



← FUTURE Doctor  
CLASS OF 2023

GLOBAL

EDUCATIONAL TRUST PLAN

Sponsored by Global Educational Trust Foundation

Every dream needs a Plan



# *Annual Report 2006*

*Management Report of Fund Performance and  
Audited Financial Statements December 31, 2006*

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*Every dream needs a Plan*



# Global Plan's Performance in 2006

**P**roviding our clients with quality service has always been a priority at the Global Educational Trust Foundation (Foundation). The Global Educational Trust Plan (Global Plan) itself was developed to help provide a better way for parents to save for their children's future education.

So, I am pleased to introduce new features that will enhance your experience with the Foundation and its Distributors' as well as provide an overview of the Global Plan Financials in 2006.

## **Global Client Centre Online— Access to your Global Plan information online**

Starting April 2, 2007, clients can access their Global Plan account online and get up-to-date account information including account balances, deposits, enrollment fees and Global Plan growth as well as previous annual statements—anytime, anywhere, securely and conveniently.

In addition, clients can send secure e-mail communications to Client Services and see other important client information.

To visit the Global Client Centre Online, go to “[www.globalfinancial.ca](http://www.globalfinancial.ca)” and click on the “My Account” link on the main web page or go to “[myaccount.globalfinancial.ca](http://myaccount.globalfinancial.ca)”. On your Annual Client Statement, you will find your “Web Access Code” printed beside your account number. Please keep this information in a secure place.

## **Financial Overview**

In 2006, more parents continued to enroll their children in the Global Plan throughout Canada. By the end of 2006, over 6,100 children enrolled in the Global Plan—an increase of about 12% over the previous year.

Total assets under administration for the Global Plan increased about 32% over 2005 to approximately \$149 million. Although certain financial markets experienced volatility, the return on investment for the Global Plan in 2006 was 4.21%, before fees and depending on the individual's deposits and grant mix. The average return on investment,

before fees, of the Global Plan was approximately 5.9% since inception.

Families have received approximately \$15 million (in Education Financial Assistance (EFA) payments and returned deposits) to fund their children's education since the Global Plan's inception. In 2006 alone, families had access to approximately \$2.4 million in EFA.

## Alberta Centennial Education Savings (ACES) Changes

The Alberta government has recently changed the ACES Plan to include other children in Alberta and not just children born on or after January 1, 2005.

Now, the subsequent grants of \$100 are available to children attending Alberta schools at ages 8, 11 and 14 who turn these ages on or after January 1, 2005 and whose parents live in Alberta.

The first \$100 grants were available January 1, 2007. A child will not have to receive previous grants in order to qualify for \$100 grants. These grants require a minimum \$100 invested in an

RESP within one year prior to application. I encourage you to talk to your Global Representative† to see if you now qualify.

## Serving Our Clients

As Global continues to grow, we look for new and better ways to serve you—our valued clients. If you know anyone who would benefit from the Global Plan or who would be an excellent Global Representative, please let us know.

**On behalf of our dedicated employees and Sales Representatives thank you for your continued support.** ■

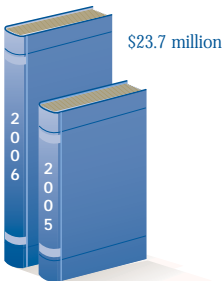


Sam Bouji  
*President and CEO*

† Global Educational Marketing Corporation, Global Maxim Investments Inc. or approved distributor

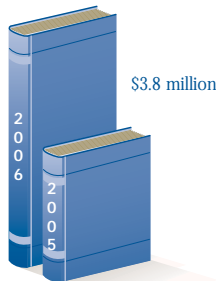
### Accumulated Government Grants\*\*

\$31.5 million



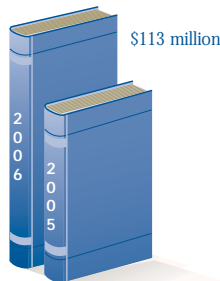
### Funding Available to Families

\$7.2 million



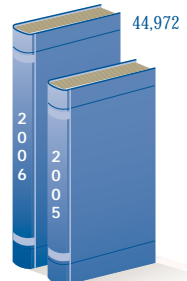
### Assets under Administration\*\*

\$149 million



### Agreements

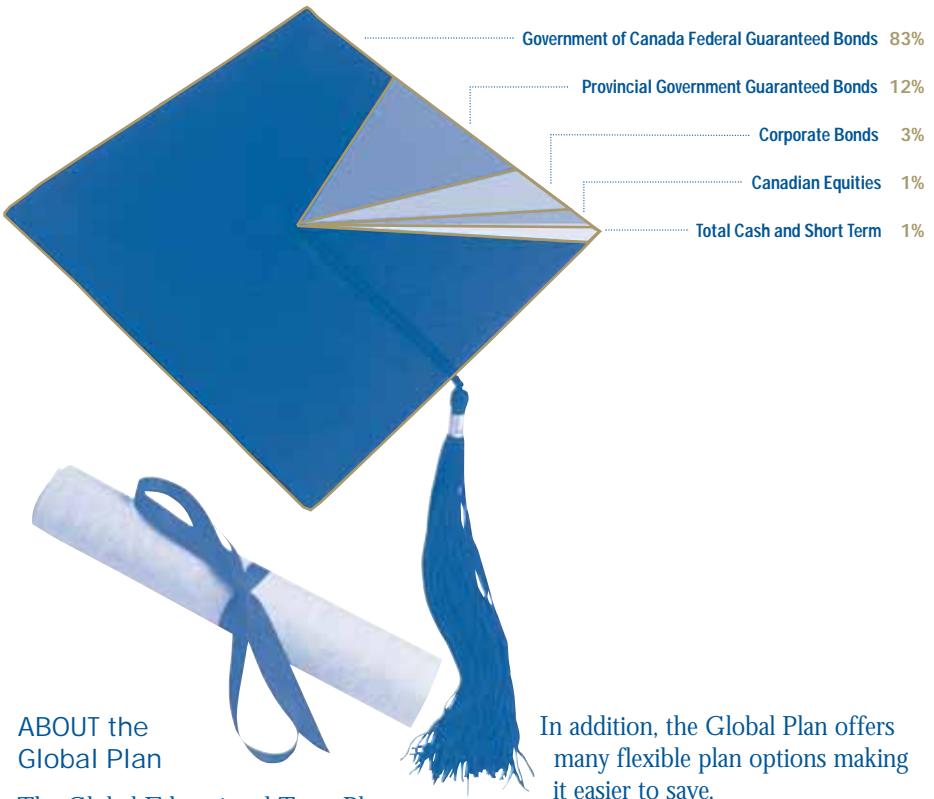
51,094



\*\* Book value

# Global Plan Portfolio Asset Allocation

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## ABOUT the Global Plan

The Global Educational Trust Plan (Global Plan) is an education savings plan that provides a disciplined approach to saving for a child's education. When registered, the Global Plan offers tax-deferred growth as well as access to government funding of up to \$9,200 per child.

The Global Plan combines many of the best features found in individual and group scholarship plans—investments that are low-risk, professionally managed, and pooled for potentially higher returns.

In addition, the Global Plan offers many flexible plan options making it easier to save.

## ABOUT the Foundation

The Global Educational Trust Foundation (the Foundation) is a not-for-profit organization whose primary objective is to provide financial assistance to students enrolled at approved post-secondary educational institutions. As sponsor and administrator of the Global Plan, the Foundation is considered to be the promoter.

# Helping Parents and Students in Canada

Since the inception of the Global Plan, families have accessed approximately \$15 million in funds to help pay for educational expenses such as tuition, accommodations, travel, books and meals.

The Global Plan is designed with students needs in mind providing some of the most flexible options available. Whether it's funding post-graduate studies, taking time off between studies or changing programs or schools, students can continue to use their Global Plan to fund their education without penalty or funding interruptions.

The following stories are just some of the approximately 1,100 families that the Global Plan helped in 2006.

Mr Hussan Bawa and Mrs Siddiqua Fatma Bawa

*Calgary, Alberta*

The Global Plan allowed their son, Faraz Bawa, the flexibility to change programs. Faraz originally was studying Natural Sciences at the University of Calgary. After three years of Natural Science studies, he decided to switch to Business studies. Their Global Plan could be used to fund his change of study without penalty or delay in funding.

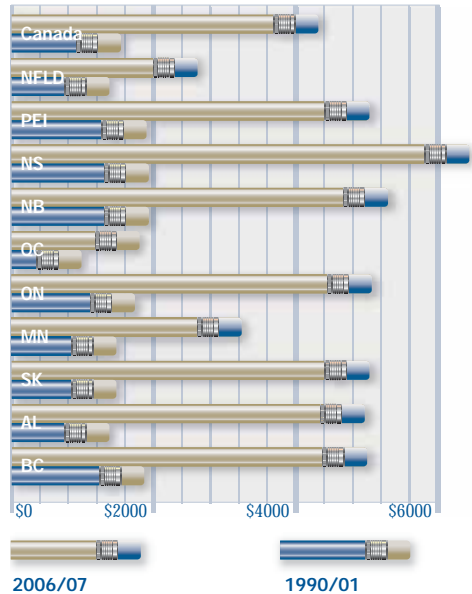
Mr David Peneycad and Mrs Jori Peneycad

*Toronto, Ontario*

Enrolled in the first-year at Brock University, their son, Brandon is taking a four-year Accounting program. Including the costs to live in residence, Brandon's education expenses are about \$15,000 annually.

Brandon's father believes that they made the right choice with the Global Plan. The Global Plan's disciplined approach to saving helped them set aside regular

**Average Undergraduate Tuition Fee**  
from "University Tuition Fees", *The Daily, Statistic Canada website, Sept 1., 2006*



monthly deposits. He believes that saving regularly helped reach their educational funding goal.

Brandon's father only regrets not starting the plan sooner. He suggests that parents with young children should start saving now to maximize their government grants.

Mrs. Nelli Chaymann and Mr Mark Chaymann

***Hamilton, Ontario***

Semyon, their son, attends McGill University in Montreal. He is enrolled in the first year of Environmental Studies program and lives in residence.

The family is happy with their Global Plan and its many good features. They only realized the cost of education six years ago when their niece went to university and they were surprised at the cost.

Although they didn't invest a lot of money, Semyon's mother admits that the addition of the grants helped

considerably. She advises parents to start an RESP as early as possible.

Mr Gary Varsava and Mrs Lisa Varsava

***Port Elgin, Ontario***

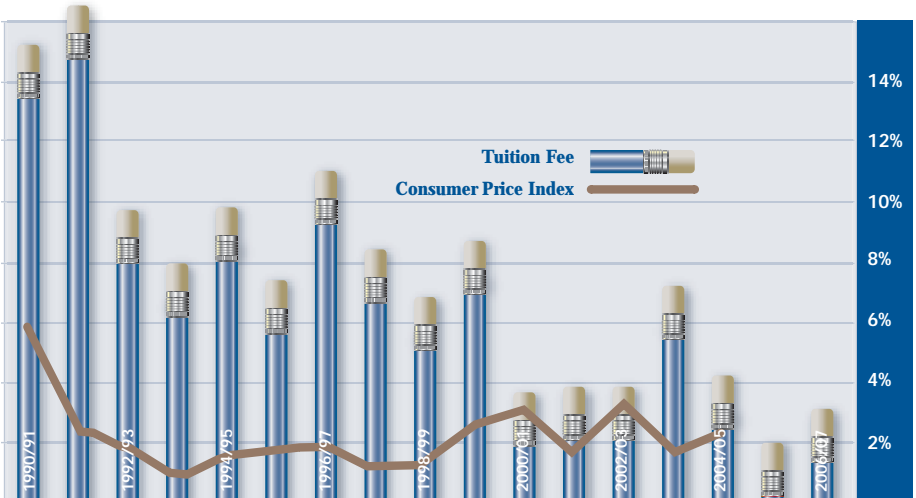
Michael, their son, is enrolled in the first year of a three year Bachelor of Arts program at Nipissing University. He plans to take another year of Teacher's College as well.

Michael has been working for the last couple of years to save for his education. His parents also helped by opening a Global Plan. The costs of tuition, residence and meals were some of his major costs. The Global Plan helped pay for about half the entire cost for a year.

He appreciates that because his parents opened the Global Plan, he didn't have to get a student loan like many of his fellow students. ■

**Rates of Increase in Undergraduate Tuition Fees vs Inflation**

from "University Tuition Fees", The Daily, Statistic Canada website, Sept. 1, 2006



# Proposed Budget 2007 helps make RESPs more accessible to Canadians

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The Federal Government's Budget 2007 proposes to lift some of the Registered Education Savings Plan (RESP) restrictions. Removing these restrictions will allow parents to contribute more to their children's education savings plan, sooner.

"These proposed changes to the RESP limits will hopefully encourage more parents to start saving for their children's college and university education," says Chairman and CEO Sam Bouji, Global Educational Marketing Corporation.

Currently, less than half of Canadian parents are saving for their children's post-secondary education and taking advantage of the \$9,200 in government grants.

Here are the key changes:

## **Registered Educational Savings Plan Proposed Changes**

- Eliminating the \$4,000 annual RESP contribution limits
- Increasing the lifetime contribution limit from \$42,000 to \$50,000

## **Canadian Education Savings Grant Proposed Changes**

- Increasing the maximum annual RESP contribution qualifying for the 20% CESG from \$2,000 to \$2,500-which adds \$100 in eligible grant to a total of \$500. As a result, the maximum unused grant room where parents can 'catch-up' their CESG-eligible RESP contributions increases from \$800 to \$1,000 a year.

With compounded growth, even small increases early in the education savings

plan can result in additional thousands of dollars towards their children's college or university education.

In addition to the changes to RESP contribution limits, the government is also proposing to loosen what education RESPs can fund.

"Many people don't have the time to attend college or university full-time," says Bouji. "Any changes that improves the accessibility of higher education is a step in the right direction."

## **Proposed Changes to what an RESP can fund**

- Reduce the part-time studies qualifying criteria from 10 hours per week to 12 hours per month for a course at least 3 consecutive weeks
- Allow up to \$2,500 in Education Assistance Payments for each 13-week semester of study

These proposed changes have not taken affect. Once legislation and delivery systems are in place, Canadians will be able to take advantage of these changes. More details will be available from the government by the end of the year.

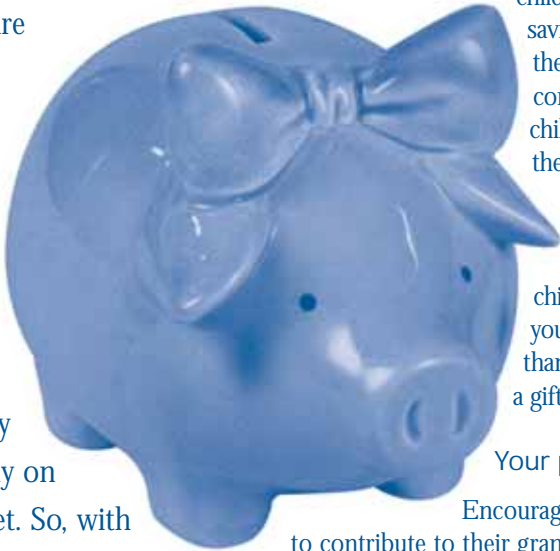
The cost for tuition and other expenses related to the post-secondary studies (such as books, supplies and accommodations) continue to rise. By the time a child born this year is ready to go to university, the cost is estimated to reach well over \$100,000 for an average four-year Bachelor of Arts Degree (according to the federal government's "CanLearn" website [www.canlearn.ca](http://www.canlearn.ca), using the Education Cost Calculator). ■

# Ideas to help you save for your children's education

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Many parents want to contribute more to their children's education savings plan. They understand the importance of saving early and the impact that will make when their children are ready to attend college or university.

But saving for something that's years away can be tough especially if you're already on a limited budget. So, with all the costs related to raising newborns and young children, how do you save more for your child's education? It can be easier than you think.



## Here are some suggestions:

### The gift of an education

Remember, you're not the only person who can help fund your child's education. Tell your family and friends about your children's education savings plan. Ask them to contribute to your children's plan on the next birthday or other special holiday. It helps your children. It helps you and it's easier than shopping for a gift.

### Your parents

Encourage your parents to contribute to their grandchildren's future education. They can open an additional education savings plan for your children and make regular contributions. It's a great way to make your parents feel included in your children's future.

### Teach your children the value of money and saving

As your children get older, they will start to beg you to buy candy or chocolate, the newest toy, the latest video game, the trendiest clothes or some other cool,

neat or awesome thing.

When this happens, consider giving them an allowance and teaching them the value of money and saving for the things that they want. Teach them to set aside part of their allowance towards their future education.

When your children become old enough to work a paper route or other part-time job, they will be in the habit contributing into their own education's savings plan.

### Invest your tax refund

Did you make an RRSP contribution or overpayment in your income taxes? If so, use your tax refund to fund your child's education savings plan. Don't forget that this money could also qualify for the Canada Education Savings Grant.

### Apply for all the grants

If you opened your children's education savings plan more than a year ago, you may be missing out on additional funding. During the last year, the government introduced additional grants that you may not have originally applied for. These additional grants could add up to \$2,300 to your children's education savings plan. If you live in Alberta, your children may now qualify for part of the Alberta Centennial Education Savings grant.

### Reduce your personal expenses

Watching your expenses doesn't mean that you have to completely eliminate it. Simple things can help free up money that can be used to fund your children's education. Here are some examples:

Brown bag your lunch once a week instead of buying your lunch everyday.

Go out to the movies every other week rather than weekly. Reduce your bank service charges by withdrawing one lump sum instead of several smaller withdrawals. Buy a medium coffee every day rather than a large size. Small changes in your lifestyle could free up another \$25 a month for your children's education-and you probably won't even notice the changes.

Consider doing any or all of these ideas to help fund your children's education. Remember with compounded growth, even small monthly increases early in the Plan can result in additional thousands of dollars towards your children's college or university education.

For more information about saving for your children's Education Savings Plan, contact your financial professional today. ■

# MANAGEMENT REPORT OF FUND PERFORMANCE

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This annual management report of fund performance contains financial highlights but does not contain the complete annual audited financial statements of the Global Educational Trust Plan (“Global Plan”). You may obtain an additional copy at no cost by visiting our Web site at [www.globalfinancial.ca](http://www.globalfinancial.ca) or SEDAR at [www.sedar.com](http://www.sedar.com), or by calling Global Client Services at 1-877-460-7377. You may also write to us at 800 Arrow Road, Suite 1100, Toronto, Ontario M9M 2Z8.

This annual management report of fund performance contains financial highlights but does not contain the complete annual audited financial statements of the Global Educational Trust Plan (“Global Plan”). You may obtain an additional copy at no cost by visiting our Web site at [www.globalfinancial.ca](http://www.globalfinancial.ca) or SEDAR at [www.sedar.com](http://www.sedar.com), or by calling Global Client Services at 1-877-460-7377. You may also write to us at 800 Arrow Road, Suite 1100, Toronto, Ontario M9M 2Z8.

The Global Educational Trust Foundation (the Foundation) views corporate governance and compliance as important contributors to overall corporate performance and long-term investment returns. We support the proxy voting guidelines established by our Investment Managers. Investment restrictions contained in the Canadian Securities Administrators policy as well as the Foundation’s investment policy result in the Foundation primarily

investing in Federal and Provincial Government fixed income securities. As a result, proxy voting is not applicable at this time.

## **Investment Objective and Strategies**

The Foundation invests in a prudent manner, with the objective to protect your principal and deliver a positive return on your Global Plan investment. The Foundation invests primarily in Canadian fixed income securities including Canadian federal and provincial government bonds. Scotia Cassels Investment Counsel Ltd. manages the Global Plan’s assets. The assets are allocated among different market sectors and different maturity segments at our portfolio managers’ discretion, but subject to the guidelines defined in our Foundation investment policies and mandates. Our investment professionals actively manage the Global Plan, focusing on strategies where value

can be added on a sustainable basis. These strategies include yield curve positioning, sector allocation, credit research and interest rate risk (duration) management.

## Risk

No major or significant changes in fiscal 2006 had an impact on the overall risk level of any investments in the Global Plan. The average duration of the portfolio has a neutral impact on return. Furthermore, the Foundation's investment philosophy, style and method remain the same.

## Results of Operations

For 2006, the Global Plan's rate of return was 4.21%. This translates into \$4.6 million increase in the value of plan assets added by our investment professionals. The Global Plan's overall asset mix did not experience any change from the previous period. At December 31, 100% was invested in bonds, money market funds, Government of Canada treasury bills, and investment grade Corporate bonds.

The first and second half of 2006 were very different for bond markets. Yields rose sharply in the first half of the year as central bank raised rates 100 basis points and inflation remained elevated. US longer term Yields rose back above levels set before the Federal Reserve tightening began in June 2004 (10 YR Treasuries yields rose above 4.90%) – key factors; Economic Growth and Synchronized monetary policies

In the second half of the year central banks paused, growth slowed and

inflation leveled off. The yield curve continued to flatten in 2006 and became inverted – reaching as low as -19 basis points between the 2 and 10 year yields by the fourth quarter.

Bond market prices moved slightly lower during the fourth quarter of 2006. With the U.S. Federal Reserve and the Bank of Canada on hold since the summer, the bond market moved back and forth with each economic data point.

Strategic positioning of our portfolios by our team of experts allowed the Foundation to capitalize on economic events during the year.

## Recent Developments

Going forward, it is expected that the curve will steepen as the central banks begin to lower rates. The portfolio is positioned for a peak in short-term rates in North America. This should result in the curve gradually normalizing over the next year. Canadian bond rates remain very low compared to equivalent U.S. rates and appear likely to underperform in 2007 as U.S. rates “catch-up” with Canada. A higher than market weight is being maintained in AAA- Government of Canada yields as credit spreads versus provincials are very tight but good quality corporates are still expected to do well under the “soft-landing” scenario. Our portfolio management for 2007 will remain consistent with our investment philosophy. As always, our goal is to provide safety of principal and potential of out performance over the long term for our contributors and beneficiaries.

## Financial and Operating Highlights (with comparative figures)

The following table shows key financial data for the Global Plan and is intended to help you understand the Global Plan's financial results for the past five fiscal years ended December 31, 2006

and Education Assistance Payments (EAP). The annual administration fee is calculated as 1% of the Assets under administration, which is paid monthly. This includes investment counsel fee payable to Scotia Cassels Investment Counsel Limited and trustee fee payable

### Financial and Operating Highlights (with comparative figures)

<b>Balance Sheet</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Total Assets	149,356,971	113,070,216	79,591,529	52,352,233	31,187,833
Net Assets	46,667,252	35,878,040	25,135,863	16,389,856	9,896,762
% Change of Net Asset	30.07%	42.74%	53.36%	65.61%	117.07%
<b>Statement of Operations</b>					
EAP	(666,886)	(375,660)	(224,310)	(99,880)	(55,309)
Canadian Education Savings Grant	(887,870)	(506,916)	(346,758)	(159,055)	(43,292)
Net Investment Income	4,691,412	3,641,504	2,476,195	1,923,750	1,069,980
<b>Other</b>					
Total number of agreements	51,094	44,972	39,179	32,658	25,676
% Change in the total number of agreements	13.61%	14.79%	19.97%	27.19%	32.68%

## Management Fees

### Administration Fees

An annual administration fee of \$1.268 million comprising Global Plan administration and financial reporting expenses was accrued to the Foundation, for the administration of the Global Plan according to the Education Savings Plan Agreement. The administration of the Global Plan includes processing and call centre services related to new and existing agreements, payments, Canada Education Savings Grant (CESG), plan modifications, terminations, maturities

to Bank of Nova Scotia Trust Company amounting to \$240,000

### Related Party Transactions.

The Foundation has delegated certain administrative and distribution functions to Global Educational Marketing Corporation ("GEMC"), which is registered as a scholarship plan dealer under securities legislation of each of the provinces and territories of Canada in which it operates to sell scholarship plans. GEMC is the (primary) distributor of the Global Plan.

In exchange for its administrative services, GEMC receives an amount equal to the administration costs accrued to the Foundation. The administration services agreement is renewable on an annual basis.

The Global Plan may be considered to be available to connected issuers of GEMC. A connected issuer includes an issuer distributing securities that has a relationship with a securities dealer or certain parties related to that dealer,

which may mean that the dealer and the issuer may or may not be independent of each other. Global Maxfin Investments Inc. is a connected issuer of GEMC.

## Summary of Investment Portfolio

The Global Plan is known as an individual pooled education savings plan where the funds held in trust are invested collectively and professionally managed.

### Summary of Top 25 Positions in the Investment Portfolio

Subscribers' contributions and CESG invested	Par Value	Cost/Amortized Cost	Market Value	Percentage of Total Assets
	\$	\$	\$	%
Government of Canada, 5.00%, due June 1, 2014	23,335,000	24,665,011	24,722,100	16.98
Government of Canada, 4.00%, due June 1, 2017	21,820,000	21,510,217	21,625,809	14.85
Government of Canada, 8.00%, due June 1, 2023	11,075,000	16,103,156	16,085,532	11.05
Government of Canada, 4.00%, due June 1, 2016	14,610,000	14,502,873	14,518,688	9.97
Government of Canada, zero coupon, due December 1, 2008	9,100,000	8,934,717	8,430,104	5.79
Government of Canada, 5.00%, due June 1, 2014	7,420,000	7,841,971	7,861,066	5.40
Government of Canada, 8.00%, due June 1, 2023	5,015,000	7,266,341	7,283,877	5.00
Government of Canada, 4.00%, due June 1, 2017	7,085,000	6,983,626	7,021,946	4.82
Government of Canada, 4.00%, due June 1, 2016	6,225,000	6,188,178	6,186,094	4.25
Canadian Housing Trust, 5.1%, due September 15, 2007	4,915,000	4,955,844	4,944,803	3.40
Ontario Hydro, zero coupon, due February 18, 2015	3,900,000	2,549,847	2,750,502	1.89
Province of Ontario, 5.375%, due December 2, 2012	2,300,000	2,373,404	2,443,209	1.68
Province of Ontario, 4.40%, due November 19, 2008	2,300,000	2,318,396	2,310,966	1.59
Canada Housing Trust, 5.1%, due September 15, 2007	2,185,000	2,203,099	2,198,249	1.51
Canada Housing Trust, 3.70%, due September 15, 2008	1,150,000	1,146,550	1,142,083	0.78
Province of British Columbia, zero coupon, due December 4, 2017	1,700,000	975,547	1,049,065	0.72
Hydro Quebec, 10.00%, due September 26, 2011	833,000	1,093,876	1,038,006	0.71
Ontario Hydro, zero coupon, due April 15, 2018	1,675,000	973,479	1,013,883	0.70
Government of Canada, 5.50%, due June 1, 2009	979,000	1,055,051	1,012,864	0.70
Ontario Hydro, zero coupon, due April 11, 2016	1,419,000	861,459	946,682	0.65
Government of Canada, 5.50%, due June 1, 2010	797,000	833,522	835,422	0.57
Business Development Bank of Canada, European stock index linked note, Series 2, due December 31, 2008	1,000,000	1,000,000	832,100	0.57
Province of British Columbia, zero coupon, due March 8, 2015	1,135,000	736,128	799,093	0.55
Province of Quebec, 6.00%, due October 1, 2012	640,000	668,826	697,191	0.48
Province of Saskatchewan, 5.50%, due June 2, 2008	598,000	620,763	608,810	0.42

For purposes of meeting target duration of the portfolio, cash and short-term investments may include cash, debt securities with maturities of one year or less and short-term bonds See note 4 in Audited Financial Statements for listing of investments.

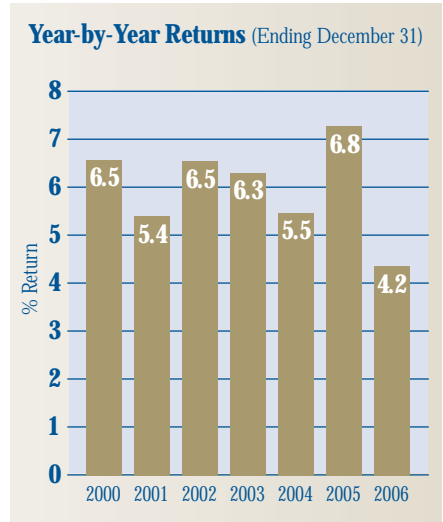
### Past Performance

Our investment philosophy has always been to safeguard our Global Plan holders' investments while providing stable and consistent returns. In setting the Foundation's investment objective, we focused on two fundamental factors – matching assets to liabilities and the Global Plan's ability to assume risk. Using an asset liability model, we assessed the long-term risk and return tradeoffs of allocating a different mix of assets to bonds across several maturities, variable rate instruments as well as short-term securities. The portfolio is managed by a leading Canadian investment firm. Separate asset classes and benchmarks were established to evaluate investment management performance. The performance of each asset class is measured against benchmarks that simulate the results of the investment strategies employed by the investment managers. Past performance of the Global Plan is set out in the following charts and the compound returns table. Investment returns have been calculated using market values and time-weighted cash flows during the periods. These rates of return do not take into account expenses incurred by the Global Plans including administration, custodial and

investment counsel fees, and management fees, where applicable. Past returns of the Global Plan do not necessarily indicate how it will perform in the future.

### Year-by-Year Returns

The following bar chart illustrates the Global Plan's annual performance in each of the past six years to December 31, 2006. The chart illustrates in percentages the return on investment for each of the financial years.



## Annual Compound Returns

The following table illustrates the Plan's annual compounded returns for the periods shown ending December 31, 2006:

	1 year Period	3 years Period	5 years Period
Return %	4.2	5.5	5.9

The Foundation's investment strategy is to passively buy and hold allowable investments while effectively trading to capitalize on investment opportunities in a changing interest rate environment. The total Global Plan return is measured against a Canadian dollar-denominated benchmark, the Scotia Capital 91 day T-bill index and the Scotia Capital Universe (all government) bond index.

## Management's Responsibility for Financial Reporting

The accompanying financial statements of Global Plan have been prepared by management and approved by the Board of Directors of 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 Plan, through GEMC, which administers the Global Plan, maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial

statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgements. The significant accounting policies, which management believes are appropriate for the Global Plan, are described in Note 2 to the Financial Statements. PricewaterhouseCoopers LLP are the external auditors of the Global Plan. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Global Plan holders their opinion on the financial statements. Their report is set out below.

On behalf of the Board of Directors,



**Sam Bouji**

*Chief Executive Officer*



**Frank Gataveckas**

*Chief Financial Officer*

# AUDITORS' REPORT

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## **To the Directors of Global Educational Trust Foundation**

*March 15, 2007*

We have audited the statements of net assets of Global Educational Trust Plan as at December 31, 2006 and 2005 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 Global Educational Trust Plan as at December 31, 2006 and 2005 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

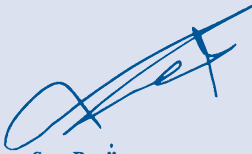
Chartered Accountants

# GLOBAL EDUCATIONAL TRUST PLAN STATEMENTS OF NET ASSETS

As at December 31, 2006 and 2005

<b>Assets</b>	<b>2006</b> \$	<b>2005</b> \$
<b>Cash and short-term investments</b>	<b>3,071,413</b>	5,849,688
<b>Accounts receivable</b> (note 4)	-	134,250
<b>Investments</b> - at market value (cost - \$145,547,050; 2005 - \$105,325,250) (notes 2 and 3)	<b>145,617,837</b>	106,650,673
<b>Accrued interest</b>	<b>667,721</b>	435,605
	<u><b>149,356,971</b></u>	<u>113,070,216</u>
 <b>Liabilities</b>		
<b>Accounts payable</b> (note 4)	<b>1,100,816</b>	85,894
<b>Subscribers' Savings Account</b> (notes 2 and 5) (schedule 2)	<b>101,588,903</b>	77,106,282
	<u><b>102,689,719</b></u>	<u>77,192,176</u>
 <b>Net Assets</b>	 <b><u>46,667,252</u></b>	 <b><u>35,878,040</u></b>
 <b>Represented by</b>		
Accumulated government grants deposits (note 6) (schedule 2)	<b>31,534,103</b>	23,767,402
Accumulated and undistributed investment income and realized gains on investments (schedule 2)	<b>15,062,362</b>	10,785,215
Unrealized appreciation of investments	<b>70,787</b>	1,325,423
	<u><b>46,667,252</b></u>	<u>35,878,040</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 STATEMENTS OF OPERATIONS

For the years ended December 31, 2006 and 2005

	2006 \$	2005 \$
<b>Investment income</b>		
Interest	<u>6,162,603</u>	<u>4,637,259</u>
<b>Expenses</b>		
Administration fees (note 4)	1,268,375	917,422
Audit costs	66,077	-
Other charges	136,939	78,333
	<u>1,471,191</u>	<u>995,755</u>
<b>Net investment income</b>	<u>4,691,412</u>	<u>3,641,504</u>
<b>Realized and unrealized gains on investments</b>		
Realized gain on sale of investments	411,437	1,604,085
Change in unrealized appreciation of investments (note 2)	<u>(1,254,636)</u>	<u>(192,951)</u>
<b>Net realized and unrealized (losses) gains on investments</b>	<u>(843,199)</u>	<u>1,411,134</u>
<b>Increase in net assets from operations for the year</b>	<u>3,848,213</u>	<u>5,052,638</u>

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

## GLOBAL EDUCATIONAL TRUST PLAN STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2006 and 2005

	2006 \$	2005 \$
<b>Increase in net assets from operations for the year</b>	<b>3,848,213</b>	5,052,638
<b>Canada Education Savings Grants (CESG)</b>	7,596,697	6,652,024
<b>Canada Learning Bond</b>	560,903	-
<b>Alberta Centennial Education Savings Plan (ACES)</b>	496,972	-
<b>Payments to nominees</b>		
Education Assistance Payments	(666,886)	(375,660)
Government grants	(887,870)	(506,916)
Government grants income	<u>(158,817)</u>	<u>(79,909)</u>
<b>Increase in net assets during the year</b>	<b>10,789,212</b>	10,742,177
<b>Net assets - Beginning of year</b>	<u>35,878,040</u>	<u>25,135,863</u>
<b>Net assets - End of year</b>	<b>46,667,252</b>	35,878,040

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, 2006 and 2005

<b>Year of eligibility</b>	<b>Number of units outstanding</b>	<b>Principal plus accumulated income</b> <b>\$</b>	<b>Government grants plus accumulated income</b> <b>\$</b>
2000	84	36,960	8,720
2001	111	29,729	5,990
2002	527	36,840	5,047
2003	1,958	128,817	21,114
2004	5,642	601,405	99,045
2005	9,903	1,454,047	259,770
2006	16,385	3,268,085	576,201
2007	23,492	6,706,682	1,346,174
2008	30,410	7,872,256	1,717,831
2009	37,903	8,197,051	1,873,279
2010	49,876	9,067,742	2,235,340
2011	56,107	8,397,616	2,225,845
2012	70,693	8,921,056	2,448,270
2013	74,935	7,815,832	2,290,668
2014	80,858	7,530,116	2,309,159
2015	90,440	7,077,439	2,338,682
2016	93,146	6,752,034	2,313,149
2017	102,951	6,639,075	2,316,952
2018	111,192	6,195,040	2,298,158
2019	111,297	5,049,250	2,049,889
2020	124,682	4,697,608	2,054,257
2021	117,639	2,964,361	1,608,475
2022	117,644	1,622,804	1,373,094
2023	110,220	647,142	1,003,174
2024	91,471	464,458	508,852
2025	40,661	117,883	357,477
2026	28,485	4,477	222,081
2027	9,688	-	22,870
<b>December 31, 2006</b>	<b>1,608,400</b>	<b>112,295,805</b>	<b>35,889,563</b>
<b>December 31, 2005</b>	<b>1,223,413</b>	<b>84,845,942</b>	<b>26,812,957</b>

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, 2006 and 2005

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

Opening agreements	Inflow agreements	Outflow agreements	Closing agreements
44,972	8,708	(2,586)	51,094

The following reconciles schedule 1 to the statements of net assets: \$

Total principal, government grants and accumulated income (schedule 1)	148,185,368
Represented in the statements of net assets by	
Subscribers' Savings Account	101,588,903
Accumulated government grants deposits	31,534,103
Accumulated and undistributed investment income and realized gains on investments	15,062,362
	148,185,368

## 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 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 through the conditions as set out in the EFA Agreements. 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 GAAP, include estimates and assumptions made by management that affect the reported amounts. Actual results could differ from these estimates and the differences could be significant. The following is a summary of significant accounting policies followed by the Plan.

### **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 statement of net assets.

### **Deductions from subscribers' deposits**

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

### **Enrolment fees**

An enrolment fee is required as part of the initial contribution under each educational savings plan agreement. Sponsored Group Plans have a fee structure which is management fee based. Enrolment fees collected during the reporting period are paid to GEMC.

### **Investments**

Investments in bonds are stated at market values, determined using prices quoted by dealers active in trading such bonds.

Interest income is recognized on an accrual basis. 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 on a straight-line basis.

### **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 are valued at amortized cost, which approximates market value.

### 3. Investments

	Par value \$	Cost/ amortized cost \$	Market value \$
<b>Subscribers' contributions invested</b>			
Bank of Montreal, deposit note, 4.66%, due March 31, 2009	500,000	511,700	503,975
Business Development Bank of Canada, European stock index linked note, Series 2, due December 31, 2008	1,000,000	1,000,000	832,100
Canada Housing Trust, 3.55%, due March 15, 2009	200,000	199,756	197,708
Canada Housing Trust, 3.70%, due September 15, 2008	1,150,000	1,146,550	1,142,083
Canadian Housing Trust, 5.1%, due September 15, 2007	4,915,000	4,955,844	4,944,803
Canadian Imperial Bank of Commerce, 4.95%, due September 2, 2010	500,000	508,750	510,380
Enbridge Inc., 5.621%, due January 4, 2007	125,000	130,900	125,000
Government of Canada, 4.00%, due June 1, 2016	14,610,000	14,502,873	14,518,688
Government of Canada, 4.00%, due June 1, 2017	21,820,000	21,510,217	21,625,809
Government of Canada, 5.00%, due June 1, 2014	23,335,000	24,665,011	24,722,100
Government of Canada, 8.00%, due June 1, 2023	11,075,000	16,103,156	16,085,532
Government of Canada, zero coupon, due December 1, 2008	9,100,000	8,934,717	8,430,104
Great West Lifeco Inc., callable, 6.14%, due March 21, 2018	500,000	530,800	560,453
Hydro Quebec, 10.00%, due September 26, 2011	833,000	1,093,876	1,038,006
Hydro Quebec, 10.25%, due July 16, 2012	275,000	363,688	356,279
Mutual Life Assurance Co., Series 2, 6.30%, due May 15, 2028	500,000	493,000	579,439
National Bank of Canada, 6.25%, due October 31, 2007-12	400,000	429,920	406,000
Ontario Hydro, zero coupon, due April 11, 2016	1,419,000	861,459	946,682
Ontario Hydro, zero coupon, due April 15, 2018	1,675,000	973,479	1,013,883
Ontario Hydro, zero coupon, due February 18, 2015	3,900,000	2,549,847	2,750,502
Province of British Columbia, zero coupon, due March 8, 2015	1,135,000	736,128	799,093
Province of British Columbia, zero coupon, due December 4, 2017	1,700,000	975,547	1,049,065
Province of New Brunswick, 9.25%, due January 18, 2013	448,000	580,518	568,233
Province of Ontario, 4.40%, due November 19, 2008	2,300,000	2,318,396	2,310,966
Province of Ontario, 5.00%, due March 8, 2014	175,000	180,863	182,950
Province of Ontario, 5.375%, due December 2, 2012	2,300,000	2,373,404	2,443,209
Province of Quebec, 9.00%, due February 10, 2012	238,000	288,485	289,653
Toronto-Dominion Bank, callable, variable rate, 5.69%, due June 3, 2013-18	500,000	520,750	533,446
TransCanada Pipelines Ltd., redeemable, 6.05%, due February 15, 2007	375,000	397,500	375,606
TransCanada Pipelines Ltd., redeemable, 6.15%, due October 1, 2007	125,000	133,213	126,622
	109,970,347	109,968,369	109,968,369

	<b>Par value \$</b>	<b>Cost/ amortized cost \$</b>	<b>Market value \$</b>
<b>Government Grants invested</b>			
Canada Housing Trust, 5.1%, due September 15, 2007	2,185,000	2,203,099	2,198,249
Canada Mortgage and Housing Corp., 5.50%, due June 1, 2012	383,000	397,139	408,634
Government of Canada, 4.00%, due June 1, 2016	6,225,000	6,188,178	6,186,094
Government of Canada, 5.00%, due June 1, 2014	7,420,000	7,841,971	7,861,066
Government of Canada, 4.00%, due June 1, 2017	7,085,000	6,983,626	7,021,946
Government of Canada, 5.50%, due June 1, 2009	979,000	1,055,051	1,012,864
Government of Canada, 5.50%, due June 1, 2010	797,000	833,522	835,422
Government of Canada, 8.00%, due June 1, 2023	5,015,000	7,266,341	7,283,877
Province of British Columbia, debenture, 5.70%, due June 1, 2009	458,000	469,767	474,531
Province of Manitoba, 5.20%, due December 3, 2015	160,000	158,480	169,984
Province of New Brunswick, 6.00%, due December 27, 2017	350,000	372,372	397,599
Province of Ontario, 6.125%, due September 12, 2007	487,000	517,568	493,201
Province of Quebec, 6.00%, due October 1, 2012	640,000	668,826	697,191
Province of Saskatchewan, 5.50%, due June 2, 2008	598,000	620,763	608,810
		<u>35,576,703</u>	<u>35,649,468</u>
		<u>145,547,050</u>	<u>145,617,837</u>

#### 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.
- b) GEMC receives enrolment fees from subscribers that are deducted from deposits made by subscribers. In addition, 23% 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 receivable include \$nil (2005 - \$134,250) due from GEMC and accounts payable include \$897,260 (2005 - \$nil) payable to GEMC.

## 5. Subscribers' Savings Account

2006  
\$

2005  
\$

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

Subscribers' Savings Account - Beginning of year	77,106,282	54,331,232
Subscribers' deposits	44,705,862	39,243,491
Enrolment fees (note 4)	(12,238,918)	(11,070,652)
Depository fees (note 4)	(490,592)	(434,420)
Insurance premiums (note 4)	(264,583)	(223,597)
Special services fees (note 4)	(140,134)	(117,048)
Principal withdrawals on terminations or return of deposits	(7,089,014)	(4,622,724)
Subscribers' Savings Account - End of year	<u>101,588,903</u>	<u>77,106,282</u>

## 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 CESG per child is 20% of RESP contributions of up to \$2,000 made on behalf of each nominee in a year (i.e., maximum CESG of \$400).

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 age 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.

## **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. Financial instruments**

The Plan's financial instruments, consisting of cash and short-term investments, accounts receivable, accrued interest and accounts payable are carried at cost which, unless otherwise noted, approximates fair value. Investments are carried at market values as described in note 2. It is management's opinion that the Plan is not exposed to significant credit or foreign exchange risks. Investments in fixed income securities, such as bonds and short-term investments, are inherently subject to risks from interest rate fluctuations. ■

A young boy with short hair, wearing a plaid shirt and cargo pants, is sitting on a blue locker. He is smiling and gesturing with his right hand, palm up. The background is a row of blue lockers. The entire image has a blue tint.

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