

Knowledge First Financial

Heritage Plans

(Education savings program provided by Heritage Educational Foundation)

Financial Statements

For the years ended December 31, 2019 and December 31, 2018



Independent auditor's report

To the Subscribers and Beneficiaries of the Heritage Plans

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Heritage Plans (the Plan) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Plan's financial statements comprise:

- the statements of financial position as at December 31, 2019 and 2018;
 - the statements of comprehensive income for the years then ended;
 - the statements of changes in net assets attributable to subscribers and beneficiaries for the years then ended;
 - the statements of cash flows for the years then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
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Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Other information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of management and those charged with governance for the financial statements

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

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's responsibilities 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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism 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 achieves 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 30, 2020

Management’s Responsibility for Financial Reporting

The accompanying financial statements of the Heritage Plans (the “Plans”) have been prepared by management and approved by the Board of Directors of Heritage Educational Foundation. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management’s performance of its financial reporting responsibilities.

Heritage Educational Foundation, through Knowledge First Financial Inc., which administers the Plans, maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements. The significant accounting policies, which management believe are appropriate for the Plans are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP is the independent auditor of the Plans. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Board of Directors of Heritage Educational Foundation their opinion on the financial statements. Their report follows.

Board of Directors
Mississauga, Ontario
March 25, 2020

HERITAGE PLANS
STATEMENTS OF FINANCIAL POSITION
 As at December 31, 2019 and December 31, 2018
 All amounts in Canadian dollars

	2019	2018
Assets		
Current Assets		
Cash	1,127,301	4,915,651
Investments (Note 5)	2,581,620,880	2,505,409,591
Government grants receivable	2,957,168	3,541,442
Due from Heritage Educational Foundation (Note 7)	77,606,618	13,430,434
Accrued interest and dividends	16,945,982	13,584,324
	<u>2,680,257,949</u>	<u>2,540,881,442</u>
Liabilities		
Current Liabilities		
Accounts payable and other liabilities	753,844	460,127
Sales charges obligation (Note 8)	916,913	1,059,338
	<u>1,670,757</u>	<u>1,519,465</u>
Net assets attributable to subscribers and beneficiaries (Note 6)	<u>2,678,587,192</u>	<u>2,539,361,977</u>

Approved by the Board of Directors of Heritage Educational Foundation



_____, Director



_____, Director

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

HERITAGE PLANS
STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2019 and December 31, 2018
All amounts in Canadian dollars

	2019	2018
Income		
Interest income	51,772,575	50,190,728
Dividend income	14,000,633	26,053,092
Other changes in fair value of investments:		
Net realized gains on investments	128,699,875	1,542,585
Net change in unrealized gains (losses) on investments	25,908,286	(51,473,492)
Total income (net)	220,381,369	26,312,913
Expenses		
Administration fees (Note 7)	14,612,127	13,756,571
Investment counsel fees	2,318,436	2,664,958
Independent review committee fees (Note 7)	53,560	31,581
Trustee fees	165,338	148,283
Transaction costs	69,375	37,746
Total expenses	17,218,836	16,639,139
Increase in net assets attributable to subscribers and beneficiaries	203,162,533	9,673,774

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

HERITAGE PLANS
STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SUBSCRIBERS AND
BENEFICIARIES

For the years ended December 31, 2019 and December 31, 2018

All amounts in Canadian dollars

	2019	2018
Net assets attributable to subscribers and beneficiaries, beginning of period	2,539,361,977	2,519,533,427
Subscribers' contributions		
Contributions and transfers in	187,269,514	191,855,833
Return of subscribers' contributions and transfers out	(175,195,179)	(162,948,384)
	12,074,335	28,907,449
Reclassification of subscribers' contributions (Note 6)	-	39,978,786
	12,074,335	68,886,235
Government grants		
Government grant contributions	52,642,697	60,338,589
Government grant repayments and transfers	(6,691,089)	(8,644,651)
Government grant payments to beneficiaries	(31,202,909)	(27,994,288)
	14,748,699	23,699,650
Accumulated income		
Increase in net assets attributable to subscribers and beneficiaries	203,162,533	9,673,774
Education Assistance Payments – Group Plan	(56,308,892)	(54,484,908)
Education Assistance Payments – Self-Determined Plan	(18,891,453)	(15,693,842)
Payments of government grant income to beneficiaries	(13,782,330)	(10,887,114)
Repayment of sales charges	(1,777,677)	(1,365,245)
	112,402,181	(72,757,335)
Net assets attributable to subscribers and beneficiaries, end of year	2,678,587,192	2,539,361,977

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

**HERITAGE PLANS
STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2019 and December 31, 2018

All amounts in Canadian dollars

	2019	2018
Cash flows from (used in) operating activities		
Increase in net assets attributable to subscribers and beneficiaries	203,162,533	9,673,774
Adjustments for:		
Net change in unrealized (gains) losses	(25,908,286)	51,473,492
Net realized gains on investments	(128,699,875)	(1,542,585)
Amortization of bonds discounts/premiums	7,172,367	12,774,980
Decrease in accrued interest	(3,361,658)	(2,293,352)
Increase in due to Heritage Educational Foundation	(64,176,184)	(17,711,108)
Increase (decrease) in accounts payable, other liabilities and government grants receivables	877,992	(238,874)
Change in sales charge obligation	(142,426)	(754,419)
Purchase of investments	(5,565,222,689)	(4,445,784,967)
Proceeds from sale or maturity of investments	<u>5,636,447,194</u>	<u>4,423,684,368</u>
Net cash flows from operating activities	60,148,968	29,281,309
Cash flows from (used in) financing activities		
Subscribers' contributions	187,269,514	191,855,833
Return of subscribers' contributions	(175,195,179)	(162,948,384)
Government grants	52,642,697	56,797,146
Government grants paid to beneficiaries and transfer-outs	(31,202,909)	(27,994,288)
Government grant repayments and transfers	(6,691,089)	(8,644,651)
Income payments to beneficiaries		
Education Assistance Payments	(76,978,022)	(71,543,994)
Government grants	<u>(13,782,330)</u>	<u>(10,887,114)</u>
Net cash used in financing activities	(63,937,318)	(33,365,452)
Net decrease in cash	(3,788,350)	(4,084,143)
Cash, beginning of period	<u>4,915,651</u>	<u>8,999,79</u>
Cash, end of period	1,127,301	4,915,651
Supplementary Information		
<i>Interest received *</i>	39,403,247	46,886,827
<i>Dividends received *</i>	14,000,633	26,996,284
* Included in operating activities		

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

HERITAGE PLANS
SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2019

All amounts in Canadian dollars

Bond Name	Coupon %	Maturity Date	Par Value \$	Cost \$	Fair Value \$
FEDERAL (34.2%)					
CANADA HOUSING TRUST	3.80%	2021-06-15	1,155,000	1,183,229	1,188,248
CANADA HOUSING TRUST	1.15%	2021-12-15	100,000,000	98,811,891	98,805,384
CANADA HOUSING TRUST	2.35%	2027-06-15	5,830,000	5,746,601	5,940,150
CANADA HOUSING TRUST	2.65%	2028-03-15	164,870,000	163,121,287	171,885,407
CANADA HOUSING TRUST	2.65%	2028-12-15	10,335,000	10,147,360	10,809,532
CANADA HOUSING TRUST	2.10%	2029-09-15	280,000,000	284,297,436	280,280,693
GOVERNMENT OF CANADA	2.25%	2029-06-01	180,000,000	190,909,940	188,615,747
GOVERNMENT OF CANADA	1.50%	2021-08-01	124,298,000	123,986,719	123,887,746
				<u>878,204,463</u>	<u>881,412,907</u>
PROVINCIAL (14.8%)					
CENTRE HOSPITALIER DE L'UNIVERSITE DE MONTREAL	6.72%	2049-09-30	8,763,000	11,861,592	12,119,580
HYDRO-QUEBEC	11.00%	2020-08-15	40,135,000	41,323,909	42,380,891
ONTARIO SCHOOL BOARDS FINANCING	5.38%	2032-06-25	857,951	1,003,691	994,022
PROVINCE OF ONTARIO	3.50%	2043-06-02	2,930,000	3,575,466	3,431,030
PROVINCE OF ONTARIO	3.45%	2045-06-02	8,227,000	10,076,886	9,649,284
PROVINCE OF ONTARIO	2.40%	2026-06-02	25,585,000	26,610,708	25,956,238
PROVINCE OF ONTARIO	2.80%	2048-06-02	620,000	674,991	657,241
PROVINCE OF ONTARIO	2.60%	2027-06-02	18,840,000	19,900,112	19,308,928
PROVINCE OF ONTARIO	6.50%	2029-03-08	136,745,000	169,683,510	183,558,127
PROVINCE OF ONTARIO	2.90%	2049-06-02	4,126,000	4,694,520	4,469,613
PROVINCE OF ONTARIO	2.70%	2029-06-02	53,965,000	57,581,425	55,790,737
PROVINCE OF ONTARIO	2.30%	2024-09-08	18,630,000	19,204,704	18,845,549
TORONTO HYDRO CORPORATION	2.43%	2029-12-11	4,000,000	3,997,182	3,975,883
				<u>370,188,696</u>	<u>381,137,123</u>
CORPORATE (28.6%)					
407 INTERNATIONAL INC	5.75%	2036-02-14	1,000,000	1,333,794	1,337,545
407 INTERNATIONAL INC	3.98%	2052-09-11	1,647,000	1,967,453	1,956,414
407 INTERNATIONAL INC	2.43%	2027-05-04	7,000,000	6,906,502	7,025,907
407 INTERNATIONAL INC	3.65%	2044-09-08	5,000,000	5,587,380	5,517,423
407 INTERNATIONAL INC	3.67%	2049-03-08	4,415,000	5,052,914	4,951,776
ALBERTA POWERLINE LIMITED PARTNERSHIP	4.07%	2053-12-01	524,160	611,165	582,418
ALBERTA POWERLINE LIMITED PARTNERSHIP	4.07%	2054-03-01	530,000	618,621	604,937
ALECTRA INC	3.96%	2042-07-30	1,550,000	1,788,517	1,797,163
ALECTRA INC	2.49%	2027-05-17	7,500,000	7,499,291	7,540,451
ALECTRA INC	3.46%	2049-04-12	5,000,000	5,553,550	5,462,450

ALTAGAS LTD	3.84%	2025-01-15	7,000,000	7,333,692	7,287,198
ALTALINK LP	4.92%	2043-09-17	3,725,000	5,023,262	4,961,830
ALTALINK LP	3.40%	2024-06-06	7,000,000	7,311,742	7,337,458
ALTALINK LP	4.05%	2044-11-21	432,000	521,194	512,641
ALTALINK LP	3.72%	2046-12-03	1,250,000	1,409,188	1,419,538
BANK OF MONTREAL	2.70%	2026-12-09	7,000,000	7,223,975	7,149,685
BANK OF MONTREAL	2.89%	2023-06-20	32,000,000	31,997,924	32,725,059
BANK OF MONTREAL	3.19%	2028-03-01	7,000,000	7,274,134	7,386,964
BANK OF NOVA SCOTIA	2.62%	2026-12-02	7,000,000	7,247,505	7,113,971
BANK OF NOVA SCOTIA	3.10%	2028-02-02	17,540,000	17,539,643	18,400,539
BANK OF NOVA SCOTIA	2.98%	2023-04-17	20,000,000	20,444,994	20,491,718
BCIMC REALTY CORPORATION	3.00%	2027-03-31	7,000,000	7,186,638	7,224,302
BELL CANADA	2.70%	2024-02-27	7,000,000	7,008,097	7,039,929
BLACKBIRD INFRASTRUCTURE GROUP	3.76%	2047-06-30	435,000	470,696	462,196
BMW CANADA INC	1.88%	2020-12-11	10,000,000	9,964,815	9,985,140
BRIDGING NORTH AMERICA GP	4.02%	2038-05-31	40,000	43,079	41,829
BRIDGING NORTH AMERICA GP	4.34%	2053-08-31	835,000	958,496	930,286
BRITISH COLUMBIA FERRY SERVICES INC	6.25%	2034-10-13	739,000	1,038,627	1,035,073
BRITISH COLUMBIA FERRY SERVICES INC	2.79%	2049-10-15	3,942,000	3,923,229	3,798,314
BROOKFIELD INFRASTRUCTURE FINANCE ULC	3.41%	2029-10-09	6,250,000	6,250,000	6,131,750
BROOKFIELD RENEWABLE PARTNERS	4.29%	2049-11-05	2,443,000	2,444,228	2,487,548
BRP FINANCE ULC	4.79%	2022-02-07	7,000,000	7,370,890	7,350,704
BRUCE POWER LP	4.01%	2029-06-21	2,500,000	2,661,852	2,634,842
CANADIAN IMPERIAL BANK OF COMMERCE	2.30%	2022-07-11	10,000,000	10,049,545	10,033,297
CANADIAN IMPERIAL BANK OF COMMERCE	3.30%	2025-05-26	5,000,000	5,220,604	5,248,067
CANADIAN IMPERIAL BANK OF COMMERCE	2.97%	2023-07-11	20,000,000	20,468,160	20,503,695
CANADIAN NATIONAL RAILWAY COMPANY	2.80%	2025-09-22	2,500,000	2,548,447	2,566,378
CANADIAN NATIONAL RAILWAY COMPANY	3.20%	2028-07-31	1,099,000	1,156,861	1,153,835
CANADIAN NATIONAL RAILWAY COMPANY	3.05%	2050-02-08	3,175,000	3,148,740	3,160,871
CANADIAN NATURAL RESOURCES LIMITED	3.31%	2022-02-11	7,000,000	7,141,235	7,138,335
CANADIAN TIRE CORPORATION, LIMITED	3.17%	2023-07-06	7,000,000	7,184,742	7,146,624
CAPITAL CITY LINK GP	4.39%	2046-03-31	1,234,545	1,409,984	1,395,203
COMBER WIND FINANCIAL CORP	5.13%	2030-11-15	899,541	987,207	987,674
CORDELIO AMALCO GP	4.09%	2034-09-30	475,749	503,399	494,303
CORDELIO AMALCO GP	4.09%	2034-06-30	2,458,883	2,640,917	2,553,353
CSS FSCC PARTNERSHIP	6.92%	2042-07-31	259,023	350,811	349,052
CU INC	4.72%	2043-09-09	550,000	694,936	702,851
CU INC	4.09%	2044-09-02	750,000	872,256	883,114
CU INC	3.76%	2046-11-19	2,200,000	2,499,820	2,486,143
CU INC	2.96%	2049-09-07	5,200,000	5,200,000	5,078,528
DAIMLER CANADA FINANCE INC	3.30%	2022-08-16	10,000,000	10,188,852	10,192,942
ENBRIDGE GAS DISTRIBUTION INC	3.15%	2024-08-22	5,000,000	5,239,096	5,191,577
ENBRIDGE GAS DISTRIBUTION INC	4.00%	2044-08-22	500,000	574,272	581,448
ENBRIDGE INC	2.99%	2029-10-03	6,944,000	6,939,209	6,856,054

ENBRIDGE PIPELINES INC	3.79%	2023-08-17	7,000,000	7,344,385	7,330,567
ENMAX CORPORATION	3.84%	2028-06-05	3,000,000	3,055,343	3,074,572
ENMAX CORPORATION	3.88%	2029-10-18	3,543,000	3,543,000	3,593,913
EPCOR WATER SERVICES INC	3.55%	2047-11-27	500,000	541,161	545,370
FIRST CAPITAL REALTY INC	3.90%	2023-10-30	7,000,000	7,244,388	7,265,610
FORTIFIED TRUST	2.56%	2024-03-23	10,000,000	10,056,638	10,067,498
FORTISALBERTA INC	5.85%	2038-04-15	320,000	442,141	444,442
FORTISALBERTA INC	3.67%	2047-09-09	1,000,000	1,101,976	1,113,905
FORTISBC ENERGY INC	5.55%	2036-09-25	500,000	670,311	672,435
GRAND RENEWABLE SOLAR LP	3.93%	2035-01-31	1,702,560	1,806,961	1,754,701
GREATER TORONTO AIRPORTS AUTHORITY	2.73%	2029-04-03	5,000,000	5,014,788	5,102,059
GREATER TORONTO AIRPORTS AUTHORITY	2.75%	2039-10-17	3,650,000	3,644,994	3,615,654
GREAT-WEST LIFECO INC	3.34%	2028-02-28	7,000,000	7,312,554	7,370,506
HONDA CANADA FINANCE INC	2.54%	2023-03-01	15,000,000	15,138,322	15,078,039
HSBC BANK CANADA	3.25%	2023-09-15	25,000,000	25,637,394	25,708,000
HUSKY ENERGY INC	3.55%	2025-03-12	7,500,000	7,714,127	7,689,981
HYDRO ONE INC	5.00%	2046-10-19	347,000	469,343	471,073
HYDRO ONE INC	4.59%	2043-10-09	4,119,000	5,200,121	5,184,297
HYDRO ONE INC	3.63%	2049-06-25	4,600,000	5,054,066	5,118,236
INPOWER BC GENERAL PARTNERSHIP	4.47%	2033-03-31	1,592,780	1,725,665	1,704,545
INTEGRATED TEAM SOLUTIONS PCH PARTNERSHIP	4.88%	2046-05-31	375,212	442,443	434,974
INTEGRATED TEAM SOLUTIONS SJHC PARTNERSHIP	5.95%	2042-11-30	735,897	945,311	933,338
JOHN DEERE CANADA FUNDING INC	2.63%	2022-09-21	5,000,000	5,048,363	5,047,274
JOHN DEERE CANADA FUNDING INC	2.70%	2021-10-12	10,000,000	10,087,047	10,088,813
LOBLAW COMPANIES LIMITED	4.86%	2023-09-12	7,000,000	7,617,470	7,530,247
LOWER MATTAGAMI ENERGY LIMITED PARTNERSHIP	4.18%	2046-02-23	2,000,000	2,459,312	2,431,260
LOWER MATTAGAMI ENERGY LIMITED PARTNERSHIP	2.31%	2026-10-21	500,000	499,119	502,210
MANUFACTURERS LIFE INSURANCE COMPANY	3.18%	2027-11-22	7,000,000	7,149,413	7,156,538
MANULIFE BANK OF CANADA	2.08%	2022-05-26	25,000,000	25,000,000	24,924,261
MELANCTHON WOLFE WIND LP	3.83%	2028-12-31	976,537	998,870	1,002,523
MOBILINX HURONTARIO GP	3.28%	2039-05-31	2,916,000	2,916,000	2,908,098
MOBILINX HURONTARIO GP	3.64%	2054-05-31	3,706,000	3,706,000	3,711,263
MPT FINCO INC	3.46%	2029-11-30	4,455,000	4,455,000	4,455,000
NATIONAL BANK OF CANADA	2.58%	2025-02-03	4,000,000	3,999,892	4,002,343
NATIONAL BANK OF CANADA	1.81%	2021-07-26	15,000,000	14,933,125	14,941,111
NATIONAL BANK OF CANADA	1.96%	2022-06-30	15,980,000	15,705,429	15,906,065
NORTH BATTLEFORD POWER LP	4.96%	2032-12-31	242,446	270,720	270,498
NORTH WEST REDWATER PARTNERSHIP	4.05%	2044-07-22	5,038,000	5,662,680	5,571,146
NORTH WEST REDWATER PARTNERSHIP	3.20%	2026-04-24	5,000,000	5,116,596	5,148,441
NORTH WEST REDWATER PARTNERSHIP	3.65%	2035-06-01	195,000	208,159	204,285
NORTHWESTERN HYDRO ACQUISITION	3.94%	2038-12-31	125,000	137,337	134,343
NOUVELLE AUTOROUTE 30 FINANCEMENT INC	4.12%	2042-06-30	413,562	467,317	454,263
NOVA SCOTIA POWER INCORPORATED	3.57%	2049-04-05	510,000	554,177	546,159
OMERS REALTY CORPORATION	3.33%	2025-06-05	7,000,000	7,302,042	7,321,216
PEMBINA PIPELINE CORPORATION	4.02%	2028-03-27	2,500,000	2,624,458	2,641,146

PEMBINA PIPELINE CORPORATION	4.54%	2049-04-03	1,541,000	1,636,626	1,651,490
PLENARY HEALTH HAMILTON LP	5.80%	2043-05-31	1,024,345	1,308,721	1,297,830
PLENARY PROPERTIES LTAP LP	6.29%	2044-01-31	325,241	437,131	435,252
RAINBOW HOSP PARTNERSHIP	4.99%	2044-03-31	479,437	543,197	530,759
RIOCAN REAL ESTATE INVESTMENT TRUST	3.29%	2024-02-12	5,000,000	5,079,013	5,109,296
ROGERS COMMUNICATIONS INC	5.34%	2021-03-22	7,000,000	7,259,287	7,263,150
ROYAL BANK OF CANADA	2.33%	2023-12-05	39,925,000	39,925,000	40,073,132
ROYAL BANK OF CANADA	2.95%	2023-05-01	33,400,000	33,400,000	34,195,709
SGTP HWY BYPASS LTD PARTNERSHIP	4.11%	2045-01-31	743,000	811,471	792,172
SHAW COMMUNICATIONS INC	4.35%	2024-01-31	5,000,000	5,278,244	5,309,003
SNC LAVALIN INNISFREE MCGILL FINANCE	6.63%	2044-06-30	557,119	759,497	744,757
SPY HILL POWER LP	4.14%	2036-03-31	683,355	735,282	725,210
SSL FINANCE INC	4.10%	2045-10-31	105,000	116,099	114,262
SUNCOR ENERGY INC	3.10%	2029-05-24	7,000,000	6,983,613	7,099,084
TELUS CORPORATION	3.35%	2024-04-01	7,000,000	7,186,156	7,209,215
TELUS CORPORATION	3.75%	2026-03-10	7,000,000	7,435,122	7,352,224
TERANET HOLDINGS LP	5.75%	2040-12-17	2,750,000	3,056,177	3,035,436
TERANET HOLDINGS LP	6.10%	2041-06-17	555,000	642,681	638,583
THP PARTNERSHIP	4.39%	2046-10-31	1,121,458	1,287,843	1,241,151
TORONTO HYDRO CORPORATION	3.49%	2048-02-28	250,000	272,439	274,051
TORONTO-DOMINION BANK	3.23%	2024-07-24	19,000,000	19,640,329	19,791,574
TORONTO-DOMINION BANK	1.99%	2022-03-23	29,550,000	29,550,000	29,473,382
TOYOTA CREDIT CANADA INC	2.70%	2023-01-25	5,500,000	5,562,570	5,565,722
TRANSCANADA PIPELINES LIMITED	3.30%	2025-07-17	3,500,000	3,600,064	3,622,738
TRANSCANADA PIPELINES LIMITED	3.00%	2029-09-18	3,500,000	3,490,543	3,490,330
TRANSCANADA TRUST	4.65%	2077-05-18	5,595,000	5,404,397	5,465,895
TRILLIUM WINDPOWER LP	5.80%	2033-02-15	333,970	388,792	386,549
VANCOUVER AIRPORT AUTHORITY	2.87%	2049-10-18	1,000,000	1,000,000	1,005,285
VW CREDIT CANADA INC	2.85%	2024-09-26	7,000,000	6,986,763	7,002,985
				<u>735,387,195</u>	<u>737,456,786</u>
SHORT TERM SECURITIES (0.9%)					
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2020-01-09	5,000	4,998	4,998
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2020-02-06	25,000	24,958	24,958
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2020-04-02	130,000	129,455	129,454
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2020-04-30	22,785,000	22,658,594	22,659,926
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2020-01-23	45,000	44,953	44,954
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2020-02-20	295,000	294,323	294,333
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2020-03-19	265,000	264,057	264,054
GOVERNMENT OF CANADA TREASURY BILL	0.00%	2020-01-06	160,000	159,954	159,955
				<u>23,581,292</u>	<u>23,582,632</u>
Total Debt				<u>2,007,361,646</u>	<u>2,023,589,448</u>

EQUITIES	# of Shares	Cost \$	Fair Value \$
COMMUNICATION SERVICES (0.2%)			
AIMIA INC	1,900	7,380	6,840
BCE INC	8,400	522,529	505,344
COGECO INC	4,700	434,099	489,223
COGECO COMMUNICATIONS INC	13,600	1,299,588	1,539,520
CORUS ENTERTAINMENT INC	118,600	801,813	630,952
QUEBECOR INC	98,600	1,894,794	3,267,604
YELLOW PAGES LTD	200	1,466	1,812
		<u>4,961,669</u>	<u>6,441,295</u>
CONSUMER DISCRETIONARY (0.1%)			
A&W REVENUE ROYALTIES INCOME FUND	2,900	118,505	111,882
ARITZIA INC	23,200	441,512	441,960
BRP INC	25,500	1,262,497	1,508,580
DOLLARAMA INC	4,300	201,180	191,909
KEG ROYALTIES INCOME FUND	2,500	42,042	38,175
LEON'S FURNITURE LIMITED	700	11,070	11,669
MAGNA INTERNATIONAL INC	500	36,303	35,600
MARTINREA INTERNATIONAL INC	44,000	594,174	629,640
PIZZA PIZZA ROYALTY CORP	7,700	76,747	75,229
REAL MATTERS INC	45,100	433,614	555,632
		<u>3,217,644</u>	<u>3,600,276</u>
CONSUMER STAPLES (0.2%)			
ALIMENTATION COUCHE-TARD INC	20,700	858,599	853,047
ANDREW PELLER LIMITED	500	7,057	5,905
CORBY SPIRIT AND WINE LIMITED	900	16,015	13,842
EMPIRE COMPANY LIMITED	52,932	1,656,070	1,612,309
HIGH LINER FOODS INCORPORATED	100	1,031	823
JAMIESON WELLNESS INC	800	19,576	20,600
METRO INC	100	5,820	5,359
NORTH WEST COMPANY INC	56,600	1,581,623	1,546,878
		<u>4,145,791</u>	<u>4,058,763</u>
ENERGY (0.7%)			
ATHABASCA OIL CORPORATION	1,800	1,674	1,062
CENOVUS ENERGY INC	68,600	811,486	905,520
CRESCENT POINT ENERGY CORP	2,449	13,047	14,180
CREW ENERGY INC	1,100	1,225	627
ENBRIDGE INC	60,211	2,899,045	3,108,694
ENERFLEX LTD	600	7,290	7,338
ENERPLUS CORPORATION	15,200	140,571	140,600
FRONTERA ENERGY CORPORATION	100	1,398	980

GIBSON ENERGY INC	92,800	2,094,999	2,467,552
IMPERIAL OIL LIMITED	100	3,353	3,435
KEYERA CORP	500	16,974	17,010
MEG ENERGY CORP	500	3,602	3,695
PAREX RESOURCES INC	110,300	2,469,364	2,663,745
PARKLAND FUEL CORPORATION	6,800	202,392	324,428
PASON SYSTEMS INC	17,300	335,362	226,803
PEMBINA PIPELINE CORPORATION	23,600	1,121,512	1,135,868
PRECISION DRILLING CORPORATION	4,700	8,639	8,507
SEVEN GENERATIONS ENERGY LTD	300	2,430	2,541
SUNCOR ENERGY INC	116,700	4,982,795	4,966,752
TC ENERGY CORPORATION	27,900	1,787,173	1,929,564
TERVITA CORPORATION	900	6,749	6,669
TIDEWATER MIDSTREAM & INFRASTRUCTURE LTD	1,200	1,780	1,404
TRANSGLOBE ENERGY CORPORATION	1,600	4,183	2,896
		<u>16,917,043</u>	<u>17,939,870</u>
FINANCIALS (1.8%)			
ATRIUM MORTGAGE INVESTMENT CORPORATION	6,400	89,038	92,800
BANK OF MONTREAL	29,300	2,850,404	2,948,752
BANK OF NOVA SCOTIA	31,600	2,292,301	2,317,860
BROOKFIELD ASSET MANAGEMENT INC	11,900	838,366	892,857
CANACCORD GENUITY GROUP INC	400	1,984	1,936
CANADIAN IMPERIAL BANK OF COMMERCE	9,700	1,068,090	1,048,182
CANADIAN WESTERN BANK	30,500	1,032,717	972,645
CI FINANCIAL CORP	74,200	2,072,606	1,610,882
ECN CAPITAL CORP	1,100	5,456	5,269
ELEMENT FLEET MANAGEMENT CORP	97,400	911,058	1,080,166
EQUITABLE GROUP INC	1,800	191,520	196,830
FIERA CAPITAL CORPORATION	300	3,311	3,513
FIRM CAPITAL MORTGAGE INVESTMENT CORP	1,400	20,362	20,608
FIRST NATIONAL FINANCIAL CORPORATION	2,000	76,388	76,160
GENWORTH MI CANADA INC	13,300	673,247	755,706
GREAT-WEST LIFECO INC	500	16,362	16,630
GUARDIAN CAPITAL GROUP LIMITED	500	12,071	13,425
HOME CAPITAL GROUP INC	14,200	485,494	468,032
IA FINANCIAL CORPORATION INC	55,700	3,290,478	3,973,081
IGM FINANCIAL INC	1,800	68,846	67,104
INTACT FINANCIAL CORPORATION	400	54,729	56,168
MANULIFE FINANCIAL CORPORATION	33,000	800,325	869,880
NATIONAL BANK OF CANADA	58,700	3,751,011	4,231,096
ONEX CORPORATION	1,800	141,416	147,906
POWER CORPORATION OF CANADA	35,200	965,453	1,177,440
POWER FINANCIAL CORP	9,300	283,089	324,942
ROYAL BANK OF CANADA	127,377	12,893,724	13,087,987

SUN LIFE FINANCIAL INC	61,100	2,632,151	3,617,731
TIMBERCREEK FINANCIAL CORP	2,800	27,355	27,804
TMX GROUP LIMITED	25,400	2,533,164	2,856,230
TORONTO-DOMINION BANK	99,700	6,635,441	7,261,151
TRISURA GROUP LTD	400	15,285	16,108
		<u>46,733,242</u>	<u>50,236,881</u>
HEALTH CARE (0.1%)			
BAUSCH HEALTH AMERICAS INC	26,000	790,096	1,010,620
CRH MEDICAL CORPORATION	8,000	32,744	36,000
KNIGHT THERAPEUTICS INC	300	2,322	2,274
SIENNA SENIOR LIVING INC	100	1,828	1,826
VIEMED HEALTHCARE INC	200	1,654	1,626
		<u>828,644</u>	<u>1,052,346</u>
INDUSTRIALS (1.1%)			
AECON GROUP INC	4,100	76,634	71,832
AIR CANADA	69,500	2,620,131	3,371,445
ATS AUTOMATION TOOLING SYSTEMS INC	58,200	1,209,595	1,247,226
BLACK DIAMOND GROUP LIMITED	900	2,361	1,935
BOYD GROUP INCOME FUND	9,100	601,962	1,838,200
CAE INC	112,900	3,510,816	3,881,502
CALIAN GROUP LTD	200	7,522	7,700
CANADIAN NATIONAL RAILWAY COMPANY	67,600	8,250,429	7,940,972
CANADIAN PACIFIC RAILWAY LIMITED	20,900	6,252,018	6,918,527
CANWEL BUILDING MATERIALS GROUP LTD	200	1,126	1,072
DIVERSIFIED ROYALTY CORP	400	1,252	1,256
FINNING INTERNATIONAL INC	700	17,654	17,710
HARDWOODS DISTRIBUTION INC	300	4,619	4,890
HEROUX-DEVTEK INC	2,400	39,587	45,840
IBI GROUP INC	100	501	580
K-BRO LINEN INC	100	4,163	4,205
MAGELLAN AEROSPACE CORPORATION	1,700	30,261	23,902
MORNEAU SHEPELL INC	800	26,633	27,032
MULLEN GROUP LTD	100	851	927
RITCHIE BROS AUCTIONEERS INCORPORATED	800	44,491	44,576
RUSSEL METALS INC	100	2,271	2,217
STANTEC INC	700	24,657	25,690
TFI INTERNATIONAL INC	15,700	544,761	687,189
TOROMONT INDUSTRIES LTD	15,700	635,621	1,108,263
WAJAX CORPORATION	1,500	21,328	22,200
WASTE CONNECTIONS INC	10,000	697,391	1,179,500
WESTPORT FUEL SYSTEMS INC	7,600	25,757	23,332
WESTSHORE TERMINALS INVESTMENT CORP	300	6,765	5,685
WSP GLOBAL INC	6,500	402,123	576,355

		25,063,280	29,081,760
INFORMATION TECHNOLOGY (0.4%)			
ABSOLUTE SOFTWARE CORPORATION	3,100	26,200	26,970
CELESTICA INC	12,800	138,419	137,856
CGI INC	13,900	1,266,243	1,510,513
CONSTELLATION SOFTWARE INC	4,100	4,659,153	5,170,756
DESCARTES SYSTEMS GROUP INC	16,500	890,898	915,750
ENGHOUSE SYSTEMS LIMITED	10,800	355,402	520,344
EVERTZ TECHNOLOGIES LIMITED	10,800	192,218	192,888
KINAXIS INC	100	10,405	10,002
SHOPIFY INC	2,100	982,464	1,084,230
		<u>8,521,402</u>	<u>9,569,309</u>
MATERIALS (0.6%)			
ACADIAN TIMBER CORP	600	10,016	9,984
AIRBOSS OF AMERICA CORP	200	1,606	1,754
ALACER MANAGEMENT CORP	87,300	365,363	602,370
ALAMOS GOLD INC	600	4,590	4,698
ARGONAUT GOLD INC	33,200	68,786	64,740
BELO SUN MINING CORP	2,000	1,088	1,020
CASCADES INC	44,700	580,351	501,087
CENTERRA GOLD INC	78,500	756,925	810,905
DETOUR GOLD CORPORATION	35,000	557,232	879,900
DUNDEE PRECIOUS METALS INC	68,700	310,169	383,346
ECOSYNTHETIX INC	5,400	15,248	14,310
ELDORADO GOLD CORPORATION	114,686	870,838	1,196,175
INTERTAPE POLYMER GROUP INC	100	1,915	1,662
KINROSS GOLD CORPORATION	100	533	616
KIRKLAND LAKE GOLD INC	46,500	2,182,491	2,661,660
LABRADOR IRON ORE ROYALTY CORPORATION	85,300	2,633,335	2,100,086
LARGO RESOURCES LTD	100	177	99
LEAGOLD MNG CORP	500	1,225	1,615
LUCARA DIAMOND CORP	2,100	3,283	1,785
LUNDIN GOLD INC	5,400	41,419	44,982
LUNDIN MINING CORPORATION	139,225	997,457	1,080,386
MAJOR DRILLING GROUP INTERNATIONAL INC	1,900	11,245	10,773
METHANEX CORPORATION	200	11,999	10,030
NEW GOLD INC	71,127	98,868	81,796
NORANDA INCOME FUND	15,100	41,991	37,448
NORBORD INC	4,400	163,102	152,812
NUTRIEN LTD	5,800	392,916	360,586
OCEANAGOLD CORP	100	385	255
PAN AMERICAN SILVER CORP	3,400	102,069	104,584
RESOLUTE FOREST PRODUCTS INC	200	1,046	1,090

ROXGOLD INC	14,500	16,917	15,080
SEMAFO INC	1,600	8,158	4,320
SILVERCORP METALS INC	55,200	268,877	404,616
SSR MINING INC	34,900	498,446	872,151
TECK RESOURCES LIMITED	6,400	146,144	144,128
TERANGA GOLD CORPORATION	13,900	72,377	97,578
TOREX GOLD RESOURCES INC	15,800	284,379	324,216
WESDOME GOLD MINES LTD	112,900	608,774	1,148,193
WINPAK LTD	11,400	504,687	535,572
YAMANA GOLD INC	29,800	136,950	153,172
		<u>12,773,377</u>	<u>14,821,580</u>
REAL ESTATE (0.7%)			
ALLIED PROPERTIES REAL ESTATE INVESTMENT	16,000	773,290	833,120
BOARDWALK REAL ESTATE INVESTMENT TRUST	2,400	113,056	110,232
BTB REAL ESTATE INVESTMENT TRUST	300	1,435	1,551
CANADIAN APARTMENT PROPERTIES REIT	24,700	1,037,583	1,309,347
COLLIERS INTERNATIONAL GROUP INC	3,100	300,585	313,410
COMINAR REAL ESTATE INVESTMENT TRUST	1,500	21,228	21,240
CROMBIE REAL ESTATE INVESTMENT TRUST	79,400	1,050,114	1,265,636
CT REAL ESTATE INVESTMENT TRUST	5,400	80,147	87,156
DREAM HARD ASSET ALTERNATIVES TRUST	200	1,561	1,550
DREAM INDUSTRIAL REIT	46,333	583,773	608,816
DREAM OFFICE REAL ESTATE INVESTMENT TRUST	29,900	800,865	930,787
DREAM UNLIMITED CORP	6,700	65,393	78,390
FIRST CAPITAL REAL ESTATE INVESTMENT TRUST	81,000	1,644,946	1,674,270
FIRSTSERVICE CORPORATION	600	73,354	72,534
GRANITE REAL ESTATE INVESTMENT TRUST	59,100	3,011,872	3,899,418
INOVALIS REAL ESTATE INVESTMENT TRUST	4,200	44,902	44,772
INTERRENT REAL ESTATE INVESTMENT TRUST	62,000	839,601	969,680
KILLAM APARTMENT REIT	85,000	1,425,223	1,609,900
MORGUARD NORTH AMERICAN RESIDENTIAL REIT	4,500	88,102	83,205
MORGUARD REAL ESTATE INVESTMENT TRUST	400	4,717	4,716
NORTHVIEW APARTMENT REIT	27,300	788,396	809,172
NORTHWEST HEALTHCARE PROPERTIES REIT	100	1,187	1,193
PLAZA RETAIL REIT	18,800	82,079	85,916
RIOCAN REAL ESTATE INVESTMENT TRUST	52,000	1,277,195	1,391,520
SLATE OFFICE REIT	500	3,164	2,925
SMARTCENTRES REIT	4,800	146,923	149,808
SUMMIT INDUSTRIAL INCOME REIT	99,700	1,294,918	1,202,382
TRICON CAPITAL GROUP INC	100	1,091	1,063
TRUE NORTH COMMERCIAL REIT	22,800	156,377	166,212
		<u>15,713,077</u>	<u>17,729,921</u>

UTILITIES (0.2%)

ALGONQUIN POWER & UTILITIES CORP	500	9,274	9,185
ATCO LTD	25,700	1,145,668	1,279,089
ATLANTIC POWER CORPORATION	16,200	51,752	48,924
BORALEX INC	100	2,424	2,446
BROOKFIELD INFRASTRUCTURE PARTNERS LP	300	19,746	19,458
CANADIAN UTILITIES LIMITED	11,200	399,460	438,704
CAPITAL POWER CORPORATION	66,900	1,757,951	2,300,691
INNERGEX ENERGIE RENOUVELABLE INC	1,200	20,401	20,232
JUST ENERGY GROUP INC	400	1,447	872
NORTHLAND POWER INC	300	8,123	8,160
POLARIS INFRASTRUCTURE INC	10,900	144,967	133,525
SUPERIOR PLUS CORP	40,800	491,962	512,448
TRANSALTA CORPORATION	16,600	147,052	154,048
TRANSALTA RENEWABLES INC	31,600	432,097	490,432
		<u>4,632,324</u>	<u>5,418,214</u>

US EQUITY (15.4%)

BMO S&P 500 HEDGED TO CAD INDEX ETF	6,297,620	274,567,399	299,514,807
BMO S&P 500 INDEX ETF	2,138,100	92,942,810	98,566,410
		<u>367,510,209</u>	<u>398,081,217</u>

Total Equities

511,017,702 558,031,432

Less: Transaction costs

69,375 -

Total Investments

2,518,309,973 2,581,620,880

HERITAGE PLANS
SUBSCRIBERS' CONTRIBUTIONS AND SUBSCRIBERS' ACCUMULATED INCOME
As at December 31, 2019
All amounts in Canadian dollars

Units acquired by year of eligibility, as well as accumulated income and Subscribers' contributions are as follows:

Year of eligibility	Opening Units	Inflows of Units⁽¹⁾	Outflows of Units⁽²⁾	Ending Units	Subscribers' contributions	Education Assistance Payments⁽³⁾
Prior to 2018	20,809	8	(4,784)	16,033	\$14,641,034	\$43,518,884
2018	17,376	16	(8,367)	9,025	\$8,754,087	\$27,070,840
2019	39,022	1,677	(21,815)	18,884	\$17,228,844	\$55,996,171
2020	223,817	1,099	(173,080)	51,836	\$45,069,953	\$70,511,460
2021	203,559	19,832	(4,606)	218,785	\$179,981,557	\$68,072,640
2022	200,879	761	(1,897)	199,743	\$156,799,978	\$52,125,984
2023	197,026	979	(1,653)	196,352	\$148,801,292	\$44,959,633
2024	196,535	1,155	(2,133)	195,557	\$138,749,900	\$38,507,262
2025	200,225	1,578	(2,516)	199,287	\$129,999,913	\$33,135,152
2026	204,908	2,144	(3,845)	203,207	\$121,924,932	\$27,803,362
2027	204,875	1,478	(4,874)	201,479	\$109,408,600	\$22,648,637
2028	196,079	2,265	(5,029)	193,315	\$92,673,367	\$17,220,742
2029	193,631	2,776	(5,295)	191,112	\$79,935,599	\$13,341,138
2030	191,679	2,985	(4,898)	189,766	\$67,908,895	\$9,973,828
2031	186,381	3,226	(5,942)	183,665	\$54,502,413	\$7,003,600
2032	163,854	5,078	(6,151)	162,781	\$38,793,649	\$4,298,618
2033	161,508	5,424	(6,025)	160,907	\$29,593,296	\$2,836,827
2034	152,340	5,575	(7,354)	150,561	\$20,748,471	\$1,691,299
2035	144,385	9,660	(6,434)	147,611	\$12,994,095	\$896,769
2036	116,894	14,610	(5,449)	126,055	\$5,937,914	\$377,252
2037	46,444	29,241	(1,983)	73,702	\$1,380,647	\$63,706
2038	-	25,237	-	25,237	\$129,159	\$1,451
	3,262,226	136,804	(284,130)	3,114,900	\$1,475,957,595	\$542,055,255
Sales Charge Obligation (Note 8)						(\$916,913)
						\$1,475,957,595
						\$541,138,342

⁽¹⁾ Unit inflows comprise of new units, additional units, transfers in, transfers from the unregistered Education Savings Plans and year of eligibility changes.

⁽²⁾ Unit outflows comprise of matured units, terminated units, transfers out and year of eligibility changes.

⁽³⁾ Reflects total of EAP account. The accumulated income is used to pay EAPs to eligible beneficiaries under the scholarship option and self-determined plan.

HERITAGE PLANS
SCHEDULE OF EDUCATIONAL ASSISTANCE PAYMENTS

As at December 31, 2019

All amounts in Canadian dollars

Educational Assistance Payments under the Group Plans are as follows:

	Year of eligibility									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	
Option 1 - payout in one payment:										
Number of units	13,221	2,452	328	77	40	-	-	-	-	-
First EAP	\$ 368	\$ 377	\$ 440	\$ 517	\$ 564	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 4,865,483	\$ 924,400	\$ 144,500	\$ 39,768	\$ 22,639	\$ -	\$ -	\$ -	\$ -	\$ -
Option 2 - payouts in two payments:										
Number of units										
First EAP	16,018	1,861	68	22	47	-	-	-	-	-
Second EAP	-	11,516	1,843	491	193	81	-	-	-	-
Amount of EAP per unit										
First EAP	\$ 184	\$ 189	\$ 220	\$ 259	\$ 282	\$ -	\$ -	\$ -	\$ -	\$ -
Second EAP	-	253	259	372	487	439	-	-	-	-
	\$ 2,963,839	\$ 3,265,220	\$ 492,475	\$ 188,604	\$ 107,474	\$ 35,563	\$ -	\$ -	\$ -	\$ -
Option 3 - payouts in three payments:										
Number of units										
First EAP	86,961	8,675	172	95	(54)	5	-	-	-	-
Second EAP	-	73,627	11,452	2,741	303	95	16	-	-	2
Third EAP	-	-	67,038	15,916	4,908	711	195	7	-	2
Amount of EAP per unit										
First EAP	\$ 123	\$ 126	\$ 146	\$ 173	\$ 188	\$ 188	\$ 191	\$ -	\$ -	\$ -
Second EAP	-	152	156	177	244	220	182	-	-	238
Third EAP	-	-	204	169	251	313	276	242	-	310
	\$ 10,696,228	\$ 12,284,395	\$ 15,487,408	\$ 3,191,474	\$ 1,295,702	\$ 244,204	\$ 56,608	\$ 1,834	\$ -	\$ 1,074
Total	\$ 18,525,550	\$ 16,474,015	\$ 16,124,383	\$ 3,419,846	\$ 1,425,815	\$ 279,767	\$ 56,608	\$ 1,834	\$ -	\$ 1,074

Total EAPs under the Group Plans paid in 2019 \$ 56,308,892

HERITAGE PLANS NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2019

1. General information

The Heritage Plans (the "Plans") were established by the Heritage Educational Foundation (the "Foundation"), a not-for-profit corporation incorporated under the laws of Canada without share capital. The Foundation was incorporated and organized on December 1, 1986 and continued under the Canada Not-for-profit Corporations Act on July 28, 2014. The Plans were distributed by Heritage Education Funds Inc. ("HEFI") a subsidiary controlled by Heritage Financial Group Limited ("HFGL") until January 2, 2018 as described below. During the year ended December 31, 2017, the Foundation and HEFI were under common management as the beneficial shareholders of HEFI constituted the board members of the Foundation.

The Plans consist of trusts established under the laws of Ontario and the laws of Canada. Formerly known as the Heritage Scholarship Trust Plans, the Plans were established on December 19, 1986 and the Canada Trust Company was originally appointed as trustee pursuant to a trust agreement of the same date. Since that time, the plan changed its name to the Heritage Plans and RBC Investor Services Trust was appointed as a trustee pursuant to an amended and restated trust indenture between the Foundation and the trustee dated as at June 20, 2003. Effective November 1, 2018, The Bank of Nova Scotia Trust Company became the trustee pursuant to an amended and restated trust indenture of that date.

Effective January 2, 2018 (the "Acquisition Date"), Knowledge First Financial Inc. ("Knowledge First Financial"), a wholly-owned subsidiary of Knowledge First Foundation) acquired 100% of the outstanding shares of Heritage Amalgamated Corporation ("HAC", which owned 100% of the common shares of the HEFI), 100% of the Class C shares of HEFI, and 100% of the outstanding shares of CMR Inc. ("CMR"). Concurrent with the acquisition, certain directors of Knowledge First Foundation became the directors of the Foundation.

On August 28, 2018 (the "Amalgamation Date"), Knowledge First Financial, HEFI, HAC and 10896357 Canada Inc. (formerly CMR) amalgamated. The amalgamated company continued under the name Knowledge First Financial Inc. ("Knowledge First Financial"), which is now the manager of the Plans.

The Plans are administered by the Foundation, which is responsible for the co-ordination of the functions provided by the depository, trustee and portfolio advisors. Prior to the Amalgamation Date, this administration was contracted to HEFI, and subsequent to that date, to Knowledge First Financial, which has also been appointed as distributor of the Plans to offer enrollment to subscribers.

The Plans, the first of which was established on December 19, 1986, provide a savings vehicle for parents, grandparents and others ("subscriber" or "subscribers") to save for a designated child's (the "beneficiary") post-secondary education. The subscriber enters into an Education Savings Plans Contract (the "Contract") in accordance with the prospectus (the "Prospectus") with the Foundation pursuant to which the subscriber subscribes for units in the Plans. The subscribers' contributions and the government grants are invested in government securities, guaranteed mortgages, mortgage-backed securities where all of the underlying mortgages are guaranteed mortgages, cash equivalents, guaranteed investment certificates ("GICs") and other evidences of indebtedness of Canadian financial institutions, where such securities of the financial institutions have an approved credit rating. The income of the Plans is invested in fixed income securities as described above and in, corporate bonds, provided those corporate bonds have a minimum credit rating of BBB or equivalent, as rated by a designated rating organization, and may be invested in exchange-traded equity securities listed on a stock exchange in Canada, such as the TSX. Unless otherwise defined herein, all capitalized terms have the meanings given to them in the Contract and the Prospectus dated May 31, 2019. The address of the Plans' registered office is 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, Canada L5B 4A5.

The financial statements were authorized for issue by the Board of Directors of the Foundation on March 25, 2020.

2. Basis of accounting

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS). The Plans has consistently applied the accounting policies used in the preparation of its financial statements except as stated below.

3. Summary of significant accounting policies

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

Financial instruments

The Plans recognize 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 Plans' investments are classified at FVTPL, including its investments in equities, ETFs and debt securities. 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 Plans' obligation for net assets attributable to subscribers and beneficiaries is presented at the distribution amount, which is the residual amount of assets of the Plans 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 and exchange traded funds, the Plans use the last traded market price where the last traded price falls within 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 Plans use mid prices provided by independent security pricing vendors. The Plans' policy is to recognize transfers into and out of the fair value hierarchy levels as at 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 Plans' debt securities.

Impairment of financial assets

Financial Instruments (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 Plans consider 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 Plans consider 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 Plans 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 Plans' functional and presentation currency.

Cash

Cash is comprised of demand deposits with financial institutions.

Subscribers' contributions

Subscribers' contributions reflect all amounts received from the subscribers and do not include any amounts receivable on subscribed units. Contributions to the Plans are made over a maximum period of 18 years. Subscribers may redeem their Plans units at any time.

Fees and insurance premiums

Sales charges, account maintenance fees and insurance premiums are deducted from the initial subscribers' contribution and subsequent contributions. Administration fees are deducted from the Plans' investment income in accordance with the Prospectus.

Government contributions

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. All grants received by the Plans with respect to a beneficiary are invested by the Plans and will ultimately be paid to the beneficiary in increments if the beneficiary becomes entitled to receive an Educational Assistance Payment (EAP). Under various

circumstances, including the case where a beneficiary does not become eligible for receipt of an EAP, the government grants must be repaid to the applicable government. After maturity, if a beneficiary does not enroll in eligible studies, the Plans are required to repay the grant, which are attributable to that beneficiary. Forfeited income on returned government grants becomes immediately payable to a qualified educational institution. Government grants and accumulated income, therefore, are included in the 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 Plans. EAPs, 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 Plans invest in exchange traded funds ("ETFs") and asset-backed securities which are disclosed on the schedule of investment portfolio. The Plans have determined that these investments are unconsolidated structured entities. The Plans' investments in unconsolidated structured entities are recorded at FVTPL. 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 Plans' maximum exposure to loss from its interest in these securities is equal to the total cost value of its investments.

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 Plans have made in preparing the financial statements.

Investment entity status

A significant judgment made in preparing the Plans' financial statements relates to the determination that the Plans meet the definition of an investment entity as described in IFRS 10, Consolidated financial statements. The Plans' objective is to invest subscribers' contributions to maximize investment returns 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 financial instruments

In classifying and measuring financial instruments held by the Plans, the manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. In making this judgment, the Plans have assessed their 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 Plans' 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 Plans' business model's objective. Consequently, all investments are measured at Fair Value Through Profit & Loss ("FVTPL").

Measurement of fair value of PPNs

Principal Protected Notes ("PPNs") were valued using pricing models that used both observable and unobservable inputs requiring estimates and assumptions to be made. Changes in assumptions about these factors could have affected the reported fair values of the PPNs. As at December 31, 2019, the Plans did not hold any PPNs.

5. Financial instruments risks

The Plans' 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 Plans do not conduct any significant activities in currencies other than the Canadian dollar. The Plans' 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 Plans engage third party investment managers and monitor 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 Plans are 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 and Northern Trust. The majority of the credit risk to which the Plans are exposed arises from its investments in debt securities. The debt instruments held by the Plans are issued or guaranteed by federal, provincial or municipal governments along with corporate debt instruments with an investment grade credit rating at the time of acquisition. The Plans may also be exposed to indirect credit risk through their 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 December 31, 2019 and December 31, 2018. The analysis below summarizes the credit quality of the Plans' debt portfolio as at December 31, 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	December 31, 2019	December 31, 2018
"AAA"	44.6	78.1
"AA"	14.4	9.7
"A"	30.6	12.2
"BBB"	10.4	-
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 Plans have 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 Plans are also exposed to agreement maturities and obligations with respect to EAPs and the accumulated income account. Therefore, the Plans invest the majority of their assets in investments that are traded in an active market and can be easily liquidated. In addition, the Plans 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 by subscribers and beneficiaries to the Foundation. Subscriber's principal is paid upon maturity of a respective agreement. See schedule of educational assistance payments for details of maturity with respect to principal and accumulated income.

If a subscriber cancels an agreement, the 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 Plans are due within three months.

Concentration Risk

The table below summarizes the Plans' concentration risk as a percentage of investments as at December 31, 2019 and December 31, 2018.

Concentration	Percentage of Investments (%)	
	As at	
	December 31, 2019	December 31, 2018
<u>Debt</u>		
Federal	34.2	59.0
Provincial	14.8	11.3
Corporate	28.6	8.1
Short-term investments	0.9	2.3
<u>Equities</u>		
Communication Services	0.2	2.1
Customer Discretionary	0.1	0.3
Consumer Staples	0.2	1.2
Energy	0.7	3.0
Financials	1.8	5.7
Healthcare	0.1	0.2
Industrials	1.1	1.3
Information Technology	0.4	0.4
Materials	0.6	0.5
Real Estate	0.7	2.4
Utilities	0.2	1.9
Canadian Equity ETF	-	0.3
US Equity ETF	15.4	-
Total	100.0	100.0

Market risk

The Plans' 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) 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 Plans hold securities with fixed interest rates that expose the Plans to interest rate risk. As at December 31, 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 Plans would have decreased or increased, respectively, by approximately \$31 million (approximately 1.2% of the total investment portfolio) (2018 - \$38 million, approximately 1.5% of the total investment portfolio). In practice, actual results may differ from this analysis and the difference could be material. The Plans manage interest rate risk through their portfolio managers by diversifying in various investments, as well as through Investment Committee oversight.

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

31-Dec-19	Within 1 year	From 1 to 5 years	Over 5 years	Total
Short term investments				
Treasury Bill	23,582,632	-	-	23,582,632
Government guaranteed instruments				
Federal	-	223,881,378	657,531,529	881,412,907
Provincial	42,380,891	18,845,549	319,910,683	381,137,123
Corporate	9,985,140	440,031,991	287,439,655	737,456,786
Total	75,948,663	682,758,918	1,264,881,867	2,023,589,448
Percentage of total	3.8%	33.7%	62.5%	100.0%

31-Dec-18	Within 1 year	From 1 to 5 years	Over 5 years	Total
Short term investments				
Treasury Bill	57,231,012	-	-	57,231,012
Government guaranteed instruments				
Federal	-	165,533,149	1,311,630,882	1,477,164,031
Provincial	2,713,380	45,817,715	234,171,388	282,702,483
Corporate	-	172,902,723	29,555,163	202,457,886
Total	59,944,392	384,253,587	1,575,357,433	2,019,555,412
Percentage of total	3.0%	19.0%	78.0%	100.0%

b) Other price risk

The Plans are 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 Plans are susceptible to market price risk arising from uncertainties about future prices of those instruments. The Plans' exposure to other price risk arises primarily from their investments in equity securities and ETFs. As at December 31, 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 \$27.9 million (\$24.3 million as at December 31, 2018).

c) Currency risk

The Plans invest in ETFs denominated in Canadian dollars. The underlying investments held by the 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 little to 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 December 31, 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 \$4.9 million (2018 – no ETFs were held by the Plans).

The Plans are not exposed to any currency risk based on their investment portfolio composition.

Capital risk management

The capital of the Plans is represented by the net assets attributable to subscribers and beneficiaries. The capital of the Plans can change on a daily basis as the Plans are subject to ongoing contributions and cancellations. In addition, EAPs and maturities occur at specified times during the year. The Plans are not subject to externally imposed capital requirements. The Plans' 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 Plans endeavour 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 their investment objectives and risk management policies as described above. In order to manage the Plans' capital, the Plans' 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 Plans classify 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 Plans' assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2019 and December 31, 2018.

As at December 31, 2019	Level 1	Level 2	Level 3	Total
Short-term investments	-	23,582,632	-	23,582,632
Government guaranteed instruments				
Federal	-	881,412,907	-	881,412,907
Provincial	-	381,137,123	-	381,137,123
Corporate debt instruments	-	733,001,786	4,455,000	737,456,786
Equities & ETFs	558,031,432	-	-	558,031,432
Investments at fair value	558,031,432	2,019,134,448	4,455,000	2,581,620,880

As at December 31, 2018	Level 1	Level 2	Level 3	Total
Short-term investments	-	57,231,012	-	57,231,012

Government guaranteed instruments				
Federal	-	1,477,164,031	-	1,477,164,031
Provincial	-	282,702,483	-	282,702,483
Municipal	-	-	-	-
Corporate debt instruments	-	202,457,886	-	202,457,886
Equities & ETFs	485,854,179	-	-	485,854,179
Investments at fair value	485,854,179	2,019,555,412	-	2,505,409,591

All fair value measurements above are recurring. The carrying values of receivable for investments sold, government grant receivable, interest and dividend receivable, other receivables, payable for investments purchased and accounts payable and other liabilities, sales charge obligations, principal payable to subscribers 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 years ended December 31, 2019 and December 31, 2018.

The following table presents the movement in Level 3 instruments for the year ended 31 December 2019 by class of financial instruments.

	Canadian equities	Canadian corporate debt	Total
Opening balance	\$ -	\$ -	\$ -
Purchases	\$ -	\$ 4,455,000	\$ 4,455,000
Sales	\$ -	\$ -	\$ -
Transfers into Level 3	\$ -	\$ -	\$ -
Net gains/(losses) recognised in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	\$ -	\$ -	\$ -
Closing balance	\$ -	\$ 4,455,000	\$ 4,455,000
Change in unrealized gains or losses for level 3 assets held at year end and included in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	\$ -	\$ -	\$ -

The following table presents the movement in Level 3 instruments for the year ended 31 December 2018 by class of financial instruments.

	Canadian Equities	Canadian corporate debt	Total
Opening balance	\$ -	\$ -	\$ -
Purchases	\$ -	\$ 137,320,692	\$ 137,320,692
Sales	\$ -	\$ (130,792,230)	\$ (130,792,230)
Transfers into Level 3	\$ -	\$ -	\$ -
Net gains/(losses) recognised in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	\$ -	\$ (6,528,462)	\$ (6,528,462)
Closing balance	\$ -	\$ -	\$ -
Change in unrealized gains or losses for level 3 assets held at year end and included in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	\$ -	\$ -	\$ -

Investments in unconsolidated structured entities

Underlying Fund As at December 31, 2019	Country of establishment and principal place of business	% Ownership in the underlying Fund	Fair value of the Plans' investment in the underlying Fund
BMO S&P 500 Hedged to CAD INDEX ETF	Canada	16.77%	\$299,514,807
BMO S&P 500 Index ETF	Canada	1.39%	\$98,566,410

Underlying Fund As at December 31, 2018	Country of establishment and principal place of business	% Ownership in the underlying Fund	Fair value of the Plans' investment in the underlying Fund
BMO EQUAL WEIGHT US HEALTH CARE HEDGED TO CAD ETF (ZUH)	Canada	2.35%	\$8,572,310

6. Net assets attributable to subscribers and beneficiaries

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

	As at	
	December 31, 2019	December 31, 2018
Subscribers' contributions, net of returns	1,475,957,595	1,463,883,260
Government grants	556,730,417	541,981,718
Accumulated income		
Education assistance payment account	541,138,342	430,242,588
Income from government grants	93,233,944	91,765,568
Sales charge refund account	11,526,894	11,488,843
Balance – End of period	2,678,587,192	2,539,361,977

The prior period balance of accumulated income has been adjusted to include income from government grants and the sales charge refund account. This change in presentation was made to align with the current period disclosure.

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

	As at	
	December 31, 2019	December 31, 2018
Amounts contributed by subscribers	206,855,968	\$ 217,194,306
Sales charges	(13,308,457)	(18,607,115)
Unclaimed subscribers' contributions and other refunds	(12,636,904)	(12,922,561)
Contributions on maturing plans	(162,558,275)	(150,025,823)
Insurance premiums	(4,425,977)	(4,790,364)
Account maintenance fees	(1,852,020)	(1,940,994)
Net increase in subscribers' contributions	12,074,335	28,907,449
Reclassification of subscribers' contributions (Inactive Plans)	-	39,978,786
	12,074,335	68,886,235
Balance – Beginning of period	1,463,883,260	1,394,997,025
Balance – End of period	1,475,957,595	1,463,883,260

In prior years, the subscribers' contributions on inactive plans were presented as 'Unclaimed Subscribers' Contributions' within current liabilities on the statement of financial position. As at December 31, 2019, subscribers' contributions on inactive plans are included in the net assets attributable to subscribers and beneficiaries where such balances are no longer immediately payable or forfeitable.

The sales charges refund account consists of (i) income earned when a subscriber's plan is cancelled (requested and transferred out) prior to its maturity date, and (ii) income earned on the income forfeited when a subscriber's plan is cancelled (requested and transferred out) prior to its maturity.

For plans with a maturity date on or after July 31, 2015, typically the eligibility year of 2016 or after, sales charges are refunded from the sales charges refund account. The ability to refund sales charges will be affected by the changes in pre-maturity subscriber attrition rates. If the attrition rates decline, the amount of funds available will decline and vice versa. Sales charge refunds are paid at maturity of the relevant plans. Based on the payout option selected, which aligns with the length of the qualified educational program, the sales charge refund, if any, is as follows:

- (i) Option 1 - an amount of up to 25% of sales charges associated with the active units in the plan will be paid to the subscriber or to the beneficiary at the subscriber's request, at maturity of the plan;
- (ii) Option 2 - an amount of up to 50% of sales charges associated with the active units in the plan will be paid to the subscriber or to the beneficiary at the subscriber's request, at maturity of the plan; and
- (iii) Option 3 - an amount of up to 100% of sales charges associated with the active units in the plan will be paid to the subscriber or to the beneficiary at the subscriber's request, at maturity of the plan.

Cumulative receipts and disbursements in the sales charges refund account are as follows:

	December 31, 2019	December 31, 2018
Receipts:		
Income from terminated and transferred out Plans	\$23,191,432	\$21,364,474
Disbursements:		
Sales charges refunded to Plans with a maturity date on or after July 31, 2015	(11,664,538)	(9,875,631)
Balance of sales charge refund account	11,526,894	11,488,843

7. Related party transactions

Account maintenance and administrative fees are paid by the Plans to the Foundation, and then by the Foundation to Knowledge First Financial. The Foundation pays these fees to Knowledge First Financial for expenses incurred in assisting the Foundation with the administration of the Plans. The administration fees are annual fees of 0.5% charged on all funds related to the Plans' net assets. The total administrative fees of \$14,612,127 (2018 - \$13,756,571) were paid by the Foundation to Knowledge First Financial from the subscribers' contributions received for the Plans. The account maintenance fee is an annual fee which is deducted quarterly from subscriber's contributions.

As at December 31, 2019, the amount due from the Foundation to the Plans was \$77,606,618 (2018 - due from the Foundation to the Plans of \$13,430,434) with the amount due from the Foundation representing net subscribers' contributions yet to be settled between the Foundation and the Plans.

IRC fees are paid to the IRC members. The fees paid are outlined in the terms of the Prospectus. The fees to the Heritages Plans are prorated based on the net asset value of the Plans. For the year ended December 31, 2019, the IRC fees paid by the Plans were \$53,560 (2018 - \$31,581).

8. Sales charges obligation

On May 29, 2014, the Foundation obtained a majority vote from the subscribers to revise the structure of the refund of sales charges. The change affects agreements maturing on or after July 31, 2015. Prior to this change, the Plans had an obligation (in some cases) and the discretion (in other cases) to repay all or a portion of the sales charges, either at maturity or with EAP payments. As a result of the change, the entitlement to a refund of sales charges or a portion thereof is based on an automatic sharing of attrition income in the Plans. Subscribers who enrolled in the Plans prior to July 2, 2004 and whose agreements have a maturity date of July 31, 2014 or prior will receive all or a portion of sales charges paid at maturity of their plan. The amount of refund depends on the scholarship option chosen within 180 days prior to maturity. Subscribers who have enrolled in the Plans on or after July 2, 2004 and whose agreements have a maturity date of July 31, 2014 or prior may receive all or a portion of an amount equal to sales charges concurrent with EAPs depending on the option chosen. The refund of sales charges was historically funded from the Discretionary Payment Account. The sales charge obligation represents the value of the sales charge disbursements calculated as the nominal dollar of the sales charges to be returned. As at December 31, 2019, the Plans determined the sales charges obligation for plans with maturity date prior to July 31, 2015 to be \$916,913 (2018 - \$1,059,338) and such amount is recorded as current liability in the statements of financial position with a corresponding reduction to the Education Assistance Payment account.

9. Subsequent event

Since the latter part of February 2020, the financial markets have been very volatile in response to the developing COVID-19 pandemic and the equity markets in particular have experienced significant declines. Since a portion of the Plan's portfolio is invested in the US and Canadian equity markets, it has correspondingly experienced declines and continue to experience significant volatility as the situation evolves.