

Knowledge First Financial
Family Group Education Savings Plan
(Education savings program provided by Knowledge First Foundation)

Financial Statements

For the six months ended June 30, 2019

Unaudited semi-annual financial statements

The auditor has not reviewed the Plan's June 30, 2019 financial statements. The Foundation appoints an independent auditor to audit the Plan's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the interim financial statements, this must be disclosed in an accompanying notice.

**FAMILY GROUP EDUCATION SAVINGS PLAN
STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

As at June 30, 2019 and December 31, 2018

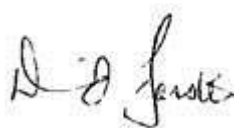
All amounts in Canadian Dollars

	June 30, 2019	December 31, 2018
	(Unaudited)	(Audited)
Assets		
Current Assets		
Cash	18,871,926	8,963,878
Investments (Note 5)	3,431,958,915	3,145,659,986
Government grants receivable	3,345,507	6,042,781
Interest and dividends receivable	17,389,916	17,267,552
Other Assets (Note 9)	950	1,004,972
	<u>3,471,567,214</u>	<u>3,178,939,169</u>
Liabilities		
Current Liabilities		
Principal payable to subscribers	43,630,424	50,716,666
Accounts payable and other liabilities (Notes 8 and 10)	10,553,384	8,578,315
	<u>54,183,808</u>	<u>59,294,981</u>
Net assets attributable to subscribers and beneficiaries (Note 6)	<u>3,417,383,406</u>	<u>3,119,644,188</u>

Approved by the Board of Directors of Knowledge First Foundation



_____, Director



_____, Director

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

**FAMILY GROUP EDUCATION SAVINGS PLAN
STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

For the six months ended June 30, 2019 and 2018

All amounts in Canadian Dollars

	2019	2018
Income		
Interest income	32,019,225	30,659,771
Dividend income	10,339,324	40,218,637
Other income	6,964	68,584
Other changes in fair value of investments:		
Net realized gains on investments	6,372,409	12,398,435
Net change in unrealized gains (losses) on investments	234,515,398	(31,127,117)
Total income (net)	283,253,320	52,218,310
Expenses		
Administration fees (Note 10)	10,774,597	10,870,671
Investment counsel fees (Note 11)	1,803,495	1,801,329
Custodian fees	67,529	216,860
Independent review committee fees	25,545	53,627
Transaction costs	146,138	167,694
Total expenses	12,817,304	13,110,181
Increase in net assets attributable to subscribers and beneficiaries	270,436,016	39,108,129

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

**FAMILY GROUP EDUCATION SAVINGS PLAN
STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO SUBSCRIBERS AND BENEFICIARIES (UNAUDITED)**

For the six months ended June 30, 2019 and 2018

All amounts in Canadian Dollars

	2019	2018
Net assets attributable to subscribers and beneficiaries, beginning of period	3,119,644,188	3,314,554,777
Subscribers' contributions (Note 6)		
Contributions and transfers in	68,022,218	73,689,092
Return of contributions and transfers out	(22,376,982)	(14,833,156)
	45,645,236	58,855,936
Government grants		
Government grant contributions	18,510,462	20,847,622
Government grant repayments and transfers	(8,198,693)	(6,127,218)
Government grant payments to beneficiaries	(2,547,176)	(1,668,859)
	7,764,593	13,051,545
Accumulated income (Note 6)		
Increase in net assets attributable to subscribers and beneficiaries	270,436,016	39,108,129
Education Assistance Payment (EAP) disbursements	(9,312,409)	(4,793,981)
Payments of government grant income to beneficiaries	(3,163,075)	(2,388,565)
Payments of government grant income to educational institutions	(539,107)	(511,977)
Subscribers' equivalency transactions	(12,136,066)	(7,443,993)
Income transfers out, net	(955,970)	(387,049)
	244,329,389	23,582,564
Net assets attributable to subscribers and beneficiaries, end of period	3,417,383,406	3,410,044,822

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

**FAMILY GROUP EDUCATION SAVINGS PLAN
STATEMENTS OF CASH FLOWS (UNAUDITED)**

For the six months ended June 30, 2019 and 2018

All amounts in Canadian Dollars

	2019	2018
Cash flows from (used in) operating activities		
Increase in net assets attributable to subscribers and beneficiaries	270,436,016	39,108,129
Adjustments for:		
Net realized gains on investments	(6,372,409)	(22,955,448)
Net change in unrealized (gains)/losses on investments	(234,515,398)	15,055,122
Amortization of bond discounts/premiums	5,156,614	5,154,881
Purchases of investments	(1,207,598,806)	(3,698,648,571)
Proceeds from sale or maturity of investments	1,157,031,070	3,649,712,700
Interest and dividends receivable	(122,364)	(1,295,390)
Other receivable	1,004,022	(297)
Accounts payable and other liabilities	1,975,069	237,887
Net cash flow from operating activities	(13,006,186)	(13,630,987)
Cash flows from (used in) financing activities		
Subscribers' contributions	68,022,218	73,689,092
Return of subscribers' contributions	(29,463,224)	(22,294,198)
Government grant receipts	21,207,736	23,611,030
Government grant repayments	(8,198,693)	(6,127,218)
Government grant payments to beneficiaries	(2,547,176)	(1,668,859)
Income payments to beneficiaries		
Education Assistance Payments	(9,312,409)	(4,793,981)
Government grants	(3,163,075)	(2,388,565)
Income transferred out	(955,970)	(387,049)
Subscribers' equivalency transactions	(12,136,066)	(7,443,993)
Income payments to educational institutions from government grants	(539,107)	(536,800)
Net cash used in financing activities	22,914,234	51,659,459
Net increase in cash	9,908,048	38,028,472
Cash, beginning of period	8,963,878	26,127,803
Cash, end of period	18,871,926	64,156,275

Supplementary Information

*Interest received **

25,635,933

33,765,846

*Dividends received **

11,443,638

40,972,053

* Included in operating activities

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

**FAMILY GROUP EDUCATION SAVINGS PLAN
SCHEDULE OF INVESTMENT PORTOLIO (UNAUDITED)**

As at June 30, 2019

All amounts in Canadian Dollars

Bond Name	Coupon %	Maturity	Par Value \$	Cost \$	Fair Value \$
FEDERAL (15.9%)					
CANADA HOUSING TRUST	3.15%	2023-09-15	43,655,000	46,075,806	46,270,713
CANADA HOUSING TRUST	2.90%	2024-06-15	61,450,000	64,106,260	64,954,309
CANADA HOUSING TRUST	1.90%	2026-09-15	6,535,000	6,257,170	6,578,207
GOVERNMENT OF CANADA	2.50%	2024-06-01	62,300,000	63,870,368	65,569,494
GOVERNMENT OF CANADA	2.75%	2048-12-01	2,000,000	2,450,668	2,493,158
GOVERNMENT OF CANADA	2.25%	2025-06-01	23,020,000	23,550,382	24,112,035
GOVERNMENT OF CANADA	1.50%	2026-06-01	67,510,000	64,489,394	67,822,984
GOVERNMENT OF CANADA	2.00%	2028-06-01	61,065,000	60,585,256	63,838,510
GOVERNMENT OF CANADA	6.96%	2021-12-01	4,235,000	7,228,288	7,631,379
GOVERNMENT OF CANADA	5.75%	2029-06-01	46,535,000	61,620,863	64,695,796
GOVERNMENT OF CANADA	5.75%	2033-06-01	81,590,000	119,149,516	124,288,726
GOVERNMENT OF CANADA	2.35%	2023-09-15	6,170,000	6,172,017	6,340,259
PSP CAPITAL INC.	3.29%	2024-04-04	615,000	614,906	655,938
				<u>526,170,894</u>	<u>545,251,508</u>
PROVINCIAL (19.4%)					
CENTRE HOSPITALIER DE L'UNIVERSITE DE MONTREAL	4.45%	2049-10-01	800,000	838,805	1,039,217
HYDRO-QUEBEC	2.14%	2019-12-01	251,000	251,509	251,452
PROVINCE OF ALBERTA	2.35%	2025-06-01	78,500,000	78,082,854	80,314,406
PROVINCE OF ALBERTA	3.05%	2048-12-01	185,000	176,000	204,671
PROVINCE OF ALBERTA	3.90%	2033-12-01	1,110,000	1,257,846	1,311,129
PROVINCE OF BRITISH COLUMBIA	2.85%	2025-06-18	13,000,000	13,262,142	13,726,338
PROVINCE OF BRITISH COLUMBIA	8.00%	2023-09-08	15,320,000	17,731,307	19,150,126
PROVINCE OF BRITISH COLUMBIA	5.70%	2029-06-18	41,110,000	52,771,881	54,219,728
PROVINCE OF BRITISH COLUMBIA	3.30%	2023-12-18	7,865,000	8,271,292	8,383,845
PROVINCE OF NEW BRUNSWICK	3.10%	2048-08-14	249,000	251,596	268,923
PROVINCE OF NEWFOUNDLAND	2.30%	2025-06-02	5,000,000	5,002,425	5,072,194
PROVINCE OF ONTARIO	2.85%	2023-06-02	17,120,000	17,320,092	17,822,818
PROVINCE OF ONTARIO	3.50%	2024-06-02	27,020,000	28,173,155	29,127,376
PROVINCE OF ONTARIO	2.60%	2025-06-02	107,560,000	108,841,049	111,648,825
PROVINCE OF ONTARIO	1.95%	2023-01-27	641,000	642,186	645,748

PROVINCE OF ONTARIO	2.40%	2026-06-02	72,840,000	72,596,624	74,733,193
PROVINCE OF ONTARIO	2.60%	2027-06-02	46,660,000	46,732,643	48,462,582
PROVINCE OF ONTARIO	6.50%	2029-03-08	13,710,000	18,228,263	18,842,728
PROVINCE OF ONTARIO	5.85%	2033-03-08	3,210,000	4,277,288	4,525,757
PROVINCE OF ONTARIO	2.90%	2049-06-02	5,200,000	5,555,035	5,656,070
PROVINCE OF QUEBEC	3.50%	2022-12-01	32,225,000	32,923,485	34,116,825
PROVINCE OF QUEBEC	3.00%	2023-09-01	25,875,000	25,596,867	27,157,391
PROVINCE OF QUEBEC	3.75%	2024-09-01	8,306,000	8,811,063	9,086,564
PROVINCE OF QUEBEC	2.50%	2026-09-01	12,100,000	12,100,000	12,528,219
PROVINCE OF QUEBEC	2.75%	2027-09-01	25,000,000	25,353,293	26,326,289
PROVINCE OF SASKATCHEWAN	6.35%	2030-01-25	4,722,000	6,190,323	6,506,108
PROVINCE OF SASKATCHEWAN	3.20%	2024-06-03	39,020,000	39,574,893	41,515,534
PROVINCE OF SASKATCHEWAN	2.55%	2026-06-02	10,000,000	9,995,165	10,339,239
PROVINCE OF SASKATCHEWAN	2.65%	2027-06-02	1,710,000	1,665,022	1,779,075
				<u>642,474,103</u>	<u>664,762,370</u>

CORPORATE DEBT INSTRUMENTS (35.1%)

407 INTERNATIONAL INC	4.19%	2042-04-25	1,230,000	1,449,716	1,459,115
407 INTERNATIONAL INC	3.65%	2044-09-08	8,600,000	8,812,788	9,497,509
407 INTERNATIONAL INC	3.72%	2048-05-11	2,012,000	2,012,000	2,269,904
407 INTERNATIONAL INC	3.14%	2030-03-06	2,400,000	2,398,680	2,527,626
407 INTERNATIONAL INC	6.47%	2029-07-27	10,000,000	12,904,023	13,494,966
ABC SCHOOLS PARTNERSHIP	4.25%	2043-12-31	639,605	639,605	692,544
ACCESS JUSTICE DURHAM LTD	5.02%	2039-08-31	3,825,316	4,433,458	4,536,828
AIMCO REALTY INVESTORS LP	3.37%	2027-06-01	4,100,000	4,100,000	4,366,171
AIMCO REALTY INVESTORS LP	2.71%	2029-06-01	2,800,000	2,800,000	2,827,359
ALBERTA POWERLINE LIMITED PARTNERSHIP	4.07%	2053-12-01	450,000	450,000	508,513
ALBERTA POWERLINE LIMITED PARTNERSHIP	4.07%	2054-03-01	3,100,000	3,234,480	3,499,762
ALECTRA INC	2.49%	2027-05-17	15,000,000	14,455,426	15,150,264
ALTALINK LP	3.99%	2042-06-30	2,021,000	2,100,555	2,354,783
ALTALINK LP	4.92%	2043-09-17	6,000,000	7,127,597	7,972,975
ALTALINK LP	4.05%	2044-11-21	3,788,000	4,012,220	4,479,088
ALTALINK LP	3.72%	2046-12-03	3,738,000	3,905,338	4,228,434
BANK OF MONTREAL	2.89%	2023-06-20	11,710,000	11,709,199	12,089,672
BANK OF MONTREAL	3.19%	2028-03-01	48,690,000	48,559,119	52,178,672
BANK OF MONTREAL	2.85%	2024-03-06	4,500,000	4,498,965	4,598,534
BANK OF MONTREAL	3.32%	2026-06-01	12,925,000	13,011,298	13,198,793

BANK OF MONTREAL	2.57%	2027-06-01	45,665,000	44,924,584	45,949,855
BANK OF NOVA SCOTIA	3.89%	2029-01-18	15,800,000	15,883,255	16,547,398
BANK OF NOVA SCOTIA	0.00%	2029-07-03	4,900,000	4,900,000	4,895,221
BANK OF NOVA SCOTIA	2.58%	2027-03-30	8,240,000	8,068,986	8,294,715
BANK OF NOVA SCOTIA	3.37%	2025-12-08	29,200,000	29,382,428	29,661,953
BANK OF NOVA SCOTIA	3.10%	2028-02-02	33,565,000	33,929,786	35,728,676
BANK OF NOVA SCOTIA	2.29%	2024-06-28	15,325,000	15,325,000	15,478,688
BANK OF NOVA SCOTIA	2.98%	2023-04-17	5,465,000	5,463,790	5,652,042
BELL CANADA	2.75%	2025-01-29	5,400,000	5,389,259	5,468,035
BLACKBIRD INFRASTRUCTURE 407 GP	3.76%	2047-06-30	407,000	407,000	437,078
BRIDGING NORTH AMERICAN GEN PARTNERSHIP	4.02%	2038-05-31	8,052,000	8,142,489	8,818,509
BROOKFIELD RENEWABLE KWAGIS HLDG INC	4.45%	2053-12-31	2,100,000	2,100,000	2,373,095
CANADA HOUSING TRUST	3.30%	2025-05-26	36,375,000	36,908,696	38,703,952
CANADIAN IMPERIAL BANK OF COMMERCE	2.97%	2023-07-11	16,730,000	16,738,900	17,318,384
CANADIAN IMPERIAL BANK OF COMMERCE	3.42%	2026-01-26	40,515,000	40,776,529	41,267,892
CANADIAN IMPERIAL BANK OF COMMERCE	3.45%	2028-04-04	7,345,000	7,333,484	7,550,678
CANADIAN IMPERIAL BANK OF COMMERCE	3.29%	2024-01-15	10,980,000	10,983,183	11,411,939
CANADIAN IMPERIAL BANK OF COMMERCE	2.95%	2029-06-19	3,235,000	3,235,876	3,250,904
CANADIAN NATIONAL RAILWAY COMPANY	3.95%	2045-09-22	2,000,000	2,139,383	2,308,038
CANADIAN NATIONAL RAILWAY COMPANY	3.60%	2047-08-01	10,299,000	10,408,862	11,346,652
CANADIAN NATIONAL RAILWAY COMPANY	3.60%	2048-07-31	3,535,000	3,469,108	3,902,695
CANADIAN NATIONAL RAILWAY COMPANY	3.00%	2029-02-08	1,000,000	995,765	1,044,264
CAPITAL CITY LINK GEN PARTNERSHIP	4.39%	2046-03-31	6,259,506	6,460,837	7,148,562
CAPITAL DESJARDINS INC	4.95%	2026-12-15	25,495,000	27,116,101	27,132,914
CHOICE PROPERTIES REIT	3.53%	2029-06-11	6,800,000	6,800,000	6,916,529
CORDELIO AMALCO GP	4.09%	2034-09-30	1,977,888	1,977,888	2,096,980
CORDELIO AMALCO GP	4.09%	2034-06-30	2,062,000	2,062,000	2,192,325
CSS FSCC PARTNERSHIP	6.92%	2042-07-31	2,956,013	3,778,467	4,070,004
CU INC	3.95%	2048-11-23	3,500,000	3,780,820	4,086,834
DAIMLER CANADA FINANCE INC	1.91%	2021-07-08	13,598,000	13,454,690	13,509,964
DAIMLER CANADA FINANCE INC	2.23%	2021-12-16	8,493,000	8,355,408	8,485,322
DAIMLER CANADA FINANCE INC	3.30%	2022-08-16	10,065,000	10,072,713	10,356,347
DAIMLER CANADA FINANCE INC	2.97%	2024-03-13	1,700,000	1,699,694	1,734,215
ENBRIDGE PIPELINES INC	3.52%	2029-02-22	4,350,000	4,406,558	4,629,791
FAIR HYDRO TRUST	3.36%	2033-05-15	8,848,000	8,848,000	9,623,975
FIRST CAPITAL REALTY INC	3.90%	2023-10-30	3,200,000	3,276,735	3,337,701

FIRST CAPITAL REALTY INC	4.79%	2024-08-30	14,465,000	15,311,088	15,707,145
FIRST CAPITAL REALTY INC	4.32%	2025-07-31	9,420,000	9,733,585	10,021,197
FIRST CAPITAL REALTY INC	3.60%	2026-05-06	4,900,000	4,849,197	4,998,297
FIRST CAPITAL REALTY INC	3.75%	2027-07-12	5,000,000	4,900,440	5,109,333
FORD CREDIT CANADA LTD	3.28%	2021-07-02	10,617,000	10,697,041	10,686,297
FORD CREDIT CANADA LTD	2.71%	2022-02-23	3,385,000	3,335,048	3,343,890
FORD CREDIT CANADA LTD	2.77%	2022-06-22	27,069,000	26,759,785	26,691,866
FORD CREDIT CANADA LTD	3.35%	2022-09-19	26,129,000	26,219,157	26,105,141
GRAND RENEWABLE SOLAR LP	3.93%	2035-01-31	480,298	476,940	499,784
GRANDLINQ GP	4.77%	2047-03-31	657,290	657,290	743,913
HEALTH MONTREAL COLLECTIVE LTD PARTNERSHIP	6.72%	2049-09-30	15,151,000	19,739,770	20,522,706
HONDA CANADA FINANCE INC	2.50%	2024-06-04	2,600,000	2,600,000	2,618,062
HSBC BANK CANADA	2.17%	2022-06-29	3,755,000	3,707,298	3,756,261
HSBC BANK CANADA	2.54%	2023-01-31	4,972,000	4,935,678	5,033,933
HSBC BANK CANADA	3.25%	2023-09-15	42,415,000	42,447,360	44,139,898
HYDRO ONE INC	5.00%	2046-10-19	1,506,000	1,846,872	2,009,545
HYDRO ONE INC	5.49%	2040-07-16	1,000,000	1,348,509	1,354,940
HYDRO ONE INC	4.39%	2041-09-26	7,180,000	8,103,076	8,564,464
HYDRO ONE INC	3.63%	2049-06-25	6,470,000	6,371,266	7,056,820
HYDRO ONE INC	7.35%	2030-06-03	1,042,000	1,442,807	1,491,118
INPOWER BC GEN PARTNERSHIP	4.47%	2033-03-31	5,000,000	5,242,700	5,450,756
INTEGRATED TEAM SOLUTIONS PCH PARTNERSHIP	4.88%	2046-05-31	2,053,978	2,216,752	2,460,878
INTEGRATED TEAM SOLUTIONS SJHC PARTNERSHIP	5.95%	2042-11-30	2,783,387	3,380,179	3,625,413
JOHN DEERE FINL INC	2.46%	2024-04-04	1,200,000	1,199,835	1,209,811
KINGSTON SOLAR LP	3.57%	2035-07-31	329,417	322,174	336,651
LOWER MATTAGAMI ENERGY LP	4.18%	2046-02-23	1,226,000	1,223,855	1,471,068
LOWER MATTAGAMI ENERGY LP	2.31%	2026-10-21	15,320,000	14,730,429	15,357,036
MANUFACTURERS LIFE INSURANCE COMPANY	3.18%	2027-11-22	16,462,000	16,710,271	16,984,790
MANULIFE FINANCIAL CORPORATION	3.32%	2028-05-09	23,210,000	23,202,930	23,897,633
NATIONAL BANK OF CANADA	2.98%	2024-03-04	1,900,000	1,900,000	1,952,682
NORTH BATTLEFORD POWER LP	4.96%	2032-12-31	1,146,119	1,242,942	1,299,199
NORTH WEST REDWATER PARTNERSHIP	4.05%	2044-07-22	816,000	818,519	904,971
NORTH WEST REDWATER PARTNERSHIP	4.75%	2037-06-01	7,500,000	8,477,954	8,932,602
NORTH WEST REDWATER PARTNERSHIP	4.35%	2039-01-10	398,000	422,200	452,773
NORTH WEST REDWATER PARTNERSHIP	3.65%	2035-06-01	395,000	397,108	416,405
NORTHWESTCONNECT GENERAL PARTNERSHIP	5.95%	2041-04-30	688,890	808,327	862,755

NORTHWESTERN HYDRO ACQUISITION CO II LP	3.88%	2036-12-31	4,642,000	4,642,000	4,916,714
NORTHWESTERN HYDRO ACQUISITION CO III LP	3.94%	2038-12-31	5,400,000	5,400,000	5,738,417
NOUVELLE AUTOROUTE 30 FINANCEMENT INC	4.12%	2042-06-30	5,567,683	5,567,683	6,183,748
OMERS REALTY CORPORATION	3.33%	2024-11-12	8,195,000	8,355,131	8,656,820
OMERS REALTY CORPORATION	3.24%	2027-10-04	17,815,000	17,809,028	18,871,467
OMERS REALTY CORPORATION	3.63%	2030-06-05	3,300,000	3,623,330	3,621,299
PEMBINA PIPELINE CORP	4.81%	2044-03-25	658,000	665,627	725,948
PEMBINA PIPELINE CORP	4.02%	2028-03-27	6,450,000	6,523,323	6,923,659
PLENARY HEALTH BRIDGEPOINT LP	7.25%	2042-08-31	4,594,021	6,528,503	6,756,340
PLENARY HEALTH CARE HUMBER	4.90%	2039-05-31	9,509,005	10,616,771	11,077,596
PLENARY HEALTH HAMILTON LP	5.80%	2043-05-31	4,045,465	4,785,849	5,187,089
PLENARY PROPERTIES LTAP LP	6.29%	2044-01-31	1,982,310	2,547,308	2,697,248
RAINBOW HOSPITAL PARTNERSHIP	4.99%	2044-03-31	2,725,910	2,784,024	3,085,741
RIOCAN REAL ESTATE INVESTMENT TRUST	3.72%	2021-12-13	3,210,000	3,281,828	3,319,499
RIOCAN REAL ESTATE INVESTMENT TRUST	3.75%	2022-05-30	4,310,000	4,318,951	4,476,350
RIOCAN REAL ESTATE INVESTMENT TRUST	3.29%	2024-02-12	10,000,000	10,020,897	10,275,260
ROGERS COMMUNICATIONS INC	3.25%	2029-05-01	1,800,000	1,795,444	1,846,278
ROYAL BANK OF CANADA	3.45%	2026-09-29	48,660,000	49,143,385	49,985,277
ROYAL BANK OF CANADA	3.30%	2023-09-26	1,800,000	1,860,294	1,872,799
ROYAL BANK OF CANADA	0.00%	2024-07-02	3,700,000	3,700,000	3,701,961
SGTP HWY BYPASS LTD PARTNERSHIP	4.11%	2045-01-31	3,809,000	3,853,587	4,187,504
SGTP HWY BYPASS LTD PARTNERSHIP	4.16%	2049-07-31	414,000	414,000	474,585
SINAI HEALTH SYSTEM	3.53%	2056-06-09	695,000	695,000	777,759
SNC LAVALIN INNISFREE MCGILL FINANCE INC	6.63%	2044-06-30	7,456,725	9,380,286	10,052,823
SPY HILL POWER LP	4.14%	2036-03-31	509,146	509,147	549,078
SSL FINANCE INC	4.10%	2045-10-31	6,252,000	6,386,446	6,937,880
SUNCOR ENERGY INC	3.10%	2029-05-24	1,300,000	1,296,898	1,331,647
TELUS CORPORATION	3.35%	2024-04-01	1,000,000	997,500	1,040,679
TELUS CORPORATION	3.30%	2029-05-02	2,100,000	2,082,844	2,151,751
TELUS CORPORATION	0.00%	2026-07-08	2,500,000	2,496,830	2,509,144
TERANET HOLDINGS LP	5.75%	2040-12-17	10,275,000	10,804,521	11,183,722
TERANET HOLDINGS LP	6.10%	2041-06-17	3,228,000	3,568,158	3,669,613
THP PARTNERSHIP	4.39%	2046-10-31	5,166,825	5,431,602	5,917,551
TORONTO HYDRO CORPORATION	2.52%	2026-08-25	5,000,000	4,887,758	5,109,254
TORONTO-DOMINION BANK	4.86%	2031-03-04	7,585,000	8,167,041	8,506,691
TORONTO-DOMINION BANK	3.22%	2029-07-25	44,520,000	44,508,849	45,624,468

TORONTO-DOMINION BANK	3.59%	2028-09-14	12,335,000	12,335,000	12,822,417
TORONTO-DOMINION BANK	3.01%	2023-05-30	9,030,000	9,030,000	9,365,970
TORONTO-DOMINION BANK	3.06%	2032-01-26	13,100,000	13,095,359	13,158,578
TOYOTA CREDIT CANADA INC	2.64%	2024-03-27	2,300,000	2,299,793	2,337,859
TRANSCANADA PIPELINES LIMITED	4.55%	2041-11-15	2,165,000	2,368,473	2,391,288
TRANSCANADA PIPELINES LIMITED	3.39%	2028-03-15	6,585,000	6,520,427	6,918,226
TRANSCANADA TRUST	4.65%	2077-05-18	18,012,000	17,287,091	17,192,254
TRILLIUM WINDPOWER LP	5.80%	2033-02-15	1,712,127	1,927,493	2,003,191
				<u>1,163,702,602</u>	<u>1,206,867,113</u>

SHORT TERM SECURITIES (0.1%)

GOVERNMENT OF CANADA	0.00%	2019-07-25	320,000	319,642	319,618
GOVERNMENT OF CANADA	0.00%	2019-08-22	255,000	254,389	254,368
GOVERNMENT OF CANADA	0.00%	2019-07-11	85,000	84,957	84,955
GOVERNMENT OF CANADA	0.00%	2019-08-08	100,000	99,821	99,818
GOVERNMENT OF CANADA	0.00%	2019-09-05	535,000	533,370	533,331
GOVERNMENT OF CANADA	0.00%	2019-10-03	100,000	99,570	99,563
NATIONAL BANK OF CANADA	1.70%	2019-07-02	1,900,000	<u>1,900,000</u>	<u>1,900,000</u>
				<u>3,291,749</u>	<u>3,291,653</u>

TOTAL DEBT

2,335,639,348 **2,420,172,644**

EQUITIES

COMMUNICATION SERVICES (0.4%)

	# of Shares	Cost \$	Fair Value \$
AIMIA INC.	56,800	218,931	216,976
BCE INC	18,000	1,060,855	1,072,440
COGECO COMMUNICATIONS INC	28,500	2,265,725	2,684,130
COGECO INC	4,100	310,193	342,596
CORUS ENTERTAINMENT INC	124,600	807,724	765,044
QUEBECOR INC	235,900	5,174,149	7,357,721
TELUS CORPORATION	5,400	260,511	261,414
YELLOW PAGES CANADA	1,000	<u>7,287</u>	<u>7,080</u>
		<u>10,105,375</u>	<u>12,707,401</u>

CONSUMER DISCRETIONARY (0.3%)

A&W REVENUE ROYALTIES INCOME FUND	5,400	220,338	235,602
ARITZIA INC	74,600	1,309,809	1,251,788
BOSTON PIZZA INTERNATIONAL INC	900	15,721	15,669

BRP INC	25,200	1,125,665	1,179,360
DIVERSIFIED ROYALTY CORP	1,500	4,769	4,620
DOLLARAMA INC	43,300	1,695,020	1,994,831
GILDAN ACTIVEWEAR INC	36,600	1,602,305	1,854,888
KEG ROYALTIES INCOME FUND	4,700	81,503	80,793
LEON'S FURNITURE LIMITED	100	1,805	1,510
MAGNA INTERNATIONAL INC	100	6,527	6,516
MARTINREA INTERNATIONAL INC	99,300	1,388,382	1,078,398
MTY FOOD GROUP INC	2,300	138,339	150,328
PARK LAWN CORPORATION	2,600	74,314	74,802
PIZZA PIZZA ROYALTY CORP	5,800	59,873	57,942
REAL MATTERS INC	1,200	7,783	8,220
RESTAURANT BRANDS INTERNATIONAL INC	15,600	1,371,368	1,420,692
TRANSAT AT INC	22,100	226,511	298,129
		<u>9,330,032</u>	<u>9,714,088</u>

CONSUMER STAPLES (0.3%)

ALIMENTATION COUCHE-TARD INC	17,600	1,432,678	1,450,416
ANDREW PELLER LIMITED	600	9,842	8,250
CORBY SPIRIT AND WINE LIMITED	5,000	96,918	90,750
COTT CORPORATION	22,200	449,866	388,056
EMPIRE COMPANY LIMITED	153,500	3,946,363	5,062,430
LASSONDE INDS INC	200	49,096	39,336
MAPLE LEAF FOODS INC	111,700	3,077,187	3,203,556
METRO INC	2,100	103,113	103,194
NORTH WEST CO INC	45,800	1,386,037	1,368,962
ROGERS SUGAR INC	6,700	39,833	37,587
SUNOPTA INC	100	923	431
		<u>10,591,856</u>	<u>11,752,968</u>

ENERGY (1.1%)

AFRICA OIL CORP	90	177	116
ATHABASCA OIL CORPORATION	48,100	68,356	35,594
BONAVISTA ENERGY CORPORATION	1,100	3,384	539
CAMECO CORPORATION	38,600	529,085	541,944
CENOVUS ENERGY INC	300	3,689	3,465
CRESCENT POINT ENERGY CORP	48,500	217,416	210,005
CREW ENERGY INC	200	515	162
ENBRIDGE INC	175,800	8,567,677	8,315,340
ENERFLEX LTD	3,700	70,417	63,085
ENERPLUS CORPORATION	114,300	1,610,606	1,125,855
ENSIGN ENERGY SERVICES INC	400	1,934	1,716
GIBSON ENERGY INC	121,100	2,513,409	2,827,685
GRAN TIERRA ENERGY INC	128,600	493,508	263,630
HUSKY ENERGY INC	26,800	476,175	332,588
INTER PIPELINE LTD	31,600	766,874	643,692
OBSIDIAN ENERGY LTD	214	2,689	334
PAREX RESOURCES INC	238,600	4,240,249	5,012,986
PARKLAND FUEL CORPORATION	26,600	1,115,884	1,105,230
PASON SYSTEMS INC	66,000	1,264,665	1,252,680
PEMBINA PIPELINE CORPORATION	25,200	1,196,005	1,228,500
PENGROWTH ENERGY CORPORATION	456	951	223
PHX ENERGY SERVICES CORP	1,000	3,245	2,890
PRECISION DRILLING CORPORATION	100	456	246
SUNCOR ENERGY INC	217,800	9,657,613	8,897,130
SURGE ENERGY INC	400	905	512
TC ENERGY CORPORATION	78,100	4,655,465	5,070,252
TERVITA CORPORATION	100	902	680
TIDEWATER MIDSTREAM & INFRASTRUCTURE LTD	8,000	11,148	11,440
TOURMALINE OIL CORP	100	2,205	1,668
YANGARRA RESOURCES LTD	300	960	675
		<u>37,476,564</u>	<u>36,950,862</u>

FINANCIALS (2.3%)

BANK OF MONTREAL	62,600	5,998,677	6,192,392
BANK OF NOVA SCOTIA	58,800	4,311,415	4,135,992
BROOKFIELD ASSET MANAGEMENT INC	1,500	95,541	93,975
CANACCORD GENUITY GROUP INC	84,100	536,757	504,600
CANADIAN IMPERIAL BANK OF COMMERCE	66,000	6,821,593	27,800
CANADIAN WESTERN BANK	21,700	661,537	648,179
CI FINANCIAL CORP	2,400	49,211	51,216
ECN CAPITAL CORP	7,200	32,326	30,384
ELEMENT FLEET MANAGEMENT CORP	106,400	1,012,995	1,017,184
FIERA CAPITAL CORPORATION	2,400	28,664	27,072
GENWORTH MI CANADA INC	15,300	604,229	634,032
GREAT-WEST LIFECO INC	11,700	382,827	352,755
GUARDIAN CAPITAL GROUP LIMITED	897	21,494	21,932
IA FINANCIAL CORPORATION INC	93,300	4,925,433	4,976,622
IGM FINANCIAL INC	5,500	195,487	205,645

INTACT FINANCIAL CORPORATION	5,900	666,643	714,018
MANULIFE FINANCIAL CORPORATION	129,100	3,061,609	3,072,580
NATIONAL BANK OF CANADA	102,000	5,908,854	6,345,420
ONEX CORPORATION	300	23,571	23,697
POWER CORPORATION OF CANADA	44,800	1,384,360	1,263,808
POWER FINANCIAL CORP	27,600	876,783	831,312
ROYAL BANK OF CANADA	225,800	21,447,938	23,499,006
SUN LIFE FINANCIAL INC	77,800	3,866,899	4,219,094
TIMBERCREEK FINANCIAL CORP	300	2,817	2,847
TMX GROUP LIMITED	34,600	2,649,192	3,152,060
TORONTO-DOMINION BANK	200,400	13,720,350	15,334,608
TRISURA GROUP LTD	2,800	81,279	83,972
		<u>75,465,318</u>	<u>80,297,246</u>
HEALTH CARE (0.1%)			
BAUSCH HEALTH AMERICAS, INC	73,500	1,834,008	2,428,440
CRH MEDICAL CORPORATION	8,700	40,609	34,278
EXTENDICARE INC	2,100	17,984	17,619
KNIGHT THERAPEUTICS INC	11,000	82,812	84,920
		<u>1,975,413</u>	<u>2,565,257</u>
INDUSTRIALS (1.5%)			
AG GROWTH INTERNATIONAL INC	5,300	322,379	291,500
AECON GROUP INC	50,500	924,088	968,085
AIR CANADA	137,400	3,423,314	5,453,406
ATS AUTOMATION TOOLING SYSTEMS INC	47,900	957,918	1,020,270
BADGER DAYLIGHTING LTD	3,400	162,299	162,452
BLACK DIAMOND GROUP LIMITED	3,400	12,278	6,970
BOYD GROUP INCOME FUND	3,500	537,913	579,145
CAE INC	183,700	4,377,443	6,468,077
CANADIAN NATIONAL RAILWAY COMPANY	119,600	12,838,418	14,495,520
CANADIAN PACIFIC RAILWAY LIMITED	37,100	9,986,298	11,442,753
CERVUS EQUIPMENT CORPORATION	500	6,453	6,070
HEROUX-DEVTEK INC	2,200	36,230	42,152
HORIZON NORTH LOGISTICS INC	4,200	9,479	7,812
IBI GROUP INC	1,700	7,910	8,500
MAGELLAN AEROSPACE CORPORATION	400	6,922	6,520
MORNEAU SHEPELL INC	7,700	228,759	227,689
NFI GROUP INC	4,800	198,364	177,120
RUSSEL METALS INC	44,000	1,171,867	972,400
TFI INTERNATIONAL INC	44,000	1,916,121	1,743,720
TOROMONT INDUSTRIES LTD	13,600	901,543	844,152
WASTE CONNECTIONS US, INC	35,200	3,945,249	4,403,520
WESTPORT FUEL SYSTEMS INC	3,500	11,384	12,425
WESTSHORE TERMINALS INVESTMENT CORPORATION	29,400	712,335	646,212
WSP GLOBAL INC	4,500	323,414	324,405
		<u>43,018,378</u>	<u>50,310,875</u>

INFORMATION TECHNOLOGY (0.7%)

ABSOLUTE SOFTWARE CORPORATION	26,300	236,991	209,874
CGI INC	64,800	4,286,931	6,524,064
CONSTELLATION SOFTWARE INC	8,400	6,087,874	10,367,700
DESCARTES SYSTEMS GROUP INC	46,900	1,992,164	2,272,305
ENGHOUSE SYSTEMS LIMITED	11,700	401,967	405,171
EVERTZ TECHNOLOGIES LIMITED	39,200	689,013	718,144
KINAXIS INC	700	54,467	57,169
OPEN TEXT CORP	13,000	662,580	702,520
QUARTERHILL INC	400	714	564
SHOPIFY INC	3,400	1,331,098	1,338,172
		<u>15,743,799</u>	<u>22,595,683</u>

MATERIALS (0.8%)

AGNICO EAGLE MINES LIMITED	700	46,897	46,998
ALACER MANAGEMENT CORP	130,800	447,986	595,140
ALAMOS GOLD INC	10,600	84,767	83,740
ARGONAUT GOLD INC	28,000	49,856	49,840
ASANKO GOLD INC	100	143	83
B2GOLD CORP	39,900	153,033	158,802
BARRICK GOLD CORPORATION	8,100	168,266	167,427
CAPSTONE MINING CORP	3,000	2,005	1,770
CASCADES INC	6,700	68,267	70,618
CENTERRA GOLD INC	62,300	471,032	574,406
CONTINENTAL GOLD INC	103	462	390
DETOUR GOLD CORPORATION	7,500	116,798	123,900
DUNDEE PRECIOUS METALS INC	262,700	1,131,457	1,281,976
ECOSYNTHETIX INC	3,000	8,592	9,210
ELDORADO GOLD CORPORATION	10,100	63,354	76,861
ENDEAVOUR SILVER CORP	100	420	270
FIRST MAJESTIC SILVER CORP	7	68	72
FRANCO-NEVADA CORPORATION	4,200	462,410	466,830
GOLDEN STAR RESOURCES LTD	600	3,141	3,180
HUBBAY MINERALS INC	200	1,432	1,418
IVANHOE MINES LTD	400	1,612	1,664
KINROSS GOLD CORPORATION	60,100	304,862	304,106
KIRKLAND LAKE GOLD INC	102,600	3,285,784	5,788,692
LABRADOR IRON ORE ROYALTY CORPORATION	143,000	3,070,658	5,007,860
LUCARA DIAMOND CORP	3,400	5,315	5,372
LUNDIN GOLD INC	2,000	12,307	13,120
LUNDIN MINING CORPORATION	378,200	2,906,806	2,726,822
METHANEX CORPORATION	53,400	3,661,420	3,174,630
NEW GOLD INC	34,200	40,432	43,434
NORANDA INCOME FUND	19,100	54,920	50,233
NORBORD INC	17,100	701,317	555,066
NOVAGOLD RESOURCES INC	2,808	20,525	21,650
NUTRIEN LTD	3,900	267,623	273,195
OCEANA GOLD PTY LTD	28,600	114,579	102,388
OSISKO GOLD ROYALTIES LTD	100	1,418	1,365
PRETIUM RESOURCES INC	11,300	148,615	147,917
ROXGOLD INC	9,200	8,897	9,936
SABINA GOLD & SILVER CORP	48	107	64

SEMAFO INC	21,800	108,041	112,488
SILVERCORP METALS INC	17,200	57,350	55,728
SSR MINING INC	106,800	1,788,919	1,913,856
TECK RESOURCES LIMITED	56,500	1,641,237	1,707,430
TERANGA GOLD CORPORATION	1,600	6,274	6,416
TOREX GOLD RESOURCES INC	16,600	238,977	223,436
WESDOME GOLD MINES LTD	173,300	745,747	934,087
WEST FRASER TIMBER CO LTD	5,100	336,368	304,470
WESTERN FOREST PRODUCTS INC	600	1,200	960
WHEATON PRECIOUS METALS CORP	9,700	310,316	307,199
WINPAK LTD	1,400	61,163	60,480
YAMANA GOLD INC	138,500	463,149	459,820
		<u>23,646,324</u>	<u>28,026,815</u>
REAL ESTATE (0.9%)			
ALLIED PROPERTIES REIT	33,300	1,587,438	1,577,421
ARTIS REAL ESTATE INVESTMENT TRUST	3,600	41,393	41,868
AUTOMOTIVE PROPERTIES REIT	100	1,058	1,033
BTB REAL ESTATE INVESTMENT TRUST	1,100	5,304	5,192
CANADIAN APARTMENT PROPERTIES REIT	69,400	3,044,725	3,356,184
CHOICE PROPERTIES REIT	2,500	32,497	34,200
COLLIERS INTERNATIONAL GROUP INC	10,600	807,465	992,478
COMINAR REAL ESTATE INVESTMENT	400	4,710	5,004
CROMBIE REAL ESTATE INVESTMENT TRUST	5,600	82,328	84,336
CT REAL ESTATE INVESTMENT TRUST	71,600	980,480	1,018,152
DREAM GLOBAL REIT	131,100	1,775,770	1,789,515
DREAM INDUSTRIAL REIT	104,716	1,176,617	1,235,649
DREAM OFFICE REIT	48,100	1,126,444	1,137,084
DREAM UNLIMITED CORP	500	4,015	3,635
FIRST CAPITAL REALTY INC	66,200	1,394,606	1,447,132
FIRSTSERVICE CORPORATION	12,100	1,079,371	1,524,600
GRANITE REIT	89,400	5,126,887	5,389,926
H&R REAL ESTATE INVESTMENT TRUST	18,700	417,581	427,108
INOVALIS REAL ESTATE INVESTMENT TRUST	15,300	155,519	152,847
INTERRENT REAL ESTATE INVESTMENT TRUST	97,700	1,184,420	1,348,260
KILLAM APARTMENT REIT	179,400	2,906,819	3,370,926
MORGUARD NORTH AMERICAN RESIDENTIAL REIT	3,700	67,283	68,154
MORGUARD REAL ESTATE INVESTMENT TRUST	1,100	13,540	13,365
NORTHVIEW APARTMENT REIT	79,200	2,133,599	2,130,480
NORTHWEST HEALTHCARE PROPERTIES REIT	56,291	653,332	663,108
PLAZA RETAIL REIT	2,500	10,577	10,450
RIOCAN REAL ESTATE INVESTMENT TRUST	34,800	894,045	904,452
SLATE OFFICE REIT	200	1,203	1,174
SMARTCENTRES REIT	5,300	175,007	176,013
SUMMIT INDUSTRIAL INCOME REIT	196,200	2,074,201	2,527,056
TRICON CAPITAL GROUP INC	81,600	894,981	816,000
TRUE NORTH COMMERCIAL REIT	9,800	64,866	64,778
		<u>29,918,081</u>	<u>32,317,580</u>

UTILITIES (0.3%)			
ATCO LTD	57,100	2,659,424	2,520,394
ATLANTIC POWER CORPORATION	72,900	229,041	230,364
CANADIAN UTILITIES LIMITED	33,600	1,242,194	1,241,856
CAPITAL POWER CORPORATION	104,700	2,800,682	3,156,705
EMERA INCORPORATED	14,236	692,749	761,768
HYDRO ONE LIMITED	3,400	75,355	77,656
JUST ENERGY GROUP INC	94,600	582,098	532,598
NORTHLAND POWER INC	11,300	280,768	288,150
POLARIS INFRASTRUCTURE INC	13,700	175,105	201,664
SUPERIOR PLUS CORP	71,500	882,464	955,240
TRANSALTA CORPORATION	24,600	209,953	209,592
TRANSALTA RENEWABLES INC	27,700	374,741	383,645
		<u>10,204,574</u>	<u>10,559,632</u>
US EQUITY (20.8%)			
BMO S&P 500 INDEX HEDGED to CAD ETF	12,323,969	491,893,079	537,325,048
BMO S&P 500 INDEX ETF	4,173,466	153,622,395	176,662,816
		<u>645,515,474</u>	<u>713,987,864</u>
Total Equities		<u>912,991,188</u>	<u>1,011,786,271</u>
Less: Transaction costs		146,138	
Total Investments		<u>3,248,484,398</u>	<u>3,431,958,915</u>

FAMILY GROUP EDUCATION SAVINGS PLAN
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

As at June 30, 2019

1. General information

Family Group Education Savings Plan (the Plan) was established by Knowledge First Foundation (the Foundation) as a savings vehicle for subscribers to save for a designated student's (beneficiary) post-secondary education.

The Foundation, the sponsor of the Plan, is a not-for-profit organization, which was incorporated without share capital on February 19, 1990 under the Canada Corporations Act and continued under the amended act of October 17, 2011. The Foundation has engaged its wholly-owned subsidiary, Knowledge First Financial Inc. (Knowledge First Financial) to be the distributor and investment fund manager of the Plan and to provide general administration services to the Plan. Knowledge First Financial is incorporated under the laws of Canada. The primary place of business of the Plan is 50 Burnhamthorpe Road West, Mississauga, Ontario, Canada.

Subscribers to the Plan make periodic deposits into the Plan, which is net of enrolment fees, insurance premiums, depository fees and service charges charged to each subscriber. The income earned on subscriber contributions is held in the Education Assistance Payment account. When a plan matures, is terminated, or is cancelled, such contributions, net of deductions, will be returned to the subscriber or a beneficiary and the income is transferred to the Foundation Education Assistance Payment (FEAP) account and used to provide payments to qualified students. Upon registration of a plan, Knowledge First Financial will apply for government grants on behalf of the Subscriber. The income earned on government grants is held in the Grant Income account.

The Plan invests in Canadian government bonds, high grade corporate debt, and in Canadian and US equities. Canadian equities are actively managed, and the US equities are managed passively (via hedged and unhedged US equity ETFs). The underlying investments in the BMO S&P 500 Index ETF are exposed to the US dollar. The BMO S&P 500 Hedged to CAD Index ETF has been hedged back to the Canadian dollar and therefore has no currency exposure. The Plan is subject to the risk that the fair value or future cash flows of the BMO S&P 500 Index ETF which are not hedged back to the Canadian dollar will fluctuate because of changes in foreign exchange rates. The Plan's investment in equities is limited to income accumulated in the Plan.

Education Assistance Payments (EAPs) are paid over three years from government grants and income earned on contributions and government grants through interest, dividends and other income. Contributions are not included in EAPs, however are returned to the subscriber upon maturity, net of applicable fees. In order to be entitled to an EAP, the administrator must receive proof that a beneficiary meets EAP eligibility requirements for enrolment in a post-secondary program, inclusive of confirmation of beneficiary residency status. If a subscriber to the Plan terminates an account, a refund of contributions is due to the subscriber and government grant monies are returned to the originating government agency. Forfeited grant income is payable to an eligible educational institution.

The financial statements were authorized for issue by the Board of Directors of the Foundation on August 22, 2019.

2. Basis of presentation

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"). The Plan has consistently applied the accounting policies used in the preparation of its financial statements.

3. Summary of significant accounting policies

The significant accounting policies followed by the Plan are as follows.

Transition to IFRS 9

Effective January 1, 2018, the Plan adopted IFRS 9 "Financial Instruments". The new standard addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39. It requires financial assets to be classified as amortized cost, fair value, with changes in fair value recognized in profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI) based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

The adoption of IFRS 9 has been applied retrospectively by the Plan and did not result in a change to the measurement of financial instruments, in either the current or the comparative period. Upon transition to IFRS 9, the Plan's investments previously classified as FVTPL under IAS 39 continued to be categorized as fair value through profit and loss. Financial assets and liabilities previously measured at amortized cost under IAS 39 continue to be measured at amortized cost. There was no material impact on adoption from the application of the new impairment model.

Financial instruments

The Plan recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss. Regular purchases and sales of financial assets are recognized at their trade date. The Plan's investments are measured at fair value through profit or loss (FVTPL), including its investments in equities, ETFs and debt securities, which have been designated at FVTPL. All other financial assets and liabilities, including interest and dividends receivable, amounts receivable for investments sold, government grants receivable, other receivables, amounts payable for securities purchased and accounts payable and other liabilities, and principal payable to subscribers are measured at amortized cost. The Plan's obligation for net assets attributable to subscribers and beneficiaries is presented at the distribution amount, which is the residual amount of assets of the Plan after deducting all of its liabilities.

Fair value measurement

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 measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. For equities & ETFs, the Plan uses the last traded market price where the last traded price falls between that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, Knowledge First Financial determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. For bonds, the Plan uses mid prices provided by independent security pricing vendors. The Plan's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer. The fair value of financial assets and liabilities that are not quoted in an active market is determined using valuation techniques. The use of valuation techniques for financial instruments that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments.

Income recognition, transaction costs and expenses

Interest income from investments in bonds and short-term investments is recognized at the effective interest rate. Interest receivable is recorded in the Statement of Financial Position based on the debt instruments' stated rates of interest. Dividends are recognized as income on the ex-dividend date. The cost of investments is determined using the average cost method. Average cost includes amortization of premiums and discounts on the Plan's fixed income securities.

Impairment of financial assets

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized cost. With respect to financial assets at amortized cost, the Plan considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement dates, all loans and receivables are due to be settled within the short term. The Plan considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Plan to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

Foreign currency

The financial statements are presented in Canadian dollars, which is the Plan's functional and presentation currency.

Cash

Cash is comprised of demand deposits with financial institutions.

Net Assets Attributable to Subscribers and Beneficiaries

Net assets attributable to subscribers and beneficiaries are comprised of subscribers' contributions, government grants and income earned on both subscribers' contributions and government grants. Net assets attributable to subscribers and beneficiaries is classified as a liability as subscribers have the option to withdraw at any point prior to maturity. If a subscriber withdraws before maturity, the subscriber's deposits less fees are returned to the subscriber, income earned on that subscriber's contributions is allocated to other members of the Plan, government grant contributions are returned to the government and forfeited income on the government grants is owed to a designated educational institution.

Subscribers' contributions are comprised of deposits received from subscribers, after deductions for various fees, and do not include amounts receivable on outstanding agreements, as subscribers may terminate their plans at any time. Knowledge First Financial deducts a portion of the applicable enrolment fees, insurance premiums, and depository and service charges from the deposits made from subscribers and the net amount is invested in the Plan. During the life of an agreement, subscribers may choose to purchase additional units, or convert their present agreements to fully paid-up status. In order to affect the purchase or conversion, subscribers must contribute additional funds, or convert a portion of their principal contributions into income contributions, to reflect the equivalent amount of income that would have been earned if the revised agreement was in place since the inception of their plan. These are called subscribers' equivalency transactions. These additional funds are included in accumulated income.

Government grants represent contributions received from federal and provincial governments. Government grants are recognized upon receipt of an eligible contribution to a registered education savings plan by a subscriber to the Plan.

Accumulated income includes the increase (decrease) in net assets attributable to subscribers and beneficiaries, and income earned on matured accounts, cancelled or terminated accounts (the Income Account). Education assistance payments and payments of grant income to beneficiaries and designated financial institutions reduce the accumulated income account. At the discretion of the Foundation, Income Account monies may be used to supplement EAPs to qualified students or disbursed for the advancement of education, consistent with the objectives of the Foundation.

Funds transferred in/out

During the life of an agreement, subscribers of another Knowledge First Financial Education Savings Plan or subscribers at another provider, may choose to convert their agreement to the Plan or alternatively, subscribers of the Plan may choose to convert their agreement to another Knowledge First Financial Education Savings Plan or convert to another provider. Contributions, government grants and income transferred in/out are reported as changes in net assets attributable to subscribers and beneficiaries.

Taxation

The income on Subscribers' contributions is currently exempt from income taxes under the Income Tax Act (Canada) prior to the maturity of the plan. Education Assistance Payments, comprising government grants and all accumulated income, made to qualified nominees will be included in their income for the purposes of the Income Tax Act (Canada). The amounts deposited by subscribers are not deductible to the subscribers for tax purposes and are not taxable when returned to subscribers or their designated nominees.

Interests in Unconsolidated Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of a contractual arrangement. The Plan invests in exchange traded funds (ETFs) and asset-backed securities which are disclosed on the Schedule of Investment Portfolio and the Plan has determined that these investments are unconsolidated structured entities. The Plan accounts for its investments in unconsolidated structured entities at fair value through profit and loss. The ETFs finance their operations by issuing redeemable shares which are puttable at the holder's option and entitle the holder to a proportional stake in the ETF's net asset value. The ETFs are domiciled in Canada and listed on the Toronto Stock Exchange. The asset-backed securities include Canada Housing Trust bonds which are secured by and payable from mortgage loans on real property and guaranteed by the Government of Canada, through CMHC. These investments are included in "Investments" in the

Statements of Financial Position. The Plan's maximum exposure to loss from its interest in these securities is equal to the total fair value of its investments.

Change in Accounting Policy

Fair Value Reserve

Effective September 1, 2018, the Plan changed the way realized and unrealized gains or losses in respect of debt securities were allocated to net assets attributable to subscribers and beneficiaries. Due to this change, the Plan's Fair Value Reserve was eliminated as of that date. There was no net impact to the total balance of net assets attributable to subscribers and beneficiaries as a result of this change.

Prior to this change, the fair value reserve included in net assets attributable to subscribers and beneficiaries represented the net unrealized gains (losses) on debt investments and the net unamortized debt realized gains (losses). Fixed-income realized gains and losses were transferred to the EAP Account, Income from government grants, and the Income Account over a five-year period in proportion to the balances in those accounts at the time of allocation. Equity realized and unrealized gains and losses were transferred to the EAP Account, Income from government grants, and the Income Account monthly in proportion to the balances in those accounts at the time of allocation. Effective September 1, 2018, all realized and unrealized gains/losses on investments are allocated in the month in which they are earned.

4. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant judgments and estimates that the Plan has made in preparing the financial statements.

Investment entity status

A significant judgment made in preparing the Plan's financial statements relates to the determination that the Plan meets the definition of an investment entity as described in IFRS 10, Consolidated financial statements. The Plan's objective is to invest subscribers' contributions to maximize their investment return over the long term for the purpose of generating investment income. Fair value is the primary measurement used to evaluate the performance of substantially all investments.

Classification and measurement of investments and the application of the fair value option

In classifying and measuring financial instruments held by the Plan, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. In making this judgment, the Manager has assessed the Plan's business model for managing the portfolio and the contractual cash flow characteristics and determined the investments are managed on a fair value basis, and that fair value is used to assess performance and make investment decisions. The contractual cash flows of the Plan's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Plan's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

5. Financial Instruments Risks

The Plan's investment activities expose it to a variety of risks associated with financial instruments, as follows: credit risk, liquidity risk and market risk (including price risk, currency risk and interest rate risk). The Plan does not conduct any significant activities in currencies other than the Canadian dollar and only its holdings of US equities via the unhedged ETF are exposed to a direct currency risk. The Plan's overall risk management approach includes investment guidelines, objectives, and limits which are designed to ensure that risk is mitigated through allocation of investments across different market sectors, maturity segments and issuers. The Plan engages third party investment managers and monitors the investments for compliance with the stated investment guidelines and relevant securities and tax regulations. Oversight responsibility and authority rests with the Foundation's Board of Directors and its Investment Committee. An Independent Review Committee is also in place.

Credit risk

The Plan is exposed to credit risk, which 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. Cash on hand is kept on deposit at a Canadian Schedule I bank. The majority of the credit risk to which the Plan is exposed arises from its investments in debt securities. The debt instruments held by the Plan are issued by federal, provincial, or municipal governments along with corporate debt instruments with an investment grade credit rating at the time of acquisition. The plan may also be exposed to indirect credit risk through its holdings in ETFs.

The fair value of debt investments includes consideration of the credit worthiness of the debt issuer. The carrying amount of cash, receivables and debt investments represents the maximum credit risk exposure as at June 30, 2019 and December 31, 2018. The analysis below summarizes the credit quality of the Plan's debt portfolio as at June 30, 2019 and December 31, 2018. Credit ratings are obtained from Standard & Poor's, Moody's and DBRS. Where one or more rating is obtained for a security, the lowest rating has been used.

Percentage of Fixed Income Investments (%) As At		
Credit Rating	June 30, 2019	December 31, 2018
"AAA"	22.6	27.0
"AA"	12.4	17.0
"A"	43.3	35.3
"BBB"	21.7	20.7
Total	100.0	100.0

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan has current exposure to the subscribers' contributions and government grant balances as subscribers can cancel or terminate their agreement at any time at which point the full balance would become immediately payable to the subscribers or the government. The Plan is also exposed to agreement maturities and obligations with respect to scholarship payments and the accumulated income account. Therefore, the Plan invests the majority of its assets in investments that are traded in an active market and can be easily liquidated. In addition, the Plan endeavours to retain adequate cash positions to maintain adequate liquidity.

Maturity Profile

EAPs (accumulated income and government contributions) are paid over three years upon submission of required documentation to Knowledge First Financial. Subscriber's principal is paid upon maturity of a respective agreement. See Schedule of EAP payments for details of maturity with respect to principal and accumulated income.

If a subscriber cancels an agreement, subscriber's principal and associated government contributions are due upon demand. The income on subscriber's principal will remain in accumulated income. Forfeited income on returned government grants becomes immediately payable to a qualified educational institution.

All other liabilities of the Plan are due within three months.

Concentration Risk

The table below summarizes this Plan's concentration risk as a percentage of investments as at June 30, 2019 and December 31, 2018.

Concentration	Percentage of Investments (%) As at	
	June 30, 2019	December 31, 2018
<u>Fixed Income</u>		
Federal	15.9	16.4
Provincial	19.4	20.6
Corporate	35.1	34.8
Short term investments	0.1	0.9
<u>Equities</u>		
Communication Services	0.4	0.3
Consumer Discretionary	0.3	0.4
Consumer Staples	0.3	0.2
Energy	1.1	1.0
Financials	2.3	1.9
Health Care	0.1	0.1
Industrials	1.5	1.1
Information Technology	0.7	0.6
Materials	0.8	0.8
Real Estate	0.9	0.5
Utilities	0.3	0.2
US Equity ETFs	20.8	13.1
Canadian Equity ETF	0.0	7.1
Total	100.0	100.0

Market risk

The Plan's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses, as applicable, that show how the net assets attributable to subscribers and beneficiaries would be affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

a) Currency risk

The Plan invests in exchange traded funds (ETFs) denominated in Canadian dollars. The underlying investments held by the US equity ETFs are exposed to the US dollar. The BMO S&P 500 Hedged to CAD Index ETF has been hedged back to the Canadian dollar and therefore has no currency risk. The Plan is subject to the risk that the fair value of future cash flows of the BMO S&P 500 Index ETF which are not hedged back to Canadian dollar will fluctuate because of changes in foreign exchange rates. As at June 30, 2019, if the exchange rate had increased or decreased by 5%, with all other variables held constant, the net assets attributable to subscribers and beneficiaries would have increased or decreased by approximately \$9 million (\$5 million as at December 31, 2018).

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Plan holds securities with fixed interest rates that expose the Plan to interest rate risk. As at June 30, 2019, had prevailing interest rates increased or decreased by 25 basis points, assuming a parallel shift in the yield curve, with all other variables held constant, net assets of the Plan would have decreased or increased, respectively, by approximately \$38 million (approximately 1.1% of the total investment portfolio) (December 31, 2018 - \$34 million, approximately 1.1% of the total investment portfolio). In practice, actual results may differ from this analysis and the difference could be material.

The table below summarizes the Plan's exposure to interest rate risk as at June 30, 2019 and December 31, 2018, by remaining term to maturity.

June 30, 2019	Within 1 year	From 1 to 5 years	Over 5 years	Total
Short term investments				
Treasury Bill	1,391,653	-	-	1,391,653
Term Deposits	1,900,000	-	-	1,900,000
Government guaranteed instruments				
Federal	-	191,422,092	353,829,416	545,251,508
Provincial	251,452	177,919,663	486,591,255	664,762,370
Corporate debt instruments	-	262,199,065	944,668,048	1,206,867,113
Total	3,543,105	631,540,820	1,785,088,719	2,420,172,644
Percentage of total	0.1%	26.1%	73.8%	100.0%

December 31, 2018	Within 1 year	From 1 to 5 years	Over 5 years	Total
Short term investments				
Treasury Bills	29,608,900	-	-	29,608,900
Government guaranteed instruments				
Federal	-	83,188,715	432,576,490	515,765,205
Provincial	251,894	137,755,023	510,233,401	648,240,318
Corporate debt instruments	-	261,234,046	827,747,382	1,088,981,428
Total	29,860,794	482,177,784	1,770,557,273	2,282,595,851
Percentage of total	1.3%	21.1%	77.6%	100.0%

c) Other price risk

The Plan is exposed to other price risk, which is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Financial instruments held by the Plan are susceptible to market price risk arising from uncertainties about future prices of those instruments. The Plan's exposure to other price risk arises primarily from its investments in equity securities and ETFs. As at June 30, 2019, if the investment in equities and ETFs had increased or decreased by 5%, with all other variables held constant, the net assets attributable to subscribers and beneficiaries would have increased or decreased by approximately \$50.6 million (\$43.1 million as at December 31, 2018), representing approximately 1.5% of net assets of the Plan.

Capital risk management

The capital of the Plan is represented by the net assets attributable to subscribers and beneficiaries. The capital of the Plan can change on a daily basis as the Plan is subject to ongoing contributions and cancellations. In addition, EAPs and maturities occur at specified times during the year. The Plan is not subject to externally imposed capital requirements. The Plan's objective, when managing capital risk, is to safeguard subscribers' contributions and government grants received and earn income on those amounts in order to pay EAPs to qualified beneficiaries. The Plan endeavours to invest subscribers' contributions, government grants received, and income earned in appropriate investments while maintaining sufficient liquidity to meet maturities, EAPs, cancellations and expenses in accordance with its investment objectives and risk management policies as described above. In order to manage the Plan's capital, the Plan's policy is to perform the following:

- Monitor the level of daily subscriber contributions and withdrawals relative to the liquid assets and adjust the amount of cash invested accordingly.

- Monitor the level of expected future payments for maturities and EAPs based on maturity and student applications received, and historical beneficiary qualification rates, and adjust the investment portfolio accordingly.
- Invest in securities which are traded in an active market and can be easily liquidated.

There has been no change with respect to the overall capital risk management strategy during the year.

Fair value measurement

The Plan classifies fair value measurement within a hierarchy which gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3	Inputs are unobservable for the asset or liability.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following table illustrates the classification of the Plan's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2019 and December 31, 2018

As of June 30, 2019	Level 1	Level 2	Level 3	Total
Short-term investments	-	3,291,653	-	3,291,653
Government guaranteed instruments				
Federal	-	545,251,508	-	545,251,508
Provincial	-	664,762,370	-	664,762,370
Corporate debt instruments	-	1,206,867,113	-	1,206,867,113
Equities & ETFs	1,011,786,271	-	-	1,011,786,271
Investments at fair value	1,011,786,271	2,420,172,644	-	3,431,958,915

As of December 31, 2018	Level 1	Level 2	Level 3	Total
Short-term investments	-	29,608,900	-	29,608,900
Government guaranteed instruments				
Federal	-	515,765,205	-	515,765,205
Provincial	-	648,240,318	-	648,240,318
Corporate debt instruments	-	1,088,981,428	-	1,088,981,428
Equities & ETFs	863,064,135	-	-	863,064,135
Investments at fair value	863,064,135	2,282,595,851	-	3,145,659,986

All fair value measurements above are recurring. The carrying values of receivable for investments sold, government grant receivable, interest receivable, dividends receivable, other receivables, receivables due from KFF, payable for investments purchased, principal payable to beneficiaries and accounts payable and other liabilities and the Plan's obligation for net assets attributable to subscribers and beneficiaries approximate their fair value due to their short-term nature.

There were no transfers between levels during the periods ended June 30, 2019 and December 31, 2018 or Level 3 securities held as at June 30, 2019 and December 31, 2018.

Investments in unconsolidated structured entities

Underlying Fund As at June 30, 2019	Country of establishment and principal place of business	% Ownership in the underlying Fund	Fair value of the Plan's investment in the underlying Fund
BMO S&P 500 INDEX ETF	Canada	2.92%	\$176,662,816
BMO S&P 500 HEDGED TO CAD INDEX ETF	Canada	31.42%	\$537,325,048

Underlying Fund As at December 31, 2018	Country of establishment and principal place of business	% Ownership in the underlying Fund	Fair value of the Plan's investment in the underlying Fund
BMO S&P 500 INDEX ETF	Canada	2.22%	\$107,297,848
BMO S&P 500 HEDGED TO CAD INDEX ETF	Canada	26.92%	\$305,015,255
BMO S&P/TSX CAPPED COMPOSITE INDEX ETF	Canada	5.84%	224,763,470

6. Net assets attributable to subscribers and beneficiaries

Net assets attributable to subscribers and beneficiaries are comprised as follows:

	As at June 30, 2019	As at December 31, 2018
Subscribers' contributions, net of returns	1,575,707,569	1,530,062,333
Government grants	621,388,495	613,623,902
Accumulated income		
Education assistance payment account	722,248,489	516,723,179
Deferred EAP account	8,066,784	9,126,182
Income from government grants	295,152,817	253,195,663
Foundation education assistance payment account	191,234,866	195,244,313
Income account	3,584,386	1,668,616
Balance – End of period	3,417,383,406	3,119,644,188

The changes to subscribers' contributions to the Plan are as follows:

	Period ended June 30, 2019	Period ended June 30, 2018
Subscribers' deposits	71,783,112	78,914,900
Insurance premiums deducted	(1,231,976)	(1,329,825)
Enrolment fee deducted	(1,664,268)	(2,966,110)
Return of contributions	(22,376,982)	(14,833,156)
Depository fees and service charges deducted	(864,650)	(929,873)
Net increase in Subscribers' contributions	45,645,236	58,855,936
Balance – Beginning of period	1,530,062,333	1,559,288,771
Balance – End of period	1,575,707,569	1,618,144,707

The changes to the income account for the periods are as follows:

	Period ended	
	June 30, 2019	June 30, 2018
Increase		
Net investment income	3,103,502	3,595,463
Other income	-	64,421
Decrease		
Supplement to EAP	(13,695)	(29,112)
Administration fees	(1,043,837)	(963,841)
Investment Counsel fees	(123,373)	(115,905)
Custodial fees	(4,271)	(13,034)
Independent review committee fees	(2,556)	(5,730)
Net increase (decrease) in income account	1,915,770	2,532,262
Balance - Beginning of period	1,668,616	2,502,189
Balance - End of period	3,584,386	5,034,451

Income earned on monies held in the FEAP Accounts is credited to the Income Account.

At the discretion of the Foundation, Income Account monies may be used to supplement EAPs to qualified students or disbursed for the advancement of education, consistent with the objectives of the Foundation.

7. Accounts payable and other liabilities

Included in accounts payable and other liabilities is \$3,649,626 (December 31, 2018 - \$3,269,736) payable to subscribers for stale dated cheques for which the subscriber has not requested the funds to be reissued. If the funds are not claimed within six years of cancellation or maturity, the funds are forfeited and transferred into other income. Also included in accounts payable and other liabilities is forfeited grant income from terminated agreements that will be paid out to a designated educational institution.

8. Maturities

Plan principal matures and is payable to the subscribers or their designated nominees on July 31 of the year in which students would normally enter the first academic year of post-secondary education.

9. Related party transactions

The Foundation is the sponsor of the Plan. Knowledge First Financial, a wholly owned subsidiary of the Foundation, carries out the general administration of the Plan on its behalf that includes processing and call centre services related to new agreements, payments, government grants, plan modifications, terminations, maturities and EAPs. In consideration for its administrative services (inclusive of audit fees), Knowledge First Financial is entitled to receive from the Plan an annual fee of up to 0.6% of all funds on deposit related to the Plan, insurance administration-related fees, and special processing fees including one-time fees for specific transactions. Accounts payable and other liabilities includes \$2,925,013 (December 31, 2018 - \$2,945,559) due to Knowledge First Financial relating to Administration fees and subscriber fees received by the Plan on behalf of Knowledge First Financial. Other receivables for the year ended December 31, 2018 included \$1,004,520 due from Knowledge First Foundation relating to scholarship top-up payments which were received in January 2019.

The Plan also pays remuneration to members of the Independent Review Committee which are included in Independent Review Committee Fees in the Statements of Comprehensive Income.

10. Investment counsel fees

Investment counsel fees, which are paid to the Plan's third-party investment managers, are calculated as a percentage of the total fair value of the Plan's investment portfolio and during the current and prior years ranged from 0.02% to 0.45%, including a potential performance-based fee, described below, on a graduated scale. Investment counsel fees paid for the six months ended June 30, 2019, excluding the performance-based fee, amounted to 0.05% (0.11% as at December 31, 2018) of the total fair market value of the investment portfolio in the Plan.

11. Subscriber Vote

On May 30, 2019, subscribers of the Plan voted in favour of amendments to the Group Plan's Education Assistance Agreement ("EAA"), granting the Foundation discretion to transfer the assets from the Group Plan to the Family Single Student Education Savings Plan ("Single Student Plan") and to allow the Foundation to enter into an EAA for the Single Student Plan on behalf of each subscriber, in the manner described in the Management Information Circular of the Group Plan dated April 1, 2019 and to terminate the Group Plan's EAA.

As noted in the Management Information Circular, the asset transfer from the Group Plan to the Single Student Plan will take place on January 1, 2020, after which the management will take steps to formally wind-up the Group Plan.