments whose returns are based on indices or underlying assets rather than typical interest payments. PPNs are carried at fair value using pricing methodologies established by management and use, among others, historical or implied volatility and historical correlation, to compute the present value of the notes.

The Pacific and Western Bank of Canada (“PWB”) bonds held by the Plan are not traded in an active market. Any potential impairment in the value of the PWB bonds is evaluated using pricing methodologies established by management. The PWB bonds are carried at par value, which approximates their fair value, as of September 30, 2018 and March 31, 2018.

#### (c) *Hedge accounting*

The Plan does not have any derivative instruments and, as a result, there was no impact in the adoption of IFRS 9 (2014) as it relates to hedge accounting.

#### (d) *Offsetting*

Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. No amounts have been offset in the statements of financial position.

#### (e) *Impairment of financial assets*

The financial assets and liabilities measured at amortized cost include: cash; due from the Global Educational Trust Foundation; grants receivable; interest receivable; accounts payable; due to the Advanced Education Savings Plan; due to the Distributor – Global RESP Corporation; and, due to the Fund Manager – Global Growth Assets Inc..

IFRS 9 (2014) replaced the incurred loss model in IAS 39 with the expected credit loss model (“ECL”), as the new impairment model for financial assets measured at amortized cost. At each reporting date, the Plan measures the loss allowance on: due from the Global Educational Trust Foundation; grants receivable; and, interest receivable, at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Plan measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Plan has determined that the expected credit loss allowances are not material.

#### *Cash and cash equivalents*

Cash and cash equivalents included deposit balances with banks and investments in money market securities, Government of Canada treasury bills and bankers acceptances maturing within ninety days from the date of purchase. These investments are carried at FVTPL.

#### *Investment transactions and income recognition*

The interest for educational assistance payments shown on the Statements of Comprehensive Income represents the coupon interest received by the Plan accounted for on an accrual basis, by reference to the principal outstanding and the nominal interest rate applicable. The Plan does not amortize premiums paid or discounts received on the purchase of fixed income securities. Dividends are recognized on the ex-dividend date.

Realized gains (losses) on disposal of investments and Change in unrealized appreciation (depreciation) on investments are calculated with reference to the average cost of the related investments and are recognized in the Statements of Comprehensive Income in the period when such gains (losses) occur. The Change in unrealized appreciation (depreciation) on investments is accumulated as part of the net assets attributable to Subscribers and Beneficiaries but is not included in the payments to beneficiaries until such gains (losses) are realized on the disposal of investments.



# Legacy Education Savings Plan

## Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2018

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

#### *Income taxes*

The Plan is exempt from income taxes under Section 146.1 of the ITA.

#### *Net Assets Attributable to Subscribers and Beneficiaries*

The Net Assets Attributable to Subscribers and Beneficiaries are a financial liability resulting from a unique contract and the Plan details the composition of this liability as a note to the financial statements, according to its use (whether for subscriber contributions, EAP account or government grants).

##### *(a) Subscriber contributions*

Subscribers' contributions reflect all amounts received from the subscribers and do not include any amounts receivable on subscribed units, as subscribers may terminate their plan at any time. As the contributions are due on demand, the amounts are recorded at face value in net assets attributable to subscribers and beneficiaries. The Foundation deducts sales charges, account maintenance fees, special services fees, where applicable, and insurance premiums from contributions made by subscribers in accordance with the terms of the Prospectus. Refer to Note 5 for further details.

##### *(b) Government grants*

The Federal government encourages saving for post-secondary education by providing Canada Education Savings Grants ("CESG") on RESP contributions made subsequent to 1997 for children under 18 years of age. The maximum basic CESG per child is 20% of RESP contributions of up to \$2,500 (prior to 2007, it was based on \$2,000) made on behalf of each beneficiary in a year. Effective in 2004, additional CESG can be added based on up to the first \$500 of RESP yearly contributions at a rate of 10% or 20% when there is eligibility based on family net income. The maximum lifetime CESG is \$7,200; prior to 2007, it was \$7,000. Upon maturity of an EAP Contract and fulfillment of certain criteria established by the Federal government, the CESG contributions and accumulated investment income thereon will be added to EAPs made to qualified students.

The Saskatchewan Advantage Grant for Education Savings ("SAGES") is a grant from the government of Saskatchewan offered to each resident beneficiary who is 17 years of age or under. The SAGES amount is 10% of annual contributions made into an RESP on or after January 1, 2013 and has an annual maximum amount of \$250 per eligible beneficiary. The cumulative lifetime maximum for the SAGES is \$4,500 per eligible beneficiary. On March 22, 2017, the government of Saskatchewan announced a temporary suspension of SAGES payments into RESPs effective January 1, 2018. This means that SAGES will not be paid on contributions made to an RESP after December 31, 2017. Until more information becomes available, we will continue to administer the SAGES as usual for those contributions made before and up to December 31, 2017.

Each child born on or after January 1, 2004 will be eligible for a Canada Learning Bond ("CLB") in each year that a child's family is entitled to the National Child Benefit ("NCB") supplement, up to and including the year in which the child turns 15 years of age. CLB is \$500 in the first year of entitlement and \$100 in each subsequent year that the child remains eligible for NCB supplement until the year the child turns 15 years of age. Maximum CLB payments per child total up to \$2,000.

For residents of Quebec, the provincial government provides the Quebec Education Savings Incentive ("QESI"), which applies to contributions made on or after February 21, 2007 into the RESP, where a child named as a beneficiary is a resident of Quebec. The basic credit is 10% of the net annual contribution to a maximum of \$250 per eligible beneficiary. The total lifetime maximum is \$3,600 per eligible beneficiary. Families within Quebec's annual income threshold may qualify up to 10% of the first \$500 in RESP contributions to a maximum of \$50 in QESI. Family income thresholds are indexed for inflation and will be revised annually by the Quebec Ministry of Revenue.

The Government of British Columbia has introduced the new British Columbia Training and Education Savings Grant ("BCTESG") offered to each resident beneficiary born on or after January 1, 2007. After the beneficiary turns six years of age, the Province of British Columbia will deposit \$1,200 into the beneficiary's RESP. To qualify for the BCTESG, a subscriber must open the RESP and complete an application for the BCTESG within the following timeframes: (i) prior to August 15, 2018 for children born in 2007 and 2008, (ii) prior to August 15, 2018 for children born between January 1, 2009 and August 15, 2009 or (iii) prior to the beneficiary's ninth birthday for children born on or after August 16, 2009. The beneficiary and the custodial parent/legal guardian must be residents of British Columbia when applying for the BCTESG and the application must be made between the beneficiary's sixth and ninth birthday. No matching or additional contributions are required.

Government grants received by the Plan with respect to a beneficiary are invested by the Plan and will ultimately be paid out to the beneficiary when the beneficiary becomes entitled to receive EAP. Under various circumstances, including the case where a plan is cancelled by the subscriber, the grant must be repaid.

# Legacy Education Savings Plan

## Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2018

### 3. Critical accounting estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make certain critical accounting estimates and use judgement that affect the reported amounts of assets, liabilities, income and expenses during the year. Actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The following discusses the most significant accounting judgements and estimates that the Plan has made in preparing the financial statements:

a) *Measurement of fair value of investments not quoted in an active market*

The Plan holds financial assets that are not traded in an active market such as PPN and PWB bonds and PWB guaranteed investment certificates. These are valued using pricing models that use both observable and unobservable inputs requiring estimates and assumptions to be made. Changes in assumptions about these factors could affect the reported fair values. Refer to Note 6 for more information on the fair value measurement of the Plan's financial instruments.

b) *Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the Plan, management is required to make significant judgements regarding the instruments' characteristics. The most significant judgement rests with the classification of the investment portfolio designated as at FVTPL. The classification provides reliable and more relevant information about the effects of transactions, the financial position and the Plan's cash flows. This classification is in line with the Plan's strategy described in the continuous offering prospectus. The Plan's activity consists of investing in financial assets with a view to profiting from their total return in the form of interest and changes in fair value.

### 4. Related party transactions

- In consideration for administrative services received, the Plan pays the administrator (GGAI) administration fees of 1.95% per annum on the assets of EAP contracts entered subsequent to January 27, 2016. For Plan assets related to EAP contracts entered into prior to January 27, 2016, the Plan pays the administrator administration fees of 1.20% per annum.
- The Plan's receivables includes \$954,358 (March 31, 2018 - \$818,665) receivable from the Foundation for discretionary EAP payments made to subscribers. The Plan's payables include \$4,260,548 (March 31, 2018 - \$3,533,639) payable to GRESP settled through the Foundation for sales charges, and \$15,599 (March 31, 2018 - \$198,882) payable to GGAI settled through the Foundation for administration fees and \$166,386 (March 31, 2018 - \$830,432) payable to Advanced Education Savings Plan ("AESP") for subscriber contributions and grants not yet allocated to the AESP.
- GRESP receives sales charges from subscribers that are deducted from contributions made by subscribers. EAP contracts entered subsequent to January 27, 2016 include sales charges of \$30 per unit. Prior to that date the sales charge was at \$60 per unit. In addition, 20% to 40% of insurance premiums collected from subscribers who optionally take insurance are remitted by the Foundation to GRESP.
- Special services fees paid from subscribers' savings accounts are remitted by the Foundation to GRESP. The fees principally relate to amounts charged to subscribers in respect of cheques returned and not honored.

### 5. Subscriber Contributions

The changes in the subscriber contributions for the six month period ended September 30, 2018 and year ended March 31, 2018 are as follows:

	For the six months ended September 30, 2018	For the year ended March 31, 2018
	\$	\$
	[unaudited]	
Balance, beginning of period	445,975,405	426,280,373
Amount contributed by subscribers	30,801,703	66,599,231
Sales charges	(190,559)	(3,335,786)
Account maintenance fees	(1,911,295)	(1,101,402)
Insurance premiums	(177,441)	(320,914)
Special service fees	(1,971)	(611,544)
Principal withdrawals on terminations or return of contribution	(24,151,158)	(41,534,553)
Balance, end of period	450,344,684	445,975,405

# Legacy Education Savings Plan

## Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2018

### 6. Fair value of financial instruments

Fair value measurements are classified in accordance within the fair value hierarchy (i.e. Level 1, 2 and 3). Investments measured at fair value are classified in one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

Level 1 – Valuation based on bid prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3 -Significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Plan's financial instruments measured at fair value classified using the fair value hierarchy:

<b>Assets measured at fair value as of September 30, 2018</b>				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
	[unaudited]	[unaudited]	[unaudited]	[unaudited]
Cash equivalents	-	16,327,152	-	16,327,152
Fixed income securities	-	492,980,396	20,000,000	512,980,396
PPNs	-	-	87,937,300	87,937,300
Equity Securities	75,733,509	-	-	75,733,509
<b>Total</b>	<b>75,733,509</b>	<b>509,307,548</b>	<b>107,937,300</b>	<b>692,978,357</b>

<b>Assets measured at fair value as of March 31, 2018</b>				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash equivalents	-	8,601,175	-	8,601,175
Fixed income securities	-	495,978,517	20,000,000	515,978,517
PPNs	-	-	87,858,187	87,858,187
Equity Securities	57,472,400	-	-	57,472,400
<b>Total</b>	<b>57,472,400</b>	<b>504,579,692</b>	<b>107,858,187</b>	<b>669,910,279</b>

There were no financial instruments that were transferred into or out of Level 1 or 2 during the six months ended September 30, 2018 and year ended March 31, 2018.

Financial instruments classified as Level 3 represent the Plan's investment in certain PPNs and the PWB bonds. These securities are priced based on valuation models. The most significant unobservable input used in the valuation model is the yield used to value the securities. Management estimates that a 1% increase or decrease in the yields used by management would decrease or increase net assets attributable to subscribers and beneficiaries by approximately \$884,484 (March 31, 2018 - \$780,000).

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

	<b>For the six months ended</b>	For the year ended
	<b>September 30, 2018</b>	March 31, 2018
	\$	\$
	<b>[unaudited]</b>	
Opening balance	107,858,187	133,703,588
Purchase of investments and transfers in	20,000,000	-
Proceeds from maturity, sale and transfers out	(20,000,000)	(24,500,000)
Change in unrealized gains (losses)	79,113	(1,345,401)
<b>Closing balance</b>	<b>107,937,300</b>	<b>107,858,187</b>

# Legacy Education Savings Plan

## Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2018

### 6. 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 endeavors to invest subscriber contributions and government grants received in appropriate investments while maintaining sufficient liquidity to meet subscribers' obligations.

### 7. Risk management

In the normal course of operations 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 and liquidity 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 portfolio advisors. The portfolio advisors regularly monitor the Plan's positions, market events and manage the investment portfolio within the constraints of the investment policy.

#### (a) Liquidity risk

Liquidity risk is the risk that the Plan may not be able to meet its obligations on time. In mitigation of these risks, the Plan retains sufficient cash and short-term investment positions and primarily invests in securities that are traded in the active markets and can be readily disposed to meet expected cash requirements. The Plan's exposure to liquidity risk is concentrated in principal repayment to subscribers and payments of EAPs.

#### (b) Market risk

Market risk is the risk that changes in market prices could affect the Plan's income or the value of the investment holdings. The Plan's Portfolio Advisers attempt to mitigate this risk by periodically reviewing the market conditions and the performance of the portfolio and by making necessary changes to the portfolio in accordance with the Plan's investment objectives. Management has identified two main market risk factors: interest rate risk related to the fixed income portfolio and price risk related to the PPNs.

##### (i) Interest rate risk

Interest rate risk is the risk of a decrease in the Plan's yield on interest-bearing investments 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 short term investments due to their short-term nature.

The table below summarizes the Plan's exposure to interest rate risks by remaining term to maturity as at September 30, 2018 and March 31, 2018:

	September 30, 2018	March 31, 2018
	%	%
	[unaudited]	
Less than 1 year	2.9	6.7
1-3 years	38.2	19.6
3-5 years	13.8	23.2
Greater than 5 years	45.1	50.5
	100.0	100.0

As at September 30, 2018, management estimates that if prevailing interest rates had increased or decreased by 1% (March 31, 2018 - 1%), the total investment portfolio value would decrease by approximately \$31 million (March 31, 2018 - \$35 million) or increase by approximately \$33 million (March 31, 2018 - \$37 million), respectively. This 1% change assumes a parallel shift in the yield curve along with all other variables held constant. In practice the actual trading results may differ materially.

# Legacy Education Savings Plan

## Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2018

### 8. Risks management (continued)

#### (ii) 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. The asset classes impacted by price risk are ETFs which represent 5.50% (March 31, 2018 – NIL) and PPNs which represent 12.50% (March 31, 2018 – 12.53%) of the portfolio. The return on PPNs are not determinable prior to maturity and instead are linked to the performance of their underlying index and will depend on the extent to which the index return is positive or negative at maturity. A negative return will result in a return of only the principal amount which is protected by the issuer. The risk is managed by security selection and active management by external managers within approved investment policies and manager mandates.

As at September 30, 2018, if underlying indices prices of PPNs and ETFs had increased or decreased by 1% with all other variables held constant, the portfolio amount would have increased or decreased by approximately \$884,484 (March 31, 2018 - \$780,000). In practice, the actual trading results may differ materially.

#### (c) Credit risk

Credit risk refers to the ability of the issuer of debt securities to make interest payments and repay principal and sector risk relates to the exposure to changes in a particular industrial, commercial or service sector by virtue of concentration. The Plan's portfolio comprises bonds issued or guaranteed by federal and provincial governments along with Canadian financial institution corporate debt instruments which constitute its most significant exposure to credit risk.

The debt securities are invested according to the standard investment restriction and practices in National Policy 15 of the Canadian Securities Administrators.

The Plan has a concentration of investments in Canadian Government and Provincial Government guaranteed bonds, which are considered by management to be high credit quality investments thereby moderating its credit risk. All of the Plan's assets are exposed to credit risk

As at September 30, 2018 and March 31, 2018, the Plan's credit exposure to long term debt instruments is as follows:

Bond Ratings	September 30,	March 31,
	2018	2018
	%	%
	[unaudited]	
AAAH/AAA/AH/AAL	46.5	60.7
AA/AH/A	50.2	36.0
Unrated	3.3	3.3
Total debt securities	100.0	100.0

Dominion Bond Rating Service ("DBRS") was the primary source for obtaining credit ratings. Secondary sources used include Moody's Investors Service and Standard & Poor's. Unrated debt instruments are composed of the PWB bonds and PWB GIC.

### 9. Ontario Securities Commission Review

On May 25, 2018, the Ontario Securities Commission ("OSC") approved a Settlement Agreement with GRESP that included, among other terms, restrictions on Sam Bouji to participate in the operations or management of GRESP and requiring GRESP to prepare and maintain written policies and procedures designed to provide reasonable assurance that GRESP is complying with such terms.

In October 2018, Ian McPherson was appointed to the positions of Chief Executive Officer and Ultimate Designated Person of both GRESP and GGA1.

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