

FUTURE Physicist
CLASS OF 2029



GLOBAL

EDUCATIONAL TRUST PLAN

Sponsored by Global Educational Trust Foundation

Every **dream** needs a **Plan**

MESSAGE FROM THE PRESIDENT



If you believe the recession is over, it might still be a little too early to make this claim. Several leading indicators show that positive momentum has been generated from the economic stimulus measures undertaken in Canada and other key countries. Though we have fared significantly better than our American neighbours during this downturn period, Canada has not been spared some trying times over recent months. And, the general economic recovery will likely be a concern for some time to come.

These ups and downs are a regular part of the financial markets. Global Educational Trust Foundation recognizes that you don't want to take unnecessary financial risks with your children's future education. Since inception, the Global Plan has provided positive results in each and every year. We are pleased to disclose that regardless of the economy's performance, the first half of 2009 has continued to show positive gains for our plan holders.

We are optimistic that the second half of 2009 will signal a return to the continued strong pace of growth in recent years. As at June 30, 2009 there were over 80,000 Nominees registered for the Global Plan, with assets under administration of \$271 million; and the expectation for this to swell to over \$300 million in assets by the year's end.

Win a Trip to Disney World

During a period of economic uncertainty, we recognize that some families may have had to cut back or postpone family vacation plans. But we don't want you to lose out on your quality time with your family to build lifetime memories.

There's still time for you to enter our CLICKin to Win Contest for a chance to win a trip for a family of four to Walt Disney World in Florida. The prize is courtesy of our primary distributor Global Educational Marketing Corporation. To enter, visit our website at www.globalfinancial.ca/click.

Thank You For Your Business

At Global, we understand that there are many RESP providers for you to choose from, We appreciate your ongoing support and thank you for making the Global Plan your choice.

If you have any questions or comments, as always, please feel free to contact your Global Sales Representative or contact Client Services at (416) 740-1622, toll free at 1-877-460-7377 or by e-mail at clientservices@globalfinancial.ca.



Sam Bouji
President and CEO

EFA PAYMENTS & RETURN OF PRINCIPAL

Since inception, the Global Plan has provided approximately \$45 million to over 7,000 qualified students. These payments included returned deposits of \$32 million, government grants of \$6.1 million and earned income amounting to \$6.9 million. Global prides itself on offering a Plan with the maximum flexibility from the beginning, during, and at the maturation of our Plan. We seek to assist you with making and keeping the promise of a post secondary education to your children. It is called peace of mind, as is most evident when you have the provision of your education funds provided to you on a timely basis.

We are equally pleased to announce, that we surveyed our database of Qualified Students and found that over 16 different countries are represented worldwide having Global Plan Nominees attending their higher learning institutions. Global is very proud of the diversity that is supported within, and by, our program.

Our commitment remains stronger than ever to provide Educational Financial Assistance to students worldwide.

Global Educational Trust Plan
Statements of Net Assets (unaudited)

As at June 30, 2009 and 2008

Assets	2009 \$	2008 \$
Cash and short-term investments	15,063,746	8,560,578
Investments - at fair value (cost - \$252,511,862; 2008 - \$207,622,342) (notes 2 and 3)	253,877,974	208,305,399
Accrued interest	2,464,409	1,415,261
	<u>271,406,129</u>	<u>218,281,238</u>
 Liabilities		
Accounts payable (note 4)	2,204,109	443,941
Subscribers' Savings Account (notes 2 and 5)	177,654,427	146,178,113
	<u>179,858,536</u>	<u>146,622,054</u>
 Net Assets	<u>91,547,592</u>	<u>71,659,183</u>
 Represented by		
Accumulated government grants deposits (note 6)	62,381,128	49,150,596
Accumulated and undistributed investment income and realized gains on investments	27,800,353	21,825,530
Unrealized appreciation of investments	1,366,111	683,057
	<u>91,547,592</u>	<u>71,659,183</u>

Global Educational Trust Plan
Statements of Operations (unaudited)

For the six months ended June 30, 2009 and 2008

	2009 \$	2008 \$
Investment income		
Interest	5,855,438	4,060,366
 Expenses		
Administration fees (note 4)	1,256,046	1,012,279
Audit costs	30,000	30,000
Other charges	94,886	87,698
	<u>1,380,932</u>	<u>1,129,977</u>
 Net investment income	<u>4,474,506</u>	<u>2,930,389</u>
 Realized and unrealized gains on investments		
Realized gain (loss) on sale of investments	(521,300)	1,077,256
Change in unrealized appreciation of investments (note 2)	(388,940)	375,750
 Net realized and unrealized (losses) gains on investments	<u>(910,240)</u>	<u>1,453,005</u>
 Increase in net assets from operations for the period	<u>3,564,266</u>	<u>4,383,394</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, 2009 and 2008

	2009	2008
	\$	\$
Increase in net assets from operations for the period	3,564,266	4,383,394
Canada Education Savings Grants (CESG)	5,449,541	5,424,252
Canada Learning Bond	912,339	454,425
Alberta Centennial Education Savings Plan (ACES)	1,341,247	1,163,487
Quebec Education Savings Incentive	596,871	-
Payments to nominees		
Education Assistance		
Payments	(475,558)	(341,802)
Government grants	(461,305)	(332,707)
Government grants income	(110,578)	(76,365)
Increase in net assets during the period	10,816,823	10,674,683
Net assets - Beginning of period	80,730,770	60,984,500
Net assets - End of period	91,547,593	71,659,183

NOTES TO THE FINANCIAL STATEMENTS (unaudited)
June 30, 2009 and 2008

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 sections 3863, “Financial Instruments - Presentation”. These new standards replace Sections 3861, “Financial Instruments - Disclosure 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 net administration fees. 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 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 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

	Cost	Fair value
	\$	\$
Subscribers' contributions invested		
Canada Housing Truest 3.55%, due September 15, 2010	18,057,391	18,058,086
Canada Housing Trust 4.8%, due June 15, 2012	32,233,172	32,684,361
Canada Housing Trust 4.55%, due December 15, 2012	3,700,892	3,849,218
Canada Government 8.0%, due June 1, 2023	1,394,662	1,411,572
BC Municipal Fin Auth 4.6%, due April 23, 2018	3,217,468	3,252,573
BC Province 5.7%, due June 18, 2029	6,007,365	6,048,910
Hydro-Quebec 11%, due August 15, 2020	7,182,885	7,192,505
Quebec Province 6%, due October 01, 2029	6,677,864	6,781,255
Quebec Province 4.5%, due December 01, 2017	13,069,011	13,573,431
Alberta Cap Fin Auth 4.65%, due June 15, 2017	2,015,389	2,070,547
Ontario Province 4.2%, due March 08, 2018	4,679,568	4,690,186
Ontario Province 6.5%, due March 08, 2029	30,404,031	29,996,000
Manitoba Province 4.25%, due March 05, 2018	2,412,310	2,460,557
City of Toronto 4.95%, due June 27, 2018	2,926,078	3,004,196
Ontario Province 5.375%, due December 02, 2012	2,373,404	2,514,638
New Brunswick Province 9.25%, due January 18, 2013	580,518	548,392
Ontario Province 5%, due March 08, 2014	180,863	189,930
Ontario Hydro Strip, due February 18, 2015	2,964,789	3,176,094
BC Province Strip, due March 08, 2015	857,831	921,829
Ontario Hydro Coupon, due April 11, 2016	1,011,497	1,077,475
CIBC 5%, due September 10, 2012	2,994,240	3,182,345
Royal Bank of Canada 4.97%, due June 05, 2014	2,986,943	3,208,036
Bank of Montreal 5.45%, due July 17, 2017	3,055,075	3,171,997
TD Bank 4.779%, due December 14, 2016-2105	4,119,969	4,198,789
Scotiabank Tier I Trust 7.802%, due June 30, 2019	1,972,224	1,956,138
TD Bank 5.69%, due June 03, 2013-18	520,750	535,358
Great West Lifeco 6.14%, due March 21, 2018	530,800	532,188
Mutual Life Canada 6.3%, due May 15, 2028	493,000	466,955
Bank of Nova Scotia, Global Alpha Strategy Deposit Notes, Series 1, due August 29, 2014	10,000,000	8,378,000
Pacific Western Bank 11%, due February 27, 2019	10,000,000	10,000,000
Pacific & Western Bank of Canada 11%, due April 30, 2019	10,000,000	10,000,000
	188,619,987	189,131,561

3. Investments (continued)

	Cost	Fair value
	\$	\$
Government Grants invested		
Canada Housing Truест 3.55%, due September 15, 2010	8,346,505	8,346,827
Canada Housing Trust 4.8%, due June 15, 2012	14,892,571	15,176,417
Canada Government 8.0%, due June 1, 2023	903,774	916,794
Hydro-Quebec 11%, due August 15, 2020	2,972,496	2,976,746
Quebec Province 6.0%, due Oct 01, 2029	2,752,863	2,795,241
Quebec Province 4.5%, due December 01, 2017	4,582,486	4,753,021
City of Toronto 4.95%, due June 27, 2018	1,191,367	1,223,174
Alberta Cap Fin Auth 4.65%, due June 15, 2017	797,971	819,810
Ontario Province 6.5%, due March 08, 2029	13,654,844	13,516,385
Manitoba Province 4.25%, due March 05, 2018	962,938	982,198
BC Province 5.7%, due June 18, 2029	2,331,200	2,344,709
Ontario Province 4.2%, due March 08, 2018	1,333,702	1,332,841
Quebec Province 6.0%, due Oct 01, 2012	668,826	711,260
Manitoba Province 5.2%, due December 03, 2015	158,480	175,058
New Brunswick Province 6.0%, due December 27, 2017	372,372	396,300
BC Municipal Fin Auth 4.6%, due April 23, 2018	1,284,995	1,299,015
CIBC 5%, due September 10, 2012	1,397,428	1,485,094
TD Bank 4.779%, due December 14, 2016-2105	1,818,356	1,866,129
Bank of Montreal 5.45%, due July 17, 2017	1,416,972	1,480,265
Royal Bank of Canada 4.97%, due June 05, 2014	1,394,321	1,497,083
Scotiabank Tier I Trust 7.802%, due June 30, 2019	657,408	652,046
	63,891,875	64,746,413
	252,511,862	253,877,974

Effective interest rates for these instruments are 5.37% (2008 - 4.70%).

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 \$2,041,143 (2008 - \$232,225) payable to GEMC

5. Subscribers' Savings Account

The changes in the subscribers' savings account for the period are as follows:

	2009	2008
	\$	\$
Subscribers' Savings Account		
- Beginning of period	159,497,987	129,869,950
Subscribers' deposits	29,671,229	27,190,560
Enrolment fees (note 4)	(6,721,448)	(6,955,989)
Depository fees (note 4)	(296,200)	(274,436)
Insurance premiums (note 4)	(176,068)	(188,028)
Special services fees (note 4)	(107,098)	(85,351)
Principal withdrawals on terminations or return of deposits	(4,213,975)	(3,378,593)
	<hr/>	<hr/>
Subscribers' Savings Account - End of period	177,654,427	146,178,113

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 by 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 for 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 June 30, 2009, the Plan's holdings of debt instruments by maturity is as follows:

Less than 1 year	5.43%
1-3 years	22.01%
3-5 years	12.26%
Greater than 5 years	60.30%
	<u>100.00%</u>

As at June 30, 2009, if prevailing interest rates had increased or decreased by 1%, the total investment portfolio value would change by approximately \$8,860,000. 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 3.12% of the portfolio as at June 30, 2009. 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, 2009, 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 \$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 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. 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 June 30, 2009, the Plan's credit exposure is as follows:

AAAH/AAA/AAH/AAL	44.28%
AA/AH/AL	45.15%
Unrated	<u>10.57%</u>
	<u>100.00%</u>

The above ratings were provided by Dominion Bond Rating Service (DBRS). The unrated investments at this date comprised the variable rate PPN and the Pacific & Western Bank of Canada notes; all issued by Schedule 1 Canadian Chartered Banks.

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. PPNs carry significantly higher liquidity risk than the Plan's other investments by virtue of the lack of a secondary trading market for these securities and in the event of a need to sell these instruments prior to maturity, the holder is exposed to substantial discounts to the value of the component zero coupon bond and index options. In mitigation of these risks, the Plan retains sufficient cash and short-term investments positions to meet liquidity requirements by utilizing cash forecasting models incorporating experiential based assumptions of Accumulated interest and Contributor's deposits. The PPNs represent a small proportion of the overall portfolio.

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. ■

Global Educational Trust Foundation

100 Mural Street, Suite 201
Richmond Hill, Ontario L4B 1J3

Bus: (416) 741-7377

Toll Free: 1-877-460-7377

E-mail: clientservices@globalfinancial.ca

www.globalfinancial.ca