

**STUDENTS TRUST
INTERNATIONAL PLANS
*Canadian \$ Students Trust
International Plan***

Financial Statements as of and
for the year ended September 30, 2019
and Independent Auditors' Report

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan

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INDEPENDENT AUDITORS' REPORT

To the Trustee of
Canadian \$ Students Trust International Plan

Opinion

We have audited the financial statements of the Canadian \$ Students Trust International Plan (the "Plan"), which comprise the statement of financial position as at September 30, 2019 and the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at September 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). 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 are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the British Virgin Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Without qualifying our opinion, we draw attention to Note 14 in the financial statements which indicates that there was a change in trustee on January 1, 2020.

The financial statements for the year ended September 30, 2019 were originally issued on August 26, 2020. Subsequent to the issuance, the Plan has added note 14 to the financial statements to include reference to this change in trustee.

Responsibilities of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, 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.

INDEPENDENT AUDITORS' REPORT (cont'd)

Auditor's Responsibility 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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 achieved 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.

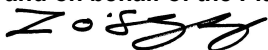
Deloitte Ltd.

September 11, 2020

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

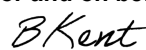
	Notes	2019	2018
Assets			
<i>Non-current assets</i>			
Financial assets at fair value through other comprehensive income	6	\$ 24,986,590	\$ 22,453,049
Financial assets at amortised cost	6	9,280,951	16,543,981
Subscriber deposits receivable	5	4,097,049	5,340,642
Total non-current assets		38,364,590	44,337,672
<i>Current assets</i>			
Cash and cash equivalents		2,297,241	4,284,495
Financial assets at fair value through other comprehensive income	6	29,910	103,389
Financial assets at amortised cost	6	24,054,828	17,716,862
Subscriber deposits receivable	5	1,325,284	1,490,956
Due from related parties	8	42,730	206,441
Total current assets		27,749,993	23,802,143
Total assets		66,114,583	68,139,815
Liabilities			
<i>Current liabilities</i>			
Accounts payable and accrued expenses		160,168	684,662
Due to related parties	8	164,051	569,633
Total liabilities		324,219	1,254,295
Net assets		\$ 65,790,364	\$ 66,885,520
Net assets represented by:			
<i>Subscriber balances</i>			
Subscriber deposits	7	\$ 44,304,631	\$ 46,061,204
Subscriber deposits receivable		5,304,314	6,608,512
Subscriber deposits – guaranteed return of fees	7	226,083	229,653
Guaranteed return of fees due from subscribers		5,666	6,693
Guaranteed return of fees interest for subscribers	7	109,574	109,574
Total subscriber balances		49,950,268	53,015,636
<i>Beneficiary balances</i>			
Beneficiary pre maturity pool interest	7	10,858,023	11,055,118
Beneficiary post maturity pool interest	7	1,421,322	1,202,916
Return of enrolment fee reserve		141,293	73,098
Enhancement account		10,794	74,156
Total beneficiary balances		12,431,432	12,405,288
Investment revaluation reserve	11	3,408,664	1,464,596
		\$ 65,790,364	\$ 66,885,520

For and on behalf of the Plan



Tom F. O'Shaughnessy
O'Shaughnessy Education Foundation Ltd.

For and on behalf of the Trustee



EFG Fund Services

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

	Notes	2019	2018
Income			
Interest income		\$ 1,684,086	\$ 1,448,156
Dividend income		-	18,004
		<u>1,684,086</u>	<u>1,466,160</u>
Expenses			
Administration fee	8	585,189	598,154
Trustee fee	8	90,000	85,000
Broker fee		121,844	126,662
Exchange (gain) loss		(37,854)	10,705
		<u>759,179</u>	<u>820,521</u>
Net investment income		<u>924,907</u>	<u>645,639</u>
Unrealised (losses)/profits on financial assets at fair value through profit or loss		-	(15,068)
Realized profit on financial assets at fair value through other comprehensive income		19,960	202,711
Operating profit		<u>944,867</u>	<u>833,282</u>
Other comprehensive income			
Items that maybe subsequently classified to profit or loss			
Unrealized (losses)/gains on financial assets at fair value through other comprehensive income	11	1,944,068	(203,673)
Total comprehensive income for the year		<u>\$ 2,888,935</u>	<u>\$ 629,609</u>

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

	Notes	<u>Subscriber balances</u>	<u>Beneficiary balances</u>	<u>Investment revaluation reserve</u>	<u>Total</u>
Balance at September 30, 2017		\$ 55,864,807	\$12,358,256	\$1,668,269	\$ 69,891,332
Deposits received		1,284,706	-	-	1,284,706
Deposits due		(1,210,181)	-	-	(1,210,181)
Deposits-guaranteed return of fees received	9	-	-	-	-
Enrolment fees	8	(6,924)	-	-	(6,924)
Deposits repaid		(2,905,267)	-	-	(2,905,267)
Education payments	10	-	(786,250)	-	(786,250)
Guaranteed return of fees payments		-	(11,505)	-	(11,505)
Unrealized profits on financial assets at FVTOCI		-	-	(203,673)	(203,673)
Operating profit		-	833,282	-	833,282
Guaranteed return of fees interest	9	(11,505)	11,505	-	-
Balance at September 30, 2018		<u>53,015,636</u>	<u>12,405,288</u>	<u>1,464,596</u>	<u>66,885,520</u>
Deposits received		1,110,222	-	-	1,110,222
Deposits due		(918,499)	-	-	(918,499)
Deposits-guaranteed return of fees received	9	606	-	-	605
Enrolment fees	8	(18,580)	-	-	(18,580)
Deposits repaid		(3,233,914)	-	-	(3,233,914)
Education payments	10	-	(918,723)	-	(918,723)
Guaranteed return of fees payments		-	(5,202)	-	(5,202)
Unrealized profits on financial assets at FVTOCI		-	-	1,944,068	1,944,068
Operating profit		-	944,867	-	944,867
Guaranteed return of fees interest	9	(5,202)	5,202	-	-
Balance at September 30, 2019		<u>\$ 49,950,268</u>	<u>\$12,431,432</u>	<u>\$3,408,664</u>	<u>\$ 65,790,364</u>

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

	2019	2018
Cash flows from operating activities		
Total comprehensive income	\$ 2,888,935	629,609
Interest income	(1,684,086)	(1,448,156)
Dividend income	-	(18,004)
Financial assets at FVTOCI		
Realized profits	(19,960)	(202,711)
Change in unrealized loss	(1,944,068)	203,673
Financial assets at fair value through profit or loss		
Change in unrealized (profits)/losses	-	15,068
	<u>(759,179)</u>	<u>(820,521)</u>
Movements in working capital:		
Change in subscriptions receivable	1,409,265	1,948,327
Change in due from related parties	163,711	451,682
Change in due to related parties	(405,582)	448,502
Change in accounts payable and accrued expenses	(524,494)	505,296
	<u>642,900</u>	<u>3,353,807</u>
Financial assets at FVTOCI		
Payments for investments purchased	(999,691)	(2,163,143)
Proceeds from investments sold	503,657	114,141
Financial assets at amortised cost		
Payments for investments purchased	(19,965,000)	(8,170,000)
Proceeds from investments sold	20,890,064	11,973,000
Proceeds from sale of investments at FVTPL	-	1,862,248
	<u>429,030</u>	<u>3,616,246</u>
Cash provided by operating activities	312,751	6,149,532
Interest received	747,007	886,192
Dividends received	-	18,004
Net cash generated by operating activities	<u>1,059,758</u>	<u>7,053,728</u>
Cash flows from financing activities		
Education payments	(918,723)	(786,248)
Guaranteed return of fees payments	(5,202)	(11,505)
Subscriber deposits received	1,110,222	1,285,734
Subscriber deposits paid	(3,233,914)	(3,572,941)
Subscriber guaranteed return of fees received	605	-
Net cash used in financing activities	<u>(3,047,012)</u>	<u>(3,084,962)</u>
Net change in cash and cash equivalents	<u>(1,987,254)</u>	<u>3,968,766</u>
Cash and cash equivalents at the beginning of the year	4,284,495	315,729
Cash and cash equivalents at the end of the year	<u>\$ 2,297,241</u>	<u>\$ 4,284,495</u>

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

1. GENERAL INFORMATION

The objective of the Students Trust International Plans (which consists of the Canadian \$ Students Trust International Plan (the "Plan"), US \$ Students Trust International Plan ("US \$ Plan) and Bermuda Students Trust International Plan ("Bermuda Plan") (together the "other Plans")), is to provide education savings plans for individual investors who reside in countries other than Canada and the United States, to save for the post-secondary education of their children.

The Plan was formed in the British Virgin Islands ("BVI") on October 1, 2002, under trust agreements between O'Shaughnessy Education Foundation Limited ("OEF") and HSBC International Trustee Limited (the "Trustee"). On September 9, 2009 the Plan changed domicile from the BVI to Bermuda and is registered as a standard fund with the Bermuda Monetary Authority ("BMA"). OEF, which is recognised under the BVI Securities and Investment Business Act, 2010, ("SIBA") as a provider of investment business services in accordance with Category 6: Sub-category A: Administration of Investments (Excluding Mutual Funds) is the administrator of the Plan. EFG Wealth Management (Cayman) Ltd is the current appointed Trustee of the Plan.

The investment objective of the Plan is to maximise income earned while preserving capital by investing primarily in government guaranteed securities such as federal and provincial Canadian and United States bonds, coupons and treasury bills, guaranteed investment certificates, insured mortgages, mutual funds and index linked funds that invest primarily in the above securities. An additional objective of the Plan is to ensure that there is sufficient liquidity to satisfy subscriber principal requests for withdrawals.

These financial statements were approved by the Board of Directors of OEF (the "OEF Board") and authorised for issue on September 11, 2020.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Standards and interpretations effective and adopted in the current year.

The Plan adopted IFRS 9 Financial Instruments on October 1, 2018. IFRS 9 addresses the classification, measurement, impairment and derecognition of financial assets and liabilities as well as hedge accounting and replaces the multiple classification and measurement models in IAS 39.

In terms of IFRS 9, classification and measurement of debt assets is driven by the Plan's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. IFRS 9 also introduces a new expected credit loss ("ECL") impairment model. The nature and the impact of each new standard and amendment are described below:

The Plan has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively.

Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value;
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Such instruments continue to be measured at amortised cost under IFRS 9.

IFRS 9 requires that the Plan records ECLs on all of its financial assets at amortised cost, either on a 12 month or lifetime basis. Given the limited exposure of the Plan to credit risk, this amendment has not had a material impact on the financial statements. The Plan only holds trade receivables with no financing component, and which have maturities of less than 12 months at amortised cost. The Plan has therefore adopted the simplified approach to ECLs.

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (cont’d)

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on October 1, 2018, however, the Plan has chosen to take advantage of the option not to restate comparatives figures. Therefore, the 2018 figures are presented and measured under IAS 39. Accordingly retrospective application of IFRS 9 by the Plan did not result in a change to the classification or measurement of financial instruments. The Plan’s investment portfolio continues to be classified at either fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”) and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Plan’s financial assets and financial liabilities as at October 1, 2018:

	IAS 39 Classification	IFRS 9 Classification	Measurement IAS 39 and IFRS 9
Financial assets			
Non-current assets			
Financial assets at fair value through other comprehensive income	Available for sale assets	At FVTOCI	\$22,453,049
Financial assets at amortised cost	Held to maturity	Amortised cost	\$16,543,981
Subscriber deposits receivable	Loans and receivables	Amortised cost	\$5,340,642
Current assets			
Cash and cash equivalents	Loans and receivables	Amortised cost	\$4,284,495
Financial assets at fair value through other comprehensive income	Available for sale assets	At FVTOCI	\$103,389
Financial assets at amortised cost	Held to maturity	Amortised cost	\$17,716,862
Subscriber deposits receivable	Loans and receivables	Amortised cost	\$1,490,956
Due from related parties	Loans and receivables	Amortised cost	\$206,441
Financial liabilities			
Current liabilities			
Accounts payable and accrued expenses	Other financial liabilities	Amortised cost	\$684,662
Due to related parties	Other financial liabilities	Amortised cost	\$569,633

New standards, amendments and interpretations effective for annual periods beginning after October 1, 2018 and have not been early adopted.

At the date of authorisation of these financial statements, the following standards affecting the Plan were in issue, but not yet effective.

- Amendments to the conceptual framework – effective January 1, 2020
- Definition of material (Amendments to IAS 1 and IAS 8) – effective January 1, 2020
- Definition of a Business (Amendments to IFRS 3) – effective January 1, 2020

The Plan has chosen not to early adopt the new and revised IFRS affecting presentation and disclosure which have been published and are mandatory for the Fund’s accounting records beginning on the date mentioned above.

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with IFRS.

Basis of preparation

The Plan has elected to present a single statement of comprehensive income. The financial statements have been prepared on the historical cost basis except for the revaluation of financial assets at FVTOCI. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies have been consistently applied to all years presented and the principal accounting policies are set out below.

Foreign currency translation

The financial statements are presented in Canadian dollars (“\$”), which is both the presentation and the functional currency. Transactions in currencies other than the Plan’s functional currency (“foreign currencies”) are recorded at the exchange rates prevailing at the dates of the transactions.

At the date of the statement of financial position the “reporting date”, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise. Foreign exchange gains or losses from investments are presented in the statement of comprehensive income within “other comprehensive income”. There were no exchange differences for the comparative years under audit.

Financial instruments

In the current year, the Plan has adopted IFRS 9, Financial Instruments. Comparative figures for the year ended September 30, 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

The Plan recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on trade date, i.e. the date that the Plan commits to purchase or sell the asset.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTOCI) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Plan classifies its investments as financial assets or financial liabilities at amortised cost, FVTPL or FVTOCI.

Financial assets measured at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

Financial assets measured at FVTPL

A financial asset is measured through profit or loss if:

- a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. or
- b) It’s not held within a business model whose objective is to either collect contractual cash flows, or to both collect contractual cash flows and sell; or
- c) At initial recognition it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on a different bases.

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets measured at FVTOCI

A financial asset is measured through other comprehensive income if:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities measured at amortised cost

Financial liabilities that are not held-for-trading or designated as at FVTPL are measured at amortised cost. This category includes accounts payable and accrued expenses and due to related parties

Financial liabilities are classified at FVTPL if it meets the definition of held for trading.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling or repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability may be designated at FVTPL upon initial recognition if it is irrevocably designated by the Plan as at FVTPL when doing so results in more relevant information because either:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on a different basis; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Plan's documented risk management strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivative, and IFRS 9 permits the entire combined contract to be designated at FVTPL.

Recognition and derecognition

Financial assets and financial liabilities are recognised in the Plan's statement of financial position when the Plan becomes a party to the contractual provision of the instruments.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Realised gains and losses on these investments are recorded in the statement of comprehensive income. Other financial assets are derecognised only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Plan derecognises financial liabilities when, and only when, the Plan's obligations are discharged, cancelled or they expire.

Measurement

Financial instruments measured at amortised cost

Financial instruments at amortised cost are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

After initial measurement the Portfolios measure financial instruments which are classified as at amortised cost at amortised cost using the effective interest method less any allowances for impairment for financial assets. Gains and losses are recognised in profit or loss when the instruments are derecognized or impaired, as well as through the amortisation process.

STUDENTS TRUST INTERNATIONAL PLANS
Canadian \$ Students Trust International Plan
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments measured at FVTPL

Financial instruments at FVTPL are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

After initial measurement the Plan measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net fair value gains or losses on financial assets at FVTPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the statement of comprehensive income.

Financial instruments measured at FVTOCI

Financial instruments at FVTOCI are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

After initial measurement the Plan measures financial instruments which are classified as at FVTOCI, at fair value. Subsequent changes in the fair value of those financial instruments are recognised directly in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment revaluation reserve is reclassified to profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period.

Fair value

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 the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded securities) are based on quoted market prices at the close of trading on the reporting date.

The Plan utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. As at September 30, 2019 and 2018, the Plan did not hold any financial assets or liabilities that were valued using valuation techniques.

Offsetting

The Plan only offsets financial assets and liabilities at FVTPL if the Plan has a legally enforceable right to set off recognised amounts and either intends to settle on a net asset basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For listed and unlisted equity investments as well as debt instruments classified as financial assets at FVTOCI, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When a financial asset at FVTOCI is considered to be impaired, cumulative gains or losses previously recognised in the investment revaluation reserve are reclassified to profit or loss in the period that the financial asset became impaired.

With the exception of equity instruments measured at FVTOCI, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

With respect to equity securities measured at FVTOCI, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Cash and cash equivalents

The Plan considers cash at bank, short-term deposits and other short-term highly liquid investments with maturities of three months or less to be cash and cash equivalents.

Income and expenses recognition

Interest income is recorded when it is probable that the economic benefits will flow to the Plan and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income is recognised when the investor's right to receive payment has been established, normally the ex-dividend date. Other expenses are recorded on the accrual basis as they incurred.

Other expenses are recorded on the accrual basis as they are incurred.

Subscriber deposits and subscriber deposits receivable

Subscriber deposits reflect amounts received from subscribers and do not include amounts receivable on outstanding agreements. Deposits receivable represent amounts owing from subscribers which they have committed to under contract and which, if not made in accordance with the contract, will trigger the withdrawal of the subscriber from the Plan.

Enrolment fees

Enrolment fees are deductions from subscribers' deposits which are used to cover the costs of distribution of the Plan. Amounts equivalent to these fees are ultimately paid in equal amounts with each education payment or to the subscriber on withdrawal through the Guaranteed Return of Fees ("GRF") program. As such, enrolment fees are not recorded in the statement of comprehensive income, but are taken directly to the representing subscriber balances in net assets.

Taxation

Under the current laws of Bermuda, the Plan is not subject to income, estate, corporation or capital gains taxes. Accordingly, no provision has been made for these taxes in these financial statements. The Plan intends to conduct its affairs such that it will not be subject to taxation in any jurisdiction, other than withholding taxes on investment income and capital gains, where applicable. Withholding taxes, if any, are shown as a separate item in the statement of comprehensive income.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Plan's accounting policies, the OEF Board is required to make judgments, estimates and assumptions about carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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5. SUBSCRIBER DEPOSITS RECEIVABLE

Subscribers have the option to pay for their fraction in the interest pool (“units”) in full or in installments. Subscriptions receivable represent future installments to be made by the subscribers, including any GRF and enrolment fees outstanding. These amounts are determined based on contracts between the Plan and the subscriber and are due at a future date based on these individual contracts.

	2019	2018
Non-current portion	\$ 4,097,049	\$ 5,340,642
Current portion	1,325,284	1,490,956
	<u> </u>	<u> </u>
Total subscriber deposits receivable	\$ 5,422,333	\$ 6,831,598
	<u> </u>	<u> </u>

6. FINANCIAL ASSETS

The fair value of financial instruments is determined as follows within the fair value hierarchy:

- Level 1 is represented by quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2 is represented by 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 is represented by inputs for financial instruments that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value of the Plan’s financial assets that are measured at fair value on a recurring basis

The components of investments owned at September 30 are as follows:

	<u>2019</u>		<u>2018</u>	
	Amortised Cost/Cost	Fair value	Amortised cost/Cost	Fair value
Financial assets at FVTOCI				
<i>Fixed income securities</i>				
Canadian provincial bonds	\$ 14,321,689	\$ 16,836,117	\$ 14,189,469	\$ 15,368,273
Canadian provincial agency bonds	4,724,537	5,536,193	4,611,046	4,937,038
Other government bonds	2,561,610	2,644,190	2,291,327	2,251,127
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total financial assets at FVTOCI	\$ 21,607,836	\$ 25,016,500	\$ 21,091,842	\$ 22,556,438
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial assets at amortised cost				
<i>Certificate of deposits</i>				
Canadian financial Institutions	\$ 32,860,000	\$ 33,335,779	\$ 34,260,843	\$ 34,260,843
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

At September 30, 2019 and 2018, all of the Plan’s investments in financial assets at FVTOCI and financial assets at amortised cost were valued using Level 2 inputs.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1 include active exchange traded funds. The Plan does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing source supported by observable inputs are classified within Level 2. These include investment-grade government bonds, provincial bonds and certificates of deposits. The fair value these instruments are the present value of the stream of cash flows it is expected to generate. Hence, the value of these instruments is obtained by discounting the expected cash flows to the present using a discount rate. This discount rate is determined by reference to similar instruments.

There were no transfers between levels for the year ended September 30, 2019 or 2018.

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6. FINANCIAL ASSETS (cont'd)

The Plan's main investment strategy is to invest in fixed income securities. The move to invest in index linked funds and mutual funds were a planned strategy to counter a fall in returns of long term government provincial and federal bonds. These investment types are allowed by the Plan's prospectus and the main line of investments remains fixed income securities.

Fixed income securities held by the Plan by calendar year of maturity are presented as follows:

Year of maturity	2019		2018	
	Fair value	Maturity value	Fair value	Maturity value
2018	\$ -	\$ -	\$ 3,258,135	\$ 3,200,000
2019	6,774,903	6,630,000	14,562,117	14,425,000
2020	14,087,285	12,876,273	14,192,032	14,053,272
2021	15,639,518	15,471,334	4,970,111	4,416,335
2022	1,008,217	1,032,600	1,092,928	1,032,600
2023	1,073,551	1,150,000	1,011,719	1,150,000
2024	352,384	385,000	327,315	385,000
2025	1,115,800	1,250,000	1,021,805	1,250,000
2026	1,559,291	1,800,000	1,791,074	1,800,000
2027	1,150,952	1,340,000	1,026,013	1,340,000
2028	1,100,221	1,350,000	988,362	1,350,000
2029	2,313,235	2,830,000	2,006,023	2,830,000
2030	7,735,500	9,966,230	6,706,436	9,966,230
2031	4,441,422	5,900,000	3,863,211	5,900,000
	<u>\$ 58,352,279</u>	<u>\$ 61,981,437</u>	<u>\$ 56,817,281</u>	<u>\$ 63,098,437</u>

The return on investments for the current year is 2.17% (2018: 1.11%). The overall return on Plan assets, including donations from OEF and expenses is 3.17% (2018: 0.94%).

Financial instruments not carried at fair value but for which fair value is disclosed

For all of the Plan's financial assets and liabilities not carried at fair value, disclosure of fair value is not required as the carrying amount is a reasonable approximation of fair value.

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7. SUMMARY OF SCHOLARSHIP UNITS AND SUBSCRIBER AND BENEFICIARY BALANCES

Year of commencement	2019					
	Subscriber balances					
Number of outstanding units	Subscriber deposits	Guaranteed return of fees	Guaranteed return of fees interest	Beneficiary prematurity pool interest	Beneficiary post maturity pool interest	
2014	35	\$ 83,025	\$ -	\$ -	\$ 37,294	\$ -
2015	9	33,742	-	-	11,574	166,814
2018	36	70,038	2,143	1,530	27,439	253,720
2019	119	180,599	3,592	1,369	76,911	309,687
2019	308	517,509	1,395	781	169,015	279,903
2019	1,271	1,599,409	11,767	7,020	629,720	135,420
2020	2,038	2,610,669	8,281	5,658	905,786	24,049
2021	3,339	3,671,760	54,469	32,877	1,356,438	34,374
2022	3,774	4,030,728	24,889	13,898	1,322,424	40,894
2023	4,186	4,124,360	17,836	9,541	1,261,900	27,085
2024	4,285	4,057,861	19,248	9,284	1,120,364	34,482
2025	5,253	4,701,520	40,222	14,059	1,150,293	31,944
2026	4,486	3,903,865	11,092	5,015	881,833	15,513
2027	4,072	3,280,361	8,204	2,712	701,101	35,704
2028	3,760	3,039,282	3,561	1,087	504,506	7,013
2029	2,435	1,923,776	16,683	4,048	245,336	16,498
2030	2,056	1,524,407	2,018	640	164,074	2,103
2031	2,341	1,560,448	-	-	127,293	2,052
2032	1,958	1,345,238	-	-	82,311	3,816
2033	1,460	940,015	683	55	46,975	251
2034	1,171	706,976	-	-	23,180	-
2035	751	378,742	-	-	11,964	-
2036	46	20,301	-	-	292	-
TOTAL	49,189	\$ 44,304,631	\$ 226,083	\$ 109,574	\$ 10,858,023	\$ 1,421,322

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7. SUMMARY OF SCHOLARSHIP UNITS AND SUBSCRIBER AND BENEFICIARY BALANCES (cont'd)

Year of commencement	2018					
	Subscriber balances					
Number of outstanding units	Subscriber deposits	Guaranteed return of fees	Guaranteed return of fees interest	Beneficiary prematurity pool interest	Beneficiary post maturity pool interest	
2014	45	\$ 96,875	\$ -	\$ -	\$ 46,413	\$ 51,594
2015	18	54,284	-	-	18,914	307,547
2018	88	167,534	2,144	1,499	62,263	282,976
2019	280	411,904	3,592	1,624	174,026	244,613
2019	1,057	1,760,516	5,510	2,792	566,717	79,071
2019	1,773	2,335,548	13,321	8,309	862,366	16,581
2020	2,167	2,698,909	6,543	3,616	913,682	19,932
2021	3,344	3,601,466	58,993	35,195	1,286,305	34,375
2022	3,822	4,036,441	24,889	13,543	1,268,743	35,461
2023	4,162	4,068,223	14,584	7,492	1,180,918	22,634
2024	4,354	4,055,181	19,248	9,012	1,065,854	19,258
2025	5,267	4,648,057	38,591	13,521	1,075,039	30,454
2026	4,492	3,781,193	11,093	4,859	821,624	14,988
2027	4,118	3,242,005	8,205	2,599	656,698	25,645
2028	3,831	3,033,135	3,561	1,038	462,729	3,610
2029	2,504	1,906,361	16,683	3,819	222,405	10,681
2030	2,089	1,476,074	2,018	613	141,305	1,176
2031	2,327	1,501,417	-	-	105,750	2,053
2032	2,045	1,351,144	-	-	68,250	6
2033	1,461	884,265	678	43	34,516	251
2034	1,171	597,782	-	-	14,872	-
2035	752	337,847	-	-	5,631	-
2036	46	15,043	-	-	98	-
TOTAL	51,213	\$ 46,061,204	\$ 229,653	\$ 109,574	\$ 11,055,118	\$ 1,202,916

8. RELATED PARTY TRANSACTIONS AND BALANCES

	2019	2018
Due from OEF	\$ 42,730	\$ 206,441
	\$ 42,730	\$ 206,441
Due to OEF	\$ 139,231	\$ 300,175
Due to Trustee	24,820	26,684
Due to US \$ Plan	-	205,274
Due to Bermuda Plan	-	37,500
Total due to related parties	\$ 164,051	\$ 569,633

The amounts due from and to related parties are unsecured, interest free and have no fixed repayment terms.

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8. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

Enrolment fees

In purchasing units in the Plan (Note 9), enrolment fees of \$200 per unit are deducted from the subscribers' deposits and paid to OEF to cover the costs of distribution of the Plan.

For the year ended September 30, 2019, enrolment fees of \$18,580 (2018: \$6,924) were deducted.

Donations

For the year ended September 30, 2019, OEF did not make any donations to the Plan (2018: \$Nil) which was allocated in full to the enhancement account.

Trustee fee

The annual trustee fee is calculated quarterly at a rate of 0.15% per annum, based upon the opening balance of assets under administration of the Plan which includes cash, cash equivalents and investments of the Plan.

The trustee will seek reimbursement for all reasonable disbursements and out of pocket expenses as may be incurred in the execution of its duties. Any additional fees that may become chargeable relate to extraordinary events which may not have been anticipated in the fee agreement between the trustee and OEF.

During the year ended September 30, 2019, trustee fee of \$90,000 (2018: \$85,000) was incurred.

Administration fee

An annual administration fee of 1% of all amounts held in subscriber accounts, deducted from interest earned quarterly at a rate of 1/4 of 1% of the quarter end balance was charged by OEF, the administrator.

For the year ended September 30, 2019 a total administration fee of \$585,189 (2018: \$598,154) was incurred.

9. SUBSCRIBER BALANCES

Subscriptions for units

A subscriber agrees to purchase units or fraction of units in the Plan, which will entitle the subscriber's child or beneficiary under the age of 13 to a share of a pool of income that is earned by the Plan. The subscriber may acquire additional units or fraction of units until the beneficiary is 13 years old, by increasing the amount of the deposits in accordance with the deposit schedule set out in the prospectus in respect of the Plan, using the current age of the beneficiary to determine the amount of the increase. The maximum deposit for any single beneficiary is \$50,000, unless written authorisation is received from the Trustee and OEF prior to submission of the application.

Withdrawals by subscriber

A subscriber is entitled to withdraw from the Plan at any time by written notice to OEF. If withdrawal from the Plan is within 60 days from the date that the subscriber signed the agreement, the subscriber is entitled to a complete refund of all deposits made less any expenses incurred. If withdrawal is 61 days or more after the subscriber signed the application, OEF shall pay expenses of the Trustee, return the principal to the subscriber and transfer the interest earned on principal and interest to the education payment fund for the benefit of beneficiaries who will qualify in the same maturity year. Upon the death of the subscriber, where arrangements have not been made to continue payments of deposits, that subscriber will be deemed to have withdrawn and subject to the above terms of withdrawal.

Return of principal

A subscriber may choose to have the entire principal deposited under the contract repaid when the beneficiary has qualified for an education payment. The principal, less any expenses incurred, can also be returned on withdrawal from the Plan.

In order for a beneficiary to qualify for education payments the school they attend must be an eligible institution. The subscriber or beneficiary should contact OEF to ensure that a school is an eligible institution.

In addition, the course of study the beneficiary takes must be a qualifying education program. A program qualifies if it is at least 13 consecutive weeks in duration and provides that each student in the program spend not less than ten hours per week on courses or work in the program.

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9. SUBSCRIBER BALANCES (cont'd)

Guaranteed return of fees ("GRF")

Subscribers are always entitled to a return of their principal and beneficiaries will always receive the equivalent of ¼ of the enrolment fee with each of four Education Payments. However, no amount equivalent to enrolment fees are paid if the child does not qualify for Education Payments.

For subscribers whose beneficiaries do not qualify for education payments, the Plan provides the option to participate in the GRF program. Under the GRF program, subscribers can guarantee the return of enrolment fees by contributing the required GRF deposit at the time of enrolment.

GRF deposits are invested in exactly the same way as the Plan's assets; and income earned is segregated and accumulated to satisfy subscriber claims under the GRF program

For the year ended September 30, 2019, GRF deposits of \$605 (2018: \$Nil) were received and \$4,175 (2018: \$10,478) interest was earned and segregated.

10. BENEFICIARY BALANCES

Beneficiary pool interest and education payments

An education payment is a distribution of income from the Plan's pool of income that is paid to a beneficiary who qualifies by attending an eligible institution with a qualifying education program. A beneficiary who qualifies is eligible for up to four education payments during the four year period starting in the year maturity occurs (when beneficiary reaches 18 or 19 years). In each year that the beneficiary is eligible, OEF shall pay to the beneficiary the education payment determined in accordance with the Plan. Payments may be deferred by notice to OEF, provided that all payments are made before the earliest of the beneficiary turning 26 years of age, 60 days prior to the end of the 25th year following the year in which the subscriber entered into one of the Plan, or such date as otherwise required by applicable legislation.

Return of enrolment fee reserve

Upon payment of each education payment to the beneficiary, OEF shall pay out of the Plan to the beneficiary an amount equivalent to one quarter of the aggregate enrolment fee paid by the subscriber excluding any enrolment fees in respect of cancelled units.

Funds in this account are invested on the same basis as the subscriber deposits and interest earned is added to the return of enrolment fee account balance.

Enhancement account

The enhancement account held in trust by the Trustee has the sole purpose of accumulating funds which are used at the discretion of OEF to supplement education payments, pay for education payments in full and fund the repayment of enrolment fees to beneficiaries. The sources of the funds are from donations, grants or bequests received from various parties and interest earned.

Funds in this account are invested on the same basis as the subscriber deposits and interest earned is added to the return of the enhancement account.

11. INVESTMENT REVALUATION RESERVE

	2019	2018
Balance at beginning of the year	\$ 1,464,596	\$ 1,668,269
Unrealized (loss)/gain on financial assets at FVTOCI	1,944,068	(203,673)
Balance at end of the year	<u>\$ 3,408,664</u>	<u>\$ 1,464,596</u>

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12. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Plan's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

An investment in the Plan is speculative and involves some degree of risk due to the nature of the portfolio of investments and the strategies employed. There can be no assurance that the investment objectives of the Plan will be achieved.

Asset allocation is determined by management who manages the distribution of the assets to achieve the investment objective. Divergence from target asset allocation and the composition of the portfolio is monitored by management.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Plan are discussed below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market variables. Market risk comprise three types of risk: foreign currency risk, interest rate risk and price risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan holds amounts of cash and cash equivalents denominated in currencies other than the functional currency. It is therefore exposed to currency risk as the value of the financial instruments denominated in other currencies will fluctuate due to changes in exchange rates.

A summary of the currency exposure presented in Canadian dollars is as follows:

	2019	2018
United States dollars	\$ 2,644,312	\$ 2,251,127

At the reporting dates, if the exchange rate between the currencies above and the functional currency increased or decreased by 50 basis points, with all other variables held constant, the increase/decrease in operating profit is \$4,724 (2018: \$4,166). The percentage used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes all monetary assets and monetary liabilities. The sensitivity analysis above was prepared only for significant foreign currencies. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year. Management's assumptions have not changed from prior year. The Plan does not actively manage its exposure to the foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Plan's financial assets and liabilities are non-interest bearing with the exception of the financial assets at FVTOCI, financial assets at amortised cost and cash and cash equivalents. As a result, the Plan is exposed to the interest rate risk with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Since the investment strategy is to buy and hold financial assets at FVTOCI and financial assets at amortised cost to maturity, changes in interest levels from year to year do not affect the future cash flows of the investments. The Plan does not actively manage its exposure to the interest rate risk.

At September 30, 2019 the Plan had cash and cash equivalents of \$2,297,241 (2018: \$4,284,495). If the spread between long-term and short-term interest rates had been 50 basis points higher or lower for the entire year, and all other variables were held constant, the Plan's net investment income would decrease/increase by \$4,625 (2018: \$3,228). The Plan's assumptions have not changed from the prior year.

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12. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (cont'd)

Price risk

Price risk is the risk that the value of the equity securities and related derivatives will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all.

The Plan's exposure to price risk is limited as the investments are fixed income securities which are stable and not affected greatly by market volatility.

All investments present a risk of loss of capital. The maximum risk resulting from the investments is determined by their fair value.

The Plan manages the risk by investing in safe investments such as fixed income securities.

Credit risk

Credit risk 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.

All transactions in fixed income securities, index linked funds and mutual funds are settled upon delivery using approved brokers. The risk of credit default is considered minimal, as delivery of fixed income securities, index linked funds and mutual funds sold are only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. Risk relating to unsettled transactions is considered small due to the short settlement period involved.

The Plan seeks to mitigate the credit risk on fixed income securities by the fact that, all debt investments are with Canadian and United States governments or similarly rated government guaranteed G7 debt instruments. As of September 30, 2019, all debt holdings had credit ratings of at least 'AL', R-1 H or better as determined by Dominion Bond Rating Service.

Concentration

In accordance with the Plan's prospectus, the Plan may only invest in bonds, coupons and other instruments of, or guaranteed by, the governments of the United States and Canada or; bonds, coupons and other instruments of, or guaranteed, governments of the States of the United States and Provinces of Canada or; government of United States and Canada treasury bills or; first mortgages insured under National Housing Act (Canada) or; mutual funds, index linked funds or professionally managed investment accounts that invest primarily in the Canadian instruments noted above, or are based upon a stock market index replication and provide protection against foreign currency fluctuations. Management mitigates the risk by constantly monitoring the portfolio to ensure the above investment type restrictions are respected.

Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with its financial liabilities.

The Plan's prospectus provides for the on demand cancellation of subscriptions / agreements and it is therefore exposed to the liquidity risk of meeting subscriber withdrawals from the Plan. All other financial liabilities have a contractual repayment or maturity dates ranging from on demand to three months.

The Plan mitigates its risk by requesting from the subscribers to the Plan to provide withdrawal written notices of at least 60 days which gives the Plan time to gather the necessary amounts by selling investments. All investments are traded in an active market and the Plan can quickly liquidate a position on demand.

The Plan does not anticipate any significant liquidity concerns in funding withdrawal requests or other liabilities.

Offsetting and amounts subject to master netting arrangements and similar agreements

As at September 30, 2019 and 2018, the Plan's financial assets and liabilities were not subject any master netting arrangement or similar agreements.

Capital risk management

Management considers the Plan's capital to consist of the subscriber balances attributable to unit subscriptions in the Plan. Management monitors the capital of the Plan to ensure compliance with the Plan's investment objectives, policies and restrictions, as outlined in the Plan's prospectus, while maintaining sufficient liquidity to present obligations. The Plan does not have externally imposed capital requirements.

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13. SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring through September 11, 2020, the date the financial statements were available for issue and found that there were no other significant events which would have a material bearing on these financial statements.

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the plan's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the investment results may be materially adversely affected.

14. CHANGE IN TRUSTEE

Effective January 1, 2020, EFG Fund Services, a division of EFG Wealth Solutions (Jersey) Limited was appointed Trustee of the Plan, replacing EFG Wealth Management (Cayman) Limited.

This change does not have any impact on the operations of the Plan or the Trustee Fees charged to the Plan.