

Interim Financial Statements  
(Unaudited)

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## Advanced Education Savings Plan

For the six month period ended September 30, 2022

# Advanced Education Savings Plan

Interim Financial Statement (unaudited)  
September 30, 2022

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**Notification:**

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

# Advanced Education Savings Plan

## Statements of Financial Position

As at September 30, 2022 and March 31, 2022

	September 30, 2022	March 31, 2022
	\$	\$
	[unaudited]	[audited]
<b>Assets</b>		
Cash and cash equivalents	1,046,513	1,052,333
Investments - at fair value (Note 7)	4,347,383	4,646,314
Due from the Legacy Education Savings Plan (Note 4)	34,354	111,028
Due from the Fund Manager - Global Growth Assets Inc. (Note 4)	20,436	18,682
Grants receivable	9,581	12,503
Interest receivable	30,417	27,309
	<b>5,488,684</b>	<b>5,868,169</b>
<b>Liabilities</b>		
Accounts payable	36,831	4,134
<b>Net assets attributable to Subscribers and Beneficiaries</b>	<b>5,451,853</b>	<b>5,864,035</b>
<b>Net assets attributable to Subscribers and Beneficiaries represented by:</b>		
Subscriber contributions (Note 5)	4,209,417	4,310,372
Accumulated government grants	1,270,987	1,288,615
Unrealized (depreciation) of investments	(618,316)	(284,124)
Accumulated and distributed investment income and realized gains on investments	589,765	549,172
	<b>5,451,853</b>	<b>5,864,035</b>

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



Fareed Amin

Director



Chandar Singh

Director

Kevin Bavelaar

Director

The accompanying notes are an integral part of these financial statement

# Advanced Education Savings Plan

## Statements of Comprehensive Income

For the six months ended September 30, 2022 and 2021

	2022	2021
	\$	\$
<b>Revenue</b>	<b>[unaudited]</b>	<b>[unaudited]</b>
Interest income for educational assistance payments	59,537	50,775
Realized gains (losses) on disposal of investments	46	(14,890)
Change in unrealized appreciation on investments	(334,192)	30,797
	<b>(274,609)</b>	66,682
<b>Expenses</b>		
Administration fees	65,639	69,144
Other charges	26,722	1,572
Audit costs	1,754	28,800
Absorption of Plan's expenses	(94,115)	(99,516)
	-	-
<b>Increase in Net Assets Attributable to Subscribers and Beneficiaries from Operations</b>	<b>(274,609)</b>	<b>66,682</b>

## Advanced Education Savings Plan

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

For the six months ended September 30, 2022 and 2021

	2022	2021
	\$	\$
	[unaudited]	[unaudited]
<b>Net Assets Attributable to Subscribers and Beneficiaries, beginning of year</b>	<b>5,864,036</b>	5,840,920
<b>Increase in Net Assets attributable to Subscribers and Beneficiaries from Operations</b>	<b>(274,609)</b>	66,682
<b>Increase in Net Assets Attributable to Subscribers and Beneficiaries</b>		
Subscriber contributions received net of fees (Note 5)	226,279	224,469
Government grants received (Note 2):		
Canada Education Savings Grants (CESG)	47,997	44,319
Canada Learning Bond (CLB)	8,900	(800)
British Columbia Training and Education Savings Grant (BCTESG)	1,200	1,200
Saskatchewan Advantage Grant for Education Savings (SAGES)	(300)	-
Quebec Education Savings (QESI)	457	(178)
Income on grants, net transferred	(7,403)	(10,305)
Income on subscriber contributions, net transferred	(5,168)	(37,087)
<b>Decrease in Net Assets attributable to Subscribers and Beneficiaries</b>		
Refund of Subscriber contributions	(327,234)	(207,982)
<b>Educational assistance payments:</b>		
Government grants	(82,302)	(31,406)
	<b>(412,183)</b>	48,912
<b>Net assets attributable to Subscribers and Beneficiaries, end of year</b>	<b>5,451,853</b>	5,889,832

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

# Advanced Education Savings Plan

## Statements of Cash Flows

For the six months ended September 30, 2022 and 2021

	2022	2021
	[unaudited]	[unaudited]
<b>Operating Activities</b>		
Increase in Net assets Attributable to Subscribers and Beneficiaries from Operations	<b>(274,609)</b>	66,682
Adjustment for:		
Net realized losses (gains) on disposal of investments	<b>(46)</b>	14,890
Change in unrealized (appreciation) on investments	<b>334,192</b>	(30,797)
Increase (decrease) in receivable from Legacy Education Savings Plan	<b>76,674</b>	(9,036)
Increase in due from Global Growth Assets Inc.	<b>(1,754)</b>	(1,573)
Proceeds from sale & maturity of investment	<b>1,529,807</b>	-
Decrease in interest receivable	<b>(3,108)</b>	(1,980)
Increase in Accounts Payable	<b>32,697</b>	1
Decrease in grants receivable	<b>2,922</b>	(11,548)
Net sales (purchase) of investment	<b>(1,565,021)</b>	149,782
	<b>131,754</b>	176,421
<b>Financing Activities</b>		
Subscriber contributions received, net of fees (Note 5)	<b>226,279</b>	224,469
Refund of subscriber contributions	<b>(327,234)</b>	(207,982)
Government grants received, net	<b>(24,048)</b>	13,135
Income on grants received	<b>(7,403)</b>	(37,087)
Income on subscriber contributions received	<b>(5,168)</b>	(10,305)
	<b>(137,574)</b>	(17,770)
Increase in cash and cash equivalents	<b>(5,820)</b>	158,651
Cash and cash equivalents, beginning of year	<b>1,052,333</b>	1,345,660
<b>Cash and cash equivalents, end of year</b>	<b>1,046,513</b>	1,504,311
<b>Supplemental cash flow information:</b>		
Interest received	<b>56,429</b>	48,795

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

# Advanced Education Savings Plan

## Schedule of Investments Portfolio

As at September 30, 2022 (Unaudited)

	Par value \$	Cost \$	Fair value \$
<b>Subscribers contributions invested - (70.81%)</b>			
<b>Government Securities - (29.72%)</b>			
Canada Housing Trust 1.25% June 15, 2026	310,000	309,135	283,737
Canada Housing Trust 1.8% December 15, 2024	300,000	310,590	286,791
Canada Housing Trust 2.45% December 15, 2021	350,000	337,274	318,731
Canada Housing Trust 2.550% December 15, 2023	186,000	189,696	182,931
Government of Canada 2.750% December 1, 2048	395,000	486,016	368,551
		<b>1,632,711</b>	<b>1,440,741</b>
<b>Provincial Securities - (17.05%)</b>			
Province of Ontario 2.70% June 2, 2029	205,000	217,854	191,306
Province of Ontario 2.800% June 2, 2048	425,000	451,271	333,493
Province of Ontario 5.600% June 2, 2035	185,000	242,611	211,109
Province of Quebec 2.3% September 1, 2029	100,000	101,164	90,770
		<b>1,012,900</b>	<b>826,678</b>
<b>Financial Institution Securities - (12.43%)</b>			
Bank of Montreal 3.190% March 1, 2028	25,000	24,832	23,279
Bank of Nova Scotia 3.100% February 2, 2028	25,000	24,641	23,196
Canadian Imperial Bank of Commerce 3.300% May 26, 2025	50,000	51,727	48,361
CPPIB Capital Inc 1.950% September 30, 2029	400,000	398,484	352,796
Fortified Trust 1.964% October 23, 2026	5,000	5,000	4,445
Fortified Trust 2.558% March 23, 2024	5,000	5,000	4,831
Fortified Trust 3.76% June 23, 2025	10,000	9,999	9,673
Great-West Lifeco Inc. 6.670% March 21, 2033	20,000	25,739	22,315
HSBC Bank of Canada 3.403% March 24, 2025	10,000	9,956	9,603
Manulife Bank of Canada 1.536% September 14, 2026	25,000	25,000	21,944
Royal Bank of Canada 3.369% September 29, 2025	25,000	25,000	23,895
Toronto-Dominion Bank 3.226% July 24, 2024	50,000	51,554	48,755
Wells Fargo and Company 3.184% February 8, 2024	10,000	10,679	9,740
		<b>667,611</b>	<b>602,833</b>
<b>Corporate Securities - (8.10%)</b>			
407 International Inc. 3.600% May 21, 2047	25,000	24,097	20,420
Altalink LP 3.399% June 6, 2024	25,000	25,488	24,510
Apple Inc. 2.513% August 19 2024	20,000	19,318	19,310
Bell Canada 3.800% August 21, 2028	25,000	24,516	23,301
Canadian National Railway 3.950% September 22, 2045	25,000	25,665	21,705
Canadian National Resources 3.550% June 3, 2024	15,000	16,117	14,781
Enbridge Gas Inc. 3.510% November 29, 2047	25,000	23,403	19,811
Enbridge Pipelines Inc. 4.130% August 9, 2046	5,000	4,679	3,901
Greater Toronto Airports 2.750% October 17, 2039	30,000	29,959	22,906
Honda Canada Finance Inc. 2.500% June 4, 2024	45,000	47,387	43,241
McDonald's Corporation 3.125% March 4, 2025	15,000	14,660	14,442
NAV Canada 3.293% March 30, 2048	25,000	24,194	19,851
Nestle Holdings Inc. 2.192% January 26, 2029	25,000	24,999	21,736
Rogers Communications Inc. 3.650% March 31, 2027	20,000	22,340	18,763
Suncor Energy Inc. 5% 09 April 2030	20,000	23,400	20,003
Telus Corporation 3.750% March 10, 2026	10,000	9,968	9,578



# Advanced Education Savings Plan

## Schedule of Investments Portfolio

As at September 30, 2022 (Unaudited)

	Par value \$	Cost \$	Fair value \$
<b>Corporate Securities - (8.10%) (continue)</b>			
Toronto Hydro Corporation 2.52% 25 August, 2026	25,000	26,254	23,289
Toyota Credit Canada Inc. 2.11% February 26, 2025	25,000	25,331	23,398
Transcanada Pipelines 3.000% September 18, 2029	10,000	9,971	8,717
TWDC Enterprises 18 Corporation 2.758% October 7, 2024	20,000	19,583	19,246
		<b>441,329</b>	<b>392,909</b>
<b>Exchange Traded Funds - (3.51%)</b>			
BMO S&P 500 Index ETF	1,040	53,524	56,430
iShares Core MSCI Dividend	347	7,912	8,286
iShares Core S&P/TSX Capped	2,897	82,189	84,853
iShares MSCI Multifactor	635	21,502	20,263
		<b>165,127</b>	<b>169,832</b>
<b>Total Subscriber contributions invested</b>		<b>3,919,678</b>	<b>3,432,993</b>
<b>Government Grants invested - (18.85%)</b>			
<b>Government Securities - (7.71%)</b>			
Canada Housing Trust 1.25% June 15, 2026	95,000	94,882	86,952
Canada Housing Trust 1.8% December 15, 2024	75,000	77,648	71,698
Canada Housing Trust 2.45% December 15, 2021	100,000	96,364	91,066
Canada Housing Trust 2.550% December 15, 2023	17,000	17,333	16,720
Government of Canada 2.750% December 1, 2048	115,000	143,206	107,300
		<b>429,433</b>	<b>373,736</b>
<b>Provincial Securities - (4.66%)</b>			
Province of Ontario 2.70% June 2, 2029	55,000	58,449	51,326
Province of Ontario 2.800% June 2, 2048	115,000	122,351	90,239
Province of Ontario 5.600% June 2, 2035	50,000	65,571	57,057
Province Of Quebec 2.3% September 1, 2029	30,000	30,349	27,231
		<b>276,720</b>	<b>225,853</b>
<b>Financial Institution Securities - (3.50%)</b>			
Bank of Montreal 3.190% March 1, 2028	10,000	9,993	9,312
Bank of Nova Scotia 3.100% February 2, 2028	10,000	9,908	9,279
Canadian Imperial Bank of Commerce 3.300% May 26, 2025	10,000	10,345	9,672
CPPIB Capital Inc 1.950% September 30, 2029	100,000	99,621	88,199
Fortified Trust 1.964% October 23, 2026	5,000	5,000	4,445
Fortified Trust 3.76% June 23, 2025	5,000	5,000	4,836
Great-West Lifeco Inc. 6.670% March 21, 2033	5,000	6,435	5,579
HSBC Bank of Canada 3.403% March 24, 2025	5,000	4,978	4,802
Manulife Bank of Canada 1.536% September 14, 2026	5,000	5,000	4,389
Royal Bank of Canada 3.369% September 29, 2025	10,000	10,000	9,558
Toronto-Dominion Bank 3.226% July 24, 2024	15,000	15,583	14,627
Wells Fargo and Company 3.184% February 8, 2024	5,000	5,340	4,870
		<b>187,203</b>	<b>169,568</b>

# Advanced Education Savings Plan

## Schedule of Investments Portfolio

As at September 30, 2022 (Unaudited)

	Par value	Cost	Fair value
	\$	\$	\$
<b>Corporate Securities - (1.88%)</b>			
407 International Inc. 3.600% May 21, 2047	5,000	4,819	4,084
Altalink LP 3.399% June 6, 2024	5,000	5,098	4,902
Apple Inc. 2.513% August 19, 2024	5,000	4,830	4,827
Bell Canada 3.800% August 21, 2028	5,000	4,903	4,660
Canadian National Railway 3.950% September 22, 2045	5,000	5,133	4,341
Canadian National Resources 3.550% June 3, 2024	5,000	5,372	4,927
Enbridge Gas Inc. 3.510% November 29, 2047	5,000	4,681	3,962
Greater Toronto Airports 2.750% October 17, 2039	5,000	4,993	3,818
Honda Canada Finance Inc. 2.500% June 4, 2024	10,000	10,530	9,609
McDonald's Corporation 3.125% March 4, 2025	5,000	4,887	4,814
NAV Canada 3.293% March 30, 2048	5,000	4,839	3,970
Nestle Holdings Inc. 2.192% January 26, 2029	5,000	5,000	4,347
Rogers Communications Inc. 3.650% March 31, 2027	5,000	5,585	4,691
Suncor Energy Inc. 5% 09 April 2030	5,000	5,850	5,001
Telus Corporation 3.750% March 10, 2026	5,000	4,984	4,789
Toronto Hydro Corporation 2.52% 25 August, 2026	5,000	5,251	4,658
Toyota Credit Canada Inc. 2.11% February 26, 2025	5,000	5,066	4,680
Transcanada Pipelines 3.000% September 18, 2029	5,000	4,985	4,358
TWDC Enterprises 18 Corporation 2.758% October 7, 2024	5,000	4,896	4,812
		<b>101,702</b>	<b>91,250</b>
<b>Exchange Traded Funds - (1.10%)</b>			
BMO S&P 500 Index ETF	328	16,882	17,797
iShares Core MSCI Dividend	108	2,460	2,579
iShares Core S&P/TSX Capped	911	25,845	26,683
iShares MSCI Multifactor	200	6,769	6,382
		<b>51,956</b>	<b>53,441</b>
<b>Total Government Grants invested</b>		<b>1,047,014</b>	<b>913,848</b>
<b>Total Subscriber contributions and Government Grants invested - (89.66%)</b>		4,966,692	4,346,841
Cash - (0.37%)		18,143	18,143
Cash equivalent - (9.97%)		482,630	483,172
<b>Total Investment Portfolio</b>		<b>5,467,465</b>	<b>4,848,156</b>

# Advanced Education Savings Plan

## Notes to the Financial Statements (Unaudited)

For the six month period ended September 30, 2022

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### 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. ("GGAI") as administrator and Investment Fund Manager of the Plan. The Plan's registered place of business is 100 Mural Street, Suite 201, Richmond Hill, Ontario, L4B 1J3.

The Plan provides post-secondary education financial assistance to beneficiaries named in the Educational Assistance Payment ("EAP") Contracts. The Foundation and GGAI are under common management and control.

The Foundation has had a specimen copy of the EAP Contract approved by the Canada Revenue Agency ("CRA") such that subscribers' EAP Contracts may be submitted to CRA on the subscriber's behalf by the Foundation for registration as Registered Education Savings Plans ("RESP"). A subscriber's plan is an education savings plan and not a 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 prospectus, for the purpose of providing services to the Plan. At maturity, payments are made to the beneficiary after meeting the conditions as set out in the EAP Contract. Education assistance payments are paid from the income earned on the subscriber's contributions.

The financial statements of the Plan were authorized for issuance by the Board of Directors of the Foundation and GGAI on November 18, 2022.

### 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.

#### a) Recognition, measurement and classification of financial instruments

The Plan classifies its investments based on both the Plan's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Plan is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Plan has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. 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 objectives of the Plan's business model. Consequently, all investments are measured at fair value through profit or loss.

# Advanced Education Savings Plan

## Notes to the Financial Statements (Unaudited)

For the six month period ended September 30, 2022

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

#### b) Recognition, measurement and classification of financial instruments (continued)

Regular purchases and sales of investments are recognized on the trade date – the date on which the Plan commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are presented in the statements of comprehensive income.

Dividend income from financial assets at fair value through profit or loss is recognized in the statements of comprehensive income within dividend income when the Plan's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Plan, and the amount of the dividend can be measured reliably. Interest on debt securities at fair value through profit or loss is recognized at the effective interest rate in the statements of comprehensive income.

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

Cash and amounts receivable are classified as and measured at amortized cost.

#### 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.

#### d) Impairment of financial assets

The financial assets and liabilities measured at amortized cost include: cash; due from the Legacy Education Savings Plan and the Fund Manager; grants receivable; interest receivable; and accounts payable.

At each reporting date, the Plan measures the loss allowance on: due from the Legacy Education Savings Plan; grants receivable; and interest receivable, at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Plan measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Plan has determined that the expected credit loss allowances are not material.

# Advanced Education Savings Plan

## Notes to the Financial Statements (Unaudited)

For the six month period ended September 30, 2022

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

e) Cash and cash equivalents

Cash is classified as amortized cost as described above and cash equivalents are classified as FVTPL.

f) Income taxes

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

g) 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).

h) 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 account maintenance fees, special services fees, where applicable, and insurance premiums from contributions made by subscribers in accordance with the terms of the prospectus. Refer to Note 5 for further details.

i) 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.

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.

# Advanced Education Savings Plan

## Notes to the Financial Statements (Unaudited)

For the six month period ended September 30, 2022

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

#### j) Government grants (continued)

On March 26, 2015, the Alberta Government announced the closure of the Alberta Centennial Education Savings ("ACES") Plan Grant program and the last day to apply for the grant was July 31, 2015. For residents of Alberta, the program provided an initial ACES grant of \$500, which was paid into an RESP for every child born in Alberta on or after January 1, 2005. Additional grants of \$100 were paid into the RESPs of eligible beneficiaries when they turned 8, 11 and 14 in the year 2005 or later and (i) were attending school at that time; (ii) had a parent or guardian who was a resident of Alberta at the time of the application or at the time of the child's particular birthday; and (iii) had met minimum contribution levels required by the Government of Alberta.

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

The Government of British Columbia since 2015 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 6 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 6th and 9th 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, and are accounted for as reductions of accumulated grants when repaid.

### 3. Critical accounting estimates and judgements

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

# Advanced Education Savings Plan

## Notes to the Financial Statements (Unaudited)

For the six month period ended September 30, 2022

### 3. Critical accounting estimates and judgments (continued)

The following discusses the most significant accounting judgments and estimates that the Plan has made in preparing the financial statements:

#### Classification and measurement of investments

In classifying and measuring financial instruments held by the Plan, the most significant judgment is the designation of the investment portfolio as at FVTPL. The classification provides reliable and more relevant information about the effects of transactions, the financial position and the Plan's cash flows.

### 4. Related party transactions

- In consideration for administrative services received, the Plan pays the Investment Fund Manager (GGAI) administration fees of 2.35% per annum of the Plan's assets. During the fiscal year, GGAI has paid all of the expenses of the Plan. Such payments can be terminated by the Investment Fund Manager in any time without notice.
- The Plan's assets include \$34,354 (\$111,028 in March 31, 2022) receivable from Legacy Education Savings Plan for subscriber contributions and grants not yet allocated to the Plan and \$20,436 (\$18,682 in March 31, 2022) receivable from GGAI for bank charges.
- Special services fees paid from subscribers' contributions are remitted by the Foundation to GGAI. The fees principally relate to amounts charged for cheques returned and not honored.

### 5. Subscriber contributions

The changes in the subscriber contributions for the year ended September 30, 2022 and March 31, 2022 are as follows:

	<b>September 30, 2022</b>	March 31, 2022
	\$	\$
Balance, beginning year	<b>4,310,372</b>	4,114,043
Amount contributed by subscribers	<b>232,894</b>	526,018
Account maintenance fees	-	(12,198)
Insurance premiums	<b>(627)</b>	(1,563)
Special service fees	<b>(5,988)</b>	(9,843)
Return of subscriber contributions	<b>(327,234)</b>	(306,085)
Balance, end of year	<b>4,209,417</b>	4,310,372

# Advanced Education Savings Plan

## Notes to the Financial Statements (Unaudited)

For the six month period ended September 30, 2022

### 6. Capital risk management

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

### 7. Fair value of financial instruments

Fair value measurements are classified in accordance within a fair value hierarchy (i.e. 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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Total</b>
				<b>\$</b>
Assets measured at fair value as of September 30, 2022				
Cash equivalents	—	<b>483,172</b>	—	<b>483,172</b>
Equity securities	<b>223,273</b>	—	—	<b>223,273</b>
Fixed income securities	—	<b>4,123,568</b>	—	<b>4,123,568</b>
	<b>223,273</b>	<b>4,606,740</b>	—	<b>4,830,013</b>
	Level 1	Level 2	Level 3	2021 Total
	\$	\$	\$	\$
Assets measured at fair value As of March 31, 2022				
Cash equivalents	—	444,618	—	444,618
Equity securities	259,645	—	—	259,645
Fixed income securities	—	4,386,349	—	4,386,349
	259,645	4,830,967	—	5,090,612

There were no financial instruments that were transferred into or out of any Levels during the years ended September 30, 2022 and March 31, 2022.



# Advanced Education Savings Plan

## Notes to the Financial Statements (Unaudited)

For the six month period ended September 30, 2022

### 8. 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 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 as outlined in the Plan's prospectus. The Plan manages the effects of these financial risks to the Plan portfolio performance by retaining and overseeing professional external portfolio advisors. The portfolio advisors regularly monitor the Plan's positions, market events and manage the investment portfolio within the constraints of the investment policy.

#### a) *Liquidity risk*

Liquidity risk is the risk that the Plan may not be able to meet its obligations on time. In mitigation of these risks, the Plan retains sufficient cash on hand, or cash equivalents that can be readily convertible into cash.

#### b) *Market risk*

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

##### (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 fixed income securities. 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, 2022 and March 31, 2022:

	<b>September 30, 2022</b>	March 31, 2022
	<b>%</b>	<b>%</b>
	<b>[Unaudited]</b>	<b>[Unaudited]</b>
Less than 1 year	10.4	9.6
1-3 years	20.8	19.2
3-5 years	10.2	12.1
Greater than 5 years	58.6	59.1
	<b>100.0</b>	<b>100.0</b>

As at September 30, 2022, management estimates that if prevailing interest rates had increased or decreased by 1%, the total investment portfolio of debt instruments would increase or decrease by approximately \$322.6 K (\$37.5 K in March 31, 2022). 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.

# Advanced Education Savings Plan

## Notes to the Financial Statements (Unaudited)

For the six month period ended September 30, 2022

### 8. Risk management (continued)

#### c) Market risk (continued)

##### (i) Other price risk

result of changes in market prices, other than those arising from interest rate risk. The asset class that is most impacted by other price risk are the equity investments in exchange traded funds ("ETFs") which represent 4.6% (5.0% in March 31, 2022) of the portfolio. The risk is managed by security selection and active management by external managers within approved investment policies and manager mandates.

As at September 30, 2022, if underlying indices prices had increased or decreased by 1% with all other variables held constant, the portfolio amount would have increased or decreased by approximately \$ 1,716 (\$1,938 in March 31, 2022). In practice, the actual trading results may differ materially.

##### (ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan holds ETFs listed on the Canadian marketplace with underlying exposure to US equities denominated in \$US, which represent 2.3% (March 2022 – 2.5%) of the portfolio. The fair value of the portfolio would increase or decrease by approximately \$1,117 (March 2022 – \$1,269) in response to a 1% depreciation or appreciation of the USD dollar currency exchange rate. In practice, the actual change may differ materially.

#### d) 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 and corporate debt instruments which constitute its most significant exposure to credit risk.

The debt securities are invested according to the standard investment restrictions and practices in National Policy 15 of the Canadian Securities Administrators. The Plan has a concentration of investments in Canadian Government and Provincial Government guaranteed bonds, which are considered by management to be high credit quality investments thereby moderating its credit risk. All of the Plan's fixed income securities are exposed to credit risk.

As at September 30, 2022 and March 31, 2022, the Plan's credit exposure to long term debt instruments is as follows:

	<b>September 30, 2022</b>	March 31, 2022
	<b>%</b>	<b>%</b>
	[Unaudited]	[Unaudited]
<b>Bond Ratings</b>		
AAAH/AAA/AAH/AAL	<b>86.3</b>	85.2
AA/AH/A/AL	<b>11.4</b>	11.6
BBB/BBBH/BBBL	<b>2.3</b>	3.2
Unrated	-	-
	<b>100.0</b>	100.0

Dominion Bond Rating Service was the primary source for obtaining credit ratings.

# Advanced Education Savings Plan

## Notes to the Financial Statements (Unaudited)

For the six month period ended September 30, 2022

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### 9. Ontario Securities Commission

On March 10, 2020, GGAI, GRESP and Sam Bouji, sole shareholder of GGAI and GRESP, entered into a settlement agreement (referred to as the agreement, settlement agreement, or the Order) with the OSC, which, among other conditions, included the following:

- (i) GRESP shall commence the process to surrender its registration as a scholarship plan dealer and consented to the immediate suspension of its registration pending surrender and provided Staff with a signed consent to this effect;
- (ii) GGAI opened a bank account in its name, for the exclusive purpose of compensating the Underpaid Beneficiaries as described in the settlement agreement, to be held separate and apart from GGAI's own property and held by a Canadian financial institution in a designated trust account in trust for the Underpaid Beneficiaries (the Special Purpose Account); and
- (iii) Mr. Bouji paid the amount of \$190,000 to the OSC on accounts of costs ordered in the agreement.

GGAI shall not act as investment fund manager for any investment fund other than GIF and the Global Plans (LESP and AESP). GGAI is also prohibited from distributing units in the Global Plans with certain exceptions as noted within the Order.

Until GRESP and GGAI complete all payments to the Special Purpose Account to the satisfaction of the OSC Manager, GGAI shall not, without the prior written consent of Staff:

- (i) Reduce its capital in any manner including by redemption, re-purchase or cancellation of any of its shares;
- (ii) Reduce or repay any indebtedness to any director, officer, partner, shareholder, related company, affiliate or associate, or any other indebtedness which has been subordinated; or
- (iii) Directly or indirectly, make any payments by way of loan, advance, bonus, dividend, repayment of capital or other distribution of assets to any director, officer, partner, shareholder, related company, affiliate or associate.

Subject to any applicable unclaimed property legislation, in the event that GGAI has used all reasonable efforts but has not been successful in locating one or more of the Underpaid Beneficiaries after five years from the date of the Order, the total amounts owing to such beneficiaries shall be donated to the charity Pathways to Education.