

# MANAGEMENT REPORT OF FUND PERFORMANCE

## ADVANCED EDUCATION SAVINGS PLAN

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For the year ended March 31, 2024

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

Securityholders may also contact us using one of these methods to request a copy of the investment fund’s interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Global Growth Assets Inc. (the Manager) views corporate governance and compliance as important contributors to overall corporate performance and long-term investment returns. Currently, the investments of the Plan are limited to government bonds, guaranteed investment certificates, corporate debt securities with an investment grade credit rating, and Canadian equity securities, and U.S. equities via an exchange-traded fund (ETF), both of which must be traded on a stock exchange in Canada. Any decision on security voting matters has been delegated to each of our portfolio managers as described in their respective Investment Management Agreements.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Global Growth assets Inc. (“GGAI” or the “Manager”) has retained the services of Jarislowsky Fraser Ltd (“Jarislowsky Fraser”) to act as the portfolio advisor for the Plan.

The views of the portfolio advisor contained in this report are as of March 31, 2024, the Plan’s latest Fiscal year end, and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date.

### Investment Objective and Strategies

GGAI invests in a prudent manner, with the objective to preserve capital while providing long-term growth through capital appreciation on your Advanced Education Savings Plan investment. GGAJ invests Principal assets in a combination of government fixed income securities and Canadian corporate bonds with a minimum debt rating of BBB and above. Income assets (money earned on either contributions or government grants, such as interest and capital gains) are invested in Canadian exchange-traded funds (ETF). All of the Plan’s assets are managed by Jarislowsky Fraser. The assets are allocated among different market sectors and different maturity segments at the portfolio advisors’ discretion, but subject to the guidelines defined in GGAJ’s investment policies and mandates.

### Independent Review Committee

As of March 31, 2024, the following changes to the composition of the Independent Review Committee (“IRC”) occurred:

- Mr. Harry Mohabir has been re-appointed as a Chair of the IRC. Mr. Mohabir's term will mature on July 25, 2025.
- Mr. Reg Taccone's has been retained as an IRC member. Mr. Taccone's term will mature on March 3, 2026
- Mr. John Lombard term matured on December 15, 2023. Mr. Lombard term was extended for another 3 years to December 15, 2026.

### Risk

For the year ended March 31, 2024, there was no change to the investment strategy of the Plan. As the portfolio is primarily invested in fixed income instruments, the key risks associated with fixed income investing are interest rate risk, liquidity risk, pricing risk and credit risk.

### Results of Operations

The net assets of the Plan as of March 31, 2024 were \$5.89 million (2023 - \$5.65 million) of which approximately \$5.83 million (2023 - \$5.58 million) represents the Plan’s investment portfolio. The Plan’s net rate of return during fiscal year was +2.84% compared to the FTSE Canada Universe Bond Index return of +2.10%, +30.02% return for the S&P 500 Index (Cad-hedged) and +13.96% return for the S&P TSX composite Index. In addition the Plan’s return was net of administration, investment counsel, custodial and independent review committee fees. Fees are not deducted from Benchmark returns.

Within the bond allocation, portfolio continued to be positioned with a short duration bias for most of the year. This positioning generally contributed to performance with the exception of late 2023. As credit spreads continued to tighten over the period, the corporate allocation within the portfolio was reduced and currently is only slightly overweight relative to the FTSE Canada Universe Bond Index.

Within the equity allocation of the total portfolio, there have not been any significant changes that affected the overall risk level as the plan's portfolio advisors continue to invest in high-quality Canadian stocks and U.S. equities via exchange-traded funds (ETFs) that are listed on the Canadian exchange.

## Economic Review

The year 2023 generally continued with the upward trend in interest rates on the back of a very difficult 2022 for fixed income investors. Uncertainty in the next central bank move due to persistent inflation contributed to the volatility in fixed income markets. Finally, fixed income investors found some respite as the Bank of Canada held interest rates at 5% and bonds had a massive rally in the fourth quarter of 2023. Though inflation had not dropped to pre-pandemic levels, weakness in the Canadian economy had many investors on edge about the 2024 outlook for markets.

In the U.S., the Federal Reserve continued its pause as well and kept the Fed funds rate unchanged in the fourth quarter of 2023 during its final meeting of the year. They hinted at possible cuts during 2024 though many didn't expect these cuts until the latter half of the year even though market expectations for easing continue to be brought forward.

During the first quarter of 2024, bond markets gave back some of their late 2023 gains as investors reassessed the extent of future reductions in interest rates by central banks. In North American markets, expectations for central bank interest rate cuts in 2024 were tempered since the beginning of the year from approximately seven cuts of 0.25% each (1.75% total) to three cuts (total 0.75%). Stronger economic momentum, particularly in the US, and stickier inflation were the main reasons for the change in sentiment.

## Recent Developments

The environment for fixed income is very different now than it was in 2020, 2021 and most of 2023. Investors are actually getting paid income while having insurance against possible negative economic outcomes. We don't see as aggressive a path of rate cuts as discounted by the markets in 2024, unless there is a major negative shock to the economy. Core inflation is still too high above the central bank targets and wage disinflation will be hard to achieve. Interestingly, some central banks have not cut rates despite weak growth, such as Sweden, the European Central Bank and the Bank of England.

The credit market has benefited from the recent downshift in growth and inflation and bond yields are closer to fair value now, especially in corporates. The credit market is stronger than we've seen in a long time and we expect spreads to be fairly steady. The main concern should be in private and opaque sectors which are more vulnerable to defaults and financial stress which is why active management and security selection is so important in this market.

Jarislowsky Fraser now expects the Bank of Canada to cut rates earlier than the U.S. Federal Reserve, however, the amount of easing for 2024/ 2025 may still be disappointing. Getting inflation down the "last mile" to 2% is likely to be tougher than most expect. Bond returns in 2024 are likely to be driven by active management and adjustments to duration, yield curve positioning and changing sector allocations. There will be opportunities to add value vs. passive management during the year even though returns should be in the vicinity of the portfolio's yield.

## FINANCIAL AND OPERATING HIGHLIGHTS

The following table shows key financial data for the Plan and is intended to help you understand the financial results for the past five fiscal years.

(Dollar amounts in \$'000)

Statement of financial Position	2024	2023	2022	2021	2020
<b>Total Assets</b>	\$5,904	\$5,652	\$5,868	\$5,844	\$5,461
<b>Net Assets</b>	\$5,896	\$5,647	\$5,864	\$5,841	\$5,302
<b>% change in Net Assets</b>	4.5%	-3.7%	0.4%	10%	33%
<b>Statement of comprehensive income</b>					
<b>Net Investment Income</b>	\$153	-\$92.0	\$145.9	\$36.7	\$200.8
<b>Statement of Changes in Net Assets</b>					
<b>Educational Assistance Payments ("EAP")</b>	\$0	\$0	\$0	\$0	\$0
<b>Government Grants</b>	\$89	\$154.7	\$50.8	\$53.2	\$27.4
<b>Other</b>					
<b>Total Number of Contracts</b>	399	453	505	597	766
<b>% change in Number of Contracts</b>	-12%	-10%	-15%	-22%	7%

### Management Fees

Total administration fee expenses for the year ended March 31, 2024 was \$134,875 (2023 - \$131,662) was waived by GGAI.

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

### **Related Party Transactions**

Under the terms of an administrative services agreement, the Foundation has delegated administrative functions to GGAI.

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

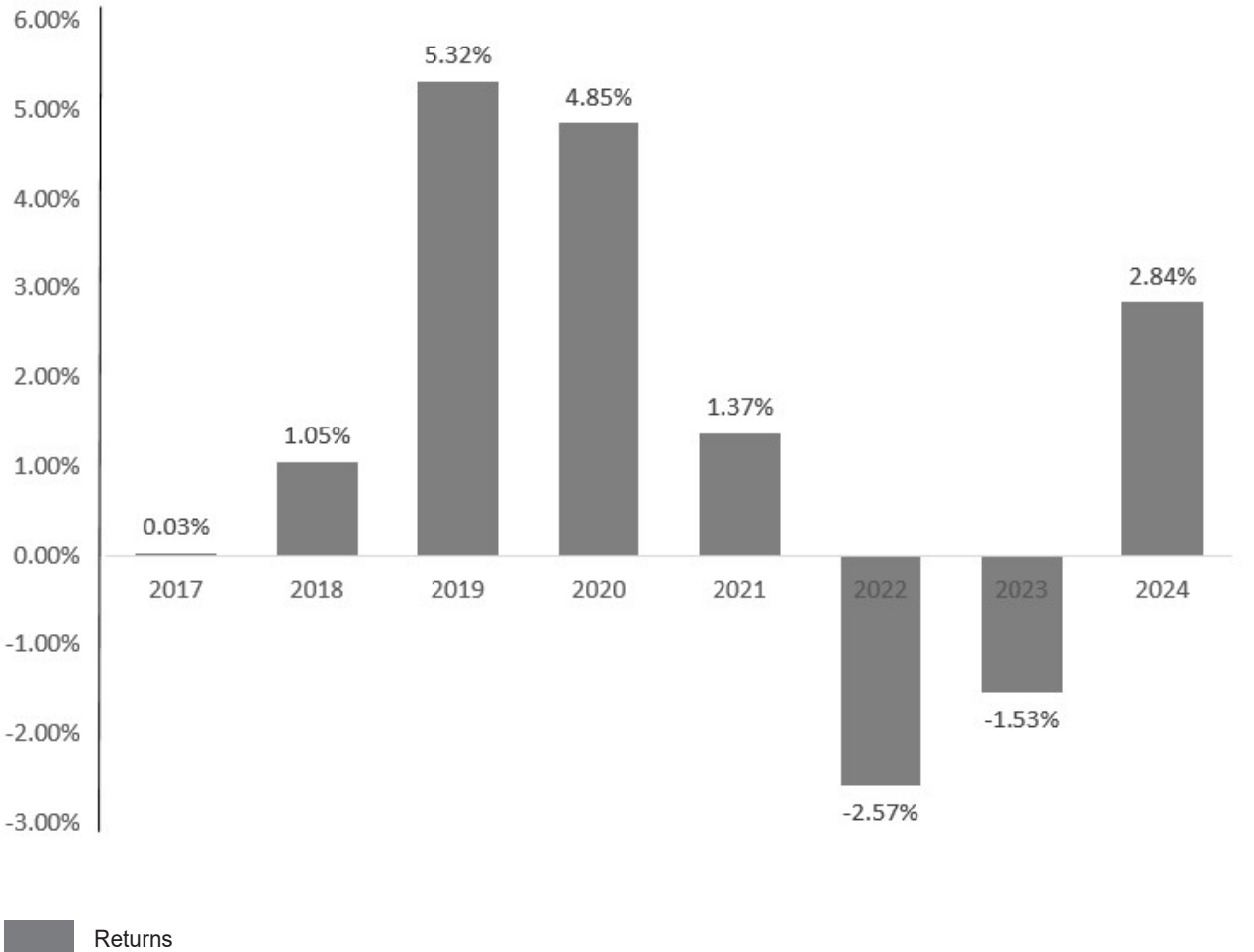
At March 31, 2024 the Plan's assets include \$4,080 (2023 - \$23,691) receivable from Legacy Education Savings Plan for subscriber contributions and grants not yet allocated to the Plan and \$29,386 (2023 - \$645) receivable from GGAI for bank charges.

# PAST PERFORMANCE

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

## Year-by-Year Returns

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



## Annual Compound Returns

The following table illustrates the Plan’s annual compound returns for the periods shown ended March 31, 2024.

	Past year	Past 3 years	Past 5 years	Since Inception
<b>Plan</b>	<b>2.84%</b>	<b>-0.45%</b>	<b>0.95%</b>	<b>1.35%</b>
<b>The FTSE TMX Canada Universe Bond Index</b>	<b>2.10%</b>	<b>-1.52%</b>	<b>0.28%</b>	<b>1.32%</b>
<b>The S&amp;P/TSX Composite index</b>	<b>13.96%</b>	<b>9.12%</b>	<b>9.95%</b>	<b>10.77%</b>
<b>The S&amp;P 500 index (Cad-Hedged)</b>	<b>30.02%</b>	<b>14.30%</b>	<b>15.33%</b>	<b>14.77%</b>

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

The FTSE TMX Canada Universe Bond Index is a market capitalization-weighted index designed to be a broad measure of the Canadian investment-grade, fixed income market, including Government of Canada, provincial and corporate bonds with maturities of more than one year and a credit rating of BBB or higher.

The S&P/TSX Composite Index is the headline index for the Canadian equity market and measures the performance of the largest by market capitalization stocks listed on the Toronto Stock Exchange.

The S&P 500 Index (Cad-hedged) is a market-capitalization-weighted index that is designed to represent the returns of large-capitalization U.S. stocks, with the U.S. dollar exposure of the securities included in the S&P 500 Index hedged to the Canadian dollar.

## SUMMARY OF INVESTMENT PORTFOLIO

The table below details the largest 25 holdings of the Plan at March 31, 2024.

Issuer	% of Plan's Portfolio
Government of Canada 0% May 09,2024	17.82%
Government of Canada 2.750% December 1,2048	8.86%
CPPIB Capital Inc 1.950% September 30,2029	8.68%
Province of Ontario 3.75% June 6,2032	8.56%
Province of Ontario 2.800% June 2,2048	8.08%
Canada Housing Trust 1.25% June 15,2026	7.32%
Canada Housing Trust 1.8% December 15,2024	7.08%
Province of Ontario 5.600% June 2,2035	5.15%
BMO S&P 500 Index ETF	3.17%
Municipal Finance Authority of British Columbia 2.5% April 19, 2026	2.81%
iShares Core S&P/TSX Capped Composite Index ETF	2.58%
Province Of Quebec 2.3% September 1,2029	2.31%
Province of Ontario 1.55% November 1,2029	1.97%
Toronto-Dominion Bank 3.226% July 24,2024	1.25%
Honda Canada Finance Inc 4.899% February 21,2029	1.17%
Canadian Imperial Bank 3.300% May 26,2025	1.14%
Cash	0.67%
Royal Bank Of Canada 3.369% September 29,2025	0.66%
Bank Of Montreal 3.190% March 1,2028	0.65%
Bank Of Nova Scotia 3.100% February 2,2028	0.65%
Altalink Lp 3.399% June 6,2024	0.58%
Toyota Credit Canada Inc 2.11% February 26,2025	0.56%
Bell Canada 3.800% August 21,2028	0.56%
Toronto Hydro Corporation 2.52% 25 August, 2026	0.55%
Great-West Lifeco Inc 6.670% March 21,2033	0.54%
<b>TOTAL</b>	<b>93.37%</b>

All holdings in the Plan are long positions as at March 31, 2024.

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





**Head office**

Global Growth Assets Inc.  
100 Mural Street, Suite 201  
Richmond hill, Ontario, L4B 1J3

416-741-7377  
Toll Free: 1-877-460-7377  
clientservices@globalresp.com  
www.globalgrowth.ca