UNAUDITED INTERIM CONDENSED

FINANCIAL STATEMENTS

For the six-month periods ended
June 30, 2017 and 2016

INDIVIDUAL PLAN

Universitas
FINANCIAL

The INDIVIDUAL Plan

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INDIVIDUAL PLAN

Statements of financial position condensed interim unaudited

(in thousands of Canadian $)

	Notes	June 30, 2017	December 31, 2016
Assets			
Cash		**1,222**	1,048
Sales pending settlement		**178**	-
Other accounts receivable	7	**24**	1,188
Dividends receivable		**24**	24
Interest receivable		**30**	31
Canada Education Savings Grant (CESG) receivable		**-**	455
Quebec Education Savings Incentive (QESI) receivable		**29**	334
Investments	5	**20,580**	22,118
		22,087	25,198
Liabilities			
Purchases pending settlement		**260**	-
Accounts payable and other liabilities	6	**57**	61
Canada Education Savings Grant (CESG) refundable		**15**	-
Quebec Education Savings Incentive (QESI) refundable		**93**	13
		425	74
Net assets attributable to contracts		**21,662**	25,124

The notes are an integral part of these interim condensed financial statements.

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Statements of net income and comprehensive income condensed interim unaudited

for the six month periods ended June 30
(in thousands of Canadian $)

	Notes	2017	2016
Revenues from ordinary activities			
Interest income for educational assistance payments		**152**	158
Dividends		**105**	68
Realized gain on disposal of investments		**187**	63
Change in unrealized gain on investments		**86**	208
		530	497
Operating expenses			
Brokerage fee		**3**	3
Portfolio management fees		**8**	5
Custodian fee		**10**	18
Administration fee	7	**128**	133
		149	159
Net income and comprehensive income attributable to contracts		**381**	338

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INDIVIDUAL PLAN

Statements of changes in net assets attributable to contracts condensed interim unaudited

for the six month periods ended June 30

(in thousands of Canadian $)

	Subscribers' savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
Net assets as at December 31, 2016	12,704	709	6,879	2,347	2,168	317	25,124
Net income and comprehensive income	-	49	-	274	-	58	381
Increase							
Subscribers' savings	289	-	-	-	-	-	289
Transfers between plans	191	-	261	97	53	13	615
Grants received from the government	-	-	-	-	(47)	-	(47)
Transfers from other promoters	-	10	-	-	-	-	10
Other	-	-	2	(2)	-	-	-
	480	10	263	95	6	13	867
Decrease							
Refund of savings at maturity	(3,591)	-	-	-	-	-	(3,591)
Grants returned to the government	-	-	(20)	-	(4)	-	(24)
Transfers to other promoters	-	-	(3)	(1)	(1)	-	(5)
Grants and income on grants	-	-	(640)	(162)	(213)	(20)	(1,035)
Outflow of accumulated income on grants for payments to a designated educational institution	-	-	-	(2)	-	-	(2)
Accumulated income payment (AIP)	-	(19)	-	-	-	-	(19)
Educational assistance payments (EAPs)	-	(34)	-	-	-	-	(34)
	(3,591)	(53)	(663)	(165)	(218)	(20)	(4,710)
Net assets as at June 30, 2017	9,593	715	6,479	2,551	1,956	368	21,662

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INDIVIDUAL PLAN

Statements of changes in net assets attributable to contracts
condensed interim unaudited
for the six month periods ended June 30
(in thousands of Canadian $)

	Subscribers' savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
Net assets as at December 31, 2015	16,977	740	6,832	2,133	1,928	247	28,857
Net income and comprehensive income	-	68	-	220	-	50	338
Increase							
Subscribers' savings	350	-	-	-	-	-	350
Transfers between plans	472	-	425	68	80	9	1,054
Grants received from the government	-	-	-	-	95	-	95
Outflow of accumulated income on savings	-	12	-	-	-	-	12
Other	-	-	1	-	-	-	1
	822	12	426	68	175	9	1,512
Decrease							
Refund of savings at maturity	(6,068)	-	-	-	-	-	(6,068)
Grants returned to the government	-	-	(106)	-	(2)	-	(108)
Transfers to other promoters	-	-	(6)	(1)	(1)	-	(8)
Grants and income on grants	-	-	(633)	(165)	(188)	(18)	(1,004)
Outflow of accumulated income on grants for payments to a designated educational institution	-	-	-	(2)	-	-	(2)
Accumulated income payment (AIP)		(8)	-	-	-	-	(8)
Educational assistance payments (EAPs)	-	(48)	-	-	-	-	(48)
	(6,068)	(56)	(745)	(168)	(191)	(18)	(7,246)
Net assets as at June 30, 2016	11,731	764	6,513	2,253	1,912	288	23,461

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INDIVIDUAL PLAN

Statements of cash flows
condensed interim unaudited

for the six month periods ended June 30

(in thousands of Canadian $)

	2017	2016
Cash flows from operational activities		
Income received		
Interest	**153**	161
Dividends	**105**	62
	258	223
Operating expenses paid		
Brokerage fee	**(3)**	(5)
Portfolio management fees	**(9)**	(6)
Custodian fee	**(12)**	(20)
Administration fee	**(123)**	(136)
	(147)	(167)
Other operational activities		
Disposal of investments	**8,040**	11,823
Acquisition of investments	**(6,147)**	(7,493)
	1,893	4,330
Net cash flows from operational activities	**2,004**	4,386
Cash flows from financing activities		
Savings received	**1,462**	1,753
Savings paid to other promoters	**(9)**	(8)
Refund of savings to subscribers	**(3,584)**	(6,041)
CESG and income on CESG received	**449**	240
CESG and income on CESG paid	**(3)**	(129)
QESI and income on QESI received	**258**	206
QESI and income on QESI paid	**75**	2
Transfers between plans	**615**	1,054
Educational assistance payments (EAPs)	**(1,093)**	(1,058)
Net cash flows used in financing activities	**(1,830)**	(3,981)
Net increase in cash	**174**	405
Cash, beginning of period	**1,048**	673
Cash, end of period	**1,222**	1,078

Schedule of investment portfolio
condensed interim unaudited
as at June 30, 2017
(in thousands of Canadian $)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Treasury bills and short-term investments					
9,165	Cash		-	9,165	9,165
175	Government of Canada	24 Aug 2017	-	175	175
100	Canada Housing Trust	15 Sep 2017	1.019	100	100
75	Government of Canada	27 Jul 2017	-	75	75
40	City of Saguenay	8 May 2018	2.100	39	39
40	Communauté Métropolitaine de Montréal	19 Dec 2017	2.250	40	40
40	City of Lévis	3 Jun 2018	2.000	40	40
35	Province of Quebec	1 Dec 2017	4.500	36	36
30	City of Gatineau	11 Sep 2017	2.450	30	30
9	Cash sweep		-	9	9
Total - Treasury bills and short-term investments				9,709	9,709
Bonds					
Bonds issued or guaranteed by the Government of Canada					
185	Government of Canada	1 Mar 2022	0.500	180	178
150	Canada Housing Trust	15 Sep 2021	1.084 (floating)	150	151
115	Canada Housing Trust	15 Sep 2018	0.859 (floating)	115	115
30	Government of Canada	1 Mar 2020	1.500	31	30
25	Government of Canada	1 Jun 2027	1.000	23	23
10	Government of Canada	1 Mar 2021	0.750	10	10
				509	507
Bonds issued or guaranteed by a Canadian province					
600	Province of Quebec	1 Dec 2020	4.500	669	656
525	Province of Ontario	2 Jun 2020	4.200	577	565
450	Province of Quebec	1 Dec 2019	4.500	491	483
435	Province of Ontario	2 Jun 2019	4.400	472	460
295	Province of Quebec	1 Dec 2018	4.500	317	308
215	Province of Quebec	1 Sep 2026	2.500	215	217
160	Province of Quebec	1 Sep 2023	3.000	156	169
125	Province of Ontario	2 Jun 2023	2.850	122	130
125	Province of Quebec	1 Sep 2027	2.750	132	128
75	Province of Quebec	1 Dec 2021	4.250	84	83
55	Province of Quebec	1 Sep 2024	3.750	61	61
50	Province of Ontario	2 Jun 2022	3.150	53	53
50	Province of Ontario	8 Sep 2018	2.100	51	51
30	Province of Ontario	2 Jun 2026	2.400	31	30
25	Province of Alberta	1 Sep 2022	1.600	25	25
15	Province of Ontario	2 Jun 2027	2.600	16	15
				3,472	3,434

Schedule of investment portfolio condensed interim unaudited

as at June 30, 2017

(in thousands of Canadian $)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds (continued)					
Bonds issued or guaranteed by a municipality					
75	City of Boucherville	28 Sep 2021	2.000	74	73
70	City of St-Bruno-de-Montarville	9 Sep 2019	2.250	70	70
55	City of Laval	18 Jun 2024	3.300	56	58
50	Société de transport de l'Outaouais	9 Nov 2021	3.850	53	53
53	City of Alma	23 Aug 2021	1.850	52	52
50	City of Longueuil	9 Jul 2019	2.300	51	50
50	City of Beaconsfield	26 Jul 2021	1.750	49	49
50	City of Saguenay	20 Apr 2022	1.850	49	49
50	City of Varennes	3 Aug 2021	1.800	49	49
40	City of Montreal	1 Sep 2024	3.500	40	43
40	City of Quebec	8 Apr 2024	3.500	40	43
43	City of Saint-Constant	23 Aug 2021	1.850	42	42
40	City of Chateauguay	7 Oct 2019	2.500	40	41
40	City of Sherbrooke	20 Feb 2019	2.450	40	40
40	City of Magog	9 Sep 2019	2.250	39	40
40	City of Sainte-Julie	21 May 2019	2.350	39	40
40	City of Drummondville	18 Dec 2019	2.250	39	40
40	City of Saint-Jean-sur-Richelieu	22 Jun 2021	1.650	39	39
37	City of Kirkland	2 Feb 2021	2.050	36	37
30	Municipal finance of British Columbia	3 Dec 2018	2.350	31	30
30	City of Saint-Lambert	29 Jul 2020	2.100	30	30
30	City of Saint-Jean-sur-Richelieu	4 Jun 2019	2.300	30	30
30	City of Victoriaville	15 Jun 2020	1.900	30	30
25	City of Toronto	21 May 2024	3.400	25	27
25	City of Sherbrooke	29 Jun 2020	1.600	25	25
25	City of Granby	6 Jul 2021	1.750	25	25
25	Société de transport de l'Outaouais	9 Nov 2021	1.800	25	25
20	City of Sorel-Tracy	17 Jun 2019	2.250	20	20
20	City of Longueuil	13 Jul 2021	1.850	20	20
19	Municipality of La Prairie	8 Sep 2021	1.850	19	19
15	City of Mirabel	21 Sep 2020	1.700	15	15
				1,192	1,204
Total - Bonds				5,173	5,145

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INDIVIDUAL PLAN

Schedule of investment portfolio
condensed interim unaudited

as at June 30, 2017

(in thousands of Canadian $)

Number of shares	Security	Cost	Carrying amount
Equities			
Energy			
4,884	TransCanada Corporation	298	302
8,511	Parkland Fuel Corporation (Regular Shares)	216	252
1,974	Parkland Fuel Corporation (Restricted Shares)	55	55
402	Parkland Fuel Corporation (Subscription Receipts)	10	11
		579	620
Materials			
2,488	Agrium Inc.	308	292
1,805	Pembina Pipeline Corporation	71	77
		379	369
Communications			
5,742	TELUS Corporation	241	257
Utilities			
15,362	Hydro One Limited	364	357
18,619	Algonquin Power & Utilities Corp.	218	254
4,784	Brookfield Infrastructure Finance Limited	209	254
9,559	Enercare Inc.	161	189
2,898	Fortis Inc.	120	132
		1,072	1,186
Financials			
5,468	The Bank of Nova Scotia	383	426
7,161	Sun Life Financial Inc.	367	332
4,481	Toronto-Dominion Bank	263	293
2,760	Royal Bank of Canada	219	259
6,589	Smart Real Estate Investment Trust	215	211
6,086	Enbridge Income Fund Holdings Inc.	202	196
2,738	Industrial Alliance, Insurance and Financial Services Inc.	144	154
6,736	H&R Real Estate Investment Trust	148	148
1,657	National Bank of Canada	82	90
2,112	Allied Properties Real Estate Investment Trust	71	82
870	Boardwalk Real Estate Investment	43	41
		2,137	2,232

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INDIVIDUAL PLAN

Schedule of investment portfolio
condensed interim unaudited

as at June 30, 2017

(in thousands of Canadian $)

Number of shares	Security	Cost	Carrying amount
Equities (continued)			
Consumer staples			
2,082	Premium Brands Holdings Corporation	110	193
Consumer services			
6,848	Cineplex Inc.	345	360
4,190	Thomson Reuters Corporation	225	252
4,176	New Flyer Industries Inc.	140	226
		710	838
Industries			
597	Groupe WSP Global Inc.	27	31
Total - Equities		5,255	5,726
Total - Schedule of investment portfolio		20,137	20,580

1. General information about the Plan

The INDIVIDUAL Plan (the "Plan") is a trust maintained by declaration of trust pursuant to the Civil Code of Quebec. It is governed by a trust agreement (the "Agreement") concluded on July 9, 2010, between the Universitas Foundation of Canada (the "Foundation"), Eterna Trust Inc. and Universitas Management Inc. The latter acts as the investment fund manager of the INDIVIDUAL Plan promoted by the Foundation. The Plan's head office and principal place of business is located at 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec City (Quebec) G1W 0C5.

The INDIVIDUAL Plan is an individual scholarship plan intended for beneficiaries of all ages. Eligible studies that qualify for educational assistance payments (EAP) are post-secondary programs of study, whether general or technical (college studies, community college or university), pursued in Canada or abroad. The programs offered by post-secondary institutions designed to teach or enhance the skills needed to exercice a professional activity are also eligible. The EAPs that a beneficiary is eligible to receive are dependent on the revenues generated by the investments made by the portfolio managers. The Plan invests in equities of Canadian companies, debt securities issued or guaranteed by a Canadian government and Canadian treasury short-term debt securities.

The release of these financial statements was authorized by the Audit Committee on August 23, 2017.

2. Implementation of the new and revised standards

Standards and interpretations in effect during the reporting period

- **Amendments to IAS 7 *Statement of Cash Flows***

In January 2016, the IASB issued narrow-scope amendments to IAS 7 *Statement of Cash Flows* to require companies to disclose information about changes in their financing liabilities, including variations with no effect on cash flows. The amendments are effective for annual periods beginning on or after January 1, 2017. Application of the amendments had no effect on the Plan's statements of cash flows.

(in thousands of Canadian $)

3. Significant accounting policies

Statement of compliance

The statements of financial position, the statements of net and comprehensive income, the statements of changes in net assets attributable to contracts, the statements of cash flows and the accompanying notes were prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim condensed financial statements should be read in conjunction with the financial statements for the year ended December 31, 2016. The significant accounting policies used in preparing these condensed interim financial statements are consistent with those found in the financial statements for the year ended December 31, 2016.

4. Significant accounting judgements, estimates and assumptions

In the application of the Plan's accounting policies, as described in Note 3 of financial statements for the year ended December 31, 2016, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The main sources of uncertainty regarding estimates and the main judgements made by management for the unaudited interim condensed financial statements are identical to those presented in the annual financial statements for the year ended December 31, 2016.

5. Investments

	June 30, 2017	December 31, 2016
Treasury bills and short-term investments	**9,709**	11,925
Bonds	**5,145**	4,767
Equities	**5,726**	5,426
	20,580	22,118

6. Accounts payable and other liabilities

	Notes	**June 30, 2017**	December 31, 2016
Amount payable to Universitas Management Inc.	7	**20**	15
Accumulated income on grants to be paid to a designated educational institution		**30**	28
Other		**7**	18
		57	61

(in thousands of Canadian $)

7. Related party transactions

Universitas Management Inc.

Universitas Management Inc., a wholly-owned subsidiary of the Foundation, is the distributor of the products promoted by the Foundation and serves as the Plan's investment fund manager.

Universitas Foundation of Canada

The Foundation is the promoter of the INDIVIDUAL Plan. The Plan and the Foundation report to the same Board of Directors.

Administration fee	**2017**	2016
Universitas Management Inc.	**126**	132
Universitas Foundation of Canada	**2**	1
	128	133

Amount receivable (payable)	**June 30, 2017**	December 31, 2016
Universitas Management Inc.	**(20)**	(15)
Universitas Foundation of Canada	**24**	1,188

8. Capital management

The Plan's capital corresponds to the net assets attributable to contracts. Capital management objectives are as follows:

- Preserving the value of the subscribers' savings and government grants;
- Achieving a maximum net investment return while maintaining an appropriate degree of risk to reach satisfactory EAP levels.

In order to meet these objectives, the portfolio managers have a mandate to optimize total returns through high-quality investments, diversification and strategic asset allocation, security selection, duration management and credit analysis. The Plan regularly assesses and analyzes its policies and procedures.

For the period ended June 30, 2017, the following policies and procedures were applied:

- Subscribers' savings: The Plan commits to refund subscribers' savings and to invest the savings solely in fixed-income securities guaranteed by a Canadian government before plan maturity. After plan maturity, the Plan invests exclusively in money-market securities guaranteed by a Canadian government or held as cash or cash equivalents to ensure the liquidity of investments, as these sums may be withdrawn at any time.
- Government grants: Grants received before April 20, 2012, are invested entirely in Canadian equities. These were previously invested with an 85% target in Canadian equities and 15% in fixed-income securities (until September 30, 2016). The government grants received on or after April 20, 2012, are invested entirely in government bonds guaranteed by a Canadian government.
- Grants earnings and EAP account: The Plan invests these funds entirely in Canadian equities. These were previously invested with an 85% target in Canadian equities and 15% in fixed-income securities (until September 30, 2016).
- For individual plans established following a transfer from a group plan at maturity, the sums held as part of the contract are invested in money-market securities or held as cash to ensure their liquidity, as these sums may be withdrawn at any time.

8. Capital management (continued)

During the period ended June 30, 2017, the Plan maintained the same strategy of prudent portfolio management as that of previous reporting periods by maintaining the investment philosophy adopted by the Investment Committee and portfolio managers.

These policies and procedures must comply with the provisions of the *Securities Act* (Quebec) and meet the requirements of Paragraph 146.1 (1) of the *Income Tax Act* (Canada). The Plan is not subject to any other external requirement concerning its capital.

9. Financial instruments

Fair value

- **Establishing fair value**

The fair value of cash, sales pending settlement, dividends receivable, interest receivable, CESG receivable, QESI receivable, other accounts receivable, purchases pending settlement, CESG refundable, QESI refundable and accounts payable and other liabilities approximates their carrying amounts due to their short-term maturities.

The fair value of the net assets attributable to contracts corresponds to its carrying amount, given that it is the residual amount allocated to contract holders and beneficiaries as at the reporting date.

The fair value of equitiy investments is established from the bid price values. If quoted prices in active markets are unavailable, the fair value of investments in Treasury bills, short-term investments and bonds is determined through the use of current industry-specific valuation methods, such as a model whose application is based on discounting the expected future cash flows or similar techniques. These methods take into account current observable data on the market for financial instruments with a similar risk profile and comparable terms. The important data used in these models include, but are not limited to, yield curves and credit risks.

- **Fair value hierarchy**

For financial reporting, fair value measurements are classified in accordance with a hierarchy (levels 1-2-3). This classification is based on the level at which input data concerning fair value measurements are observable, as well as on the significance of a particular input to the fair value measurement in its entirety. The fair value hierarchy consist of the following levels:

- Level 1 - Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities (for example, prices observable on the TSX) and for which the entity can have access at the measurement date.
- Level 2 - Valuation based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, inputs such as yield curves and indices.
- Level 3 - Valuation using inputs for assets or liabilities that are not based on observable market data (unobservable inputs). For example, private investment valuations by investment fund managers.

The hierarchy that applies as part of the determination of fair value requires the use of observable market inputs whenever such inputs exist. Fair values are classified as Level 1 when the security is traded on an active market and a quoted price is available. If a financial instrument classified as Level 1 ceases to trade in an active market, it is transferred to the next level (Level 2). If valuation of its fair value requires significant use of unobservable market inputs, then it is classified as Level 3.

(in thousands of Canadian $)

9. Financial instruments (continued)

Fair value (continued)

- **Fair value hierarchy (continued)**

The following tables present the financial instruments recorded at fair value in the statements of financial position, classified using the fair value hierarchy:

As at June 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Treasury bills and short-term investments	**9,174**	**535**	**-**	**9,709**
Bonds	**-**	**5,145**	**-**	**5,145**
Equities	**5,726**	**-**	**-**	**5,726**
	14,900	**5,680**	**-**	**20,580**

As at December 31, 2016	Level 1	Level 2	Level 3	Total
Treasury bills and short-term investments	11,351	574	-	11,925
Bonds	-	4,767	-	4,767
Equities	5,426	-	-	5,426
	16,777	5,341	-	22,118

Over the course of the periods ended June 30, 2017 and 2016, there was no significant transfer of fair value between Levels 1 and 2.

Risk management related to financial instruments

Due to the nature of its business activities, the Plan is exposed to a variety of financial risks arising from financial instruments, such as credit risk, liquidity risk and market risk, including other price risk, currency risk and interest rate risk. The Plan's overall risk management program seeks to maximize the returns achieved without exposing subscribers' savings to undue risks and by minimizing potential adverse impacts on financial performance. All investments present a risk of loss of capital. The main risks stemming from financial instruments to which the Plan is exposed and the main actions taken to manage these are the following:

- **Credit risk**

The Plan is exposed to credit risk, which is the possibility of incurring financial losses resulting from the inability of a company, an issuer or counterparty to meet its financial commitments to the Plan. The Plan's exposure to the credit risk arises from its investments in debt securities. The Plan has established quantitative selection criteria for investments to limit this risk. As for investments related to subscribers' savings and a portion of the government grants received prior to April 20, 2012, the Plan only selects securities issued by the Government of Canada, a provincial government, a municipality or a corporation guaranteed by a government. The other amounts making up the net assets attributable to contracts may also be invested in securities issued by corporations.

Quantitative restrictions have also been established to reduce credit risk. Securities from all borrowers, except a government, are limited to 10% of the total fair value of the fixed-income securities entrusted to the portfolio manager. A minimum BBB rating is required when purchasing.

(in thousands of Canadian $)

9. Financial instruments (continued)

Risk management related to financial instruments (continued)

- **Credit risk (continued)**

As at June 30, 2017 and as at December 31, 2016, the Plan invested in fixed-income securities that are neither past due nor impaired, and presented the following credit rating:

	Percentage of total debt securities*	
Credit rating	**June 30, 2017**	December 31, 2016
	%	%
AAA	**11.9**	11.7
AA	**65.9**	30.2
A	**22.2**	58.1

*Excludes short-term investments

The Plan's maximum exposure to credit risk is the carrying amount of the financial instruments presented in the statements of financial position.

- **Liquidity risk**

This risk pertains to the Plan's ability to meet its commitments in terms of financial liabilities and therefore, its capacity to carry out payments as required. The Plan is exposed to daily refunds to subscribers, who are entitled to request the refund of their savings at any time. However, the majority of subscribers hold their investment until the contract's maturity date. The liquidity risk is noticeably reduced by the fact that the subscribers' savings are invested only in fixed-income securities on liquid markets. The Plan carefully manages its cash position daily and ensures the minimum cash level required to meet its liquidity needs is maintained.

- **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Certain parameter changes in financial market influence the Plan's statements of financial position and comprehensive income. The Plan considers these risks when deciding on the global distribution of its assets. More specifically, market risk is reduced through portfolio diversification, meaning the Plan holds a portfolio that includes several asset categories (money market, bond and stock exchange), diverse products with varying risk profiles (participative or fixed-income securities) and multiple industry segments (government, municipal, energy, materials, communications, utilities, financials, consumer staples, consumer services and industries).

- **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan no longer carries out transactions denominated in foreign currencies and is therefore no longer exposed to currency risk.

(in thousands of Canadian $)

9. Financial instruments (continued)

Risk management related to financial instruments (continued)

- **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Changes in interest rates have a direct impact on the value of the investment portfolio's fixed-maturity securities. This risk is mitigated by a duration range for the active portion of the bond portfolio, and by developing a target duration correlated to the economic outlook for the passive portion of the bond portfolio. Maturity allocation of bonds is regularly adjusted based on the anticipated movement of interest rates, in compliance with the established maturities under the Plan's investment policy. The target duration is based on an analysis of the economic situation, future prospects and risk based on the very nature of the RESP.

As at June 30, 2017, a change of 100 basis points in the interest rates on the market, assuming a parallel shift in the yield curve with all other variables remaining constant, would cause the fair value of the bonds held in the Plan's investment portfolio, the net income, the comprehensive income and the net assets attributable to contracts to change by approximately $0.2M ($0.2M as at December 31, 2016). In practice, actual results may differ materially.

The Plan's bond portfolio by maturity date is distributed as follows:

	June 30, 2017	December 31, 2016
	%	%
Maturing in less than one year	**65.4**	71.4
Maturing in one to five years	**28.1**	23.4
Maturing after five years	**6.5**	5.2

- **Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The stock exchange market volatility mostly influences the value of the equities held by the Plan. It should be noted, however, that this exposure is spread in various industry segments, especially in Canadian large-cap securities, which reduces risk. The market index related to equities is the S&P/TSX. A 10% variation in the market index, with all other variables held constant, would create a change of approximately $0.6M as at June 30, 2017 ($0.5M as at December 31, 2016), in the fair value of the Plan's equity holdings, net income, comprehensive income and net assets attributable to contracts. In practice, actual results may differ materially. Sensitivity analysis on the fair value of bonds and Treasury bills is described in the "Interest rate risk" section.

(in thousands of Canadian $)

9. Financial instruments (continued)

Risk management related to financial instruments (continued)

- **Concentration risk**

The concentration risk arises from the concentration of positions within a given category, whether a geographical location, a product type, an industry sector or a type of counterparty. The following table summarizes the Plan's concentration risk in relation to the total carrying amount of equity investments:

Market sectors	June 30, 2017	December 31, 2016
	%	%
Energy	**10.8**	11.5
Materials	**6.4**	8.8
Communications	**4.5**	4.1
Utilities	**20.7**	12.2
Financials	**39.1**	35.3
Consumer staples	**3.4**	3.2
Consumer services	**14.6**	17.5
Industries	**0.5**	7.4

- **Offsetting**

The following table outlines the financial instruments that have been offset in the Plan's financial statements:

Canada Education Savings Grant (CESG) receivable (refundable)	June 30, 2017	December 31, 2016
Gross financial assets	**30**	479
Financial liabilities offset	**(45)**	(24)
	(15)	455

The Plan has no other financial instrument subject to an enforceable master netting agreement or similar agreement.

The Plan does not hold assets that can be used as a guarantee for the CESG receivable.

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