

AUDITORS' REPORT

To the Directors of
Global Educational Trust Foundation

We have audited the statement of net assets of **Global Educational Trust Plan** (the "Plan") as at December 31, 2008 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2008 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2007 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated March 17, 2008.

Deloitte & Touche LLP
("Signed")
Chartered Accountants,
Licensed Public Accountants
March 11, 2009



Global Educational Trust Plan Statement of Net Assets

As at December 31, 2008 and 2007

Assets	2008 \$	2007 \$
Cash and short-term investments	11,848,970	5,703,851
Investments - at fair value (cost - \$226,970,232; 2007 - \$186,223,870) (notes 2 and 3)	228,725,331	186,531,177
Accrued interest	1,588,448	1,088,746
	<u>242,162,749</u>	<u>193,323,774</u>
Liabilities		
Accounts payable (note 4)	1,933,992	2,469,324
Subscribers' Savings Account (notes 2 and 5) (schedule 2)	159,497,987	129,869,950
	<u>161,431,979</u>	<u>132,339,274</u>
Net Assets	<u>80,730,770</u>	<u>60,984,500</u>
Represented by		
Accumulated government grants deposits (note 6) (schedule 2)	54,542,435	42,441,140
Accumulated and undistributed investment income and realized gains on investments (schedule 2)	24,433,284	18,236,053
Unrealized appreciation of investments	1,755,051	307,307
	<u>80,730,770</u>	<u>60,984,500</u>

Approved by the Board of Directors of
Global Educational Trust Foundation



Sam Bouji
Director



Frank Gataveckas
Director

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

Global Educational Trust Plan Statement of Changes in Net Assets

For the years ended December 31, 2008 and 2007

	2008 \$	2007 \$
Increase in net assets from operations for the year	9,653,948	4,650,322
Canada Education Savings Grants (CESG)	10,027,740	8,890,979
Canada Learning Bond	1,754,862	1,370,976
Alberta Centennial Education Savings Plan (ACES)	2,116,947	1,968,380
Payments to nominees		
Education Assistance Payments	(1,643,641)	(997,027)
Government grants	(1,798,253)	(1,323,299)
Government grants income	<u>(365,333)</u>	<u>(243,083)</u>
Increase in net assets during the year	19,746,270	14,317,248
Net assets - Beginning of year	<u>60,984,500</u>	<u>46,667,252</u>
Net assets - End of year	<u>80,730,770</u>	<u>60,984,500</u>

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

Global Educational Trust Plan Statement of Operations

For the years ended December 31, 2008 and 2007

	2008	2007
	\$	\$
Investment income		
Interest	<u>9,059,871</u>	<u>7,360,025</u>
Expenses		
Administration fees (note 4)	2,138,813	1,688,837
Audit costs	71,550	80,532
Other charges	<u>153,493</u>	<u>191,964</u>
	<u>2,363,856</u>	<u>1,961,333</u>
Net investment income	<u>6,696,015</u>	<u>5,398,692</u>
Realized and unrealized (losses) gains on investments		
Realized gain (losses) on sale of investments	1,510,189	(984,891)
Change in unrealized appreciation of investments (note 2)	<u>1,447,744</u>	<u>236,521</u>
Net realized and unrealized (losses) gains on investments	<u>2,957,933</u>	<u>(748,370)</u>
Increase in net assets from operations for the year	<u>9,653,948</u>	<u>4,650,322</u>

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

Global Educational Trust Plan Schedule 1 - Schedule of Educational Financial Assistance Agreements

As at December 31, 2008 and 2007

Year of eligibility	Number of units outstanding	Principal plus accumulated income \$	Government grants plus accumulated income \$
2000	79	34,192	7,624
2001	99	26,662	5,297
2002	474	17,912	3,152
2003	1,886	111,866	19,161
2004	5,098	313,703	49,811
2005	9,180	704,116	141,821
2006	14,957	1,346,318	238,961
2007	21,578	2,678,103	463,747
2008	28,298	5,767,015	1,106,497
2009	35,539	10,596,622	2,299,231
2010	47,892	13,577,126	3,150,416
2011	56,391	13,719,050	3,413,612
2012	71,222	14,997,700	3,949,889
2013	76,690	13,842,358	3,853,707
2014	82,915	13,235,679	3,860,731
2015	93,224	12,596,794	3,930,816
2016	99,694	12,020,932	3,893,138
2017	103,465	11,433,258	3,781,824
2018	114,147	11,084,258	3,835,945
2019	114,003	9,763,116	3,537,145
2020	130,102	9,445,182	3,628,095
2021	127,220	7,172,811	3,146,557
2022	134,377	5,538,217	3,688,313
2023	137,763	3,229,204	3,482,611
2024	146,864	1,864,118	2,844,677
2025	137,295	1,231,981	1,985,242
2026	89,170	459,859	925,455
2027	15,977	19,577	244,927
2028	11,699	475	157,099
December 31, 2008	1,907,294	176,828,204	61,645,502
December 31, 2007	1,889,991	143,383,442	47,163,701

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

Global Educational Trust Plan Schedule 2 - Reconciliation of Educational Financial Assistance Agreements

For the years ended December 31, 2008 and 2007

The following is a summary of EFA (Educational Financial Assistance) Agreements:

Opening agreements	Inflow agreements	Outflow agreements	Closing agreements
57,825	9,619	3,190	64,254
51,094	9,816	3,085	57,825

Legend:	2008 Year	2007 Year
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The following reconciles schedule 1 to the statements of net assets:

	2008	2007
	\$	\$

Total principal, government grants and accumulated income (schedule 1)	<u>238,473,706</u>	<u>190,547,143</u>
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Represented in the statements of net assets by		
Subscribers' Savings Account	159,497,987	129,869,950
Accumulated government grants deposits	54,542,435	42,441,140
Accumulated and undistributed investment income and realized gains on investments	<u>24,433,284</u>	<u>18,236,053</u>
	<u>238,473,706</u>	<u>190,547,143</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Organization and general

The Global Educational Trust Plan (the Plan) was established on October 14, 1998. It is administered by the Global Educational Trust Foundation (the Foundation), a not-for-profit organization, incorporated without share capital, under the laws of Canada. The Plan provides post-secondary education financial assistance to nominees named in the Educational Financial Assistance Agreements (EFA Agreements). Global Educational Marketing Corporation (GEMC), a company incorporated under the Canada Business Corporations Act, is the registered distributor of the Plan.

The Foundation has had a specimen copy of the EFA Agreement approved by the Canada Revenue Agency (CRA) such that EFA Agreements may be submitted to CRA for registration as Registered Education Savings Plans (RESP). The Plan is an education savings plan and not an RESP. An EFA Agreement is not an RESP until the applicable conditions of the Income Tax Act (Canada) are met.

Subscribers to the Plan enter into EFA Agreements with the Foundation. Under an EFA Agreement, the subscriber purchases units in the Plan. The subscriber authorizes the Foundation to deduct fees, as outlined in the prospectus, for the purpose of providing services to the Plan. At maturity, payments are made to the nominee after meeting the conditions as set out in the EFA Agreement. Income paid to the subscribers is considered Accumulated Income Payments (AIP) and is subject to income taxes

2. Summary of significant accounting policies

Basis of accounting

These financial statements, prepared by management in accordance with Canadian generally accepted accounting principles, include estimates and assumptions made by management that affect the reported amounts. Actual results could differ from those estimates and the differences could be significant. The following is a summary of significant accounting policies followed by the Plan.

Adoption of CICA Section 3862, 3863

On January 1, 2008 the plan adopted CICA Handbook Section 3862, “Financial Instruments-Disclosures” and Section 3863, “Financial Instruments-Presentation”. These new standards replace Section 3861, “Financial Instruments - Disclosures and Presentation”, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosure of risks associated with financial instruments and how these risks are managed. Adoption of the new standards did not impact the financial results of the Plan. Previously, the Plan adopted Section 1530, “Comprehensive Income” and Section 3855 “Financial Instruments - Recognition and Measurement”.

Subscribers’ savings account

The Subscribers’ savings account balance reflects only amounts received from subscribers net of deductions and does not include amounts receivable on outstanding agreements. The subscribers’ savings account meets the definition of a liability and has been recognized as such in the statements of net assets.

Deductions from subscribers’ deposits

The Foundation deducts from deposits made by subscribers’ special services fees, depository fees, enrolment fees and, if applicable, the insurance premiums, prior to depositing the balance of the deposits in the Subscribers’ Savings Account.

Enrolment fees

Enrolment fees are required as part of the initial contribution under each educational savings plan agreement. Sponsored Group Plans have a fee structure that is management fee based.

Enrolment fees collected during the reporting period are paid to GEMC on behalf of the Foundation. The Foundation retains 3% of net enrolment fees collected and 25% of the net administration fees. The return of enrolment fees is the sole the responsibility of the Foundation, neither the Plan nor GEMC have any obligation to return the enrolment fee.

Investments

Investments in bonds are stated at fair values, determined using bid price at year-end.

Variable rate securities are hybrid financial debt instruments issued by governments, Canadian chartered banks and licensed trust and loan companies that have embedded components that change the risk/return profile of the security. Included in this class are structured notes that are debt instruments whose returns are based on indices or underlying assets rather than typical interest payments. Variable rate securities are carried at fair values using external pricing models to value their components.

Investment transactions are accounted for on a trade date basis. Interest income is recognized on using the effective interest method. Realized and unrealized gains (losses) on investments are determined using the average cost method. Discounts on zero coupon bonds are amortized over the lives of such bonds using the effective interest method.

Short-term investments

Short-term investments consist of investments in money market funds and Government of Canada treasury bills maturing within one year from the date of the statements of net assets. These investments are valued at amortized cost, which approximates fair value.

Income taxes

The plan is exempt from income taxes under section 146.1 of the Income tax Act (Canada)

3. Investments

	Par value	Cost/ amortized cost \$	Fair value \$
Subscribers' contributions invested			
Canada Housing Trust 4.8%, due June 15, 2012	28,820,000	30,478,132	31,453,204
Ontario Province 6.5%, due March 08, 2029	22,920,000	27,861,154	27,803,832
Quebec Province 4.5%, due December 01, 2017	21,975,000	21,814,775	22,427,593
Canada Housing Truest 4.55%, due December 15, 2012	12,305,000	12,649,854	13,415,723
Alberta Cap Fin Auth 4.65%, due June 15, 2017	5,675,000	5,805,752	5,954,333
Ontario Province 4.2%, due March 08, 2018	4,150,000	4,150,642	4,194,198
Ontario Province 4.3%, due March 08, 2017	3,930,000	3,895,209	4,033,275
Ontario Hydro Strip, due February 18, 2015	3,900,000	2,882,123	3,126,232
BC Municipal Fin Auth 4.6%, due April 23, 2018	3,230,000	3,217,468	3,242,294
CIBC 5%, due September 10, 2012	3,000,000	2,994,240	3,065,853
Royal Bank of Canada 4.97%, due June 05, 2014	3,000,000	2,986,943	3,099,966
Bank of Montreal 5.45%, due July 17, 2017	3,000,000	3,055,075	2,989,872
TD Bank 4.779%, due December 14, 2016-2105	3,000,000	2,822,814	2,337,663
City of Toronto 4.95%, due June 27, 2018	2,935,000	2,926,078	2,984,387
BC Province 4.7%, due December 01, 2017	2,630,000	2,621,486	2,764,836
Manitoba Province 4.25%, due March 05, 2018	2,430,000	2,412,310	2,451,093
Ontario Province 5.375%, due December 02, 2012	2,300,000	2,373,404	2,529,130
Hydro-Quebec 11%, due August 15, 2020	1,620,000	2,548,422	2,530,288
Quebec Province 4.5%, due December 01, 2018	1,500,000	1,469,597	1,509,791
Ontario Hydro Coupon due April 11, 2016	1,419,000	833,678	1,067,353
BC Province Strip, due March 08, 2015	1,135,000	981,719	907,006
Canada Government 8.0%, due June 01, 2023	970,000	1,394,662	1,487,463
Bank of Montreal 4.66%, due March 31, 2009	500,000	511,700	503,495
TD Bank 5.69%, due June 03, 2013-18	500,000	520,750	495,256
Great West Lifeco 6.14%, due March 21, 2018	500,000	530,800	465,438
Mutual Life Canada 6.3%, due May 15, 2028	500,000	493,000	433,521
New Brunswick Province 9.25%, due January 18, 2013	448,000	580,518	558,568
Ontario Province 5%, due March 08, 2014	175,000	180,863	190,409
Bank of Nova Scotia, Global Alpha Strategy Deposit Notes Series 1, due August 29, 2014	10,000,000	10,000,000	8,783,000
Bank of Nova Scotia, Canadian Dividend Fund Linked Deposit Notes, Series 1, due August 31, 2016	10,000,000	10,000,000	8,571,000
Business Development Bank of Canada, European Stock Index Linked Note, Series 2, due December 31, 2008	1,000,000	1,000,000	1,000,000
		<u>165,993,168</u>	<u>166,376,072</u>

3. Investments (continued)

	Par value	Cost/ amortized cost \$	Fair value \$
Government Grants invested			
Canada Housing Trust 4.8%, due June 15, 2012	15,165,000	15,968,232	16,550,584
Ontario Province 6.5%, due March 08, 2029	10,535,000	12,723,181	12,779,815
Quebec Province 4.5%, due December 01, 2017	8,045,000	7,996,985	8,210,693
Ontario Province 4.3%, due March 08, 2017	2,920,000	2,890,878	2,996,733
Canada Housing Trust 4.55%, due December 15, 2012	2,570,000	2,649,883	2,801,984
Alberta Cap Fin Auth 4.65%, due June 15, 2017	2,270,000	2,322,301	2,381,733
Ontario Province 4.2%, due March 08, 2018	1,620,000	1,620,487	1,637,253
CIBC 5%, due September 10, 2012	1,400,000	1,397,428	1,430,731
TD Bank 4.779%, due December 14, 2016-2105	1,400,000	1,299,494	1,090,909
Bank of Montreal 5.45%, due July 17, 2017	1,400,000	1,416,972	1,395,273
Royal Bank of Canada 4.97%, due June 05, 2014	1,400,000	1,394,321	1,446,651
BC Municipal Fin Auth 4.6%, due April 23, 2018	1,290,000	1,284,995	1,294,910
City of Toronto 4.95%, due June 27, 2018	1,195,000	1,191,367	1,215,108
Canada Government 8.0%, due June 01, 2023	1,170,000	1,678,438	1,794,156
BC Province 4.7%, due December 01, 2017	1,065,000	1,061,547	1,119,601
Hydro Quebec 11.0%, due August 15, 2020	660,000	1,038,246	1,030,858
Manitoba Province 4.25%, due March 05, 2018	970,000	962,939	978,420
Quebec Province 4.5%, due December 01, 2018	900,000	879,695	905,874
Quebec Province 6.0%, due October 01, 2012	640,000	668,826	714,955
New Brunswick Province 6.0%, due December 27, 2017	350,000	372,372	398,740
Manitoba Province 5.2%, due December 03, 2015	160,000	158,480	174,278
		<u>60,977,066</u>	<u>62,349,259</u>
		<u>226,970,232</u>	<u>228,725,331</u>

Effective interest rates for these instruments are
4.57% (2007 - 4.72%)

4. Related party transactions

- a) The Foundation is the sponsor and the administrator of the Plan. In consideration for administrative services provided, commencing August 23, 2004, the Foundation is entitled to receive administration fees of 1% per annum of the assets of the Plan (1/20 of 1% of the assets of the Plan before August 23, 2004). Included in this 1% administration fee are the trustee and investment counsel fees, which, prior to August 23, 2004, were direct charges to the Plan. The administration and depository fees are remitted to GEMC on behalf of the Foundation. The Foundation retains 25% of the net administration fees and 3% of the net enrollment fees paid to GEMC.
- b) GEMC receives enrolment fees from subscribers that are deducted from deposits made by subscribers. In addition, 20% to 40% of insurance premiums collected from subscribers who optionally take insurance are remitted by the Foundation to GEMC.
- c) Special services fees principally relate to amounts charged to subscribers in respect of cheques returned and not honoured.
- d) Accounts payable include \$1,632,098 (2007 - \$2,031,197) payable to GEMC.

5. Subscribers' Savings Account

The changes in the Subscribers' Savings Account for the year are as follows:

	2008	2007
	\$	\$
Subscribers' Savings Account		
- Beginning of year	129,869,950	101,588,903
Subscribers' deposits	58,032,162	51,700,388
Enrolment fees (note 4)	(14,715,421)	(12,956,132)
Depository fees (note 4)	(640,808)	(578,966)
Insurance premiums (note 4)	(339,276)	(338,995)
Special services fees (note 4)	(199,786)	(154,687)
Principal withdrawals on terminations or return of deposits	(12,508,833)	(9,390,561)
Subscribers' Savings Account - End of year	159,497,987	129,869,950

6. Government Grants

Canada Education Savings Grants

The Federal government encourages saving for post-secondary education by providing Canada Education Savings Grants (CESG) on RESP contributions made subsequent to 1997 for children under 18 years of age. The maximum basic CESG per child is 20% of RESP contributions of up to \$2,500 (prior to 2007, it was based on \$2,000) made on behalf of each nominee in a year. Effective in 2004, additional CESG can be added based on up to the first \$500 of RESP yearly contributions at a rate of 10% or 20% when there is eligibility based on family net income.

The maximum lifetime CESG is \$7,200. Upon maturity of an EFA Agreement and fulfillment of certain criteria established by the Federal government, the CESG deposits and accumulated investment income thereon will be added to education assistance payments made to qualified students

Canada Learning Bond

Effective January 1, 2004, a new Canada Learning Bond (CLB) was introduced to provide a source of education savings for children in low-income families.

Each child born on or after January 1, 2004 will be eligible for a CLB in each year that child's family is entitled to the National Child Benefit (NCB) supplement, up to and including the year in which the child turns 15 years of age.

An initial CLB of \$500 will be provided for the first year of entitlement for the NCB supplement, which could be any year from the year of birth up to and including the year in which the child turns 15 years of age.

Any subsequent CLB will be in the amount of \$100, and will be provided in respect of a child for each year in which the family is entitled to the NCB supplement up to and including the year in which the child turns 15 years of age

Maximum CLB payments per child total up to \$2,000.

The Alberta Centennial Education Savings (ACES) Plan

Effective January 1, 2005, under the ACES Plan, the Alberta government will contribute \$500 to the RESP of every baby born to an Alberta resident in 2005 and beyond.

Grants of \$100 will be available to children enrolled in school in Alberta at ages 8, 11 and 14 beginning in 2005 whose parents are residents of Alberta. A child will not have to receive previous grants in order to qualify for subsequent grants. The funds may be transferable to a sibling.

All children born in 2005 and beyond to Alberta residents, or born in 2005 and beyond and adopted by Alberta residents, are eligible for the first time \$500 grant.

Children born or adopted outside of Alberta, whose parent(s) or guardian(s) later become Alberta residents are eligible for the grant.

Quebec Education Savings Initiative(QESI)

The QESI is a tax measure for Quebec resident families giving government benefits for RESPs. Effective February 21, 2007, it is based on the established CESG criteria and consists of a refundable tax credit that is paid directly into an RESP. The QESI pays an additional 50% dollar amount to what the CESG allocations are to eligible nominees. QESI lifetime maximum per nominee is \$3,600 and the program includes carry forward provisions and increased (additional) amounts for lower income families.

7. Income taxes

The income on the subscribers' savings account is currently exempt from income taxes under the Income Tax Act (Canada). Education assistance payments, and all accumulated investment 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 income tax purposes and are not taxable when returned to subscribers or their designated nominees.

8. Fair Value of Financial instruments

Fair value represents the amount at which a financial instrument could be exchanged in an arm's length transaction between willing parties under no compulsion to act and is best evidenced by a quoted market price, if one exists. Investments and cash equivalents are carried at fair value as set out in the accounting policy note. The carrying values of the other financial instruments such as accrued interest, accounts payable, accrued liabilities and unclaimed contributors' funds, payables of securities purchased, Government grants payable and Contributors' deposits approximate their fair values as these financial instruments are short-term in nature.

9. Risks associated with Financial instruments

In the normal course of operations the plan may be exposed to a variety of risks arising from financial instruments. The Plan's exposures to such risks are concentrated in its investment holdings and are related to market risk (which includes interest rate risk and other price risk), credit risk, liquidity risk and currency risk.

The Plan's risk management process includes monitoring compliance with the Plan's investment policy. The Plan manages the effects of these financial risks to the Plan portfolio performance by retaining and overseeing professional external investment managers. The investment managers regularly monitor the Plan's positions, market events and manage the investment portfolio within the constraints of the investment policy.

- a) Market risk
 - i) Interest rate risk

Interest rate risk is the risk of a decrease in the Plan's yield on interest-bearing investments as a result of fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of bonds. This risk is actively managed using duration, yield curve analysis, sector and credit selection. There is reduced risk to interest rate changes for cash and short term investments due to their short-term nature.

As at December 31, 2008, the Plan's holdings

of debt instruments by maturity is as follows:

Less than 1 year	2.24%
1-3 years	0.21%
3-5 years	31.35%
Greater than 5 years	66.20%
	<hr/>
	100%

As at December 31, 2008, if prevailing interest rates had increased or decreased by 1%, the total investment portfolio value would change by approximately \$7,530,000. This 1% change assumes a parallel shift in yield curve along with all other variables held constant. In practice the actual trading results may differ materially.

ii) Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk. Factors specific to an individual investment, its issuer or all factors affecting other price risk. The asset class that is most impacted by other price risk is variable rate securities which represent 7.90% of the portfolio as at December 31, 2008. The risk is managed by security selection and active management by external managers within approved investment policies and manager mandates.

As at December 31, 2008, if underlying indices prices had increased or decreased by 1% with all other variables held constant, the portfolio amount would not have increased or decreased by approximately \$nil. In practice the actual trading results may differ materially.

b) Credit risk

Credit risk refers to the ability of the issuer of debt securities to make interest payments and repay principal. The Plan's portfolio comprises bonds issued or guaranteed by federal and provincial governments along with corporate debt instruments with a minimum approved credit rating as set by Canadian Securities Administrators, currently A-low. The Plan has a concentration of investments in government and government guaranteed bonds, which are considered to be high credit quality investments thereby moderating credit risk.

As at December 31, 2008, the Plan's credit exposure is listed below

AAA/AAH/AAL	44.56%
AA/AH/AL	49.93%
R-1	1.87%
Unrated	7.90%

The above ratings were provided by Dominion Bond Rating Service (DBRS). The variable rate notes are unrated.

c) Liquidity risk

Liquidity risk is the risk that the Plan may not be able to meet its obligations on time. The Plan's exposure to liquidity risk is concentrated in principal repayment to subscribers and payments of Education Assistance payments. The Plan primarily invests in securities that are traded in the active markets and can be readily disposed. The Plan retains sufficient cash and short-term investments positions to meet liquidity requirements by utilizing cash forecasting models incorporating again of Accumulated interest and Contributor's deposits.

d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan is not exposed to currency risk as it only holds Canadian securities. ■