

MESSAGE FROM THE PRESIDENT

Providing 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 will be able to 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 “myaccount.globalfinancial.ca” or go to “www.globalfinancial.ca” and click on the “My Account” button on the main web page. On your Annual Client Statement, you will find your “Sign-in” name and password printed beside your account number. Please keep this information in a secure place.

Financial Overview

In 2006, more parents continue 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 of the Global Plan for 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 Education Financial Assistance (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.

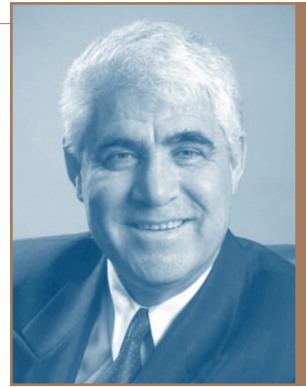
Serving Our Clients

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 by completing the Global Referral insert included with your Annual Client Statement. And, you'll have a chance* to win a \$100 gift card.

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



Sam Bouji
President and CEO
Global Educational Trust Foundation

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President and CEO

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

* For contest terms and conditions, please visit our website at www.globalfinancial.ca/referral or contact Client Services toll free at 1-877-460-7377 or in Toronto at (416) 741-7377.

AUDITORS' REPORT

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

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

For the years ended December 31, 2006 and 2005

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

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

GLOBAL EDUCATIONAL TRUST PLAN SCHEDULE 1 - SCHEDULE OF EDUCATIONAL FINANCIAL ASSISTANCE AGREEMENTS

As at December 31, 2006 and 2005

Year of eligibility	Number of units outstanding	Principal plus accumulated income \$	Government grants plus accumulated income \$
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
December 31, 2006	1,608,400	112,295,805	35,889,563
December 31, 2005	1,223,413	84,845,942	26,812,957

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 \$
Investment income		
Interest	6,162,603	4,637,259
Expenses		
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>
Net investment income	<u>4,691,412</u>	<u>3,641,504</u>
Realized and unrealized gains on investments		
Realized gain on sale of investments	411,437	1,604,085
Change in unrealized appreciation of investments (note 2)	(1,254,636)	(192,951)
Net realized and unrealized (losses) gains on investments	<u>(843,199)</u>	<u>1,411,134</u>
Increase in net assets from operations for the year	<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 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)				<u>148,185,368</u>
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				<u>15,062,362</u>
				<u>148,185,368</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Organization and general

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

The Foundation has had a specimen copy of the EFA Agreement approved by 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 \$
Subscribers' contributions invested			
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
		<u>109,970,347</u>	<u>109,968,369</u>

3. Investments (continued)

	Par value \$	Cost/ amortized cost \$	Market value \$
Government Grants invested			
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
		35,576,703	35,649,468
		145,547,050	145,617,837

4. Related party transactions

- 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.
- 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.
- Special services fees principally relate to amounts charged to subscribers in respect of cheques returned and not honoured.
- 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

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

	2006 \$	2005 \$
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	101,588,903	77,106,282

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. ■