

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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

**UNIVERSITAS
PLAN**



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FINANCIAL

The UNIVERSITAS Plan

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Statements of financial position
condensed interim unaudited

(in thousands of Canadian \$)

	Notes	June 30, 2017	December 31, 2016
Assets			
Cash		4,916	3,458
Sales pending settlement		5,485	-
Other accounts receivable	8	-	1,452
Dividends receivable		707	678
Interest receivable		1,850	2,026
Canada Education Savings Grant (CESG) receivable		438	651
Quebec Education Savings Incentive (QESI) receivable		1,783	3,681
Insurance experience refunds receivable		341	403
Investments	5	693,464	693,211
		708,984	705,560
Liabilities			
Purchases pending settlement		6,131	357
Accounts payable and other liabilities	6	2,738	2,298
Quebec Education Savings Incentive (QESI) refundable		667	513
		9,536	3,168
Net assets attributable to contracts		699,448	702,392

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		5,740	6,564
Dividends		4,156	3,926
Insurance experience refunds		222	302
Realized gain on disposal of investments		2,308	4,135
Change in unrealized gain on investments		1,424	14,537
		13,850	29,464
Operating expenses			
Brokerage fee		50	157
Portfolio management fees		420	447
Trustee fee		8	10
Custodian fee		57	64
Administration fee	8	4,697	4,583
Independent Review Committee fee		15	14
		5,247	5,275
Net income and comprehensive income attributable to contracts		8,603	24,189



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	SCROM	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
Net assets as at December 31, 2016	350,242	38,487	104,872	117,317	43,176	39,755	8,543	702,392
Net income and comprehensive income	-	-	5,832	-	2,234	-	537	8,603
Increase								
Subscribers' savings	16,204	-	-	-	-	-	-	16,204
Change in the SCROM	-	-	158	-	-	-	-	158
Grants received from the government	-	-	-	3,154	-	1,562	-	4,716
Other	-	-	-	2	-	1	-	3
	16,204	-	158	3,156	-	1,563	-	21,081
Decrease								
Refund of savings at maturity	(18,648)	-	-	-	-	-	-	(18,648)
Pre-maturity withdrawal of savings	(1,204)	-	-	-	-	-	-	(1,204)
Refund of sales charges at maturity	-	(1,725)	-	-	-	-	-	(1,725)
Change in the SCROM	-	(158)	-	-	-	-	-	(158)
Transfers between plans	(157)	-	-	(150)	(75)	(41)	(11)	(434)
Grants returned to the government	-	-	-	-	-	(331)	-	(331)
Transfers to other promoters	-	-	-	(109)	(26)	(29)	(6)	(170)
Grants and income on grants	-	-	-	(1,227)	(641)	(338)	(81)	(2,287)
Outflow of accumulated income on grants for payments to a designated educational institution	-	-	-	-	(85)	-	(20)	(105)
Educational assistance payments (EAPs)	-	-	(7,553)	-	-	-	-	(7,553)
Other	-	-	(13)	-	-	-	-	(13)
	(20,009)	(1,883)	(7,566)	(1,486)	(827)	(739)	(118)	(32,628)
Net assets as at June 30, 2017	346,437	36,604	103,296	118,987	44,583	40,579	8,962	699,448



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	SCROM	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
Net assets as at December 31, 2015	348,244	38,328	97,274	111,496	30,988	36,867	5,272	668,469
Net income and comprehensive income	-	-	16,086	-	6,432	-	1,671	24,189
Increase								
Subscribers' savings	17,449	-	-	-	-	-	-	17,449
Change in the SCROM	-	99	-	-	-	-	-	99
Grants received from the government	-	-	-	3,495	-	1,741	-	5,236
	17,449	99	-	3,495	-	1,741	-	22,784
Decrease								
Refund of savings at maturity	(15,097)	-	-	-	-	-	-	(15,097)
Pre-maturity withdrawal of savings	(1,250)	-	-	-	-	-	-	(1,250)
Refund of unclaimed savings	-	-	(34)	-	-	-	-	(34)
Refund of sales charges at maturity	-	(1,364)	-	-	-	-	-	(1,364)
Change in the SCROM	-	-	(99)	-	-	-	-	(99)
Transfers between plans	(152)	-	-	(88)	(25)	(24)	(4)	(293)
Grants returned to the government	-	-	-	-	-	(383)	-	(383)
Transfers to other promoters	-	-	-	(83)	(19)	(25)	(4)	(131)
Grants and income on grants	-	-	-	(593)	(246)	(135)	(21)	(995)
Outflow of accumulated income on grants for payments to a designated educational institution	-	-	-	-	(76)	-	(17)	(93)
Educational assistance payments (EAPs)	-	-	(6,201)	-	-	-	-	(6,201)
	(16,499)	(1,364)	(6,334)	(764)	(366)	(567)	(46)	(25,940)
Net assets as at June 30, 2016	349,194	37,063	107,026	114,227	37,054	38,041	6,897	689,502



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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	5,905	6,483
Dividends	4,127	3,767
Insurance experience refunds	284	780
	10,316	11,030
Operating expenses paid		
Brokerage fee	(50)	(160)
Portfolio management fees	(406)	(489)
Trustee fee	(4)	(9)
Custodian fee	(62)	(79)
Administration fee	(4,386)	(3,798)
Independent Review Committee fee	(15)	(14)
	(4,923)	(4,549)
Other operational activities		
Disposal of investments	186,660	320,707
Acquisition of investments	(182,881)	(328,713)
	3,779	(8,006)
Net cash flows from (used in) operational activities	9,172	(1,525)
Cash flows from financing activities		
Savings received	17,915	18,622
Savings paid to other promoters	(230)	(214)
Refund of savings to subscribers	(19,876)	(16,338)
CESG and income on CESG received	3,229	3,547
CESG and income on CESG paid	5	(16)
QESI and income on QESI received	3,461	3,793
QESI and income on QESI paid	(212)	(229)
Transfers between plans	(434)	(293)
Refund of sales charges	(1,726)	(1,363)
Educational assistance payments (EAPs)	(9,846)	(7,170)
Net cash flows from (used in) financing activities	(7,714)	339
Net increase (decrease) in cash	1,458	(1,186)
Cash, beginning of period	3,458	2,390
Cash, end of period	4,916	1,204



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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					
26,064	Cash		-	26,064	26,064
9,900	Province of Ontario	8 Sep 2017	1.900	9,998	9,918
7,175	Province of Quebec	1 Dec 2017	4.500	7,573	7,278
5,145	Cadillac Fairview Corporation Ltd.	9 May 2018	3.640	5,376	5,243
3,875	Canada Housing Trust	15 Sep 2017	1.019	3,886	3,877
2,755	Government of Canada	24 Aug 2017	-	2,751	2,751
2,609	The Bank of Nova Scotia	25 Jul 2017	-	2,607	2,607
1,800	Communauté Métropolitaine de Montréal	19 Dec 2017	2.250	1,809	1,806
1,429	City of Lévis	3 Jun 2018	2.000	1,415	1,428
975	Government of Canada	27 Jul 2017	-	973	973
355	Government of Canada	7 Sep 2017	-	355	355
180	Cash sweep		-	180	180
100	City of Toronto	27 Jun 2018	4.950	111	104
75	Government of Canada	5 Oct 2017	-	75	75
Total - Treasury bills and short-term investments				63,173	62,659

Bonds

Bonds issued or guaranteed by the Government of Canada

5,175	PSP Capital Inc.	22 Oct 2020	3.030	5,263	5,405
5,000	Canada Housing Trust	15 Sep 2021	1.084	5,008	5,025
			(floating)		
4,825	Canada Housing Trust	15 Sep 2018	0.859	4,834	4,839
			(floating)		
4,800	Government of Canada	1 Mar 2022	0.500	4,665	4,610
1,575	Government of Canada	1 Dec 2048	2.750	1,826	1,797
1,040	Government of Canada	1 Mar 2021	0.750	1,039	1,020
1,000	Government of Canada	1 Jun 2027	1.000	940	932
305	Government of Canada	1 Mar 2020	1.500	314	308
				23,889	23,936

Bonds issued or guaranteed by a Canadian province

18,029	Province of Ontario	2 Jun 2023	2.850	18,375	18,809
17,053	Province of Quebec	1 Dec 2021	4.250	19,106	18,795
14,221	Province of Ontario	2 Jun 2022	3.150	14,894	15,045
13,245	Province of Quebec	1 Dec 2022	3.500	13,949	14,276
10,747	Province of Ontario	2 Jun 2024	3.500	11,741	11,644
11,393	Province of Ontario	2 Jun 2025	2.600	11,530	11,636
10,846	Province of Ontario	2 Jun 2026	2.400	10,887	10,851
10,600	Province of Ontario	2 Jun 2027	2.600	11,002	10,725
9,652	Province of Quebec	1 Sep 2024	3.750	10,718	10,642
10,389	Province of Quebec	1 Sep 2026	2.500	10,723	10,486
9,805	Province of Quebec	1 Dec 2018	4.500	10,771	10,253
8,955	Province of Quebec	1 Dec 2020	4.500	10,291	9,811
9,326	Province of Ontario	8 Sep 2018	2.100	9,486	9,429
8,779	Province of Quebec	1 Sep 2023	3.000	8,730	9,246



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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 Canadian province (continued)					
7,478	Province of Quebec	1 Dec 2019	4.500	8,327	8,024
6,410	Province of Quebec	1 Sep 2025	2.750	6,555	6,621
5,617	CDP Financial Inc.	15 Jul 2020	4.600	6,162	6,094
5,240	Province of Ontario	2 Jun 2020	4.200	5,747	5,638
5,000	Province of Manitoba	21 Nov 2019	1.150	4,993	4,974
3,413	Province of Ontario	2 Jun 2019	4.400	3,806	3,612
2,743	Province of Ontario	2 Jun 2021	4.000	2,992	2,976
2,765	Province of Nova Scotia	1 Jun 2025	2.150	2,746	2,724
2,505	Province of New Brunswick	2 Jun 2023	2.850	2,492	2,606
2,407	OPB Finance Trust	25 Jan 2027	2.980	2,407	2,463
2,000	Province of Alberta	1 Sep 2022	1.600	1,995	1,963
1,707	OPB Finance Trust	24 Feb 2022	1.880	1,705	1,693
1,703	Province of Alberta	1 Jun 2026	2.200	1,700	1,666
1,264	Hydro Québec	15 Aug 2020	11.000	1,876	1,623
1,027	Province of Quebec	1 Apr 2026	8.500	1,573	1,512
1,330	Province of Alberta	1 Dec 2023	3.400	1,372	1,426
1,320	Province of British Columbia	18 Dec 2022	2.700	1,406	1,372
1,231	Province of Ontario	8 Sep 2019	2.100	1,272	1,251
850	Province of Quebec	16 Jan 2023	9.375	1,254	1,174
1,020	Province of Manitoba	2 Jun 2024	3.300	1,097	1,089
906	Province of Ontario	8 Mar 2022	1.350	896	885
790	Province of Newfoundland & Labrador	2 Jun 2022	1.950	799	788
527	Province of Ontario	2 Jun 2027	7.600	785	765
743	Financement-Québec	1 Dec 2019	2.450	781	761
743	Financement-Québec	1 Dec 2018	2.400	776	755
516	Hydro Québec	15 Jul 2022	9.625	759	704
455	Province of Ontario	8 Sep 2023	8.100	639	611
406	Province of Ontario	13 Jul 2022	9.500	600	551
499	Hydro Québec	25 May 2019	1.000	499	496
487	Province of Ontario	27 Jan 2023	1.950	488	486
298	Ontario Hydro	22 Jun 2026	8.250	456	433
335	Province of Quebec	1 Jun 2025	5.350	415	407
241	Province of Ontario	2 Dec 2025	8.500	364	352
188	Province of Ontario	7 Feb 2024	7.500	257	249
244	Province of Quebec	3 Mar 2022	1.650	243	242
214	Cadillac Fairview Corporation Ltd.	25 Jan 2021	4.310	224	232
142	Ontario Hydro	18 Aug 2022	8.900	204	189
100	Province of Ontario	2 Dec 2026	8.000	147	146
134	OPB Finance Trust	24 May 2023	2.900	135	138
79	OPB Finance Trust	2 Feb 2026	2.950	80	81
				<u>243,227</u>	<u>241,420</u>



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					
4,550	Société de transport de l'Outaouais	9 Nov 2021	1.800	4,485	4,462
3,700	City of Montreal	1 Sep 2023	3.500	3,717	3,951
4,010	City of Saint-Lambert	2 Nov 2021	1.900	3,960	3,902
3,050	City of Montreal	1 Sep 2024	3.500	3,252	3,264
2,800	City of Toronto	21 May 2024	3.400	2,838	2,980
2,775	City of St-Bruno-de-Montarville	8 Sep 2021	1.850	2,734	2,738
2,750	Municipality of La Prairie	8 Sep 2021	1.850	2,709	2,709
2,800	City of Gatineau	29 Jun 2026	2.500	2,741	2,674
2,500	City of Chateauguay	7 Oct 2019	2.500	2,477	2,535
2,500	Société de transport de Lévis	15 Oct 2019	2.400	2,463	2,529
2,350	City of Mirabel	21 Sep 2021	1.800	2,315	2,313
2,250	City of Magog	9 Sep 2019	2.250	2,216	2,271
2,185	City of Longueuil	13 Jul 2021	1.850	2,156	2,153
2,000	City of Laval	18 Jun 2024	3.300	1,978	2,099
2,000	City of Chambly	16 Dec 2019	2.200	1,969	2,014
2,000	City of Drummondville	18 Dec 2019	2.250	1,975	2,007
2,000	City of Victoriaville	15 Jun 2020	1.900	1,969	1,994
2,000	City of Saint-Jerome	14 Sep 2020	1.750	1,979	1,981
2,000	City of Chateauguay	14 Sep 2021	1.900	1,973	1,970
1,900	City of Lévis	2 Jun 2020	2.050	1,874	1,910
1,800	City of Saguenay	21 Oct 2019	2.350	1,775	1,819
1,800	City of Saint-Jean-sur-Richelieu	4 Jun 2019	2.300	1,776	1,803
1,700	City of Brossard	21 Jul 2020	2.000	1,678	1,705
1,650	City of Longueuil	12 May 2019	1.700	1,632	1,641
1,650	City of St-Bruno-de-Montarville	9 Sep 2019	2.250	1,627	1,641
1,600	City of Sherbrooke	20 Feb 2019	2.450	1,586	1,616
1,515	City of Kirkland	27 Jan 2020	2.150	1,498	1,524
1,550	City of Toronto	7 Jun 2027	2.400	1,546	1,516
1,500	City of Sainte-Julie	28 Apr 2020	1.700	1,483	1,480
1,500	City of Beaconsfield	26 Jul 2021	1.750	1,478	1,474
1,500	City of Saguenay	20 Apr 2022	1.850	1,477	1,472
1,500	City of Varennes	3 Aug 2021	1.800	1,474	1,472
1,500	City of Saint-Jean-sur-Richelieu	22 Jun 2021	1.650	1,475	1,468
1,300	City of Saguenay	22 Apr 2019	2.450	1,286	1,315
1,300	City of Sherbrooke	10 Dec 2019	2.200	1,282	1,310
1,325	City of Saint-Constant	23 Aug 2021	1.850	1,305	1,301
1,180	City of Sorel-Tracy	17 Jun 2019	2.250	1,163	1,190
1,090	City of Brossard	4 Nov 2019	2.300	1,074	1,100
1,060	City of Sainte-Julie	21 May 2019	2.350	1,044	1,067
960	City of Quebec	8 Apr 2024	3.500	964	1,025
1,000	Transit in Quebec City	30 Jun 2019	1.850	990	993
1,000	City of Thetford Mines	18 Feb 2020	1.700	991	993
1,000	City of Sherbrooke	29 Jun 2020	1.600	990	989
1,000	City of Alma	23 Aug 2021	1.850	985	984
1,000	City of Granby	6 Jul 2021	1.750	982	982
1,000	City of Gatineau	29 Jun 2021	1.800	988	976
900	City of Longueuil	12 May 2020	1.900	888	893
880	City of Montreal	1 Sep 2026	2.750	875	887



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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 (continued)					
705	Municipal finance of British Columbia	3 Dec 2018	2.350	707	715
700	City of Gatineau	23 Jun 2019	1.850	694	700
700	City of Mirabel	21 Sep 2020	1.700	693	693
600	City of Rouyn-Noranda	30 Mar 2021	2.000	590	596
500	Municipality of La Prairie	10 Sep 2018	2.750	492	506
500	City of Saint-Constant	21 Jan 2020	2.100	494	502
500	City of Sherbrooke	29 Jun 2019	1.400	495	496
435	City of Montreal	1 Sep 2027	3.000	437	446
400	City of Toronto	29 Sep 2023	3.900	397	437
200	City of Saint-Jean-sur-Richelieu	18 Dec 2020	2.200	197	201
				93,288	94,384
Total - Bonds				360,404	359,740



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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			
151,125	Enbridge Inc.	5,949	7,807
154,500	Canadian Natural Resources Ltd.	5,642	5,777
56,976	TransCanada Corporation	3,486	3,518
99,891	Parkland Fuel Corporation (Regular Shares)	2,386	2,959
48,500	Vermillion Energy Inc.	2,845	1,989
113,540	Arc Resources Ltd.	2,643	1,925
99,000	Crescent Point Energy Corp.	1,656	982
83,345	Cenovus Energy Inc.	2,215	796
23,150	Parkland Fuel Corporation (Restricted Shares)	641	641
7,318	Parkland Fuel Corporation (Subscription Receipts)	179	205
		27,642	26,599
Materials			
81,660	CCL Industries Inc.	3,579	5,350
108,059	Pembina Pipeline Corporation	4,352	4,637
29,187	Agrium Inc.	3,603	3,422
131,500	Potash Corporation of Saskatchewan Inc.	3,477	2,776
40,500	Winnipeg Ltd.	1,129	2,356
20,132	Franco-Nevada Corporation	1,836	1,882
28,000	West Fraser Timber Co. Ltd.	900	1,714
121,350	Cameco Corporation	2,193	1,432
28,855	Intertape Polymer Group Inc.	695	712
9,761	Stella-Jones Inc.	447	431
		22,211	24,712
Communications			
114,058	TELUS Corporation	4,733	5,106
38,142	Rogers Communications Inc.	2,126	2,336
37,096	BCE Inc.	2,241	2,166
4,234	TELUS Corporation	176	176
		9,276	9,784



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Schedule of investment portfolio

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as at June 30, 2017

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Number of shares	Security	Cost	Carrying amount
Equities (continued)			
Utilities			
179,963	Hydro One Limited	4,263	4,177
294,531	Algonquin Power & Utilities Corp.	3,425	4,014
87,719	Fortis Inc.	3,601	3,991
200,676	Enercare Inc.	3,290	3,957
55,996	Brookfield Infrastructure Finance Limited	2,449	2,968
48,351	Emera Inc.	2,283	2,331
39,500	Keyera Corp.	1,736	1,610
31,577	Canadian Utilities Limited	1,174	1,313
23,294	ATCO Ltd.	1,091	1,180
		23,312	25,541
Financials			
265,496	Toronto-Dominion Bank	11,249	17,342
180,325	The Bank of Nova Scotia	10,146	14,056
147,730	Royal Bank of Canada	8,437	13,890
57,964	Intact Financial Corp.	4,171	5,675
230,851	Manulife Financial Corporation	4,721	5,600
80,271	Industrial Alliance, Insurance and Financial Services Inc.	3,611	4,515
83,875	Sun Life Financial Inc.	4,300	3,884
114,197	Enbridge Income Fund Holdings Inc.	3,809	3,674
76,000	Great-West Lifeco Inc.	1,866	2,658
77,190	Smart Real Estate Investment Trust	2,516	2,474
81,986	CI Financial Corp.	2,061	2,265
43,287	Canadian Real Estate Investment Trust	2,058	1,985
79,026	H&R Real Estate Investment Trust	1,738	1,738
32,942	Granite Real Estate Investment Trust	1,483	1,684
38,054	Allied Properties Real Estate Investment Trust	1,289	1,476
74,469	First Capital Realty Inc.	1,540	1,471
33,506	IGM Financial Inc.	1,242	1,344
19,408	National Bank of Canada	951	1,057
29,274	Canadian Apartment Properties REIT	1,004	983
17,959	Laurentian Bank of Canada	897	972
8,774	Boyd Group Income Fund	741	843
24,094	Northview Apartment Real Estate Investment Trust	522	504
10,089	Boardwalk Real Estate Investment	498	479
12,074	Genworth MI Canada Inc.	401	429
11,204	Alaris Royalty Corp.	252	257
		71,503	91,255



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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			
126,812	Metro Inc.	3,623	5,410
75,500	Alimentation Couche-Tard Inc.	4,292	4,687
111,206	Saputo Inc.	3,808	4,583
46,000	Loblaw Companies Ltd.	2,217	3,315
25,573	Premium Brands Holdings Corporation	1,287	2,372
78,092	The Jean Coutu Group (PJC) Inc.	1,420	1,552
56,617	Empire Company Limited	1,111	1,246
14,060	The North West Company Inc.	453	439
		18,211	23,604
Consumer services			
145,378	Thomson Reuters Corporation	6,870	8,727
116,561	Cineplex Inc.	5,892	6,139
38,825	Canadian Tire Corporation Ltd.	3,221	5,717
105,000	Gildan Activewear Inc.	3,980	4,179
48,925	New Flyer Industries Inc.	1,380	2,646
82,330	Shaw Communications Inc.	2,179	2,323
14,826	Dollarama Inc.	1,530	1,834
20,021	Cogeco Communications Inc.	1,391	1,585
54,833	Corus Entertainment Inc.	663	746
22,858	Uni-Select Inc.	707	714
211,702	Aimia Inc.	2,942	366
		30,755	34,976
Industries			
79,203	Canadian National Railway Company	3,313	8,319
208,948	CAE Inc.	3,180	4,662
75,878	SNC-Lavalin Group Inc.	2,297	4,250
45,811	Groupe WSP Global Inc.	1,893	2,454
71,600	Stantec Inc.	1,715	2,332
28,054	Ritchie Bros. Auctioneers Inc.	1,271	1,044
27,661	TFI International Inc.	758	769
8,012	Exchange Income Corporation	286	264
		14,713	24,094



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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)			
Technology			
113,000	Open Text Corporation	2,639	4,612
49,172	CGI Group Inc.	2,212	3,248
74,800	The Descartes Systems Group Inc.	911	2,345
29,297	Computer Modelling Group Ltd.	295	295
		<u>6,057</u>	<u>10,500</u>
Total - Equities		<u>223,680</u>	<u>271,065</u>
Total - Schedule of investment portfolio		<u>647,257</u>	<u>693,464</u>



1. General information about the Plan

The UNIVERSITAS 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 UNIVERSITAS 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 UNIVERSITAS Plan is a group scholarship plan under which the refund of contributions (savings) is guaranteed at all times, including the sales charges if the plan reaches maturity. The Plan is only available to current subscribers of the UNIVERSITAS Plan who wish to purchase additional units. Eligible studies that qualify for educational assistance payments (EAPs) are educational programs offered by post-secondary educational institutions recognized by the Ministry of Education of the province of residence. In Canada and abroad, a program in a community college must have minimum one-year duration to be eligible. In Quebec, a vocational training program is a program offered by a post-secondary institution intended to provide or improve the specific skills required to exercise a profession. Distance learning programs offered by a university or as part of a college program (technical or other program leading to an Attestation of College Studies) are also considered eligible studies. A beneficiary may receive up to three EAPs depending on the eligibility criteria met. 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.



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.



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Unaudited interim condensed notes for the six month periods ended June 30, 2017 and 2016 (in thousands of Canadian \$)

5. Investments

	June 30, 2017	December 31, 2016
Treasury bills and short-term investments	62,659	69,103
Bonds	359,740	357,756
Equities	271,065	266,352
	693,464	693,211

6. Accounts payable and other liabilities

	Notes	June 30, 2017	December 31, 2016
Amount payable to Universitas Management Inc.	8	766	454
Amount payable to the Universitas Foundation of Canada	8	28	-
Accumulated income on grants to be paid to a designated educational institution		1,760	1,655
Other		184	189
		2,738	2,298

7. Sales Charge Refund Obligation at Maturity (SCROM)

	June 30, 2017	December 31, 2016
Discounted value of the SCROM	36,604	38,487
Non-discounted value of the SCROM	49,713	49,524

Given that the underlying conditions evolve over the years, especially the rate of return, these assumptions could also change and therefore cause a change in the discounted value of the SCROM.

Impact of a change in the discount rate	June 30, 2017	December 31, 2016
Discount rate applied	3.94 %	4.17 %
Increase of 1.0%	(2,058)	(2,082)
Decrease of 1.0%	2,288	2,275



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Unaudited interim condensed notes for the six month periods ended June 30, 2017 and 2016 (in thousands of Canadian \$)

8. 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 UNIVERSITAS Plan. The Plan and the Foundation report to the same Board of Directors.

Administration fee	2017	2016
Universitas Management Inc.	4,604	4,479
Universitas Foundation of Canada	93	104
	4,697	4,583

Amount receivable (payable)	June 30, 2017	December 31, 2016
Universitas Management Inc.	(766)	(454)
Universitas Foundation of Canada	(28)	1,452

9. 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;
- Ensuring the refund of sales charges at maturity;
- 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, SCROM 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,



9. 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.

10. Financial instruments

Fair value

▪ Establishing fair value

The fair value of cash, sales pending settlement, dividends receivable, interest receivable, CESG receivable, QESI receivable, insurance experience refunds 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 equity 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.

10. 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	26,244	36,415	-	62,659
Bonds	-	359,740	-	359,740
Equities	271,065	-	-	271,065
	297,309	396,155	-	693,464

As at December 31, 2016	Level 1	Level 2	Level 3	Total
Treasury bills and short-term investments	23,306	45,797	-	69,103
Bonds	-	357,756	-	357,756
Equities	266,352	-	-	266,352
	289,658	403,553	-	693,211

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 credit risk arises from its investments in debt securities. The Plan has established qualitative 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.



10. 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:

Credit rating	Percentage of total debt securities*	
	June 30, 2017	December 31, 2016
	%	%
AAA	9.2	9.3
AA	68.0	39.3
A	22.8	51.4

*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, industries and technology).

▪ 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.



10. 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 \$17M (\$17.6M 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	14.8	16.2
Maturing in one to five years	47.3	46.0
Maturing after five years	37.9	37.8

▪ 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 \$27.1M as at June 30, 2017 (\$26.6M 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.



10. 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	9.8	12.7
Materials	9.1	8.9
Communications	3.6	3.4
Utilities	9.4	6.8
Financials	33.7	32.0
Consumer staples	8.7	8.9
Consumer services	12.9	13.2
Industries	8.9	10.5
Technology	3.9	3.6

▪ Offsetting

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

Canada Education Savings Grant (CESG) receivable	June 30, 2017	December 31, 2016
Gross financial assets	708	781
Financial liabilities offset	(270)	(130)
	438	651

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.

