



STUDENTS TRUST INTERNATIONAL - ANNUAL REPORT 2020 -

The impact of Covid-19 continues to be felt, especially in the investment area of the Plans. Other than delays in obtaining approvals for outgoing Education Payments and Maturity amounts our operations have gone quite smoothly.

We advised you last year that the Trustee organization had moved the Trust operation to EFG Fund Services in Jersey. Unfortunately, this move did not end up being beneficial for our subscribers and beneficiaries and so we have recently made a decision to sever our relationship with the EFG companies for all they do, including Trust, Custody and Investment Management.

The Bermuda Monetary Authority has approved the following changes going forward which will reduce the overall cost of services to subscribers:

New Trustee:	Church Bay Trust Co. Limited, a Bermuda registered Trust Company
Bermuda Registered Trust Company Custodian:	Bermuda Commercial Bank
Investment Manager:	O'Shaughnessy Investment Foundation Limited
Foundation Limited Sub Investment Manager:	Scotia McLeod

For subscribers, this means deposits will now be sent directly to Bermuda Commercial Bank and disbursements for Maturity and Education Payments will arrive from that account. The proper wire transfer instructions are as follows:

► Canadian \$ Plan

Receiving Bank: Bermuda Commercial Bank Ltd.

SWIFT: BPBKBMHM

Intermediary Bank: CIBC, Toronto

SWIFT: CIBCCATT

For: Cdn \$ Students Trust International Plan

Account: 1000267771

Re: Agreement #

► US \$ Plan

Receiving Bank: Bermuda Commercial Bank Ltd.

SWIFT: BPBKBMHM

Intermediary Bank: Deutsche Bank Trust Company

SWIFT: BKTRUS33

For: US \$ Students Trust International Plan

Account: 1000267787

Re: Agreement #

The ability to pay by credit card remains as before with all the same conditions maintained after the move to our new service providers.

Education Payment Levels

Below is a history of the Education Payment levels for Education Payment 1:

	2018	2019	2020	2021
Bermuda Plan (formerly CST)	\$250 Cdn	\$275 Cdn	\$300 Cdn	\$350 Cdn
Canadian \$ Plan	\$200 Cdn	\$175 Cdn	\$150 Cdn	\$150 Cdn
US \$ Plan	\$200 US	\$200 US	\$175 US	\$175 US

We were able to increase the Bermuda Plan Education Payment levels again as we generated a much higher investment return than the other two Plans. As we repeat every year, the Bermuda Plan has been operating under a more liberal investment environment for many years. It also has tighter rules for EP approval which both contribute to the higher EP amounts vs. Canadian and US Plans.

For the Canadian and US\$ Plans we made a conscious decision to take advantage of the extremely low interest rate environment during Covid-19, and sold some long term debt at a significant gain, in order to keep the Education Payments at the current levels. If this very low interest rate environment continues, we will try to do the same in 2021, however, in the longer term we cannot expect much of a potential for increase in Education Payment amounts above the current levels.

Investment Returns & Investment Mandate

As indicated in the section above, we made a strategic decision to sell a small amount of the Cdn and US\$ Plan debt holdings to take advantage of the extremely low Covid driven investment environment, primarily to allow us to maintain the current Education Payment levels. In the Bermuda Plan, we took advantage of the investment market volatility during the period to post some good short-term gains on an equity product that is based on volatility.

The overall results are as follows:

	2018	2019	2020
Bermuda Plan (formerly CST)	4.14%	3.35%	6.35%
Canadian \$ Plan	1.59%	1.75%	5.45%
US \$ Plan	2.17%	1.85%	4.26%

We continue to examine the feasibility of expanding the investment mandate for the Cdn \$ and US \$ Plans, however there are several factors that have made the timing and content of a new mandate more challenging.

As mentioned last year, the G-20 bond market has gone through some radical adjustments - downgrades of G-20 debt of Turkey, Brazil and Argentina most recently. As well, the US \$ has strengthened significantly against most major currencies, reducing the effective yield of many G-20 bonds vs. the US \$ (and the Canadian \$ as well). These changes have made it more difficult for us to convince the regulators that our proposed change of investment policy will have the significant impact we expect on our returns going forward.

Something new now has been added to the mix, the financial markets impact of Covid-19 on G-20 economies and central bank response to the market impact. The shock to the economies of the world was met with a massive central bank and government intervention in the markets, driving already low sovereign interest rates to levels rarely seen below.

Now that our Investment Manager company, O'Shaughnessy Investment Management Limited, has received approval to act as Investment Manager for all funds, we will more aggressively reposition the portfolio to get the best possible outcome, net of expenses for the Subscribers. The Management Fee rate agreed to is below the previous Investment Manager, EFG Bank Cayman Branch.

Bermuda Plan Windup

As of September 30, 2020 the Bermuda Plan is left with about \$10.7 M of net assets with disbursements with net outflows of more than \$2.2 M annually. We have talked about a winding up plan and the first part of that plan has now been approved by Fund Administrator, OEF.

Starting in 2021, a portion of unclaimed funds will be set aside and reserved to cover the total costs of regulation and administration, ensuring that distributions do not require any further fees to be applied to them in the future. The reserved funds will show in a separate account in the OEF financial statements and will be built over the next three years to the required level – based upon current and future costs that can be identified. As a result, we now have a permanent funding mechanism – we just need to monitor the accumulation of the fund to ensure we have sufficient to cover all the winding up costs we expect later in this decade.

Future Reporting

Finally, you will note that the reporting of 2020 results has come earlier than 2019 and we now have all the steps in place to ensure that reporting for 2021 will meet the deadline we have set for ourselves of March 31, 2022.

On behalf of our staff, agents around the world representing our Plan and our Board of Directors we appreciate the trust you have placed in us. We hope the information in this report is well received and we look forward to helping you realize your children's dreams for a better future though college, technical school or university education anywhere in the world.



A handwritten signature in blue ink that reads "Tom F. O'Shaughnessy". The signature is stylized and cursive.

Tom F. O'Shaughnessy, C.A.

President and Founder, Students Trust International Plan
President, O'Shaughnessy Education Foundation Limited