

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Global Educational Trust Plan (the "Plan") have been prepared by management and approved by the Board of Directors of Global Educational Trust Foundation (the "Foundation"). Management is responsible for the information and representations contained in these financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. Global Educational Trust Plan, through Global Educational Marketing Corporation, which administers the Plan, maintains appropriate processes to ensure that relevant and reliable financial information is produced.

Management activities surrounding financial reporting include processes to manage the changeover to International Financial Reporting Standards ("IFRS"). IFRS will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles ("Canadian GAAP") for the year beginning January 1, 2011. However, based on a recent exposure draft issued by the Accounting Standards Board, there may be a possible deferral of one year available to investment funds (such as the Plan). If the deferral of IFRS adoption is approved, management anticipates that it will begin reporting under IFRS for its fiscal year January 1, 2012.

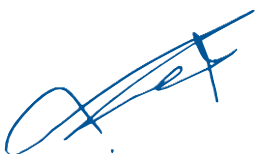
Global is aware of these impending requirements and is developing necessary changeover plans on an ongoing basis.

Management currently assesses that the changeover to IFRS will primarily affect the Plan's disclosures in the Notes to financial statements. Furthermore, it will have a pervasive effect on the presentation of the financial statements. Management assesses the most

significant of these changes to be the requirement to present a statement of cash flows with its financial statements.

These financial statements have been prepared in accordance with Canadian GAAP and include certain amounts that are based on estimates and judgments. The significant accounting policies, which management believes are appropriate for the Plan, are described in Note 2 to the Financial Statements.

On behalf of the Board of Directors,

A handwritten signature in blue ink, appearing to read 'S. Bouji', written in a cursive style.

Sam Bouji
Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Frank Gataveckas', written in a cursive style.

Frank Gataveckas
Director

Global Educational Trust Plan

Statements of Net Assets

As at June 30, 2010 and December 31, 2009

Assets	2010	2009
	Unaudited	Audited
	\$	\$
Cash and Short Term Investments	13,276,300	14,150,005
Investments at fair value (cost \$309,557,375; Dec 31, 2009: \$284,877,098) (notes 2 and 3)	313,573,784	285,852,540
Accrued Interest	2,664,246	2,035,573
	<u>329,514,330</u>	<u>302,038,118</u>

Liabilities

Accounts Payable (notes 3)	1,400,135	609,406
Payable- Investment purchase	-	9,093,629
Subscriber's Saving Account (notes 2 and 4)	211,096,336	191,169,728
	<u>212,496,471</u>	<u>200,872,763</u>

Net Assets	<u>117,017,859</u>	<u>101,165,355</u>
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Represented by

Accumulated government grants deposits	76,423,354	67,977,109
Accumulated and undistributed investment income and realized gains on investments	36,578,096	32,212,803
Unrealized appreciation of investments	4,016,409	975,443
	<u>117,017,859</u>	<u>101,165,355</u>

Approved by the Board of Directors of
Global Educational Trust Foundation



Sam Bouji
Director



Frank Gataveckas
Director

Global Educational Trust Plan
Statements of Changes in Net Assets (unaudited)
For the six months ended June 30, 2010 and 2009

	2010	2009
	\$	\$
Increase in net assets from operations for the period	8,061,674	3,564,266
Government grants received		
Canada Education Savings Grants (CESG)	6,054,326	5,449,541
Canada Learning Bond (CLB)	1,050,300	912,339
Alberta Centennial Education Savings Plan (ACES)	1,575,248	1,341,247
Quebec Education Savings Incentive	284,735	596,871
Payments to nominees		
Education Assistance Payments	(525,586)	(475,558)
Government grants	(518,367)	(461,305)
Government grants income	(129,826)	(110,578)
Increase in net assets during the period	<u>15,852,504</u>	<u>10,816,823</u>
Net assets - Beginning of period	<u>101,165,355</u>	<u>80,730,770</u>
Net assets - End of period	<u>117,017,859</u>	<u>91,547,593</u>

Global Educational Trust Plan
Statements of Operations (unaudited)
For the six months ended June 30, 2010 and 2009

	2010	2009
	\$	\$
Investment income		
Interest	6,361,208	5,855,438
Expenses		
Administration fees (note 3)	1,568,097	1,256,046
Audit Cost	36,780	30,000
Investment review committee	4,500	-
Other charges	177,828	94,886
	<u>1,787,205</u>	<u>1,380,932</u>
Net investment income	<u>4,574,003</u>	<u>4,474,506</u>
Realized and unrealized gains on investments		
Realized gain on sale of investments	446,704	(521,300)
Change in unrealized appreciation of investments (note 2)	3,040,967	(388,940)
Net realized and unrealized gains on investments	<u>3,487,671</u>	<u>(910,240)</u>
Increase in net assets from operations for the period	<u>8,061,674</u>	<u>3,564,266</u>

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

June 30, 2010

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) (the “ITA”) 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.

2. Summary of significant accounting policies

Basis of accounting

These financial statements, prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) as defined by the Canadian Institute of Chartered Accountants’ Handbook (the “CICA Handbook”), include estimates and assumptions made by

management that affect the reported amounts. Significant estimates include the valuation of Principal Protected Notes (PPNs) and illiquid bonds. 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:

Government grants

Government grants received are recorded in the Statement of Changes in Net Assets as a direct increase in net assets of the Plan. Government grants for which the Plan has applied on behalf of an individual plan holder are recorded when payment is received from government agencies, and not at the date of the application, as the amount to be received is dependent on each individual plan holder’s taxation status and may not reasonably be estimated.

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 Programs 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 net administration fees, representing GEMC's contributions to the Foundation's Enhancement Fund. The return of enrolment fees is the sole 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 the bid price at the reporting period-end. PPNs 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. PPNs and the Pacific and Western Bank of Canada bonds are carried at fair value using valuation models whose significant unobservable input used is the yield on the instruments.

Investment transactions are accounted for on a trade date basis. Interest income is recognized using the effective interest method. Realized and unrealized gains (losses) on investments are determined using the average cost method.

Short-term investments

Short-term investments consist of investments in money market funds and Government of Canada treasury bills maturing within ninety days from the date of the Statements of Net Assets. The carrying values of these investment instruments approximate their fair values due to their short-term nature.

Income taxes

The Plan is exempt from income taxes under Section 146.1 of the ITA. The income on the subscribers' savings account is currently exempt from income taxes under the ITA. Education assistance payments, and all accumulated investment income, made to qualified nominees will be included in their income for the purposes of the ITA.

The amounts deposited by subscribers are not deductible by the subscribers for income tax purposes and are not taxable when returned to subscribers or their designated nominees.

Income paid to the subscribers is considered Accumulated Income Payments ("AIPs") and is subject to income taxes.

International Financial Reporting Standards ("IFRS")

The Plan will be required to adopt IFRS for its financial year ending December 31, 2011. The Accounting Standards Board has recently issued an exposure draft, which proposes a possible deferral that would allow the Plan to begin reporting under IFRS for its financial year ending December 31, 2012. A final decision on the proposed deferral is expected in late 2010.

3. Investments (As at June 30, 2010)

	Par value \$	Cost \$	Fair value \$
Subscribers' contributions invested - (70.9%)			
Government Securities - 18.2%			
Canada Government 1.00%, due September 1, 2011	8,070,000	8,038,931	8,063,736
Canada Government 2.00%, due September 1, 2012	1,130,000	1,125,254	1,148,418
Canada Government 2.00%, due December 1, 2014	540,000	524,340	535,137
Canada Housing Trust 4.6%, due September 15, 2011	46,025,000	47,827,521	47,877,757
Canada Housing Trust No. 1 2.70%, due December 15, 2013	960,000	963,274	973,462
Canada Housing Trust 2.75%, due September 15, 2014	960,000	953,696	975,246
Total Government Securities		59,433,016	59,573,756
Provincial Securities - 22.9%			
Alberta Province 2.75%, due December 1, 2014	550,000	543,675	555,173
BC Province 4.1%, due December 18, 2019	250,000	251,965	255,758
BC Province 5.7%, due June 18, 2029	5,495,000	6,007,364	6,374,062
BC Municipal Fin Auth 4.6%, due April 23, 2018	3,230,000	3,217,467	3,413,716
City of Toronto 4.95%, due June 27, 2018	2,935,000	2,926,078	3,130,128
Manitoba Province 4.15%, due June 3, 2020	250,000	251,625	255,725
Nova Scotia Province 4.15%, due November 25, 2019	250,000	252,250	255,215
Ontario Province 5.375%, due December 2, 2012	2,300,000	2,373,404	2,483,321
Ontario Province (Generic Int Pymt), due December 2, 2013	640,000	565,984	585,004
Ontario Province 3.25%, due September 8, 2014	850,000	863,817	877,343
Ontario Province 4.2%, due March 8, 2018	2,240,000	2,277,440	2,325,807
Ontario Province 6.5%, due March 08, 2029	26,300,000	31,796,897	32,860,588
Quebec Province (Generic Int Pymt), due June 1, 2012	800,000	754,408	772,696
Quebec Province (Generic Int Pymt), due June 1, 2014	800,000	687,712	717,552
Quebec Province 4.5%, due December 1, 2018	12,125,000	12,368,115	12,720,881
Hydro-Quebec 11%, due August 15, 2020	4,615,000	7,182,885	7,245,823
Total Provincial Securities		72,321,086	74,828,792
Financial Institution Securities - 21.9%			
American Express Canada 4.85%, due October 3, 2014	800,000	806,400	847,352
Bank of America Corp 4.36%, due September 21, 2015	340,000	330,133	336,447
Bank of Montreal 5.04%, due September 4, 2012	4,500,000	4,830,704	4,769,095
Bank of Montreal 6.02%, due May 2, 2018	3,000,000	3,303,090	3,399,862
Bank of Nova Scotia 3.03%, due June 4, 2012	1,600,000	1,632,720	1,634,930
Bank of Nova Scotia 4.94%, due April 15, 2014-19	2,700,000	2,857,275	2,845,547
Canadian Imperial Bank 5%, due September 10, 2012	4,500,000	4,598,190	4,765,184
Canadian Imperial Bank 3.05%, due June 3, 2013	1,600,000	1,612,720	1,624,954
CIBC Capital Trust 9.976% Tier 1, due June 30, 2019-2108	2,000,000	2,670,060	2,675,606
Desjardins Capital 5.19%, due May 5, 2020	500,000	509,875	526,422
GE Capital Canada Funding 4.55%, due January 17, 2017	615,000	628,069	633,736

3. Investments (continued)

	Par value \$	Cost \$	Fair value \$
Great West Lifeco 6.67%, due March 21, 2033	3,000,000	3,297,000	3,440,442
Manulife Financial 4.896%, due June 2, 2014	3,000,000	3,146,820	3,161,608
National Bank 4.926%, due December 22, 2014-19	3,000,000	3,165,360	3,160,353
Pacific & Western Bank of Canada 11%, due February 27, 2019	10,000,000	10,000,000	10,399,466
Pacific & Western Bank of Canada 11%, due April 30, 2019	10,000,000	10,000,000	10,417,001
Pacific & Western Bank of Canada 11%, due June 30, 2019	1,500,000	1,564,675	1,563,275
Royal Bank of Canada 5%, due June 6, 2013-18	1,500,000	1,595,625	1,584,630
Royal Bank of Canada 3.18%, due March 16, 2015	3,250,000	3,248,798	3,261,430
Royal Bank of Canada 3.66%, due January 25, 2017	500,000	495,750	508,646
Scotiabank Tier I Trust 7.802%, due June 30, 2019	1,800,000	1,972,224	2,168,459
Sun Life Financial 4.95%, due June 1, 2016-36	3,000,000	3,065,700	3,109,633
Toronto Dominion Bank 4.779%, due December 14, 2016-2105	4,500,000	4,119,969	4,630,500
Total Financial Institution Securities		69,451,157	71,464,578
Principal Protected Notes - 7.9%			
Bank of Nova Scotia, Global Alpha Strategy Deposit Notes, Series 1, due August 29, 2014	10,000,000	10,000,000	8,622,000
BNP Paribas Millenium Comm. USD Excess, due November 10, 2014	3,550,000	3,550,000	3,320,670
Royal Bank of Canada, Enhanced Yield Note, due November 27, 2014	7,100,000	7,100,000	6,936,700
Toronto Dominion VAR Canadian Equity Coupon Notes, due December 3, 2012	7,100,000	7,100,000	6,919,660
Total Principal Protected Notes		27,750,000	25,799,030
Total Subscribers' Contributions Invested		228,955,259	231,666,156

3. Investments (continued)

	Par value \$	Cost \$	Fair value \$
Government grants invested (25.0%)			
Government Securities - 7.6%			
Canada Government 1.00%, due September 1, 2011	3,875,000	3,860,081	3,871,992
Canada Government 2.00%, due September 1, 2012	460,000	458,068	467,498
Canada Government 2.00%, due December 1, 2014	190,000	184,490	188,289
Canada Housing Trust 4.6%, due September 15, 2011	18,905,000	19,642,627	19,666,029
Canada Housing Trust No. 1 2.70%, due December 15, 2013	390,000	391,330	395,469
Canada Housing Trust 2.75%, due September 15, 2014	390,000	387,569	396,194
Total Government Securities		24,924,165	24,985,471
Provincial Securities - 9.4%			
Alberta Province 2.75%, due December 1, 2014	225,000	222,413	227,116
BC Province 4.1%, due December 18, 2019	100,000	100,786	102,303
BC Province 5.7%, due June 18, 2029	2,130,000	2,331,200	2,470,746
BC Municipal Fin Auth 4.6%, due April 23, 2018	1,290,000	1,284,995	1,363,373
City of Toronto 4.95%, due June 27, 2018	1,195,000	1,191,367	1,274,447
Manitoba Province 4.15%, due June 3, 2020	100,000	100,650	102,290
Nova Scotia Province 4.15%, due November 25, 2019	100,000	100,900	102,086
Ontario Province (Generic Int. Pmt.), due December 2, 2013	260,000	229,931	237,658
Ontario Province 3.25%, due September 8, 2014	350,000	355,689	361,259
Ontario Province 4.2%, due March 8, 2018	915,000	930,431	950,051
Ontario Province 6.5%, due March 8, 2029	10,945,000	13,213,819	13,675,252
Quebec Province (Generic Int. Pmt.), due June 1, 2012	325,000	306,478	313,908
Quebec Province 6%, due October 1, 2012	1,510,000	1,631,802	1,645,427
Quebec Province (Generic Int. Pmt.), due June 1, 2014	325,000	279,383	291,506
Quebec Province 4.5%, due December 1, 2018	4,370,000	4,455,054	4,584,763
Hydro-Quebec 11%, due August 15, 2020	1,910,000	2,972,496	2,998,813
Total Provincial Securities		29,707,394	30,700,998
Financial Institution Securities - 5.9%			
American Express Canada 4.85%, due October 3, 2014	325,000	327,600	344,237
Bank of America Corp 4.36%, due September 21, 2015	150,000	145,647	148,432
Bank of Montreal 5.04%, due September 4, 2012	1,600,000	1,717,584	1,695,678
Bank of Montreal 6.02%, due May 2, 2018	1,500,000	1,651,545	1,699,931
Bank of Nova Scotia 3.03%, due June 4, 2012	650,000	663,293	664,190
Bank of Nova Scotia 4.94%, due April 15, 2014-19	1,000,000	1,058,250	1,053,906
Canadian Imperial Bank 5%, due September 10, 2012	1,100,000	1,121,454	1,164,823
Canadian Imperial Bank 3.05%, due June 3, 2013	650,000	655,168	660,138
CIBC Capital Trust 9.976% Tier 1, due June 30, 2019-2108	900,000	1,201,527	1,204,023
Desjardins Capital 5.19%, due May 5, 2020	200,000	203,950	210,569
GE Capital Canada Funding 4.55%, due January 17, 2017	250,000	255,313	257,616

3. Investments (continued)

	Par value \$	Cost \$	Fair value \$
GE Capital Canada Funding 5.685%, due September 10, 2019	650,000	682,507	687,561
Great West Lifeco 6.67%, due March 21, 2033	1,000,000	1,099,000	1,146,814
Manulife Financial 4.896%, due June 2, 2014	1,000,000	1,048,940	1,053,869
National Bank 4.926%, due December 22, 2014-19	1,000,000	1,055,120	1,053,451
Royal Bank of Canada 5%, due June 6, 2013-18	600,000	638,250	633,852
Royal Bank of Canada 3.18%, due March 16, 2015	1,500,000	1,499,445	1,505,276
Royal Bank of Canada 3.66%, due January 25, 2017	200,000	198,300	203,459
Scotiabank Tier I Trust 7.802%, due June 30, 2019	600,000	657,408	722,820
Sun Life Financial 4.95%, due June 1, 2016-36	1,000,000	1,021,900	1,036,544
Toronto Dominion Bank 4.779%, due December 14, 2016-2105	2,000,000	1,818,356	2,058,000
Total Financial Institution Securities	18,720,000	18,720,557	19,205,189
Principal Protected Notes - 2.1%			
BNP Paribas Millenium Comm. USD Excess, due November 10, 2014	1,450,000	1,450,000	1,356,330
Royal Bank of Canada, Enhanced Yield Note, due November 27, 2014	2,900,000	2,900,000	2,833,300
Toronto Dominion VAR Canadian Equity Coupon Notes, due December 3, 2012	2,900,000	2,900,000	2,826,340
Total Principal Protected Notes		7,250,000	7,015,970
Total Governments Grants Invested		80,602,116	81,907,628
Total Subscribers' Contributions and Governments Grants Invested - (95.9%)		309,557,375	313,573,784
Cash (1.4%)		4,475,539	4,475,539
Cash Equivalents (2.7%)		8,798,990	8,800,761
Total Investment Portfolio		322,831,904	326,850,084

4. Related party transactions

- a) The Foundation is the sponsor and the administrator of the Plan. In consideration for administrative services provided, the Foundation is entitled to receive administration fees of 1% per annum of the assets of the Plan. Included in this 1% administration fee are the trustee and investment counsel fees. 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 representing GEMC's contributions to the Foundation's Enhancement Fund. Accounts payable include \$517,073 (December 31, 2009 - \$315,372) payable to the Foundation.
- 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.

5. Subscribers' savings account

The changes in the subscribers' savings account for the reporting period (year ended December 31, 2009) are as follows:

	2010	2009
	\$	\$
Subscribers' savings account-		
beginning of period	191,169,728	159,497,987
Subscribers' deposits	32,272,467	63,110,390
Enrolment fees (note 3)	(6,696,509)	(14,292,782)
Depository fees (note 3)	(316,530)	(704,826)
Insurance premiums (note 3)	(186,913)	(360,247)
Special services fees (note 3)	(204,499)	(300,645)
Principal withdrawals on terminations or return of deposit	(4,941,408)	(15,780,150)
Subscribers' savings account-		
end of period	211,096,336	191,169,728

6. Government grants

Canada Education Savings Grants ("CESGs")

The Federal government encourages saving for post-secondary education by providing CESGs 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 ("CLB")

Effective January 1, 2004, a new 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 is 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 has been contributing \$500 to the RESP of every baby born to an Alberta resident in 2005 and beyond.

Grants of \$100 are 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. Risks associated with financial instruments and capital management

The Plan defines its capital as its net assets and subscribers’ deposits, which consists primarily of its financial instruments. Its financial instruments are managed as described in Note 1 and in the risk management policies described below.

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 June 30, 2010 (December 31, 2009), the Plan’s holdings of debt instruments by maturity is as follows:

	2010	2009
Less than 1 year	4.1%	4.7%
1-3 years	35.3%	33.4%
3-5 years	14.9%	14.5%
Greater than 5 years	45.7%	47.4%
Total debt instruments	100.0%	100.0%

As at June 30, 2010, management estimates that if prevailing interest rates had increased or decreased by 1%, the total investment portfolio value would decrease by approximately \$15,700,000 (2009 - \$14,600,000) or increase by approximately \$16,500,000 (2009 - \$16,000,000) respectively. This 1% change assumes a

parallel shift in the 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 10.0% (2009 - 11.0%) of the investment portfolio. The return on PPNs are not determinable prior to maturity instead being linked to the performance of their underlying index and will depend on the extent to which the index return is positive or negative at maturity. A negative return will result in a return of only the principal amount which is protected by the issuer. The risk is managed by security selection and active management by external managers within approved investment policies and manager mandates.

As at June 30, 2010, if underlying indices prices had increased or decreased by 1% with all other variables held constant, the portfolio amount would have increased or decreased by approximately \$579,000 (2009 - \$563,000). 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 and sector risk relates to the exposure to changes in a particular industrial, commercial or service sector by virtue of concentration. The Plan's portfolio comprises bonds issued or guaranteed by federal and provincial governments along with Canadian financial institution and corporate debt instruments which constitute its most significant exposure to credit risk. The Plan has a concentration of investments in

government and government guaranteed bonds, which are considered to be high credit quality investments thereby moderating its credit risk. All of the Plan's assets are exposed to credit risk.

As at June 30, 2010, the Plan's credit exposure to long term debt instruments is as follows:

	2010	2009
AAAH/AAA/AAH/AAL	59.2%	58.4%
AA/AH/AL/A	30.9%	33.5%
Unrated	9.9%	8.1%
Total debt instruments	100.00%	100.00%

The above ratings were provided by Dominion Bond Rating Service (DBRS).

(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. Further information on these future obligations is provided in Schedule 1. Other financial liabilities are all due within one month.

In mitigation of these risks, the Plan retains sufficient cash and short-term investments positions and primarily invests in securities that are traded in the active markets and can be readily disposed to meet expected cash requirements.

