

Interim Financial Statements
(Unaudited)

Advanced Education Savings Plan

For the six months period ended September 30, 2017

Advanced Education Savings Plan

September 30, 2017

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Notification:

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

Advanced Education Savings Plan

Statements of Financial Position (Unaudited)

	As at September 30, 2017	As at March 31, 2017
	\$	\$
Assets		
Cash and cash equivalents	286,769	1,165,093
Investments - at fair value	1,441,774	-
Due from Legacy Education Savings Plan (LESP) (Note 3)	44,988	83,858
Due from the Fund Manager - Global Growth Assets Inc. (Note 3)	18,903	4,374
Grants Receivable	15,285	19,740
Interest receivable	1,573	-
	1,809,292	1,273,065
Liabilities		
Accounts Payable	-	4,050
Due to the Distributor - Global RESP Corporation (Note 3)	41,348	31,381
Net assets attributable to Subscribers and Beneficiaries	1,767,944	1,237,634
Net assets attributable to Subscribers and Beneficiaries represented by:		
Subscriber contributions (Note 4)	1,270,135	885,355
Accumulated government grants (Note 2)	434,819	307,915
Income on Grant, net transferred	14,914	10,303
Income on subscriber Contributions, net transferred	48,076	34,061
	1,767,944	1,237,634

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

"Hanane Bouji"

Hanane Bouji
Director

"Harold Wokin"

Harold Wokin
Director

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

Advanced Education Savings Plan

Statements of Comprehensive Income (Unaudited)

For the six month period ended September 30, 2017 and 2016

	Sept. 30, 2017	Sept. 30, 2016
	\$	\$
Revenue		
Interest income for educational assistance payments	3,220	-
Change in unrealized appreciation on investments	433	-
	3,653	-
Expenses		
Administration fees	19,657	9,068
Audit costs	9,068	4,006
Other charges	1,347	242
Absorption of Plan's expenses	(30,072)	(13,316)
	-	-
Increase in Net Assets attributable to Subscribers and Beneficiaries from Operations	3,653	-

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

Advanced Education Savings Plan

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

For the six month period ended September 30, 2017 and 2016

	Sept. 30, 2017	Sept. 30, 2016
	\$	\$
Net Assets Attributable to Subscribers and Beneficiaries, beginning of period	1,237,634	142,510
Increase in Net Assets attributable to Subscribers and Beneficiaries from Operations	3,653	-
Increase in Net Assets Attributable to Subscribers and Beneficiaries		
Subscriber contributions received	401,967	241,846
Government grants received (Note 2):		
Canada Education Savings Grants (CESG)	87,782	54,502
Canada Learning Bond (CLB)	38,700	44,995
British Columbia Training and Education Savings Grant (BCTESG)	800	2,400
Saskatchewan an Advantage Grant for Education Savings (SAGES)	292	-
Income on grants, net transferred	3,961	3,806
Income on subscriber contributions, net transferred	11,730	12,164
	545,232	359,713
Decrease in Net Assets attributable to Subscribers and Beneficiaries		
Refund of Subscriber contributions	(17,915)	(914)
Educational assistance payments:		
Government grants	(660)	-
	(18,575)	(914)
Net assets attributable to Subscribers and Beneficiaries, end of period	1,767,944	501,309

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

Advanced Education Savings Plan

Statement of Cash Flows

For the six month period ended September 30, 2017 and 2016

	Sept. 30, 2017	Sept. 30, 2016
		\$
Cash provided by (used in):		
Operating Activities		
Increase in Net assets attributable to Subscribers and Beneficiaries from operations	3,653	-
Items not involving cash:		
Change in unrealized appreciation on investments	(433)	-
Decrease (increase) in due from Legacy Education Savings Plan	38,870	(151,353)
Increase in due from Fund Manager - Global Growth Assets Inc.	(14,529)	(242)
Increase in interest receivable	(1,573)	-
Decrease in accounts payable	(4,050)	-
Increase in due to Distributor - Global RESP	9,906	15,581
Increase in due to Fund Manager - (GGA)	-	(242)
Purchase of investments	(1,441,280)	-
Decrease in grant receivable	4,455	6,183
	(1,404,981)	(130,073)
Financing Activities		
Subscriber contributions received, net of fees	384,052	240,932
Government grants received	126,914	101,897
Income on grants received	3,961	3,806
Income on subscriber contributions received	11,730	12,164
	526,657	358,799
Increase in cash	(878,324)	228,726
Cash, beginning of period	1,165,093	-
Cash, end of period	286,769	228,726
Supplemental cashflow information:		
Interest received	3,220	-

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

Advanced Education Savings Plan

Schedule of Investment Portfolio

As at September 30, 2017

	Par Value \$	Cost \$	Fair value \$
Subscribers' contribution invested - (63.10%)			
Provincial Securities - 51.50%			
Province of British Columbia Floating Rate Note January 10, 2020	280,000	280,504	280,647
Province of Quebec Floating Rate Note June 10, 2020	165,000	166,832	166,827
Province of Manitoba Floating Rate Note May 15, 2020	165,000	165,957	165,932
Province of Alberta Floating Rate Note June 15, 2020	165,000	165,611	165,694
Province of Nova Scotia Floating Rate Note June 15, 2020	110,000	110,242	110,284
		<u>889,146</u>	<u>889,384</u>
Financial Institution Securities - 11.60%			
Canadian Imperial Bank Floating Rate Note January 17, 2019	50,000	50,142	50,213
Royal Bank of Canada Floating Rate Note April 9, 2019	50,000	50,236	50,201
National Bank of Canada Floating Rate Note June 14, 2018	50,000	50,165	50,162
Toronto Dominion Bank Floating Rate Note March 28, 2018	50,000	50,150	50,148
		<u>200,693</u>	<u>200,724</u>
Total Subscriber contributions invested		<u>1,089,839</u>	<u>1,090,108</u>
Government Grants invested - (20.40%)			
Provincial Securities - 16.90%			
Province of British Columbia Floating Rate Note January 10, 2020	90,000	90,162	90,208
Province of Quebec Floating Rate Note June 10, 2020	55,000	55,611	55,609
Province of Manitoba Floating Rate Note May 15, 2020	55,000	55,319	55,311
Province of Alberta Floating Rate Note June 15, 2020	55,000	55,204	55,231
Province of Nova Scotia Floating Rate Note June 15, 2020	35,000	35,077	35,090
		<u>291,373</u>	<u>291,449</u>
Financial Institution Securities - 3.50%			
Canadian Imperial Bank Floating Rate Note January 17, 2019	15,000	15,043	15,064
Royal Bank of Canada Floating Rate Note April 9, 2019	15,000	15,071	15,060
National Bank of Canada Floating Rate Note June 14, 2018	15,000	15,049	15,049
Toronto Dominion Bank Floating Rate Note March 28, 2018	15,000	15,045	15,044
		<u>60,208</u>	<u>60,217</u>
Total Government Grants invested		<u>351,581</u>	<u>351,666</u>
Total Subscriber contributions and Government Grants invested - (83.50%)		1,441,420	1,441,774
Cash - 13.60%		236,776	236,776
Cash equivalent - 2.90%		49,671	49,993
Total Investment Portfolio		<u>1,727,867</u>	<u>1,728,543</u>

Advanced Education Savings Plan

Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2017

1. Organization and general

Advanced Education Savings Plan (the "Plan") was established on January 27, 2016. Global Educational Trust Foundation (the "Foundation") is the sponsor of the Plan. The Foundation is a not-for-profit organization, incorporated without share capital, under the laws of Canada. The Foundation retained Global Growth Assets Inc. ("GGA") 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 GGA 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.

The interim financial statements of the Plan were authorized for issuance by the Board of Directors of the Foundation and GGA on November 28, 2017.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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) Recognition, measurement and classification

The Plan's investments portfolio is designated at fair value through profit or loss ("FVTPL") and is measured at fair value. All other financial assets/liabilities are measured at amortized cost, and are classified as loans and receivables and other financial liabilities

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.

Changes in unrealized appreciation (depreciation) due to the revaluation of assets are recorded in net earnings for the period in which they arise. Financial assets classified as "loans and receivables" and financial liabilities classified as "other liabilities" are measured at their amortized cost using the effective interest method.

(b) Fair value measurement

The fair value of cash and cash equivalents, grants receivable, interest receivable, accounts receivable and accounts payable approximates their carrying value, due to their short-term maturities.

Investments in bonds are stated at fair values, determined using the bid price at period-end.

(c) 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.

Advanced Education Savings Plan

Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2017

2. Summary of significant accounting policies (continued)

(d) Impairment of financial assets

At each reporting date the Plan assesses whether there is objective evidence that financial assets at amortized cost are impaired. If such evidence exists, the Plan recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Cash and cash equivalents

Cash and cash equivalents consist of investments in money market securities and Government of Canada treasury bills maturing within ninety days from the date of purchase. These investments are carried at fair value.

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.

Realized gains and losses on disposal of investments and changes in unrealized appreciation and depreciation are recognized in the Statements of Comprehensive Income in the year when such gains or losses occur. Realized gains (losses) on investments are computed on an average cost basis. Unrealized appreciation and depreciation are not allocated to specific beneficiaries until they are realized by the Plan.

Income taxes

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

Future accounting changes

(a) Financial instruments

In July 2014, the International Accounting Standard Board ("IASB") issued IFRS 9, "Financial Instruments", which replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 adds a requirement for dealing with expected credit losses (impairment), amends classification and measurement requirements by adding a new measurement category of fair value through other comprehensive income and introduces a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Plan is still in the process of assessing the impact of this new standards on its financial statements.

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, 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 4 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.

Advanced Education Savings Plan

Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2017

2. Summary of significant accounting policies (continued)

Net assets attributable to subscribers and beneficiaries

(b) Government grants

Each child born on or after January 1, 2004 will be eligible for a Canada Learning Bond ("CLB") in each year that 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.

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.

3. Related party transactions

- In consideration for administrative services received, the Plan pays the fund manager (GGAI) management fees of 2.35% per annum on the Plan's assets.
- The Plan's receivables include \$44,988 (March 31, 2017 - \$83,858) receivable from Legacy Education Savings Plan for subscriber contributions and grants not yet allocated to the Plan and \$18,903 (March 31, 2017 - \$4,374) receivable from GGAJ for bank charges and fee rebates. The Plan's payables include \$41,287 (March 31, 2017 - \$31,381) payable to GRESP for processing and service fees.
- Special services fees paid from subscribers' contributions are remitted by the Foundation to GRESP. The fees principally relate to amounts charged to subscribers in respect of cheques returned and not honored.

4. Subscriber contributions

The changes in the subscriber contributions for the six months period ended September 30, 2017 and year ended March 31, 2017 are as follow:

	September 30, 2017	March 31, 2017
Balance, beginning period	885,355	103,991
Amount contributed by subscribers	410,696	828,794
Account maintenance fees	(3,840)	(6,948)
Insurance premiums	(336)	(248)
Special service fees	(3,825)	(15,270)
Refund of subscriber deposit	(17,915)	(24,964)
Balance, end of period	1,270,135	885,355

5. Capital risk management

The Plan's capital consists of the components of the net assets attributable to subscribers and beneficiaries as per the statement 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.

Advanced Education Savings Plan

Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2017

6. Fair value of financial instruments

Fair value measurements are classified in accordance within the fair value hierarchy (ie. Level 1,2,3). 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:

Assets measured at fair value as of September 30, 2017				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash equivalents	-	49,993	-	49,993
Fixed income securities	-	1,441,774	-	1,441,774
Total	-	1,491,767	-	1,491,767

There were no financial instruments that were transferred into or out of Level 1 or 2 during the six months ended September 30, 2017 and year ended March 31, 2017.

Assets measured at fair value as of March 31, 2017				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash equivalents	-	949,850	-	949,850
Total	-	949,850	-	949,850

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 investment managers. The investment managers regularly monitor the Plan's positions, market events and manage the investment portfolio within the constraints of the investment policy.

(a) 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.

Advanced Education Savings Plan

Notes to the financial statements (Unaudited)

For the six month period ended September 30, 2017

7. Risks management (continued)

(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, 2017:

	Sept. 30, 2017
	%
Less than 1 year	9.0
1-3 years	91.0
	100.0

As at September 30, 2017, management estimates that if prevailing interest rates had increased or decreased by 1% the total investment portfolio value would decrease by approximately \$1,600 or increase by approximately \$1,600, 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.

(b) 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 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, 2017, the Plan's credit exposure to long term debt instruments is as follows:

Bond Ratings	Sept. 30, 2017
	%
AAAH/AAA/AAH/AAL	54.7
AA/AH/A	45.3
Total debt securities	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.

(c) 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. Other financial liabilities are all due within one month.

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