

Knowledge First Financial

Family Group Education Savings Plan

(Education savings program provided by Knowledge First Foundation)

Financial Statements

**For the year ended December 31, 2018, the period from May 1, 2017 to December 31, 2017
and the year ended April 30, 2017**

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Family Group Education Savings Plan (the Plan) have been prepared by management and approved by the Board of Directors of Knowledge First Foundation. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

Knowledge First Foundation, through Knowledge First Financial Inc., its 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 judgements. The significant accounting policies, which management believe are appropriate for the Plan are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP is the independent auditor of the Plan. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Board of Directors of Knowledge First Foundation their opinion on the financial statements. Their report follows.



R. George Hopkinson
President and Chief Executive Officer
Mississauga, Ontario
March 20, 2019



Independent auditor's report

To the Board of Directors of Knowledge First Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Family Group Education Savings Plan (the Plan) as at December 31, 2018, December 31, 2017 and April 30, 2017 and its financial performance and its cash flows for the year ended December 31, 2018, the period from May 1, 2017 to December 31, 2017 and the year ended April 30, 2017 in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Plan's financial statements comprise:

- the statements of financial position as at December 31, 2018, December 31, 2017 and April 30, 2017;
 - the statements of comprehensive income for the year ended December 31, 2018, the period from May 1, 2017 to December 31, 2017 and the year ended April 30, 2017;
 - the statements of changes in net assets attributable to subscribers and beneficiaries for the year ended December 31, 2018, the period from May 1, 2017 to December 31, 2017 and the year ended April 30, 2017;
 - the statements of cash flows for the year ended December 31, 2018, the period from May 1, 2017 to December 31, 2017 and the year ended April 30, 2017; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
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Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 20, 2019

**FAMILY GROUP EDUCATION SAVINGS PLAN
STATEMENTS OF FINANCIAL POSITION**

As at December 31, 2018, December 31, 2017 and April 30, 2017

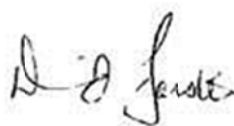
All amounts in Canadian dollars

	December 31, 2018	December 31, 2017	April 30, 2017
Assets			
Current Assets			
Cash	8,963,878	26,127,803	30,651,603
Investments (Note 5)	3,145,659,986	3,323,770,742	3,445,860,746
Receivable for investments sold	-	702,335	7,610,136
Government grants receivable	6,042,781	6,509,510	4,975,790
Interest and dividends receivable	17,267,552	15,646,091	27,095,332
Other receivables (Note 9)	1,004,972	-	2,958
	<u>3,178,939,169</u>	<u>3,372,756,481</u>	<u>3,516,196,565</u>
Liabilities			
Current Liabilities			
Payable for investments purchased	-	967,246	2,619,054
Principal payable to subscribers	50,716,666	47,234,985	46,299,166
Accounts payable and other liabilities (Notes 7 and 9)	8,578,315	9,999,473	10,884,225
	<u>59,294,981</u>	<u>58,201,704</u>	<u>59,802,445</u>
Net assets attributable to subscribers and beneficiaries (Note 6)	<u>3,119,644,188</u>	<u>3,314,554,777</u>	<u>3,456,394,120</u>

Approved by the Board of Directors of Knowledge First Foundation



_____, Director
Don Hunter



_____, Director
David Forster

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

**FAMILY GROUP EDUCATION SAVINGS PLAN
STATEMENTS OF COMPREHENSIVE INCOME**

For the year ended December 31, 2018, the period from May 1, 2017 to December 31, 2017
and the year ended April 30, 2017

All amounts in Canadian dollars

	Year ended Dec 31, 2018	Period ended Dec 31, 2017	Year ended Apr 30, 2017
Income			
Interest income	63,838,551	38,115,636	56,803,414
Dividend income	24,149,881	16,856,748	22,663,724
Other income	316,540	600,772	549,158
Other changes in fair value of investments:			
Net realized gains on investments	21,473,618	65,329,622	59,048,782
Net change in unrealized gains or (losses) on investments	(122,753,708)	(67,793,574)	73,817,115
Total income (net)	(12,975,118)	53,109,204	212,882,193
Expenses			
Administration fees (Note 9)	21,435,096	14,182,079	20,994,024
Investment counsel fees (Note 10)	3,629,804	2,995,160	4,171,215
Custodian fees	416,049	328,589	476,129
Independent review committee fees	88,904	90,815	82,527
Transaction costs	240,701	467,779	360,098
Total expenses	25,810,554	18,064,422	26,083,993
Increase (decrease) in net assets attributable to subscribers and beneficiaries	(38,785,672)	35,044,782	186,798,200

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

**FAMILY GROUP EDUCATION SAVINGS PLAN
STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SUBSCRIBERS AND
BENEFICIARIES**

For the year ended December 31, 2018, the period from May 1, 2017 to December 31, 2017 and the year ended April 30, 2017

All amounts in Canadian dollars

	Year ended Dec 31, 2018	Period ended Dec 31, 2017	Year ended Apr 30, 2017
Net assets attributable to subscribers and beneficiaries, beginning of period	3,314,554,777	3,456,394,120	3,351,504,964
Subscribers' contributions (Note 6)			
Contributions and transfers in	155,362,375	114,710,626	172,269,060
Return of contributions and transfers out	(184,588,813)	(173,460,636)	(170,336,032)
	(29,226,438)	(58,750,010)	1,933,028
Government grants			
Government grant contributions	44,030,772	33,989,683	48,720,853
Government grant repayments and transfers	(18,361,517)	(15,689,817)	(22,353,740)
Government grant payments to beneficiaries	(23,651,972)	(22,040,609)	(20,169,938)
	2,017,283	(3,740,743)	6,197,175
Accumulated income (Note 6)			
Increase in net assets attributable to subscribers and beneficiaries	(38,785,672)	35,044,782	186,798,200
Education Assistance Payments (EAP)	(73,519,340)	(67,883,475)	(57,795,717)
Deferred EAP	(5,516,625)	(5,662,322)	(5,498,118)
Payments of government grant income to beneficiaries	(17,834,114)	(15,782,532)	(14,209,040)
Payments of government grant income to educational institutions	(1,087,609)	(625,319)	(976,876)
Subscribers' equivalency transactions	1,117,980	1,442,875	4,151,186
Income transferred (out)/in, net	(32,076,054)	(25,882,599)	(15,710,682)
	(167,701,434)	(79,348,590)	96,758,953
Net assets attributable to subscribers and beneficiaries, end of period	3,119,644,188	3,314,554,777	3,456,394,120

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

**FAMILY GROUP EDUCATION SAVINGS PLAN
STATEMENTS OF CASH FLOWS**

For the year ended December 31, 2018, the period from May 1, 2017 to December 31, 2017
and the year ended April 30, 2017

All amounts in Canadian dollars

	Year ended Dec 31, 2018	Period ended Dec 31, 2017	Year ended Apr 30, 2017
Cash flows from (used in) operating activities			
	(38,785,672)	35,044,782	186,798,200
Adjustments for:			
Net realized gains on investments	(21,473,618)	(65,329,622)	(59,048,782)
Net change in unrealized (gains) or losses on investments	122,753,708	67,793,574	(73,817,115)
Amortization of bond discounts/premiums	9,437,289	10,532,890	19,150,433
Purchases of investments	(4,853,886,567)	(3,738,101,057)	(2,633,539,350)
Proceeds from sale or maturity of investments	4,921,015,033	3,852,450,212	2,654,877,600
Interest and dividends receivable	(1,621,461)	11,449,241	415,920
Other receivable	(1,004,972)	2,958	17,497
Accounts payable and other liabilities	(1,858,495)	(531,901)	705,965
Net cash flow from operating activities	134,575,245	173,311,077	95,560,368
Cash flows from (used in) financing activities			
Subscribers' contributions	155,362,375	114,710,626	172,269,060
Return of subscribers' contributions	(181,107,132)	(172,524,817)	(166,377,354)
Government grant receipts	44,497,501	32,455,963	51,066,054
Government grant repayments	(18,361,517)	(15,689,817)	(15,270,441)
Government grant payments to beneficiaries	(23,651,972)	(22,040,609)	(20,169,938)
Income payments to beneficiaries			
Education Assistance Payments	(79,035,965)	(73,545,797)	(63,293,835)
Government Grants	(17,834,114)	(15,782,532)	(14,209,040)
Income transferred out	(32,076,054)	(25,882,599)	(22,793,981)
Subscribers' equivalency transactions	1,117,980	1,442,875	4,151,186
Income payments to educational institutions from government grants	(650,272)	(978,170)	(970,956)
Net cash used in financing activities	(151,739,170)	(177,834,877)	(75,599,245)
Net (decrease) increase in cash	(17,163,925)	(4,523,800)	19,961,123
Cash, beginning of period	26,127,803	30,651,603	10,690,480
Cash, end of period	8,963,878	26,127,803	30,651,603
Supplementary Information			
Interest received *	72,584,060	64,295,423	76,246,011
Dividends received *	24,517,131	12,659,092	22,787,480

* Included in operating activities

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

**FAMILY GROUP EDUCATION SAVINGS PLAN
SCHEDULE OF INVESTMENT PORTFOLIO**

As at December 31, 2018

All amounts in Canadian dollars

Bond Name	Coupon %	Maturity Date	Par Value \$	Cost \$	Fair Value \$
FEDERAL (16.4%)					
GOVERNMENT OF CANADA	2.50%	2024-06-01	88,300,000	90,744,146	91,009,044
GOVERNMENT OF CANADA	2.75%	2048-12-01	1,810,000	1,978,558	2,035,526
GOVERNMENT OF CANADA	2.25%	2025-06-01	23,020,000	23,593,607	23,485,925
GOVERNMENT OF CANADA	1.50%	2026-06-01	67,510,000	64,008,303	65,494,151
GOVERNMENT OF CANADA	1.00%	2027-06-01	2,029,000	1,844,716	1,880,640
GOVERNMENT OF CANADA	2.00%	2028-06-01	65,600,000	62,841,887	65,800,080
GOVERNMENT OF CANADA	4.25%	2021-12-01	4,235,000	8,082,384	7,538,677
GOVERNMENT OF CANADA	5.75%	2029-06-01	46,535,000	62,301,154	62,869,716
GOVERNMENT OF CANADA	5.75%	2033-06-01	15,000,000	20,802,249	21,839,700
CANADA HOUSING TRUST	2.35%	2023-09-15	20,000,000	20,011,378	20,057,000
CANADA HOUSING TRUST	3.15%	2023-09-15	46,055,000	48,907,644	47,817,525
CANADA HOUSING TRUST	2.90%	2024-06-15	61,450,000	64,362,230	63,173,673
CANADA HOUSING TRUST	1.90%	2026-09-15	33,635,000	32,122,147	32,328,953
CANADA HOUSING TRUST	2.65%	2028-12-15	2,000,000	1,972,706	2,020,620
CANADA HOUSING TRUST	2.55%	2023-12-15	7,690,000	7,646,913	7,775,513
PSP CAPITAL INC	3.29%	2024-04-04	615,000	614,888	638,462
				<u>511,834,910</u>	<u>515,765,205</u>
PROVINCIAL (20.6%)					
CENTRE HOSPITALIER DE L'UNIVERSITE DE MONTREAL	4.45%	2049-10-01	800,000	839,219	939,752
HYDRO-QUEBEC	2.39%	2019-12-01	251,000	252,143	251,894
PROVINCE OF ALBERTA	2.35%	2025-06-01	78,500,000	78,055,175	76,981,810
PROVINCE OF ALBERTA	3.05%	2048-12-01	1,360,000	1,293,266	1,300,296
PROVINCE OF ALBERTA	3.90%	2033-12-01	1,110,000	1,262,067	1,207,958
PROVINCE OF BRITISH COLUMBIA	2.85%	2025-06-18	13,000,000	13,283,227	13,230,230
PROVINCE OF BRITISH COLUMBIA	8.00%	2023-09-08	15,320,000	18,000,343	19,071,868
PROVINCE OF BRITISH COLUMBIA	5.70%	2029-06-18	41,110,000	53,285,902	51,696,236
PROVINCE OF BRITISH COLUMBIA	3.30%	2023-12-18	7,865,000	8,314,734	8,182,864
PROVINCE OF NEW BRUNSWICK	3.10%	2048-08-14	249,000	251,598	235,405
PROVINCE OF NEWFOUNDLAND	2.30%	2025-06-02	5,000,000	5,002,692	4,877,100
PROVINCE OF ONTARIO	2.85%	2023-06-02	19,624,000	19,878,262	19,949,170
PROVINCE OF ONTARIO	3.50%	2024-06-02	27,020,000	28,283,864	28,319,932
PROVINCE OF ONTARIO	2.60%	2025-06-02	107,560,000	108,948,046	107,351,334
PROVINCE OF ONTARIO	1.95%	2023-01-27	641,000	642,236	630,712
PROVINCE OF ONTARIO	2.40%	2026-06-02	75,117,000	74,785,663	73,517,008

PROVINCE OF ONTARIO	2.80%	2048-06-02	1,864,000	1,745,487	1,727,182
PROVINCE OF ONTARIO	2.60%	2027-06-02	46,660,000	46,738,005	46,016,092
PROVINCE OF ONTARIO	6.50%	2029-03-08	13,710,000	18,436,035	18,015,626
PROVINCE OF ONTARIO	4.20%	2020-06-02	4,235,000	4,389,629	4,362,389
PROVINCE OF ONTARIO	2.90%	2049-06-02	2,708,000	2,519,641	2,564,151
PROVINCE OF QUEBEC	3.50%	2022-12-01	56,625,000	58,026,052	59,045,719
PROVINCE OF QUEBEC	3.00%	2023-09-01	25,875,000	25,573,323	26,512,301
PROVINCE OF QUEBEC	3.75%	2024-09-01	8,306,000	8,858,504	8,844,478
PROVINCE OF QUEBEC	3.50%	2048-12-01	2,548,000	2,635,674	2,726,564
PROVINCE OF QUEBEC	2.50%	2026-09-01	12,100,000	12,100,907	11,960,487
PROVINCE OF SASKATCHEWAN	6.35%	2030-01-25	4,722,000	6,246,778	6,195,500
PROVINCE OF SASKATCHEWAN	3.20%	2024-06-03	39,020,000	39,629,973	40,289,711
PROVINCE OF SASKATCHEWAN	2.55%	2026-06-02	10,000,000	9,994,787	9,872,000
PROVINCE OF SASKATCHEWAN	2.65%	2027-06-02	1,710,000	1,662,682	1,690,027
SINAI HEALTH SYSTEM CANADA	3.53%	2056-06-09	695,000	695,000	674,522
				<u>651,630,914</u>	<u>648,240,318</u>

CORPORATE (34.8%)

407 INTERNATIONAL INC	3.65%	2044-09-08	8,600,000	8,818,076	8,378,034
407 INTERNATIONAL INC	3.72%	2048-05-11	2,012,000	2,012,000	1,980,734
407 INTERNATIONAL INC	6.47%	2029-07-27	10,000,000	13,020,694	12,926,000
ABC SCHOOLS PARTNERSHIP	4.25%	2043-12-31	639,605	639,605	647,165
AIMCO RLTY INVS LP	3.37%	2027-06-01	4,100,000	4,100,000	4,142,538
ALBERTA POWERLINE LTD PARTNERSHIP	4.07%	2053-12-01	450,000	450,000	452,932
ALBERTA POWERLINE LTD PARTNERSHIP	4.07%	2054-03-01	1,600,000	1,610,385	1,649,456
ALECTRA INC	2.49%	2027-05-17	15,000,000	14,428,669	14,397,075
ALTALINK LP	4.05%	2044-11-21	3,788,000	4,015,883	3,919,728
ALTALINK LP	3.72%	2046-12-03	3,738,000	3,907,588	3,657,596
ALTALINK LP	3.99%	2042-06-30	2,021,000	2,101,765	2,068,200
ALTALINK LP	4.92%	2043-09-17	6,000,000	7,144,070	7,031,520
BANK OF MONTREAL	2.89%	2023-06-20	11,710,000	11,709,137	11,701,042
BANK OF MONTREAL	3.19%	2028-03-01	48,690,000	48,273,829	48,872,831
BANK OF MONTREAL	3.32%	2026-06-01	19,605,000	19,776,011	19,655,483
BANK OF MONTREAL	2.57%	2027-06-01	45,665,000	44,883,328	44,433,415
BANK OF NOVA SCOTIA	2.58%	2027-03-30	8,240,000	8,059,292	8,029,550
BANK OF NOVA SCOTIA	3.37%	2025-12-08	39,095,000	39,440,952	39,324,683
BANK OF NOVA SCOTIA	3.10%	2028-02-02	24,290,000	24,134,358	24,089,729
BANK OF NOVA SCOTIA	1.83%	2022-04-27	10,525,000	10,168,353	10,181,517
BANK OF NOVA SCOTIA	2.29%	2024-06-28	16,325,000	16,283,439	15,723,587
BANK OF NOVA SCOTIA	2.98%	2023-04-17	11,800,000	11,797,113	11,822,774
BLACKBIRD INFRASTRUCTURE 407 GP	3.76%	2047-06-30	407,000	407,000	410,639
BRIDGING NORTH AMER GEN PARTNERSHIP	4.02%	2038-05-31	8,052,000	8,144,615	8,507,663
BROOKFIELD RENEWABLE KWAGIS HLDG INC	4.45%	2053-12-31	2,100,000	2,100,000	2,000,775

CANADIAN IMPERIAL BANK OF COMMERCE	3.30%	2025-05-26	13,175,000	13,254,302	13,360,109
CANADIAN IMPERIAL BANK OF COMMERCE	2.97%	2023-07-11	17,650,000	17,658,756	17,681,064
CANADIAN IMPERIAL BANK OF COMMERCE	3.42%	2026-01-26	43,500,000	43,887,576	43,657,688
CANADIAN IMPERIAL BANK OF COMMERCE	3.45%	2028-04-04	7,345,000	7,332,943	7,248,634
CANADIAN NATL RAILWAY	3.95%	2045-09-22	2,000,000	2,141,681	2,066,930
CANADIAN NATL RAILWAY	3.60%	2047-08-01	10,299,000	10,408,862	10,032,513
CANADIAN NATL RAILWAY	3.60%	2048-07-31	3,535,000	3,467,430	3,441,782
CAPITAL CITY LINK GEN PARTNERSHIP	4.39%	2046-03-31	5,543,701	5,669,734	5,933,201
CAPITAL DESJARDINS INC	5.19%	2020-05-05	5,000,000	5,179,885	5,156,950
CAPITAL DESJARDINS INC	4.95%	2026-12-15	25,495,000	27,501,677	26,847,892
COMBER WIND FINANCIAL	5.13%	2030-11-15	622,939	622,941	673,740
CORDELIO AMALCO GP	4.09%	2034-09-30	2,062,000	2,062,000	2,107,044
CORDELIO AMALCO GP	4.09%	2034-06-30	2,062,000	2,062,000	2,103,981
CSS FSCC PARTNERSHIP	6.92%	2042-07-31	2,981,080	3,810,509	3,883,721
DAIMLER CANADA FINANCE	1.91%	2021-07-08	13,598,000	13,417,944	13,239,353
DAIMLER CANADA FINANCE	2.23%	2021-12-16	8,493,000	8,329,517	8,296,175
DAIMLER CANADA FINANCE	3.30%	2022-08-16	10,065,000	10,072,770	10,098,516
DEERE JOHN CR INC	3.07%	2021-07-23	5,200,000	5,198,481	5,229,718
FAIR HYDRO TRUST	3.36%	2033-05-15	8,848,000	8,848,000	8,946,699
FIRST CAP REALTY INC	3.90%	2023-10-30	3,200,000	3,285,188	3,221,824
FIRST CAP REALTY INC	4.79%	2024-08-30	20,700,000	22,016,038	21,669,485
FIRST CAP REALTY INC	4.32%	2025-07-31	9,420,000	9,752,919	9,593,516
FIRST CAP REALTY INC	3.60%	2026-05-06	4,900,000	4,846,950	4,755,230
FIRST CAP REALTY INC	3.75%	2027-07-12	5,000,000	4,893,660	4,881,825
FORD CREDIT CANADA	3.28%	2021-07-02	10,617,000	10,713,086	10,351,363
FORD CREDIT CANADA	2.77%	2022-06-22	27,069,000	26,713,409	25,412,377
FORD CREDIT CANADA	3.35%	2022-09-19	26,129,000	26,239,959	24,836,006
FORD CREDIT CANADA	2.71%	2022-02-23	3,385,000	3,325,285	3,200,924
GRAND RENEWABLE SOLAR LP	3.93%	2035-01-31	491,409	487,973	492,898
GRANDLINQ GP	4.77%	2047-03-31	664,979	664,979	713,735
HEALTH MONTREAL COLLECTIVE LTD PARTNERSHIP	6.72%	2049-09-30	15,151,000	19,739,770	19,747,207
HSBC BANK CANADA	2.17%	2022-06-29	17,660,000	17,401,426	17,153,070
HSBC BANK CANADA	2.54%	2023-01-31	4,972,000	4,929,791	4,860,652
HSBC BANK CANADA	3.25%	2023-09-15	42,415,000	42,462,949	42,492,619
HYDRO ONE INC	5.00%	2046-10-19	1,506,000	1,850,650	1,778,571
HYDRO ONE INC	3.63%	2049-06-25	10,250,000	10,092,557	9,718,384
HYDRO ONE INC	4.39%	2041-09-26	7,180,000	8,119,034	7,686,262
HYDRO ONE INC	7.35%	2030-06-03	1,042,000	1,458,117	1,386,006
INPOWER BC GEN PARTNERSHIP	4.47%	2033-03-31	5,000,000	5,242,700	5,333,300
INTEGRATED TEAM SOLUTIONS PCH PARTNERSHIP	4.88%	2046-05-31	2,074,463	2,238,860	2,301,077
INTEGRATED TEAM SOLUTIONS SJHC PARTNERSHIP	5.95%	2042-11-30	1,731,711	2,037,870	2,173,280
KINGSTON SOLAR LP	3.57%	2035-07-31	336,997	329,321	329,765
LOWER MATTAGAMI ENERGY	4.18%	2046-02-23	1,226,000	1,223,380	1,284,793

LOWER MATTAGAMI ENERGY	2.31%	2026-10-21	15,320,000	14,695,851	14,460,318
MANUFACTURERS LIFE INSUR	3.18%	2027-11-22	16,462,000	16,751,527	16,531,634
MANULIFE FINL CORP	3.32%	2028-05-09	23,210,000	23,202,625	23,061,456
MELANCTHON WOLFE WIND LP	3.83%	2028-12-31	288,710	290,628	293,488
NORTH BATTLEFORD POWER LP	4.96%	2032-12-31	1,146,119	1,242,942	1,262,553
NORTH WEST REDWATER PARTNERSHIP	4.05%	2044-07-22	816,000	818,519	797,142
NORTH WEST REDWATER PARTNERSHIP	2.10%	2022-02-23	4,075,000	3,995,298	3,954,645
NORTH WEST REDWATER PARTNERSHIP	4.75%	2037-06-01	7,500,000	8,497,956	8,151,675
NORTH WEST REDWATER PARTNERSHIP	4.35%	2039-01-10	398,000	422,489	408,672
NORTH WEST REDWATER PARTNERSHIP	3.65%	2035-06-01	725,000	728,993	699,650
NORTHWESTCONNECT GEN PARTNERSHIP	5.95%	2041-04-30	696,451	817,199	841,306
NOUVELLE AUTOROUTE 30 FINANCEMENT INC	4.12%	2042-06-30	5,572,000	5,572,000	5,676,614
OMERS RLTY CORP	3.33%	2024-11-12	13,830,000	14,126,899	14,064,833
OMERS RLTY CORP	3.24%	2027-10-04	20,145,000	20,137,642	20,202,615
PEMBINA PIPELINE CORP	4.81%	2044-03-25	658,000	665,973	633,917
PEMBINA PIPELINE CORP	4.02%	2028-03-27	1,475,000	1,489,260	1,473,223
PLENARY HEALTH BRIDGEPOINT LP	7.25%	2042-08-31	1,348,640	1,879,779	1,844,643
PLENARY HEALTH HAMILTON LP	5.80%	2043-05-31	4,083,878	4,831,292	4,977,880
PLENARY HLTH CARE HUMBER	4.90%	2039-05-31	9,648,324	10,772,320	10,809,210
PLENARY PPTYS LTAP LP	6.29%	2044-01-31	1,997,988	2,567,454	2,572,969
RAINBOW HOSP PARTNERSHIP	4.99%	2044-03-31	2,785,840	2,845,847	2,997,748
RIOCAN REAL ESTATE INVT TRUST	3.72%	2021-12-13	3,210,000	3,296,083	3,249,611
RIOCAN REAL ESTATE INVT TRUST	3.75%	2022-05-30	4,310,000	4,320,904	4,365,922
RIOCAN REAL ESTATE INVT TRUST	3.29%	2024-02-12	10,000,000	10,021,087	9,814,550
ROYAL BANK OF CANADA	3.45%	2026-09-29	48,660,000	49,268,572	48,876,537
ROYAL BANK OF CANADA	2.33%	2023-12-05	11,445,000	11,065,851	11,124,597
ROYAL BANK OF CANADA	2.36%	2022-12-05	4,590,000	4,501,801	4,507,724
SGTP HWY BYPASS LTD PARTNERSHIP	4.11%	2045-01-31	3,809,000	3,853,587	3,960,751
SGTP HWY BYPASS LTD PARTNERSHIP	4.16%	2049-07-31	414,000	414,000	435,329
SNC LAVALIN INNISFREE MCGILL FIN INC	6.63%	2044-06-30	7,456,725	9,380,286	9,635,095
SPY HILL POWER LP	4.14%	2036-03-31	516,586	516,587	523,079
SSL FINANCE INC	4.10%	2045-10-31	6,252,000	6,386,446	6,508,269
TERANET HOLDINGS LP	5.75%	2040-12-17	10,275,000	10,812,067	10,430,204
TERANET HOLDINGS LP	6.10%	2041-06-17	3,228,000	3,572,730	3,418,630
THP PARTNERSHIP	4.39%	2046-10-31	5,213,178	5,480,331	5,597,546
TORONTO HYDRO CORP	2.52%	2026-08-25	5,000,000	4,879,666	4,812,750
TORONTO-DOMINION BANK	4.86%	2031-03-04	7,585,000	8,210,910	8,035,018
TORONTO-DOMINION BANK	3.22%	2029-07-25	57,840,000	57,824,777	56,783,263
TORONTO-DOMINION BANK	3.59%	2028-09-14	12,335,000	12,335,000	12,283,686
TORONTO-DOMINION BANK	3.01%	2023-05-30	9,030,000	9,030,000	9,095,603
TRANSCANADA TRUST	4.65%	2077-05-18	18,312,000	17,574,179	16,439,506
TRILLIUM WINDPOWER LP	5.80%	2033-02-15	1,744,558	1,964,004	1,983,022
				<u>1,099,480,402</u>	<u>1,088,981,428</u>

SHORT TERM SECURITIES (0.9%)

GOVERNMENT OF CANADA TREASURY BILL	0.00%	2019-01-10	4,650,000	4,647,952	4,648,187
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2019-02-07	13,795,000	13,771,711	13,772,380
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2019-03-07	1,430,000	1,425,796	1,425,839
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2019-02-21	580,000	578,620	578,683
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2019-01-03	100,000	99,986	99,992
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2019-01-04	9,085,000	9,083,291	9,083,819
				<u>29,607,356</u>	<u>29,608,900</u>

TOTAL DEBT**2,292,553,582 2,282,595,851****EQUITIES**

of Shares

Cost \$

Fair Value \$

COMMUNICATION SERVICES (0.3%)

AIMIA INC		31,100	119,426	114,759
BCE INC		10,800	606,165	582,444
COGECO INC		400	25,306	23,296
COGECO COMMUNICATIONS INC		14,500	1,043,245	953,810
CORUS ENTMT INC Class B		300	1,409	1,428
QUEBECOR INC Class B		219,500	4,513,413	6,308,430
ROGERS COMMUNICATIONS INC Class B		2,200	149,662	153,912
TELUS CORP		3,700	174,889	167,425
YELLOW PAGES CANADA		200	1,926	1,218
			<u>6,635,441</u>	<u>8,306,722</u>

CONSUMER DISCRETIONARY (0.4%)

A & W REV ROYALTIES INCOME FD		400	14,037	13,652
ARITZIA INC		33,500	604,155	549,400
BRP INC		54,500	2,453,184	1,926,030
BOSTON PIZZA ROYALTIES		1,100	17,775	16,621
CANADA GOOSE HOLDINGS INC		27,800	2,038,020	1,659,104
CANADIAN TIRE CORP Class A		15,000	2,228,505	2,141,100
DIVERSIFIED ROYALTY CORP		1,200	3,552	3,396
DOLLARAMA INC		83,000	3,249,114	2,695,010
GILDAN ACTIVEWEAR INC		23,900	921,257	990,416
GREAT CANADIAN GAMING CORP		40,100	1,220,488	1,919,587
KEG ROYALTIES INCOME FUND		500	8,523	8,045
LEON'S FURNITURE LTD		100	1,805	1,503
MTY FOOD GROUP INC		7,500	505,717	454,800
MARTINREA INTERNATIONAL INC		75,700	1,092,074	822,102
PIZZA PIZZA ROYALTY CORP		100	924	895
RECIPE UNLIMITED CORP		200	5,712	5,234
RESTAURANT BRANDS INTL INC		1,600	117,935	114,112
			<u>14,482,777</u>	<u>13,321,007</u>

CONSUMER STAPLES (0.2%)

ALCANNA INC	100	903	421
ALIMENTATION COUCHE-TARD INC Class B	200	13,807	13,582
ANDREW PELLER LTD Class A	4,500	76,521	61,605
CORBY SPIRIT AND WINE LTD	2,000	42,003	37,100
COTT CORPORATION	44,900	922,771	853,549
EMPIRE CO LTD Class A	98,400	2,274,566	2,836,872
LASSONDE INDS INC Class A	300	73,644	59,766
LOBLAW COS LTD	1,100	57,679	67,221
MAPLE LEAF FOODS INC	123,800	3,405,069	3,383,454
METRO INC	2,900	130,632	137,286
NORTH WEST CO INC	12,400	372,350	389,608
ROGERS SUGAR INC	1,600	8,772	8,704
SUNOPTA INC	100	923	528
WESTON GEORGE LTD	27	2,624	2,431
		<hr/>	
		7,382,264	7,852,127
		<hr/>	

ENERGY (1.0%)

AFRICA OIL CORP	90	177	97
ATHABASCA OIL CORP	53,600	76,173	53,064
BAYTEX ENERGY CORP	300	1,301	723
BONAVISTA ENERGY CORP	1,100	3,384	1,320
CAMECO CORP	61,700	813,854	955,116
CREW ENERGY INC	200	515	172
ENBRIDGE INC	85,400	4,288,248	3,621,814
ENCANA CORP	29,400	476,648	231,672
ENERPLUS CORP	200,700	2,855,138	2,131,434
ENSIGN ENERGY SERVICES INC	100	605	479
FREEHOLD ROYALTIES LTD	100	1,058	827
GEAR ENERGY LTD	8,700	11,064	4,959
GIBSON ENERGY INC	58,400	1,099,639	1,090,912
GRAN TIERRA ENERGY INC	220,600	847,065	657,388
HUSKY ENERGY INC	79,100	1,427,973	1,116,101
IMPERIAL OIL LTD	7,100	287,652	245,589
INTER PIPELINE LTD	46,900	1,167,039	907,046
INTERNATIONAL PETE CORP CANADA	7,766	51,989	33,782
KINDER MORGAN CANADA LTD	1,700	26,436	27,081
MEG ENERGY CORP	57,900	541,419	446,409
OBSIDIAN ENERGY LTD	125,000	224,092	63,750
PAREX RESOURCES INC	196,300	3,260,182	3,209,505
PARKLAND FUEL CORP	51,000	2,143,615	1,802,340
PASON SYSTEMS INC	47,200	879,572	863,288
PEMBINA PIPELINE CORP	6,400	291,699	259,264
PENGROWTH ENERGY CORP	456	951	274

PHX ENERGY SVCS CORP	300	931	708
PRECISION DRILLING CORP	100	456	237
SUNCOR ENERGY INC	244,100	10,824,771	9,307,533
SURGE ENERGY INC	400	905	588
TERVITA CORP NEW	100	902	628
TRANSCANADA CORP	67,900	4,025,568	3,310,125
TRANSGLOBE ENERGY CORP	8,500	31,732	21,590
		<u>35,662,753</u>	<u>30,365,815</u>

FINANCIALS (1.9%)

BANK OF MONTREAL	61,700	5,785,436	5,503,023
BANK OF NOVA SCOTIA	61,700	4,535,155	4,198,685
CANACCORD GENUITY GROUP INC	96,800	622,398	558,536
CANADIAN IMPERIAL BANK OF COMMERCE	67,500	7,057,004	6,863,400
CANADIAN WESTERN BANK	71,100	2,212,378	1,851,444
CHESSWOOD GROUP LTD	500	5,781	5,195
CURRENCY EXCHANGE INTERNATIONAL	45	1,260	1,204
ECN CAPITAL CORP	5,500	18,969	18,975
ELEMENT FLEET MANAGEMENT CORP	2,800	21,517	19,348
FIERA CAP CORP Class A	200	2,607	2,258
GENWORTH MI CANADA INC	35,400	1,376,019	1,423,080
GMP CAP INC	1,000	2,038	1,880
GREAT WEST LIFECO INC	200	6,186	5,636
GUARDIAN CAPITAL GROUP LTD Class A	97	2,445	2,140
INDUSTRIAL ALLIANCE INSURANCE	73,800	3,935,933	3,215,466
INTACT FINL CORP	100	10,337	9,919
MANULIFE FINANCIAL CORP	63,600	1,531,090	1,231,932
NATIONAL BANK OF CANADA	60,600	3,314,253	3,396,630
ONEX CORPORATION	900	82,978	66,915
POWER CORP OF CANADA	1,400	39,304	34,342
ROYAL BANK OF CANADA	144,700	13,106,149	13,520,768
SUN LIFE FINANCIAL INC	47,200	2,219,805	2,137,688
TMX GROUP LTD	27,000	1,966,418	1,909,710
TORONTO-DOMINION BANK	181,800	12,168,453	12,336,948
TRISURA GROUP LTD	700	18,350	18,270
		<u>60,042,263</u>	<u>58,333,392</u>

HEALTH CARE (0.1%)

BAUSCH HEALTH COS INC	131,700	3,064,936	3,325,425
CRH MEDICAL CORP	36,400	180,670	152,152
CANOPY GROWTH CORP	10,300	438,799	377,083
EXTENDICARE INC	80,800	691,955	513,080
KNIGHT THERAPEUTICS INC	700	6,018	5,383
		<u>4,382,378</u>	<u>4,373,123</u>

INDUSTRIALS (1.1%)

AG GROWTH INTERNATIONAL INC	2,600	145,162	121,680
ATS AUTOMATION TOOLING SYSTEMS INC	50,000	970,233	719,500
AECON GROUP INC	28,900	537,655	508,929
AIR CANADA	90,500	1,732,742	2,349,380
BLACK DIAMOND GROUP LTD	9,300	34,188	19,437
BOMBARDIER INC Class B	90,400	247,829	183,512
CAE INC	198,900	4,211,865	4,990,401
CANADIAN NATL RAILWAY CO	99,800	10,387,687	10,090,778
CANADIAN PACIFIC RAILWAY LTD	23,400	6,092,821	5,668,416
CARGOJET INC	4,100	289,286	290,239
CERVUS EQUIPMENT CORPORATION	200	2,712	2,550
FINNING INTERNATIONAL INC	2,200	65,806	52,360
HEROUX-DEVTEK INC	100	1,272	1,293
HORIZON NORTH LOGISTICS INC	11,400	31,493	20,520
IBI GROUP INC	1,300	5,868	5,668
MORNEAU SHEPELL INC	27,100	574,060	678,584
NFI GROUP INC	27,700	1,188,400	942,908
RUSSEL METALS INC	44,200	1,233,713	942,786
STUART OLSON INC	200	1,492	996
TFI INTERNATIONAL INC	45,200	1,983,522	1,595,560
THOMSON REUTERS CORP	23,700	1,349,212	1,562,541
TOROMONT INDS LTD	7,500	486,754	406,950
TRANSCONTINENTAL INC Class A	25,400	610,220	490,220
WSP GLOBAL INC	200	13,177	11,734
WAJAX CORP	1,400	34,580	23,212
WASTE CONNECTIONS INC	16,900	1,718,788	1,712,477
WESTSHORE TERMINALS INV	94,800	2,388,786	1,950,984
		<u>36,339,323</u>	<u>35,343,615</u>

INFORMATION TECHNOLOGY (0.6%)

ABSOLUTE SOFTWARE CORP	10,000	80,002	77,400
BLACKBERRY LTD	3	44	29
CELESTICA INC	115,100	1,682,433	1,376,596
CONSTELLATION SOFTWARE INC	8,600	4,907,267	7,515,196
DESCARTES SYSTEMS GRP	29,600	1,013,288	1,066,488
ENGHOUSE SYSTEMS LTD	3,100	221,897	205,871
EVERTZ TECHNOLOGIES LTD	1,400	23,822	22,666
CGI GROUP INC	82,600	5,453,255	6,897,100
KINAXIS INC	6,600	545,531	434,940
OPEN TEXT CORP	9,400	442,060	418,300
QUARTERHILL INC	2,100	3,748	2,793
SOLIUM CAPITAL INC	20,700	220,596	244,053

		14,593,943	18,261,432
MATERIALS (0.8%)			
5N PLUS INC	3,200	10,591	9,920
ARGONAUT GOLD INC	400	647	624
ASANKO GOLD INC	100	143	87
B2GOLD CORP	18,500	63,408	73,815
BARRICK GOLD CORP	243,600	4,462,371	4,489,548
CANFOR CORP	200	3,385	3,306
CANFOR PULP PRODUCTS INC	22,100	534,182	358,241
CAPSTONE MINING CORP	300	277	183
CASCADES INC	29,400	371,960	300,762
CENTERRA GOLD INC	600	3,156	3,516
CONTINENTAL GOLD INC	103	462	232
DETOUR GOLD CORP	800	8,883	9,224
DUNDEE PRECIOUS METALS INC	5,000	17,223	18,000
ENDEAVOUR SILVER CORP	100	420	294
FIRST MAJESTIC SILVER CORP	7	68	56
GOLDEN STAR RES LTD CANADA	300	1,444	1,302
IAMGOLD CORP	1,800	9,546	9,018
INTERFOR CORP	27,600	523,264	397,992
KIRKLAND LAKE GOLD LTD	104,000	2,628,539	3,702,400
LABRADOR IRON ORE ROYALTY CO	103,900	1,755,703	2,518,536
LARGO RES LTD	100,700	384,120	284,981
LUNDIN MINING CORP	341,100	2,674,146	1,923,804
METHANEX CORP	62,800	4,251,211	4,123,448
NEVSUN RES LTD	34,300	197,869	205,457
NEW GOLD INC	168	797	176
NORBORD INC	44,300	1,865,242	1,608,090
NOVAGOLD RESOURCES INC	8	39	43
NUTRIEN LTD	500	36,247	32,060
OCEANAGOLD CORP	2,300	8,790	11,454
PAN AMERICAN SILVER CORP	131,400	2,491,024	2,618,802
SABINA GOLD & SILVER CORP	48	107	59
SSR MNG INC	12,500	176,509	206,250
TECK RESOURCES LTD Class B	59,600	1,558,080	1,751,644
TERANGA GOLD CORP	300	1,176	1,209
WESDOME GOLD MINES LTD	89,700	339,381	397,371
WEST FRASER TIMBER CO LTD	14,800	930,067	998,112
YAMANA GOLD INC	90,300	298,880	289,863
		<u>25,609,357</u>	<u>26,349,879</u>

REAL ESTATE (0.5%)

AGELLAN COMMERCIAL REIT	100	1,346	1,411
ALLIED PROPERTIES REIT	8,500	378,990	376,720
AUTOMOTIVE PROPERTIES BROOKFIELD PROPERTY PARTNERS LP(BM)	1,400	14,355	12,558
1,700	39,339	37,434	
BTB REAL ESTATE INVESTMENT TRUST	12,400	56,402	53,940
CAN APARTMENT PROP REIT	60,300	2,548,749	2,671,290
CHOICE PPTYS REAL ESTATE INVT TRUST	9,900	119,958	114,048
COLLIERS INTERNATIONAL GROUP INC	12,500	927,617	941,125
CROMBIE REIT	8,700	115,004	108,924
CT REAL ESTATE INVT TRUST	3,600	44,130	41,508
DREAM GLOBAL REIT	85,000	1,125,242	1,011,500
DREAM INDUSTRIAL REIT	25,000	250,288	238,000
DREAM OFFICE REIT	31,900	715,316	711,051
FIRST CAPITAL REALTY INC	15,300	312,743	288,405
FIRSTSERVICE CORP	10,600	898,928	993,114
GRANITE REIT	40,600	2,101,095	2,160,326
H&R REAL ESTATE INVT TRUST	15,600	324,943	322,140
INOVALIS REIT	5,000	50,060	47,250
INTERRENT REIT	77,400	894,294	1,010,070
KILLAM APARTMENT REIT	118,900	1,783,007	1,895,266
MORGUARD NORTH AMERICAN RESIDENTIAL REAL ESTATE	100	1,653	1,715
MORGUARD REIT	1,000	11,195	11,400
NORTHVIEW APARTMENT REIT	46,200	1,192,800	1,130,976
NORTHWEST HEALTHCARE PROPERTIES	200	2,098	1,896
PLAZA RETAIL REIT	300	1,308	1,164
RIOCAN REAL ESTATE INVT TRUST	13,700	328,827	326,060
SLATE OFFICE REIT	4,500	33,682	26,865
SLATE RETAIL REIT	2,500	30,877	29,375
SMARTCENTRES REIT	7,500	237,188	231,225
SUMMIT INDUSTRIAL INCOME REIT	49,100	441,231	469,396
TRICON CAPITAL GROUP INC	38,600	422,641	374,034
TRUE NORTH COML REAL ESTATE INVT TRUST	1,900	11,965	10,754
		<u>15,417,271</u>	<u>15,650,940</u>

UTILITIES (0.2%)

ALGONQUIN PWR & UTILS CORP	18,400	254,894	252,632
ATCO LTD Class I	40,200	1,883,010	1,552,122
ATLANTIC POWER CORP	47,800	146,917	141,488
CANADIAN UTILITIES LTD Class A	30,600	1,133,167	958,392
CAPITAL POWER CORP	98,800	2,561,472	2,627,092
EMERA INC	10,236	438,922	447,416
FORTIS INC	5,200	234,940	236,652

HYDRO ONE LTD	4,400	85,880	89,100
INNERGEX RENEWABLE ENERGY	47	681	589
JUST ENERGY GROUP INC	107,900	688,267	486,629
NORTHLAND POWER INC	100	2,141	2,170
POLARIS INFRASTRUCTURE INC	200	2,332	2,060
SUPERIOR PLUS CORP	81,400	1,004,904	787,952
TRANSALTA CORP	7,700	53,431	43,043
TRANSALTA RENEWABLES INC	100	1,123	1,037
VALENER INC	10,400	221,873	201,136
		<u>8,713,954</u>	<u>7,829,510</u>
US ETFs (13.1%)			
BMO S&P 500 INDEX HEDGED to CAD ETF	8,188,329	301,797,242	305,015,255
BMO S&P 500 INDEX ETF	2,857,466	98,830,241	107,297,848
		<u>400,627,483</u>	<u>412,313,103</u>
CANADIAN ETF (7.1%)			
BMO S&P/TSX CAPPED COMPOSITE ETF	11,633,720	258,186,136	224,763,470
		<u>258,186,136</u>	<u>224,763,470</u>
Total Equities		<u>888,075,343</u>	<u>863,064,135</u>
Less: Transaction costs		(240,701)	
Total Investments		<u>3,180,388,224</u>	<u>3,145,659,986</u>

*Debt investments with no coupon rate are zero coupon securities.

**FAMILY GROUP EDUCATION SAVINGS PLAN
SCHEDULE OF EDUCATION ASSISTANCE AGREEMENTS**

As at December 31, 2018

All amounts in Canadian dollars

Year of Eligibility*	Opening units	Unit inflows	Unit outflows	Ending units	Principal amounts \$**	Accumulated income \$***
2016	86,899	-	(86,899)	-	-	-
2017	125,325	-	(26,462)	98,863	-	29,068,034
2018	169,474	-	(38,499)	130,975	-	60,559,690
2019	245,265	13,228	(81,723)	176,770	-	94,196,055
2020	232,167	41,665	(6,148)	267,684	222,143,781	116,373,395
2021	237,976	402	(1,639)	236,739	180,533,126	86,890,231
2022	241,041	119	(1,051)	240,109	169,156,865	75,219,518
2023	247,582	133	(1,020)	246,695	161,603,480	64,910,834
2024	243,744	1,053	(1,454)	243,343	150,057,500	52,382,059
2025	232,537	1,431	(1,708)	232,260	133,032,856	40,191,872
2026	220,883	1,016	(1,825)	220,074	117,277,734	29,540,075
2027	217,305	681	(2,291)	215,695	103,391,932	22,250,118
2028	206,443	630	(2,908)	204,165	86,493,337	16,057,561
2029	193,836	573	(2,606)	191,803	70,409,892	11,025,835
2030	192,240	668	(3,470)	189,438	59,173,994	7,524,350
2031	154,232	893	(2,919)	152,206	39,784,505	3,976,851
2032	89,111	980	(1,179)	88,912	17,876,261	1,233,314
2033	74,233	1,211	(1,559)	73,885	10,800,427	456,651
2034	59,521	1,587	(1,305)	59,803	5,316,368	103,517
2035	46,476	3,585	(1,145)	48,916	2,263,717	15,498
2036	25,613	11,509	(901)	36,221	698,729	(7,197)
2037		12,219	-	12,219	47,829	(769)
	3,541,903	93,583	(268,711)	3,366,775	1,530,062,333	711,967,492

*Reflects the year the beneficiary is eligible for their first Education Assistance Payment

** Reflects Subscribers' Contributions (see note 6)

***Reflects total of FEAP and EAP accounts

Foundation Education Assistance Payment (FEAP) Account	195,244,313
Education Assistance Payment (EAP) Account	516,723,179
Total	711,967,492

Schedule of Education Assistance Agreements

Year of eligibility and payments *

	2018	2017	2016	2015	2014
Amount paid per unit **					
First payments	204	207	210	220	220
Second payments	-	250	257	260	270
Third payments	-	-	280	287	290
	204	457	747	767	780

Number of units disbursed

	2018	2017	2016	2015	2014
First payments	131,226	125,460	106,936	101,153	79,138
Second payments	2,787	111,078	98,741	93,551	71,186
Third payments	441	3,814	89,429	85,578	64,471
	134,454	240,352	295,106	280,282	214,795

*Includes Education Assistance Payments paid to students for their year of eligibility together with Education Assistance payments deferred

**Amounts may include additional funds provided by Knowledge First Foundation.

FAMILY GROUP EDUCATION SAVINGS PLAN
SCHEDULE OF EDUCATION ASSISTANCE AGREEMENTS (continued)
As at December 31, 2018, December 31, 2017 and April 30, 2017
All amounts in Canadian dollars

Education Assistance Payments (EAP) Reconciliation

	Dec 31, 2018	Dec 31, 2017	Apr 30, 2017
	\$	\$	\$
Current Period Payments to Students	72,129,263	66,025,542	55,427,846
Advance EAP payments	1,390,077	1,857,933	2,367,871
	<u>73,519,340</u>	<u>67,883,475</u>	<u>57,795,717</u>
EAPs Paid from FEAP Account	66,909,211	60,287,411	51,555,018
EAP Supplement from Income Account*	6,610,129	7,596,064	6,240,699
	<u>73,519,340</u>	<u>67,883,475</u>	<u>57,795,717</u>

*excludes Deferred EAP Supplement of \$451,548 (December 31, 2017 – \$571,859; April 30, 2017 - \$822,511)

FAMILY GROUP EDUCATION SAVINGS PLAN NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2018, December 31, 2017 and April 30, 2017

1. General information

Family Group Education Savings Plan (the Plan) was established by Knowledge First Foundation (the Foundation) as a savings vehicle for subscribers to save for a designated student's (beneficiary) post-secondary education.

The Foundation, the sponsor of the Plan, is a not-for-profit organization, which was incorporated without share capital on February 19, 1990 under the Canada Corporations Act and continued under the amended act of October 17, 2011. The Foundation has engaged its wholly-owned subsidiary, Knowledge First Financial Inc. (Knowledge First Financial, the administrator) to be the distributor and investment fund manager of the Plan and to provide general administration services to the Plan. Knowledge First Financial is incorporated under the laws of Canada. The primary place of business of the Plan is 50 Burnhamthorpe Road West, Mississauga, Ontario, Canada.

Subscribers to the Plan make periodic deposits into the Plan, which is net of enrolment fees, insurance premiums, depository fees and service charges charged to each subscriber. The income earned on subscriber contributions is held in the Education Assistance Payment account. When a plan matures, is terminated, or is cancelled, such contributions, net of deductions, will be returned to the subscriber or a beneficiary and the income is transferred to the Foundation Education Assistance Payment (FEAP) account and used to provide payments to qualified students. Upon registration of a plan, Knowledge First Financial will apply for government grants on behalf of the Subscriber. The income earned on government grants is held in the Grant Income account.

The Plan invests in Canadian government bonds, high grade corporate debt, and in Canadian and US equities. Canadian equities are managed both actively and passively (via an ETF), and the US equities are managed passively (via hedged and unhedged US equity ETFs). The underlying investments invested in the BMO S&P 500 Index ETF are exposed to the US dollar. The BMO S&P 500 Hedged to CAD Index ETF has been hedged back to the Canadian dollar and therefore effectively reduces currency exposure. The Plan is subject to the risk that the fair value or future cash flows of the BMO S&P 500 Index ETF which are not hedged back to the Canadian dollar will fluctuate because of changes in foreign exchange rates. The Plan's investment in equities is limited to income accumulated in the Plan.

Education Assistance Payments (EAPs) are paid over three years from government grants and income earned on contributions and government grants through interest, dividends and other income. Contributions are not included in EAPs, however are returned to the subscriber upon maturity, net of applicable fees. In order to be entitled to an EAP, the administrator must receive proof that a beneficiary meets EAP eligibility requirements for enrolment in a post-secondary program, inclusive of confirmation of beneficiary residency status. If a subscriber to the Plan terminates an account, a refund of contributions is due to the subscriber and government grant monies are returned to the originating government agency. Forfeited grant income is payable to an eligible educational institution.

In 2017, the Plan changed its financial year-end from April 30 to December 31. The Statements of Financial Position are as at December 31, 2018, December 31, 2017 and April 30, 2017, and the Statements of Comprehensive Income, Changes in Net Assets Attributable to Subscribers and Beneficiaries and Cash Flows are for the year ended December 31, 2018, the period from May 1, 2017 to December 31, 2017 and the year ended April 30, 2017.

The financial statements were authorized for issue by the Board of Directors of the Foundation on March 20, 2019.

2. Basis of accounting

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"). The Plan has consistently applied the accounting policies used in the preparation of its financial statements.

3. Summary of significant accounting policies

The significant accounting policies followed by the Plan are as follows.

Transition to IFRS 9

Effective January 1, 2018, the Plan adopted IFRS 9 “Financial Instruments”. The new standard addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39. It requires financial assets to be classified as amortized cost, fair value, with changes in fair value recognized in profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI) based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

The adoption of IFRS 9 has been applied retrospectively by the Plan and did not result in a change to the measurement of financial instruments, in either the current or the comparative period. Upon transition to IFRS 9, the Plan’s investments previously classified as FVTPL under IAS 39 continued to be categorized as fair value through profit and loss. Financial assets and liabilities previously measured at amortized cost under IAS 39 continue to be measured at amortized cost. There was no material impact on adoption from the application of the new impairment model.

Financial Instruments

The Plan recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss. Regular purchases and sales of financial assets are recognized at their trade date. The Plan’s investments are classified as fair value through profit or loss (FVTPL), including its investments in equities, ETFs and debt securities. All other financial assets and liabilities, including interest and dividends receivable, amounts receivable for investments sold, government grants receivable, other receivables, amounts payable for securities purchased and accounts payable and other liabilities, and principal payable to subscribers are measured at amortized cost. The Plan’s obligation for net assets attributable to subscribers and beneficiaries is presented at the distribution amount, which is the residual amount of assets of the Plan after deducting all of its liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. For equities & ETFs, the Plan uses the last traded market price where the last traded price falls between that day’s bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Plan determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. For bonds, the Plan uses mid prices provided by independent security pricing vendors. The Plan’s policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer. The fair value of financial assets and liabilities that are not quoted in an active market is determined using valuation techniques. The use of valuation techniques for financial instruments that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments.

Income recognition, transaction costs and expenses

Interest income from investments in bonds and short-term investments is recognized at the effective interest rate. Interest receivable is recorded in the Statement of Financial Position based on the debt instruments’ stated rates of interest. Dividends are recognized as income on the ex-dividend date. The cost of investments is determined using the average cost method. Average cost includes amortization of premiums and discounts on the Plan’s debt securities.

Impairment of financial assets

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized cost. With respect to financial assets at amortized cost, the Plan considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement dates, all loans and receivables are due to be settled within the short term. The Plan considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Plan to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

Foreign currency

The financial statements are presented in Canadian dollars, which is the Plan's functional and presentation currency.

Cash

Cash is comprised of demand deposits with financial institutions.

Net Assets Attributable to Subscribers and Beneficiaries

Net assets attributable to subscribers and beneficiaries are comprised of subscribers' contributions, government grants and income earned on both subscribers' contributions and government grants. Net assets attributable to subscribers and beneficiaries is classified as a liability as subscribers have the option to withdraw at any point prior to maturity. If a subscriber withdraws before maturity, the subscriber's deposits less fees are returned to the subscriber, income earned on that subscriber's contributions is allocated to other members of the Plan, government grant contributions are returned to the government and forfeited income on the government grants is owed to a designated educational institution.

Subscribers' contributions is comprised of deposits received from subscribers, after deductions for various fees, and do not include amounts receivable on outstanding agreements, as subscribers may terminate their plans at any time. Knowledge First Financial deducts a portion of the applicable enrolment fees, insurance premiums, and depository and service charges from the deposits made from subscribers and the net amount is invested in the Plan. During the life of an agreement, subscribers may choose to purchase additional units, or convert their present agreements to fully paid-up status. In order to affect the purchase or conversion, subscribers must contribute additional funds, or convert a portion of their principal contributions into income contributions, to reflect the equivalent amount of income that would have been earned if the revised agreement was in place since the inception of their plan. These are called subscribers' equivalency transactions. These additional funds are included in accumulated income.

Government grants represent contributions received from federal and provincial governments. Government grants are recognized upon receipt of an eligible contribution to a registered education savings plan by a subscriber to the Plan.

Accumulated income includes the increase (decrease) in net assets attributable to subscribers and beneficiaries, and income earned on matured accounts, cancelled or terminated accounts (the Income Account). Education assistance payments and payments of grant income to beneficiaries and designated financial institutions reduce the accumulated income account. At the discretion of the Foundation, Income Account monies may be used to supplement EAPs to qualified students or disbursed for the advancement of education, consistent with the objectives of the Foundation.

Funds transferred in/out

During the life of an agreement, subscribers of another Knowledge First Financial Education Savings Plan or subscribers at another provider, may choose to convert their agreement to the Plan or alternatively, subscribers of the Plan may choose to convert their agreement to another Knowledge First Financial Education Savings Plan or convert to another provider. Contributions, government grants and income transferred in/out are reported as changes in net assets attributable to subscribers and beneficiaries.

Taxation

The income on Subscribers' contributions is currently exempt from income taxes under the Income Tax Act (Canada) prior to the maturity of the plan. Education Assistance Payments, comprising government grants and all accumulated income, made to qualified nominees will be included in their income for the purposes of the Income Tax Act (Canada). The amounts deposited by subscribers are not deductible to the subscribers for tax purposes and are not taxable when returned to subscribers or their designated nominees.

Interests in Unconsolidated Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of a contractual arrangement. The Plan invests in exchange traded funds (ETFs) and asset-backed securities which are disclosed on the Schedule of Investment Portfolio and the Plan has determined that these investments are unconsolidated structured entities. The Plan accounts for its investments in unconsolidated structured entities at fair value through profit and loss. The ETFs finance their operations by issuing redeemable

shares which are puttable at the holder's option and entitle the holder to a proportional stake in the ETF's net asset value. The ETFs are domiciled in Canada and listed on the Toronto Stock Exchange. The asset-backed securities include Canada Housing Trust bonds which are secured by and payable from mortgage loans on real property and guaranteed by the Government of Canada, through CMHC. These investments are included in "Investments" in the Statements of Financial Position. The Plan's maximum exposure to loss from its interest in these securities is equal to the total cost value of its investments.

Change in Accounting Policy Fair Value Reserve

Effective September 1, 2018, the Plan changed the way realized and unrealized gains or losses in respect of debt securities were allocated to net assets attributable to subscribers and beneficiaries. Due to this change, the Plan's Fair Value Reserve was eliminated as of that date. There was no net impact to the total balance of net assets attributable to subscribers and beneficiaries as a result of this change.

Prior to this change, the fair value reserve included in net assets attributable to subscribers and beneficiaries represented the net unrealized gains (losses) on debt investments and the net unamortized debt realized gains (losses). Fixed-income realized gains and losses were transferred to the EAP Account, Income from government grants, and the Income Account over a five-year period in proportion to the balances in those accounts at the time of allocation. Equity realized and unrealized gains and losses were transferred to the EAP Account, Income from government grants, and the Income Account monthly in proportion to the balances in those accounts at the time of allocation. Effective September 1, 2018, all realized and unrealized gains/losses on investments are allocated in the month in which they are earned.

4. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant judgments and estimates that the Plan has made in preparing the financial statements.

Investment entity status

A significant judgment made in preparing the Plan's financial statements relates to the determination that the Plan meets the definition of an investment entity as described in IFRS 10, Consolidated financial statements. The Plan's objective is to invest subscribers' contributions to maximize their investment return over the long term for the purpose of generating investment income. Fair value is the primary measurement used to evaluate the performance of substantially all investments.

Classification and measurement of financial instruments

In classifying and measuring financial instruments held by the Plan, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. In making this judgment, the Manager has assessed the Plan's business model for managing the portfolio and the contractual cash flow characteristics and determined the investments are managed on a fair value basis, and that fair value is used to assess performance and make investment decisions. The contractual cash flows of the Plan's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Plan's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

5. Financial Instruments Risks

The Plan's investment activities expose it to a variety of risks associated with financial instruments, as follows: credit risk, liquidity risk and market risk (including price risk, currency risk and interest rate risk). The Plan does not conduct any significant activities in currencies other than the Canadian dollar and only its holdings of US equities via the unhedged ETF are exposed to a direct currency risk. The Plan's overall risk management approach includes investment guidelines, objectives, and limits which are designed to ensure that risk is mitigated through allocation of investments across different market sectors, maturity segments and issuers. The Plan employs a third party investment manager and monitors the investments for compliance with the stated investment guidelines and relevant securities and tax regulations. Oversight responsibility and authority rests with the Foundation's Board of Directors and its Investment Committee. An Independent Review Committee is also in place.

Credit risk

The Plan is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash on hand is kept on deposit at a Financial Institutions. The majority of the credit risk to which the Plan is exposed arises from its investments in debt securities. The debt instruments held by the Plan are issued or guaranteed by federal, provincial, or municipal governments along with corporate debt instruments with an investment grade credit rating at the time of acquisition. The plan may also be exposed to indirect credit risk through its holdings in ETFs.

The fair value of debt investments includes consideration of the credit worthiness of the debt issuer. The carrying amount of cash, receivables and debt investments represents the maximum credit risk exposure as at December 31, 2018, December 31, 2017 and April 30, 2017. The analysis below summarizes the credit quality of the Plan's debt portfolio as at December 31, 2018, December 31, 2017 and April 30, 2017. Credit ratings are obtained from Standard & Poor's, Moody's and DBRS. Where one or more rating is obtained for a security, the lowest rating has been used.

Credit Rating	Percentage of Debt Investments (%) As At		
	December 31, 2018	December 31, 2017	April 30, 2017
"AAA"	27.0	9.8	12.8
"AA"	17.0	16.6	20.7
"A"	35.3	66.9	65.4
"BBB"	20.7	6.7	1.1
Total	100.0	100.0	100.0

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan has current exposure to the subscribers' contributions and government grant balances as subscribers can cancel or terminate their agreement at any time at which point the full balance would become immediately payable to the subscribers or the government. The Plan is also exposed to agreement maturities and obligations with respect to scholarship payments and the accumulated income account. Therefore, the Plan invests the majority of its assets in investments that are traded in an active market and can be easily liquidated. In addition, the Plan endeavours to retain adequate cash positions to maintain adequate liquidity.

Maturity Profile

EAPs (accumulated income and government contributions) are paid over three years upon submission of required documentation to Knowledge First Financial. Subscriber's principal is paid upon maturity of a respective agreement. See Schedule of EAP payments for details of maturity with respect to principal and accumulated income.

If a subscriber cancels an agreement, subscriber's principal and associated government contributions are due upon demand. The income on subscriber's principal will remain in accumulated income. Forfeited income on returned government grants becomes immediately payable to a qualified educational institution.

All other liabilities of the Plan are due within three months.

Concentration Risk

The table below summarizes this Plan's concentration risk as a percentage of investments as at December 31, 2018, December 31, 2017 and April 30, 2017.

Concentration	Percentage of Investments (%)		
	As at		
	December 31, 2018	December 31, 2017	April 30, 2017
<u>Debt</u>			
Federal	16.4	6.7	9.2
Provincial	20.6	42.8	60.9
Corporate	34.8	19.8	2.0
Municipal	0.0	0.0	0.1
Short term investments	0.9	0.7	1.7
<u>Equities</u>			
Communication Services	0.3	0.0	0.0
Consumer Discretionary	0.4	0.6	0.5
Consumer Staples	0.2	0.3	0.7
Energy	1.0	0.8	3.0
Financials	1.9	1.9	4.4
Health Care	0.1	0.1	0.0
Industrials	1.1	0.8	1.9
Information Technology	0.6	0.5	0.4
Materials	0.8	0.9	1.2
Real Estate	0.5	0.1	0.1
Utilities	0.2	0.3	0.5
US ETFs (US equity indexes)	13.1	15.1	13.4
Canadian Equity ETF	7.1	8.6	0.0
Total	100.0	100.0	100.0

Market risk

The Plan's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses, as applicable, that show how the net assets attributable to subscribers and beneficiaries would be affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

a) Currency risk

The Plan invests in exchange traded funds (ETFs) denominated in Canadian dollars. The underlying investments held by the US equity ETFs are exposed to the US dollar. The BMO S&P 500 Hedged to CAD Index ETF has been hedged back to the Canadian dollar and therefore has effectively reduced currency risk. The Plan is subject to the risk that the fair value of future cash flows of the BMO S&P 500 Index ETF which are not hedged back to Canadian dollar will fluctuate because of changes in foreign exchange rates. As at December 31, 2018, if the exchange rate had increased or decreased by 5%, with all other variables held constant, the net assets attributable to subscribers and beneficiaries would have increased or decreased by approximately \$5 million (\$6 million as at December 31, 2017 and \$6 million as at April 30, 2017). The Plan manages its currency risk by hedging part of the exposure to US equities.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Plan holds securities with fixed interest rates that expose the Plan to interest

rate risk. As at December 31, 2018, had prevailing interest rates increased or decreased by 25 basis points, assuming a parallel shift in the yield curve, with all other variables held constant, net assets of the Plan would have decreased or increased, respectively, by approximately \$34 million (approximately 1.1% of the total investment portfolio, December 31, 2017 - \$34 million, approximately 1% of the total investment portfolio; April 30, 2017 - \$36 million, approximately 1% of the total investment portfolio). In practice, actual results may differ from this analysis and the difference could be material. The Plan manages interest rate risk through our portfolio managers by diversifying in various investments, as well as through investment committee oversight.

The table below summarizes the Plan's exposure to interest rate risk as at December 31, 2018, December 31, 2017 and April 30, 2017, by remaining term to maturity.

December 31, 2018	Within 1 year	From 1 to 5 years	Over 5 years	Total
Short term investments				
Treasury Bill	29,608,900	-	-	29,608,900
Term Deposits	-	-	-	-
Government guaranteed instruments				
Federal	-	83,188,715	432,576,490	515,765,205
Provincial	251,894	137,755,023	510,233,401	648,240,318
Municipal	-	-	-	-
Corporate	-	261,234,046	827,747,382	1,088,981,428
Total	29,860,794	482,177,784	1,770,557,273	2,282,595,851
Percentage of total	1.3%	21.1%	77.6%	100.0%

December 31, 2017	Within 1 year	From 1 to 5 years	Over 5 years	Total
Short term investments				
Treasury Bill	20,376,461	-	-	20,376,461
Term Deposits	2,725,000	-	-	2,725,000
Government guaranteed instruments				
Federal	-	31,538,580	189,977,610	221,516,190
Provincial	-	237,822,055	1,184,323,628	1,422,145,683
Municipal	-	-	-	-
Corporate	-	389,707,059	270,669,948	660,377,007
Total	23,101,461	659,067,694	1,644,971,186	2,327,140,341
Percentage of total	1.0%	28.3%	70.7%	100.0%

April 30, 2017	Within 1 year	From 1 to 5 years	Over 5 years	Total
Short term investments				
Treasury Bill	58,753,502	-	-	58,753,502
Term Deposits	300,000	-	-	300,000
Government guaranteed instruments				
Federal	-	170,150,735	145,163,152	315,313,887
Provincial	149,306	514,600,375	1,582,310,290	2,097,059,971
Municipal	-	-	4,384,707	4,384,707
Corporate	-	4,460,021	62,799,554	67,259,575
Total	59,202,808	689,211,131	1,794,657,703	2,543,071,642
Percentage of total	2.3%	27.1%	70.6%	100.0%

c) Other price risk

The Plan is exposed to other price risk, which is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk),

whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Financial instruments held by the Plan are susceptible to market price risk arising from uncertainties about future prices of those instruments. The Plan's exposure to other price risk arises primarily from its investments in equity securities and ETFs. As at December 31, 2018, if the investment in equities and ETFs had increased or decreased by 5%, with all other variables held constant, the net assets attributable to subscribers and beneficiaries would have increased or decreased by approximately \$43.1 million (\$49.8 million as at December 31, 2017; \$45.0 million as at April 30, 2017). The Plan manages other price risk through their experienced investment managers who on behalf of the Plan invest in high quality securities.

Capital risk management

The capital of the Plan is represented by the net assets attributable to subscribers and beneficiaries. The capital of the Plan can change on a daily basis as the Plan is subject to ongoing contributions and cancellations. In addition, EAPs and maturities occur at specified times during the year. The Plan is not subject to externally imposed capital requirements. The Plan's objective, when managing capital risk, is to safeguard subscribers' contributions and government grants received and earn income on those amounts in order to pay EAPs to qualified beneficiaries. The Plan endeavours to invest subscribers' contributions, government grants received, and income earned in appropriate investments while maintaining sufficient liquidity to meet maturities, EAPs, cancellations and expenses in accordance with its investment objectives and risk management policies as described above. In order to manage the Plan's capital, the Plan's policy is to perform the following:

- Monitor the level of daily subscriber contributions and withdrawals relative to the liquid assets and adjust the amount of cash invested accordingly.
- Monitor the level of expected future payments for maturities and EAPs based on maturity and student applications received, and historical beneficiary qualification rates, and adjust the investment portfolio accordingly.
- Invest in securities which are traded in an active market and can be easily liquidated.

There has been no change with respect to the overall capital risk management strategy during the year.

Fair value measurement

The Plan classifies fair value measurement within a hierarchy which gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3	Inputs are unobservable for the asset or liability.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following table illustrates the classification of the Plan's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2018, December 31, 2017 and April 30, 2017.

As of December 31, 2018	Level 1	Level 2	Level 3	Total
Short-term investments	-	29,608,900	-	29,608,900
Government guaranteed instruments				
Federal	-	515,765,205	-	515,765,205
Provincial	-	648,240,318	-	648,240,318
Municipal	-	-	-	-
Corporate debt instruments	-	1,088,981,428	-	1,088,981,428
Equities & ETFs	863,064,135	-	-	863,064,135
Investments at fair value	863,064,135	2,282,595,851	-	3,145,659,986

As of December 31, 2017	Level 1	Level 2	Level 3	Total
Short-term investments	-	23,101,461	-	23,101,461
Government guaranteed instruments				
Federal	-	221,516,190	-	221,516,190
Provincial	-	1,422,145,683	-	1,422,145,683
Municipal	-	-	-	-
Corporate debt instruments	-	660,377,007	-	660,377,007
Equities & ETFs	996,630,401	-	-	996,630,401
Investments at fair value	996,630,401	2,327,140,341	-	3,323,770,742

As of April 30, 2017	Level 1	Level 2	Level 3	Total
Short-term investments	-	59,053,502	-	59,053,502
Government guaranteed instruments				
Federal	-	315,313,887	-	315,313,887
Provincial	-	2,097,059,971	-	2,097,059,971
Municipal	-	4,384,707	-	4,384,707
Corporate debt instruments	-	67,259,575	-	67,259,575
Equities & ETFs	902,789,104	-	-	902,789,104
Investments at fair value	902,789,104	2,543,071,642	-	3,445,860,746

All fair value measurements above are recurring. The carrying values of receivable for investments sold, government grant receivable, interest receivable, dividends receivable, other receivables, receivables due from KFF, payable for investments purchased, principal payable to beneficiaries and accounts payable and other liabilities and the Plan's obligation for net assets attributable to subscribers and beneficiaries approximate their fair value due to their short-term nature.

There were no transfers between levels during the periods ended December 31, 2018, December 31, 2017 and April 30, 2017 or Level 3 securities held as at December 31, 2018, December 31, 2017 and April 30, 2017.

Investments in unconsolidated structured entities

Underlying Fund As at December 31, 2018	Country of establishment and principal place of business	% Ownership in the underlying Fund	Fair value of the Plan's investment in the underlying Fund
BMO S&P 500 INDEX ETF	Canada	2.22%	\$107,297,848
BMO S&P 500 HEDGED TO CAD INDEX ETF	Canada	26.92%	\$305,015,255
BMO S&P/TSX CAPPED COMPOSITE INDEX ETF	Canada	5.84%	\$224,763,470

Underlying Fund As at December 31, 2017	Country of establishment and principal place of business	% Ownership in the underlying Fund	Fair value of the Plan's investment in the underlying Fund
BMO S&P 500 INDEX ETF	Canada	3.07%	\$123,115,091
BMO S&P 500 HEDGED TO CAD INDEX ETF	Canada	36.43%	\$377,747,393
BMO S&P/TSX CAPPED COMPOSITE INDEX ETF	Canada	9.02%	\$285,645,550

Underlying Fund As at April 30, 2017	Country of establishment and principal place of business	% Ownership in the underlying Fund	Fair value of the Plan's investment in the underlying Fund
BMO S&P 500 INDEX ETF BMO S&P 500 HEDGED TO CAD INDEX ETF	Canada	3.28%	\$117,874,545
	Canada	28.69%	\$344,541,616

6. Net assets attributable to subscribers and beneficiaries

Net assets attributable to subscribers and beneficiaries are comprised as follows:

	As at		
	December 31, 2018	December 31, 2017 (restated)	April 30, 2017 (restated)
Subscribers' contributions, net of returns	1,530,062,333	1,559,288,771	1,618,038,781
Government grants	613,623,902	611,606,619	615,347,362
Accumulated income			
Education assistance payment account	516,723,179	669,311,358	748,415,795
Deferred EAP account	9,126,182	9,620,646	10,172,452
Income from government grants	253,195,663	281,251,450	293,334,728
Foundation education assistance payment account*	195,244,313	180,973,744	165,755,704
Income account	1,668,616	2,502,189	5,329,298
Balance – End of period	3,119,644,188	3,314,554,777	3,456,394,120

* FEAP account and Advance EAP payments were combined for presentation purposes

The changes to subscribers' contributions to the Plan are as follows:

	Year ended Dec 31, 2018	Period ended Dec 31, 2017	Year ended Apr 30, 2017
Subscribers' deposits	165,803,855	\$123,368,436	\$186,420,343
Insurance premiums deducted	(2,825,640)	(2,216,213)	(3,290,838)
Enrolment fee (deducted) refunded	(5,379,097)	(4,777,849)	(8,371,652)
Return of contributions and transfers out	(184,588,813)	(173,460,636)	(170,336,032)
Depository fees and service charges deducted	(2,236,743)	(1,663,748)	(2,488,793)
Net increase in Subscribers' contributions	(29,226,438)	(58,750,010)	1,933,028
Balance – Beginning of period	1,559,288,771	1,618,038,781	1,616,105,753
Balance – End of period	1,530,062,333	1,559,288,771	1,618,038,781

The changes in the Income account for the periods are as follows:

	Year ended Dec 31, 2018	Period ended Dec 31, 2017	Year ended Apr 30, 2017
Increase			
Net investment income	7,602,922	5,499,589	9,614,239
Other income	293,639	597,110	532,053
Forfeited income	769,708	833,420	110,450
Decrease			
Supplement to EAP	(7,061,677)	(8,167,923)	(7,173,660)
Administration fees	(2,138,280)	(1,396,160)	(1,871,525)
Investment Counsel fees	(263,098)	(164,030)	(211,902)
Custodial fees	(27,288)	(22,164)	(31,668)
Independent review committee fees	(9,499)	(6,951)	(6,256)
Net increase (decrease) in income account	(833,573)	(2,827,109)	961,731
Balance - Beginning of period	2,502,189	5,329,298	4,367,567
Balance - End of period	1,668,616	2,502,189	5,329,298

Income earned on monies held in the FEAP Accounts is credited to the Income Account.

At the discretion of the Foundation, Income Account monies may be used to supplement EAPs to qualified students or disbursed for the advancement of education, consistent with the objectives of the Foundation.

As described in note 3, the Plan changed its accounting policies with respect to the classification of realized and unrealized gains or losses on fixed income securities within net assets attributable to subscribers and beneficiaries. This change has been applied retrospectively, with all prior periods restated. As a result of this change, the Plan's fair value reserve was eliminated. The balance of the fair value reserve is now included in the education assistance payment account and Income from government grants. There was no net impact to the net assets attributable to subscribers and beneficiaries as a result of this adjustment. The change aligned customer balances with the financial statements by reflecting all realized and unrealized gains (losses) in the customer records reflected in the accumulated income accounts.

The impact as a result of this change in accounting policy and its retroactive application to the accumulative income balances are below:

December 31, 2017

	As previously reported	Allocation of Fair Value Reserve	As Restated
Education assistance payment account	630,944,589	38,366,769	669,311,358
Income from government grants	265,129,343	16,122,107	281,251,450
Fair value reserve	54,488,876	(54,488,876)	-
Balance – End of period	950,562,808	-	950,562,808

April 30, 2017

	As previously reported	Allocation of Fair Value Reserve	As Restated
Education assistance payment account	649,826,428	98,589,367	748,415,795
Income from government grants	254,693,527	38,641,201	293,334,728
Fair value reserve	137,230,568	(137,230,568)	-
Balance – End of period	1,041,750,523	-	1,041,750,523

7. Accounts payable and other liabilities

Included in accounts payable and other liabilities is \$3,269,736 (December 31, 2017 - \$3,495,292; April 30, 2017 - \$4,640,287) payable to subscribers for stale-dated cheques for which the subscriber has not requested the funds to be reissued. If the funds are not claimed within six years of cancellation or maturity, the funds are forfeited and transferred into other income. Also included in accounts payable and other liabilities is forfeited grant income from terminated agreements that will be paid out to a designated educational institution.

8. Maturities

Plan principal matures and is payable to the subscribers or their designated nominees on July 31 of the year in which students would normally enter the first academic year of post-secondary education.

9. Related party transactions

The Foundation is the sponsor of the Plan. Knowledge First Financial, a wholly owned subsidiary of the Foundation, carries out the general administration of the Plan on its behalf that includes processing and call centre services related to new agreements, payments, government grants, plan modifications, terminations, maturities and EAPs. In consideration for its administrative services (inclusive of audit fees), Knowledge First Financial is entitled to receive from the Plan an annual fee of up to 0.6% of all funds on deposit related to the Plan, insurance administration-related fees, and special processing fees including one-time fees for specific transactions. Accounts payable and other liabilities includes \$2,945,559 (December 31, 2017 - \$3,288,415; April 30, 2017 - \$2,890,708) due to Knowledge First Financial relating to Administration fees and subscriber fees received by the Plan on behalf of Knowledge First Financial and \$1,318,210 (December 31, 2017 - \$1,912,388; April 30, 2017 - \$1,561,806) due to Flex First (a separate plan established by the Foundation) in respect of government grants received from the HRSDC and Revenu Québec that are due to Flex First. Other receivables includes \$1,004,520 (December 31, 2017 - \$0; April 30, 2017 - \$0) due from Knowledge First Foundation relating to scholarship top-up payments which were received in January 2019.

The Plan also pays remuneration to members of the Independent Review Committee which are included in Independent Review Committee Fees in the Statements of Comprehensive Income.

10. Investment counsel fees

Investment counsel fees, which are paid to the Plan's third party investment managers, are calculated as a percentage of the total fair value of the Plan's investment portfolio and during the current and prior years ranged from 0.45% to 0.02%. Investment counsel fees paid for the year ended December 31, 2018 was 0.11% (period ended December 31, 2017 amounted to 0.08%; April 30, 2017 – 0.12%) of the total fair market value of the investment portfolio in the Plan.

Prior to 2018, one investment manager was eligible to qualify for a performance-based fee of up to 0.125% of the fair value of the assets managed by that manager dependent upon the performance of the investments under its management during any calendar year. This performance-based fee was not included in the preceding range of investment counsel fees as this investment manager did not qualify for this performance-based fee during the fiscal period ended December 31, 2018, December 31, 2017 or April 30, 2017.