



STUDENTS TRUST INTERNATIONAL - ANNUAL REPORT 2021 -

After a difficult period of transition where outgoing wires were delay for a number of months, the settlement process is now getting back to normal.

One new challenge for Subscribers and Beneficiaries is the Bermuda requirement to provide information under CRS reporting - more details are provided later in this report.

We appreciate the patience that our clients maintained as we worked through this challenging time.

We remind you of the new arrangements that were finalized last year.

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.

Common Reporting Standard Requirements

As a result of our recent move to Church Bay Trust, a Bermuda based Trustee, we have been advised that a new reporting obligation is now part of our fund management.

Bermuda has adopted the implementation of what is called the Common Reporting Standard. The Common Reporting Standard (CRS), developed in response to the G20 request and approved by the OECD calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. It sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions.

If you want more information regarding this requirement, please go to www.gov.bm/common-reporting-standard-country-country-reporting.

For our subscribers and beneficiaries, it means we now will be asking you to provide us with verification of your account data along with reporting of your TIN (Tax Information Number) if you are a registered taxpayer in your home jurisdiction. You will also be required to provide us with proof of your address with a document that is either government issued or meets the standard for acceptance by our Trustee, Church Bay Trust.

To begin we will require this information for all disbursements, both return of principal at Maturity and Education Payments. As the principal belongs to the subscriber, they will be responsible for submitting CRS information for the Maturity refunds. For Education Payments the funds belong to the Beneficiary so they will be responsible for submitting their information before funds can be sent.

The obligation to collect information is for all of our clients, even though currently not all countries participate in the information sharing of the data. We also know that many of our beneficiaries are students who do not have TIN numbers as they are still students and have not been subject to any income tax yet. For these persons we are using the standard established under CRS to obtain the National ID number of the person, confirmed by a document issued by their local government.

Our biggest challenge will be to obtain the CRS data for existing subscribers who are still in the deposit period of their agreement. We will need to encourage all subscribers, not just those receiving disbursements, to sign on and submit their TIN data and address verification so that we can do our best to meet the reporting requirements.

Our IT partner is working on our online portal to allow everyone to log on and complete and save their information and upload their documents. We expect that work to be completed in early 2022.

Once you have reported your TIN and address information, it will remain on our database and you will not need to report the information again. We will remind all on a periodic basis to file this information if they have not already with the expectation that our client base reporting will be sufficient to ensure compliance with this very difficult data collection requirement.

Education Payment Levels

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

	2019	2020	2021	2022
Bermuda Plan (formerly CST)	\$275 Cdn	\$300 Cdn	\$350 Cdn	\$350 Cdn
Canadian \$ Plan	\$175 Cdn	\$150 Cdn	\$150 Cdn	\$150 Cdn
US \$ Plan	\$200 US	\$175 US	\$175 US	\$150 Cdn

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.

The recent opportunity to sell longer term holdings to realize current gains has now passed and we are back to the waiting game that will require governments to increase the interest rates offered on their bond issuances before we can re-enter the long-term bond market.

We will face continued pressure regarding the Education Payments for both the Canadian and US Plans. We have already had to reduce the US payouts recognizing that the volume of claims will start to rise and match the amounts that are currently claimed for the Canadian \$ Plan.

To realistically assess the future for clients we have a much higher probability that payments will slowly decline as opportunity for long-term investment decreases with the maturity of Plan claims.

Investment Returns & Investment Mandate

The investment return environment has returned to the challenging situation we have documented in the past.

The recent sale of certain investments has allowed us to maintain the Education Payment levels for the Canadian Plan, however the US Plan was not able to benefit from the same temporary environment, resulting this year in the reduction of levels to the same amount as the Canadian Plan.

The US Plan claims for Education Payments will start to increase very soon and it is expected that both Plans will provide payments at the same level for next few years.

We are also realizing that the opportunity to change the way in which we invest funds for you will not change, our timeline to effect this change has effectively passed and since we are not accepting any new subscriptions our focus over the next few years is to make sure that the assets we hold are matched to the liabilities we need to pay in the long run.

We are considering engaging outside consultants to determine what steps can be taken to protect the value of the fund and somehow get back to an environment where the Education Payment news is more encouraging. This will be a very difficult challenge.

The overall results are as follows:

	2018	2019	2020	2021
Bermuda Plan (formerly CST)	4.14%	3.35%	6.35%	-5.22%
Canadian \$ Plan	1.59%	1.75%	5.45%	1.83%
US \$ Plan	2.17%	1.85%	4.26%	1.32%

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Bermuda Plan Windup

The Bermuda Plan assets have reduced by another \$2M in 2021 with the estimated timeline for complete disbursement in 2028. The last Maturity withdrawals are scheduled for 2023 and with our built-in delay of the Benefit Period due to Covid related postponement of education studies, we expect that all Education Payment claims will have been made by 2028. However, there are still some possible claims that may come forward after and OEF will need to find a source of funds to cover these.

As mentioned last year OEF has reserved \$200,000 for the future admin and windup costs. We are now going to add to that reserve for any claims by subscribers and beneficiaries after the fund has been fully disbursed. To ensure both the uses are met, we will substantially increase the amount that has been held in this reserve account over the next few years.

Future Reporting

Our 2021 Audited Financial Statements and Annual Statements for Subscribers were posted to the web site in February, very close to our target date for timely reporting to subscribers. While the results are not very positive, the statements show that your funds are held in Trust and invested according to the terms of the contract and should give you comfort that the amounts in your account are in safe custody.

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 written in a cursive style and is located to the right of the portrait photo, within the same light blue box.

Tom F. O'Shaughnessy, C.A.

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