FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

REFLEX PLAN

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The REFLEX Plan

Table of content

Independent Auditor’s Report

To the subscribers of
The REFLEX Plan

Opinion

We have audited the financial statements of the REFLEX Plan (the “Plan”), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of net income and comprehensive income, statements of changes in net assets attributable to contracts and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Haik (Haig) Vanlian.

/s/ Deloitte LLP[1]

Quebec City, Quebec

March 22, 2019

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[1] CPA auditor, CA, public accountancy permit No. A123838

Statements of financial position

(in thousands of Canadian $)

	Notes	December 31, 2018	December 31, 2017
Assets			
Cash	10	**4,355**	4,092
Sales pending settlement		**-**	846
Other accounts receivable	9	**2,713**	4,166
Dividends receivable		**309**	272
Interest receivable		**3,629**	2,680
Canada Education Savings Grant (CESG) receivable	12	**1,806**	1,964
Quebec Education Savings Incentive (QESI) receivable		**10,070**	9,852
Insurance experience refunds receivable		**275**	275
Investments	5	**762,625**	671,437
		785,782	695,584
Liabilities			
Purchases pending settlement		**917**	899
Accounts payable and other liabilities	7	**2,825**	2,485
Quebec Education Savings Incentive (QESI) refundable		**759**	657
		4,501	4,041
Net assets attributable to contracts		**781,281**	691,543

The notes are an integral part of these financial statements.

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Statements of net income and comprehensive income

for the years ended December 31
(in thousands of Canadian $)

	Notes	2018	2017
Revenues from ordinary activities			
Interest income for educational assistance payments		**18,684**	14,829
Dividends		**3,745**	3,694
Insurance experience refunds		**-**	205
Realized gain (loss) on disposal of investments		**(2,685)**	(890)
Change in unrealized gain (loss) on investments		**(10,945)**	(3,181)
		8,799	14,657
Operating expenses			
Brokerage fee		**40**	53
Portfolio management fees		**688**	666
Trustee fee		**17**	15
Custodian fee		**120**	112
Administration fee	9	**9,704**	8,558
Independent Review Committee fee		**18**	19
		10,587	9,423
Net income and comprehensive income attributable to contracts		**(1,788)**	5,234

Statements of changes in net assets attributable to contracts

for the years ended December 31
(in thousands of Canadian $)

	Subscribers' savings	SCROM	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
Net assets as at December 31, 2017	389,881	51,325	(5,876)	171,202	24,210	55,830	4,971	691,543
Net income and comprehensive income	-	-	3,653	-	(4,383)	-	(1,058)	(1,788)
Increase								
Subscribers' savings	78,856	-	-	-	-	-	-	78,856
Change in the SCROM	-	4,961	-	-	-	-	-	4,961
Grants received from the government	-	-	-	25,356	-	10,154	-	35,510
Transfers from other promoters	-	-	-	252	-	39	-	291
	78,856	4,961	-	25,608	-	10,193	-	119,618
Decrease								
Refund of savings at maturity	(7,857)	-	-	-	-	-	-	(7,857)
Pre-maturity withdrawal of savings	(5,611)	-	-	-	-	-	-	(5,611)
Refund of unclaimed savings	-	-	(3)	-	-	-	-	(3)
Refund of sales charges at maturity	-	(346)	-	-	-	-	-	(346)
Change in the SCROM	-	-	(4,961)	-	-	-	-	(4,961)
Transfers between plans	(440)	-	-	(463)	(49)	(82)	(6)	(1,040)
Grants returned to the government	-	-	-	-	-	(602)	-	(602)
Transfers to other promoters	-	-	-	(1,161)	(77)	(303)	(12)	(1,553)
Grants and income on grants	-	-	-	(2,544)	(631)	(1,063)	(151)	(4,389)
Outflow of accumulated income on grants for payments to a designated educational institution	-	-	(2)	-	(178)	-	(27)	(207)
Outflow of accumulated income on savings			(9)					(9)
Educational assistance payments (EAPs)	-	-	(1,514)	-	-	-	-	(1,514)
	(13,908)	(346)	(6,489)	(4,168)	(935)	(2,050)	(196)	(28,092)
Net assets as at December 31, 2018	454,829	55,940	(8,712)	192,642	18,892	63,973	3,717	781,281

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Statements of changes in net assets attributable to contracts

for the years ended December 31

(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	327,879	42,360	1,000	146,402	23,005	46,952	4,827	592,425
Net income and comprehensive income	-	-	3,192	-	1,779	-	263	5,234
Increase								
Subscribers' savings	74,415	-	-	-	-	-	-	74,415
Change in the SCROM	-	9,275	-	-	-	-	-	9,275
Grants received from the government	-	-	-	26,516	-	9,945	-	36,461
Transfers from other promoters	-	-	-	371	64	72	-	507
	74,415	9,275	-	26,887	64	10,017	-	120,658
Decrease								
Refund of savings at maturity	(7,595)	-	-	-	-	-	-	(7,595)
Pre-maturity withdrawal of savings	(4,650)	-	-	-	-	-	-	(4,650)
Refund of sales charges at maturity	-	(310)	-	-	-	-	-	(310)
Change in the SCROM	-	-	(9,275)	-	-	-	-	(9,275)
Transfers between plans	(168)	-	-	(282)	(44)	(40)	(5)	(539)
Grants returned to the government	-	-	-	-	-	(518)	-	(518)
Transfers to other promoters	-	-	-	(879)	(99)	(206)	(17)	(1,201)
Grants and income on grants	-	-	-	(926)	(262)	(375)	(60)	(1,623)
Outflow of accumulated income on grants for payments to a designated educational institution	-	-	(4)	-	(233)	-	(37)	(274)
Outflow of accumulated income on savings	-	-	(17)	-	-	-	-	(17)
Educational assistance payments (EAPs)	-	-	(772)	-	-	-	-	(772)
	(12,413)	(310)	(10,068)	(2,087)	(638)	(1,139)	(119)	(26,774)
Net assets as at December 31, 2017	389,881	51,325	(5,876)	171,202	24,210	55,830	4,971	691,543

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Statements of cash flows

for the years ended December 31
(in thousands of Canadian $)

	Note	2018	2017
Cash flows from operational activities			
Income received			
Interest		**17,736**	14,445
Dividends		**3,711**	3,715
Insurance experience refunds		**-**	169
		21,447	18,329
Operating expenses paid			
Brokerage fee		**(40)**	(53)
Portfolio management fees		**(668)**	(662)
Trustee fee		**(13)**	(14)
Custodian fee		**(118)**	(118)
Administration fee		**(9,603)**	(8,186)
Independent Review Committee fee		**(18)**	(19)
		(10,460)	(9,052)
Other operational activities			
Disposal of investments		**430,555**	424,540
Acquisition of investments		**(534,513)**	(524,894)
		(103,958)	(100,354)
Net cash flows used in operational activities		**(92,971)**	(91,077)
Cash flows from financing activities			
Savings received		**82,146**	75,489
Savings paid to other promoters		**(1,838)**	(1,332)
Refunds of savings to subscribers		**(13,475)**	(12,262)
CESG and income on CESG received		**24,528**	25,882
QESI and income on QESI received		**9,975**	9,224
QESI and income on QESI paid		**(815)**	(641)
Transfers between plans		**(1,040)**	(539)
Sales charge refunds		**(346)**	(310)
Educational assistance payments (EAPs)		**(5,901)**	(2,396)
Net cash flows from financing activities		**93,234**	93,115
Net increase in cash		**263**	2,038
Cash, beginning of year	10	**4,092**	2,054
Cash, end of year	10	**4,355**	4,092

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Schedule of investment portfolio

as at December 31, 2018

(in thousands of Canadian $)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Short-term investments					
19,265	Cash		-	19,265	19,265
5,750	Province of Manitoba	21 Nov 2019	1.150	5,739	5,708
2,000	Province of Prince Edward Island	24 Sep 2019	4.250	2,209	2,032
2,000	City of Drummondville	18 Dec 2019	2.250	1,982	1,993
1,970	City of Saint-Bruno-de-Montarville	9 Sep 2019	2.250	1,964	1,964
1,900	City of Chambly	16 Dec 2019	2.200	1,879	1,897
1,700	City of Saguenay	22 Apr 2019	2.450	1,695	1,700
1,700	City of Sherbrooke	10 Dec 2019	2.200	1,690	1,698
1,670	City of Saint-Jean-sur-Richelieu	4 Jun 2019	2.300	1,656	1,668
1,600	Société de transport de Lévis	15 Oct 2019	2.400	1,577	1,599
1,500	City of Chateauguay	7 Oct 2019	2.500	1,486	1,501
1,500	City of Victoriaville	21 Oct 2019	2.400	1,479	1,499
1,427	Cash sweep		-	1,427	1,427
1,427	City of Gatineau	23 Jun 2019	1.850	1,415	1,423
1,360	City of Sherbrooke	20 Feb 2019	2.450	1,353	1,360
1,200	City of Magog	9 Sep 2019	2.250	1,182	1,198
1,072	City of Saint-Lambert	29 Jul 2019	1.900	1,064	1,069
1,050	City of Longueuil	12 May 2019	1.700	1,039	1,047
1,000	Province of Quebec	1 Dec 2019	4.500	1,066	1,023
1,009	Transit in Quebec City	30 Jun 2019	1.850	999	1,006
1,000	City of Saguenay	21 Oct 2019	2.350	986	1,000
1,000	City of Brossard	4 Nov 2019	2.300	986	1,000
1,000	City of Saguenay	14 Oct 2019	2.100	1,007	996
1,000	City of Sherbrooke	29 Jun 2019	1.400	990	996
884	City of Victoriaville	15 Jun 2019	1.700	874	882
859	City of Rouyn-Noranda	12 May 2019	1.650	849	856
800	City of Sorel-Tracy	17 Jun 2019	2.250	788	800
788	City of Magog	2 Sep 2019	1.850	781	785
619	Communauté métropolitaine de Montréal	16 Jun 2019	1.750	613	618
500	City of Sainte-Julie	21 May 2019	2.350	502	499
450	Government of Canada	21 Mar 2019	-	447	447
410	Government of Canada	7 Mar 2019	-	408	408
392	City of Sainte-Julie	28 Apr 2019	1.550	389	391
Total - Short-term investments				61,786	61,755
Bonds					
Bonds issued or guaranteed by the Government of Canada					
6,220	Government of Canada	1 Jun 2028	2.000	6,059	6,238
425	Government of Canada	1 Dec 2048	2.750	478	478
				6,537	6,716
Bonds issued or guaranteed by a Canadian province					
41,730	Province of Ontario	2 Jun 2024	3.500	44,343	43,719
35,878	Province of Ontario	2 Jun 2022	3.150	37,372	36,825
35,117	Province of Ontario	2 Jun 2023	2.850	35,491	35,683

Schedule of investment portfolio

as at December 31, 2018
(in thousands of Canadian $)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds (continued)					
Bonds issued or guaranteed by a Canadian province (continued)					
30,096	Province of Quebec	1 Sep 2024	3.750	32,605	32,021
29,333	Province of Quebec	1 Dec 2021	4.250	32,055	31,001
29,128	Province of Quebec	1 Sep 2023	3.000	29,563	29,837
28,630	Province of Ontario	2 Jun 2027	2.600	28,837	28,229
26,193	Province of Ontario	2 Jun 2028	2.900	25,971	26,354
22,897	Province of Quebec	1 Dec 2020	4.500	25,501	23,935
22,723	Province of Ontario	2 Jun 2025	2.600	22,841	22,673
21,076	Province of Quebec	1 Sep 2026	2.500	21,062	20,813
17,107	Province of Quebec	1 Sep 2025	2.750	17,321	17,253
17,453	Province of Ontario	2 Jun 2026	2.400	17,277	17,085
14,241	Province of Quebec	1 Dec 2022	3.500	14,926	14,847
11,856	Province of Quebec	1 Sep 2027	2.750	11,842	11,868
8,968	Province of Ontario	2 Jun 2021	4.000	9,643	9,349
8,564	Province of Ontario	2 Jun 2020	4.200	9,340	8,820
7,855	Province of Quebec	1 Sep 2028	2.750	7,731	7,840
6,102	Province of Alberta	1 Jun 2027	2.550	5,905	5,966
3,178	Province of Quebec	1 Apr 2026	8.500	4,592	4,376
4,383	Province of Nova Scotia	1 Jun 2025	2.150	4,317	4,255
4,079	OPB Finance Trust	25 Jan 2027	2.980	4,081	4,083
3,545	Province of Ontario	8 Sep 2023	2.600	3,532	3,564
3,520	Province of Ontario	8 Mar 2022	1.350	3,417	3,418
2,904	Hydro Québec	15 Aug 2020	11.000	3,760	3,315
3,000	Province of Alberta	1 Sep 2022	1.600	2,977	2,918
2,690	Province of Newfoundland and Labrador	2 Jun 2028	2.850	2,672	2,660
2,550	Cadillac Fairview Corporation Ltd.	25 Jan 2021	4.310	2,785	2,653
2,680	Province of Alberta	1 Jun 2026	2.200	2,652	2,578
1,907	Province of Quebec	16 Jan 2023	9.375	2,583	2,414
1,831	Province of New Brunswick	3 Dec 2021	3.350	1,898	1,886
1,606	Province of Manitoba	2 Jun 2024	3.300	1,719	1,664
1,660	Province of Manitoba	2 Jun 2026	2.550	1,611	1,635
1,575	Province of Newfoundland and Labrador	2 Jun 2025	2.300	1,525	1,533
1,163	Hydro Québec	15 Jul 2022	9.625	1,574	1,449
1,148	CDP Financial Inc.	15 Jul 2020	4.600	1,239	1,190
1,028	Province of Quebec	1 Jun 2025	5.350	1,224	1,189
810	Ontario Hydro	22 Jun 2026	8.250	1,167	1,103
881	Province of Ontario	13 Jul 2022	9.500	1,205	1,091
1,049	Province of Ontario	27 Jan 2023	1.950	1,039	1,032
755	Province of Ontario	2 Jun 2027	7.600	1,073	1,027
1,000	Province of Manitoba	2 Jun 2028	3.000	989	1,008
970	Province of Saskatchewan	2 Jun 2026	2.550	951	957
642	Province of Ontario	2 Dec 2025	8.500	922	873
852	Province of Ontario	5 Feb 2025	2.650	847	856
639	Province of Ontario	8 Sep 2023	8.100	852	797
779	Province of Quebec	6 Jul 2025	2.600	779	781
541	Province of Ontario	7 Feb 2024	7.500	704	667
574	Province of Quebec	1 Mar 2023	2.450	574	577
574	Province of Quebec	3 Mar 2022	1.650	566	564
414	OPB Finance Trust	24 May 2023	2.900	420	418

Schedule of investment portfolio

as at December 31, 2018
(in thousands of Canadian $)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds (continued)					
Bonds issued or guaranteed by a Canadian province (continued)					
307	Ontario Hydro	18 Aug 2022	8.900	411	375
272	Province of Ontario	2 Dec 2026	8.000	387	372
342	OPB Finance Trust	24 Feb 2022	1.880	337	335
213	OPB Finance Trust	2 Feb 2026	2.950	215	214
				491,222	483,945
Bonds issued or guaranteed by a municipality					
5,350	Société de transport de l'Outaouais	9 Nov 2021	1.800	5,261	5,221
4,680	City of Montreal	1 Sep 2024	3.500	4,960	4,858
4,122	City of Toronto	21 May 2024	3.400	4,261	4,258
3,300	City of Saint-Lambert	2 Nov 2021	1.900	3,243	3,210
3,025	City of Saint-Bruno-de-Montarville	8 Sep 2021	1.850	2,978	2,965
3,000	Municipality of La Prairie	8 Sep 2021	1.850	2,953	2,933
2,675	City of Laval	18 Jun 2024	3.300	2,699	2,701
2,700	City of Brossard	2 Nov 2021	1.850	2,664	2,644
2,470	Municipal finance of British Columbia	23 Oct 2028	3.050	2,462	2,490
2,460	City of Saint-Jean-sur-Richelieu	22 Jun 2021	1.650	2,419	2,407
2,320	City of Montreal	1 Sep 2027	3.000	2,306	2,314
2,341	City of Saint-Jerome	14 Sep 2020	1.750	2,316	2,314
2,355	City of Mirabel	21 Sep 2021	1.800	2,320	2,304
2,350	City of Toronto	7 Jun 2027	2.400	2,324	2,240
2,250	City of Saguenay	20 Apr 2022	1.850	2,216	2,181
2,185	City of Longueuil	13 Jul 2021	1.850	2,156	2,150
2,128	City of Laval	21 Mar 2028	3.000	2,112	2,096
2,000	City of Saint-Lambert	17 Oct 2023	3.000	1,974	1,999
2,000	City of Sherbrooke	29 Jun 2020	1.600	1,979	1,976
2,000	City of Montreal	1 Sep 2026	2.750	1,993	1,969
2,000	City of Chateauguay	14 Sep 2021	1.900	1,973	1,960
1,852	City of Saint-Hyacinthe	17 Oct 2023	3.000	1,828	1,851
1,800	City of Brossard	25 Jul 2023	2.900	1,780	1,796
1,850	City of Quebec	20 Dec 2027	2.650	1,800	1,750
1,587	City of Lévis	2 Jun 2020	2.050	1,565	1,582
1,513	City of Brossard	21 Jul 2020	2.000	1,494	1,506
1,500	City of Saint-Lambert	29 Jul 2020	2.100	1,481	1,494
1,500	City of Boucherville	22 Jul 2020	2.000	1,477	1,492
1,500	City of Varennes	3 Aug 2021	1.800	1,474	1,471
1,500	City of Beaconsfield	26 Jul 2021	1.750	1,478	1,465
1,400	City of Longueuil	15 Nov 2020	2.700	1,393	1,404
1,325	City of Saint-Constant	23 Aug 2021	1.850	1,305	1,301
1,250	City of Montreal	1 Sep 2023	3.500	1,353	1,296
1,300	City of Joliette	1 Sep 2020	2.000	1,284	1,285
1,200	City of Rimouski	1 Dec 2020	2.300	1,182	1,199
1,200	City of Sainte-Thérèse	19 Aug 2020	2.000	1,183	1,194
1,120	City of Montreal	1 Dec 2021	4.500	1,222	1,187
1,160	City of Saguenay	26 Apr 2023	2.750	1,144	1,150

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Schedule of investment portfolio

as at December 31, 2018

(in thousands of Canadian $)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds (continued)					
Bonds issued or guaranteed by a municipality (continued)					
1,160	City of Trois-Rivières	18 Apr 2028	3.000	1,140	1,134
1,150	City of Victoriaville	6 Feb 2023	2.500	1,133	1,131
1,088	City of Victoriaville	15 Jun 2020	1.900	1,075	1,079
1,046	Town of Bradford West	21 Sep 2022	3.500	1,080	1,075
1,046	City of Chambly	18 Aug 2020	2.000	1,034	1,040
1,013	City of Kirkland	27 Jan 2020	2.150	1,002	1,010
1,000	Société de transport de l'Outaouais	2 Dec 2020	2.300	986	996
1,000	Société de transport de Laval	15 Dec 2020	2.300	986	996
1,000	City of Longueuil	19 Jul 2023	2.800	988	992
1,000	City of Alma	23 Aug 2021	1.850	985	980
1,000	City of Granby	6 Jul 2021	1.750	982	978
1,000	City of Gatineau	29 Jun 2021	1.800	988	975
950	City of Magog	2 Oct 2020	2.500	945	949
830	City of Quebec	26 Aug 2021	3.600	847	850
848	City of Sainte-Julie	28 Apr 2020	1.700	838	837
805	City of Magog	2 Oct 2021	2.650	798	804
775	City of Longueuil	12 May 2020	1.900	764	767
738	Société de transport de l'Outaouais	11 Oct 2021	2.650	732	736
711	City of Mirabel	21 Sep 2020	1.700	704	702
650	City of Lévis	9 Mar 2026	2.950	637	640
625	City of Candiac	31 Jul 2023	2.750	615	619
590	City of Lévis	5 Jun 2028	3.250	581	588
500	City of Quebec	8 Apr 2024	3.500	525	516
500	City of Val-d'Or	1 Dec 2020	2.300	493	500
500	City of Saint-Constant	21 Jan 2020	2.100	494	499
500	City of Rouyn-Noranda	30 Mar 2021	2.000	492	494
500	City of Drummondville	27 Jul 2021	1.750	493	486
428	City of Thetford Mines	18 Feb 2020	1.700	424	425
338	City of New Tecumseth	23 Mar 2025	4.800	373	377
353	City of Longueuil	10 Nov 2025	3.200	351	351
351	City of Gatineau	30 Mar 2021	2.000	347	346
250	City of Brossard	19 Jul 2021	1.750	245	244
155	City of Saguenay	27 Apr 2021	1.850	153	152
135	City of Sainte-Catherine	18 Dec 2020	2.200	135	134
133	City of Granby	21 Dec 2020	2.200	133	132
111	City of Rivière-du-Loup	24 Nov 2020	2.400	111	111
112	City of Val-d'Or	25 Oct 2022	2.450	110	110
100	City of Longueuil	14 Nov 2022	2.300	99	98
				106,830	106,466
Total - Bonds				604,589	597,127

UNIVERSITAS

REFLEX PLAN

Schedule of investment portfolio

as at December 31, 2018

(in thousands of Canadian $)

Number of shares	Security	Cost	Carrying amount
Equities			
Energy			
101,917	Enbridge Inc.	4,850	4,316
52,765	Canadian Natural Resources Ltd.	1,999	1,733
40,989	Parkland Fuel Corporation	1,118	1,443
12,306	TransCanada Corporation	752	599
17,625	Vermillon Energy Inc.	970	505
47,402	Transalta Rewables Inc.	571	491
50,525	Arc Resources Ltd.	1,093	407
15,041	Enerflex Ltd.	239	239
7,208	Gibson Energy Inc.	137	134
		11,729	9,867
Materials			
48,571	Nutien Ltd.	3,252	3,099
35,962	CCL Industries Inc.	1,672	1,796
40,925	Pembina Pipeline Corporation	1,647	1,658
11,553	Franco-Nevada Corporation	1,060	1,103
18,600	Winpak Ltd.	533	888
36,303	Intertape Polymer Group Inc.	783	612
4,159	Stella-Jones Inc.	190	164
		9,137	9,320
Communication Services			
50,332	TELUS Corporation	2,136	2,276
18,303	BCE Inc.	1,080	986
3,717	TELUS Corporation	155	155
		3,371	3,417
Utilities			
148,455	Algonquin Power & Utilities Corp.	1,817	2,034
42,559	Fortis Inc.	1,783	1,933
23,376	Emera Inc.	1,081	1,020
31,106	Canadian Utilities Limited	1,140	971
25,030	ATCO Ltd.	1,071	964
18,820	Brookfield Infrastructure Finance Limited	938	884
22,308	Brookfield Renewable partners	882	785
22,600	Keyera Corp.	923	581
11,945	Hydro One Limited	248	242
		9,883	9,414

Schedule of investment portfolio

as at December 31, 2018
(in thousands of Canadian $)

Number of shares	Security	Cost	Carrying amount
Equities (continued)			
Financials			
102,169	Toronto-Dominion Bank	5,540	6,927
51,953	Royal Bank of Canada	3,994	4,846
67,693	The Bank of Nova Scotia	4,470	4,599
60,601	Brookfield Asset Management Inc.	3,443	3,163
21,553	Intact Financial Corp.	1,791	2,131
102,069	Manulife Financial Corporation	2,138	1,977
39,410	Industrial Alliance, Insurance and Financial Services Inc.	1,877	1,712
34,586	Allied Properties Real Estate Investment Trust	1,306	1,530
26,979	Granite Real Estate Investment Trust	1,359	1,429
41,098	SmartCentres Real Estate Investment Trust	1,304	1,263
27,587	Sun Life Financial Inc.	1,412	1,246
43,647	Brookfield Property Partners LP	1,152	958
23,592	Genworth MI Canada Inc.	975	945
14,144	National Bank of Canada	848	792
27,475	Great-West Lifeco Inc.	839	772
5,752	Boyd Group Income Fund	539	647
47,190	Chartwell Retirement Residence	710	644
13,541	Canadian Apartment Properties REIT	467	599
7,866	Laurentian Bank of Canada	387	299
8,275	Canadian Western Bank	281	215
10,908	Alaris Royalty Corp.	230	185
10,588	Gluskin Sheff + Associates Inc.	166	110
1,277	Equitable Groupe Inc.	79	75
3,646	Choice Properties Real Estate Investment Trust	44	42
300	Bank of Montreal	31	27
		35,382	37,133
Consumer Staples			
49,430	Metro Inc.	1,650	2,334
32,967	Alimentation Couche-Tard Inc.	1,887	2,232
54,789	Saputo Inc.	2,079	2,143
37,706	Empire Company Limited	779	1,083
26,192	The North West Company Inc.	778	820
9,873	Premium Brands Holdings Corporation	887	738
4,061	George Weston Ltd.	444	365
		8,504	9,715

Schedule of investment portfolio

as at December 31, 2018
(in thousands of Canadian $)

Number of shares	Security	Cost	Carrying amount
Equities (continued)			
Consumer Discretionary			
43,581	Thomson Reuters Corporation	2,224	2,865
37,125	Gildan Activewear Inc.	1,406	1,533
20,810	Restaurant Brands International Inc.	1,655	1,484
10,262	Canadian Tire Corporation Ltd.	1,202	1,461
27,250	NFI Group Inc.	1,035	928
32,862	Shaw Communications Inc.	864	809
7,836	Cogeco Communications Inc.	545	514
11,832	Cineplex Inc.	442	299
9,747	Uni-Select Inc.	291	188
325	Dollarama Inc.	12	11
		9,676	10,092
Industrials			
29,508	Canadian National Railway Company	1,918	2,974
71,987	CAE Inc.	1,243	1,794
53,220	Stantec Inc.	1,717	1,586
24,515	Groupe WSP Global Inc.	1,385	1,432
27,815	SNC-Lavalin Group Inc.	1,210	1,273
11,848	TFI International Inc.	336	417
8,142	Ritchie Bros. Auctioneers Inc.	363	362
8,169	Finning International Inc.	274	193
1,048	Toromont Industries Ltd.	69	57
		8,515	10,088
Technology			
41,150	Open Text Corporation	1,194	1,825
21,725	CGI Group Inc.	1,159	1,813
29,500	The Descartes Systems Group Inc.	425	1,059
		2,778	4,697
Total - Equities		98,975	103,743
Total - Schedule of investment portfolio		765,350	762,625

1. General information about the Plan

The REFLEX 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 REFLEX 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 REFLEX 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 available to beneficiaries aged 0 to 16 years inclusive. Since December 14, 2017, eligible studies that qualify for EAPs are general or technical, full-time or part-time (college, community college or university) post-secondary educational programs offered in Canada or the foreign equivalent. Programs offered in a post-secondary institution intended to provide a person with or improve the skills required in the exercise of a professional activity are also eligible. In all cases, these programs must have a minimum duration of three consecutive weeks, comprising at least 10 hours of courses or schoolwork per week. Specified educational programs are also eligible; they are postsecondary programs of study with a minimum duration of three consecutive weeks and to which a student must dedicate minimum of 12 hours per month on courses. When a beneficiary is registered in a distance learning program for such studies, they are also considered eligible. 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 Board of Directors on March 21, 2019.

2. Implementation of the new and revised standards

Standards and interpretations in effect during the annual reporting period

- **IFRS 15 Revenue from Contracts with Customers**

On May 28, 2014, the IASB and FASB jointly issued a standard that outlines a single general model to be used by entities to recognize revenue from contracts with customers. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the derived interpretations. The basic principle of the new standard is that a company must recognize revenue in such a way as to present transfers of the promised goods or services to the amount which corresponds to the sum the entity expects to receive in exchange for these goods or services. IFRS 15 is effective for annual reporting beginning on or after January 1, 2018. The Plan applied the new standard retrospectively, with adjustment to the net assets attributable to contracts as at January 1, 2018. The adoption of IFRS 15 had no impact on the Plan's statements of net income and comprehensive income or statements of financial position.

- **IFRS 9 Financial Instruments**

Through the publication of IFRS 9 Financial Instruments in July 2014, the IASB finalized its three-stage project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification and measurement of assets and financial liabilities and introduces a new expected-loss impairment model, as well as new requirements with regard to hedge accounting.

To determine whether a financial asset is measured at amortized cost or fair value, IFRS 9 uses a new approach. The latter is based on how an entity manages the financial asset and the contractual cash flow characteristics of such financial asset.

Most of the requirements in IAS 39 regarding classification and measurement of financial liabilities were carried forward in IFRS 9. However, when measuring a financial liability at fair value through profit or loss, the portion of the changes in fair value related to the entity's own credit risk is presented in the other comprehensive income rather than in the statement of income.

2. Implementation of the new and revised standards (continued)

- **IFRS 9 Financial Instruments (continued)**

IFRS 9 introduces a new impairment model based on expected credit loss, which applies to debt instruments held, measured at amortized cost or fair-value-through-other-comprehensive-income (FVTOCI); lease receivables, trade receivables, and commitments to loan money and financial guarantee contracts. Specifically, entities are required to account for expected credit losses when financial instruments are first recognized, and to recognize full lifetime expected credit losses on a timelier basis.

Lastly, IFRS 9 introduces a model for hedge accounting with enhanced disclosures about risk management activity. The new model represents a substantial overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, and shall apply retrospectively, subject to certain exemptions. The adoption of the new standard had no impact on the Plan's net income and comprehensive income, or its financial position.

However, application of this new standard had the effect of changing the classification of financial assets and financial liabilities. The following table shows these classification changes.

Financial instruments	**Classification under IAS 39**	**Classification under IFRS 9**
Financial assets		
Cash	Loans and receivables	Financial asset at amortized cost
Sales pending settlement	Loans and receivables	Financial asset at amortized cost
Other accounts receivable	Loans and receivables	Financial asset at amortized cost
Dividends receivable	Loans and receivables	Financial asset at amortized cost
Interest receivable	Loans and receivables	Financial asset at amortized cost
CESG receivable	Loans and receivables	Financial asset at amortized cost
QESI receivable	Loans and receivables	Financial asset at amortized cost
Insurance experience refunds	Loans and receivables	Financial asset at amortized cost
Investments	At fair value through profit or loss	At fair value through profit or loss
Financial liabilities		
Purchases pending settlement	Other liabilities	Financial liability at amortized cost
Accounts payable and other liabilities	Other liabilities	Financial liability at amortized cost
QESI refundable	Other liabilities	Financial liability at amortized cost

Application of IFRS 9 had no effect on the carrying amount of financial assets.

Application of this new standard also changed accounting policies; the accounting policies applied since January 1, 2018, are presented hereafter.

Classification and Measurement of Financial Assets
At initial recognition, all financial assets are recorded at fair value in the statement of financial position. After initial recognition, financial assets must be classified as measured at fair value through other comprehensive income, at amortized cost, or at fair value through profit or loss. The Plan determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets.

In addition, under the fair value option, a financial asset may be irrevocably designated at fair value through profit or loss at initial recognition if certain conditions are met. The Plan has not designated an asset under the fair value option.

2. Implementation of the new and revised standards (continued)

- **IFRS 9 Financial Instruments (continued)**

Contractual Cash Flow Characteristics
For the purpose of classifying a financial asset, the Plan must determine whether the contractual cash flows associated with the financial asset are solely payments of principal and interest on the principal amount outstanding. The principal generally corresponds to the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. If the Plan determines that the contractual cash flows associated with a financial asset are not solely payments of principal and interest, the financial assets must be classified as measured at fair value through profit or loss.

Business Model
When classifying financial assets, the Plan determines the business model used for each portfolio of financial assets that are managed together to achieve a same business objective. The business model reflects how the Plan manages its financial assets and the extent to which the financial asset cash flows are generated by the collection of the contractual cash flows, the sale of the financial assets, or both. The Plan determines the business model using scenarios that it reasonably expects to occur. The business model determination is a matter of fact and requires the use of judgment and consideration of all the relevant evidence available at the date of determination.

A financial asset portfolio falls within a “hold to collect” business model when the Plan’s primary objective is to hold these financial assets in order to collect contractual cash flows from them and not to sell them. When the Plan’s objective is achieved both by collecting contractual cash flows and by selling the financial assets, the financial asset portfolio falls within a “hold to collect and sell” business model. In this type of business model, collecting contractual cash flows and selling financial assets are both integral components to achieving the Plan’s objective for this portfolio. Financial assets are measured at fair value through profit or loss if they do not fall within either a “hold to collect” business model or a “hold to collect and sell” business model.

The entire investment portfolio is now classified at fair value through profit or loss as the Plan's strategy described in the prospectus and the decisions are based on the fair value of assets. Although the Plan collects contractual cash flows during the ownership of these assets, they are considered incidental and not essential to achieving the objectives of the Plan's business model. Since this model corresponds to another business model in accordance with IFRS 9, these financial assets should be classified at fair value through profit or loss.

Cash and cash equivalents, sales pending settlement, other receivables, dividends receivable, interest receivable, CESG receivable, QESI receivable and the experience refunds receivable are recorded at amortized cost, since they are managed according to an economic model for which the objective is to collect contractual cash flows that correspond only to payments of principal and interest on the principal amount outstanding. At initial recognition, these assets are recorded at fair value and are subsequently measured at amortized cost using the effective interest method. The assets are presented net of provisions for credit losses (PCLs), if any, in the statements of financial position.

At the end of each reporting period, the Plan applies a three-stage impairment approach to measure the expected credit losses (ECLs) on all debt instruments measured at amortized cost. The ECL model is forward looking. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Any initial and subsequent impairment must be recognized in profit or loss.

The ECL three-stage impairment approach is based on the change in the credit quality of financial assets since initial recognition. If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and an allowance for credit losses is recorded and measured (at each reporting date) at an amount equal to 12-month expected credit losses. When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and an allowance for credit losses measured (for each reporting period) at an amount equal to lifetime expected losses is recorded. For debts that have no significant financing component, the Plan uses the simplified method, so the allowance for credit losses correspond to an amount equal to lifetime expected credit losses.

2. Implementation of the new and revised standards (continued)

- **IFRS 9 Financial Instruments (continued)**

Business Model (continued)
In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to Stage 1, i.e., recognition of 12-month expected credit losses. When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime expected losses continues to be recorded or the financial asset is written off. The interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Purchases pending settlement, accounts payable and other liabilities, as well as QESI refundable are classified as financial liabilities at amortized cost. Upon initial recognition, these liabilities are recorded at fair value and are subsequently measured at amortized cost using the effective interest method.

3. Significant accounting policies

Statement of compliance

These financial statements are prepared in accordance and compliance with International Financial Reporting Standards (IFRS) applicable as at December 31, 2018.

Basis of preparation

These financial statements are prepared on a going concern and historical cost basis, except for certain financial instruments that have been measured at fair value at the end of each reporting period, as explained in the accounting policies described hereafter.

Assets and liabilities in the statements of financial position are listed in order, from the most liquid to the least liquid.

The presentation currency of the financial statements is the Canadian dollar (CAN$), which is the Plan’s functional currency.

Revenue recognition

- **Interest income for educational assistance payments**

The interest income is recognized when it is probable that future economic benefits will flow to the Plan and the amount of revenue can be measured reliably. The interest income is accrued on a time basis, with reference to the outstanding principal and the nominal interest rate.

- **Dividends**

Dividends income is recognized when the Plan’s right to receive payment is established, i.e. the dividend declaration date.

- **Insurance experience refunds**

The Plan offers subscribers an optional life and disability insurance program. Prior to January 1, 2010, all subscribers were required to enrol in the group insurance program, which included an experience refund clause under the life and disability coverage. For all plans opened prior to December 31, 2009, and for each subsequent contract period until September 30, 2017, inclusive, a refund amount is established by calculating the excess of the premiums collected on the incurred liabilities and the retention charges for the contract period. The experience refunds income is recognized at the time the premium eligible for refund is paid by the subscriber.

3. Significant accounting policies (continued)

Revenue recognition (continued)

- **Insurance experience refunds (continued)**

Liabilities incurred include benefits paid, outstanding or unrecognized benefits known when the experience refund is calculated, and individual life insurance processing costs of $30 per $1,000 of life insurance. The following retention costs are calculated on the premiums received: a 0.625% administration fee, a risk premium and a required capital contribution totalling 1.875%, a 5% commission fee (paid to Universitas Management Inc.), an administration fee capped at 22.5% (paid to Universitas Management Inc.), and a 2.35% tax on the premiums received net of the refund. If the balance is in deficit, it is deferred to the next contract period. In addition, a 9% tax is added to the calculation of excess premiums to determine the final amount of the refund.

On the reporting date of the financial statements, the refund amount receivable is estimated using a 12% rate of incurred liabilities, according to the group insurance program's historical experience, and the maximum administration fee of 22.5% paid to Universitas Management Inc.

Recognition of expenses

- **Brokerage fee**

The brokerage fee paid to the dealer is a commission established by the dealer and usually ranges from $0.01 to $0.05 per share purchased or sold.

- **Portfolio management fees**

The fees paid to the portfolio managers correspond to a declining percentage established by the managers based on the average total assets invested under their respective management.

- **Trustee fee**

The trustee's fee is a fixed annual amount established under an agreement with the trustee.

- **Custodian fee**

The custodian's fee represents 0.009% (0.009% in 2017) of the average total assets under management. Transaction fees for the purchase and sale of securities are also charged.

- **Administration fee**

The administration fee paid to the investment fund manager cannot exceed 1.18% (1.18% in 2017) of the total assets under management. Any portion of the administration fee that is not required to maintain and develop Universitas Management Inc. is deducted from any excess in revenue over company expenditures., and any surplus is returned to the Plan by reducing the rate of the administration fee.

- **Independent Review Committee fee**

The Independent Review Committee fee comprises the compensation paid to the IRC members in the form of attendance fees for their meetings and an annual retainer, as well as the reimbursement of any expenses incurred to attend these

Financial instruments

The following methods apply only to the comparative year ending December 31, 2017. Note 2 describes the new accounting policies applied as of January 1, 2018, in accordance with IFRS 9.

- **Classification**

The Plan's management has classified the entire investment portfolio at fair value through profit or loss, as this classification provides reliable and more relevant information about the effects of transactions, the financial position and the Plan's cash flows. This classification is in line with the Plan's investment strategy described in the continuous offering prospectus. The Plan's activity consists of investing in financial assets with a view to profit from their total return in the form of interest, dividends and changes in fair value. Information about the Plan is provided internally on that basis.

3. Significant accounting policies (continued)

Financial instruments (continued)

- **Classification (continued)**

Cash, sales pending settlement, dividends receivable, interest receivable, CESG receivable, QESI receivable, insurance experience refunds receivable and other accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. These are classified as "loans and receivables".
Purchases pending settlement, accounts payable and other liabilities, QESI refundable, as well as net assets attributable to contracts are classified as "other liabilities".

- **Initial recognition and measurement**

Financial assets and liabilities are recognized when the Plan becomes a party to the contractual provisions of the instruments, and are initially measured at fair value. Investments are recorded on the basis of the trade date.

Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recorded immediately in profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as "loans and receivables" or of financial liabilities classified as "other liabilities" are added to or deducted from (as applicable) the fair value of financial assets and liabilities upon initial recognition.

- **Subsequent measurement**

Financial assets at fair value through profit or loss are measured at fair value. Gains or losses due to the revaluation are recorded in net income for the year in which they arise. The net gain or loss recognized in profit or loss incorporates the interest or dividends earned on the financial asset, as described in the accounting policy pertaining to revenue recognition.

The fair values of investments are determined based on the bid prices and correspond to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. A quoted market price, if one exists, is the most reliable evidence. The method used to determine the fair value is described in Note 12. Changes in gains and losses on investments are included in the statements of comprehensive income under the item "Change in unrealized gain (loss) on investments." The average cost method is used to determine the investment cost.

Financial assets classified as "loans and receivables" and financial liabilities classified as "other liabilities" are measured at their amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts the future cash inflows over the expected life of the financial instrument to obtain its net carrying amount upon initial recognition.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired if there is objective evidence that the estimated future cash flows of the instrument have been affected as a result of one or more events.

- **Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or when the Plan has transferred all or substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

- **Offsetting**

The Plan offsets financial assets and financial liabilities when it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. When there is offsetting, the net amount is reported in the statements of financial position. Note 12 presents the amounts of financial assets and liabilities which are offset in the statements of financial position.

3. Significant accounting policies (continued)

Cash

Cash consists of bank deposits made in other financial institutions.

Quebec Education Savings Incentive (QESI) receivable

The QESI is generally received in May following the tax year the contributions were made by subscribers. As at the reporting date of the financial statements, the QESI amount receivable is estimated based on all subscriber contributions made during the annual reporting period ended December 31, 2018. This amount is estimated by first applying the methodology of the basic grant. If a subscriber is eligible for the additional grant, a supplementary grant amount receivable is then estimated in accordance with the applicable methodology. The total basic grant and the total additional grant are subject to the annual and lifetime limits, which are also factored into the estimated QESI receivable as at the reporting date.

Net assets attributable to contracts

The net assets attributable to contracts are a financial liability resulting from a unique contract and the Plan details the composition of this liability according to its use, i.e. subscribers' savings, sales charge refund obligation at maturity, EAP account, CESG, QESI or accumulated income on the CESG and QESI.

- **Subscribers' savings**

The subscribers' savings account consists of the contributions received, excluding sales charges. The Plan guarantees the refund of savings to subscribers at all times.

- **Sales Charge Refund Obligation at Maturity (SCROM)**

An amount equal to sales charges is refunded to subscribers directly from the accumulated income on subscribers' savings and grants at contract maturity. This liability is recognized as the sales charge refund obligation at maturity.

The Plan retains the services of an independent actuary to determine the value of the SCROM. Management assesses this value based on the sales charges applicable to each plan. The assumptions used to determine the value of the SCROM illustrate the management's best estimate regarding the future payments to subscribers and includes economic and non-economic assumptions. The non-economic assumptions include considerations such as the termination of plans before maturity. The main economic assumption is the discount rate. The latter corresponds to the weighting of the net rate of return of equities and bonds according to the directives of the investment policy applicable to the SCROM.

- **EAP account**

The educational assistance payment (EAP) account consists of the Plan's net investment income accumulated on subscribers' savings over time, after deduction of the EAPs made to beneficiaries and the portion of net income used to refund sales charges. This account may only be used to issue EAPs and these cannot exceed the sum in the eligible beneficiary group's EAP account.

- **Canada Education Savings Grant (CESG)**

Since January 1, 1998, the Government of Canada adds 20% to each dollar invested in a Registered Education Savings Plan (RESP) by a subscriber who meets all the Canada Education Savings Program (CESP) requirements and submits the necessary information. The annual CESG limit is set at $500 per beneficiary (i.e. $2,500 x 20% = $500). Moreover, since January 1, 2005, the CESG rate that applies to the first $500 of the annual RESP contribution increased from 20% to 40% for beneficiaries whose adjusted family net income in 2018 does not exceed $46,605 and to 30% for beneficiaries whose adjusted family net income in 2018 falls between $46,606 and $93,209. These amounts are indexed every year. Beneficiaries born on or after January 1, 2004, from families who meet the financial criteria established by the federal government also qualify for the Canada Learning Bond (CLB), which consists of an initial payment of $500 into the beneficiary's RESP. Subsequently, this beneficiary can also qualify for additional CLB payments of $100 each year of eligibility, for a maximum of 15 years. The grant is paid as part of the EAPs made to the beneficiary.

3. Significant accounting policies (continued)

Net assets attributable to contracts (continued)

- **Quebec Education Savings Incentive (QESI)**

On February 20, 2007, the Government of Quebec introduced the Quebec Education Savings Incentive (QESI), a program to encourage education savings which took the form of a refundable tax credit paid directly in the RESP opened with a provider offering the QESI. The grant's annual limit is set at $250 per beneficiary (i.e., $2,500 x 10% = $250). Moreover, the QESI rate on the first $500 contributed annually to an RESP is 20% for beneficiaries whose adjusted family net income in 2018 does not exceed $43,055. The rate is 15% for beneficiaries whose 2018 adjusted family net income falls between $43,056 and $86,105. These amounts are indexed each year. The credit applies as of the 2007 taxation year to contributions to RESPs after February 20, 2007, for a calendar year after 2006. The cumulative QESI lifetime limit per beneficiary is set at $3,600. The grant is paid as part of the EAPs made to the beneficiary.

Taxation

The Plan is a trust under a registered education savings plan (RESP) and is exempted from filing a Trust Income Tax Return. Therefore, the Plan does not recognize income tax expenses.

Calculation of educational assistance payment (EAP) value per unit

EAP amounts per unit are calculated as at January 1st (June 1st in 2017) by determining the adjusted fair market value (AFMV) available to the beneficiary group eligible for EAPs as of this date.

The effect of this methodology is to amortize gains (losses) on investments over a six-year period, thereby protecting EAP amounts per unit from any major market fluctuations. For the period between November 30, 2017 and January 1, 2018 (between December 31, 2016 and June 1, 2017), the net return generated securities from the portfolio in which the EAP account is invested is added. The amount of EAPs made to beneficiaries during this same period is also deducted, thereby establishing the AFMV as at January 1st (June 1st in 2017). The latter is then distributed among the units held by the beneficiaries eligible to receive an EAP by applying a claim factor. This way, only a portion of these units is considered, since some beneficiaries will not meet the requirements to qualify for the receipt an EAPs.

An independent actuary issued an actuarial certificate regarding the methodology and assumptions used to calculate the EAP amounts per unit payable between January 16, 2018 and December 31, 2018 (June 1, 2017, and December 19, 2017). In 2017, the unit amounts of the 2nd and 3rd EAPs correspond respectively to the amounts of the 1st and 2nd EAPs calculated the previous year, increased by the returns achieved thus far (for the year in progress) by the securities in which the EAP account is invested.

4. Significant accounting judgements, estimates and assumptions

In the application of the Plan's accounting policies, as described in Note 3, 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized the year during which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if said revision affects both current and future years.

Management exercised judgment and made estimates and underlying assumptions regarding the insurance experience refund, the QESI receivable, and the sales charge refund obligation at maturity (SCROM).

(in thousands of Canadian $)

5. Investments

	December 31, 2018	December 31, 2017
Short-term investments	**61,755**	35,188
Bonds	**597,127**	524,824
Equities	**103,743**	111,425
	762,625	671,437

6. Current assets and liabilities

The Plan expects to recover the amounts relating to the sales pending settlement, dividends receivable, interest receivable, CESG receivable, QESI receivable, the experience refunds receivable and other accounts receivable no later than 12 months following the end date of the reporting period. In addition, the Plan expects to settle the sums for the sales pending settlement, QESI refundable as well as accounts payable and related no later than 12 months following the end date of the reporting period.

7. Accounts payable and other liabilities

	Notes	**December 31, 2018**	December 31, 2017
Amount payable to Universitas Management Inc.	9	**847**	747
Accumulated income on grants for payment to a designated educational institution		**1,800**	1,594
Other		**178**	144
		2,825	2,485

8. Sales Charge Refund Obligation at Maturity (SCROM)

	December 31, 2018	December 31, 2017
Discounted value of the SCROM	**55,940**	51,325
Non-discounted value of the SCROM	**89,815**	83,288

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	**December 31, 2018**	December 31, 2017
Discount rate applied	**4.68 %**	4.51 %
Increase of 1.0%	**(4,687)**	(4,589)
Decrease of 1.0%	**5,251**	5,164

(in thousands of Canadian $)

9. 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 distributor and investment fund manager.

Universitas Foundation of Canada

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

Administration fee	**2018**	2017
Universitas Management Inc.	**9,528**	8,389
Universitas Foundation of Canada	**176**	169
	9,704	8,558

Amount receivable (payable)	**December 31, 2018**	December 31, 2017
Universitas Management Inc.	**(847)**	(747)
Universitas Foundation of Canada	**2,713**	4,166

10. Additional information relating to the statements of cash flows

For the purposes of the statements of cash flows, cash includes cash on hand with financial institutions. Cash, at the end of the annual reporting period and as presented in the statements of cash flows, may be reconciled to the items in the statements of financial position as follows:

Cash	**December 31, 2018**	December 31, 2017
Cash	**4,355**	4,092

11. 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 subscriber's 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 values per unit.

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 reviews and revises its policies and procedures regularly.

11. Capital management (continued)

For the year ended December 31, 2018, 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 currently invested entirely in Canadian equities. 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 target asset allocation for these funds is 100% Canadian equities.

During the year ended December 31, 2018, 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.

12. 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 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 consists 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.

(in thousands of Canadian $)

12. Financial instruments (continued)

Fair value (continued)

- **Fair value hierarchy (continued)**

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.

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 December 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Short-term investments	**20,692**	**41,063**	**-**	**61,755**
Bonds	**-**	**597,127**	**-**	**597,127**
Equities	**103,743**	**-**	**-**	**103,743**
	124,435	**638,190**	**-**	**762,625**

As at December 31, 2017	Level 1	Level 2	Level 3	Total
Short-term investments	9,850	25,338	-	35,188
Bonds	-	524,824	-	524,824
Equities	111,425	-	-	111,425
	121,275	550,162	-	671,437

Over the course of the years ended December 31, 2018 and 2017, there was no significant transfer 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.

(in thousands of Canadian $)

12. Financial instruments (continued)

Risk management related to financial instruments (continued)

- **Credit risk (continued)**

As at December 31, 2018, and as at December 31, 2017, 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	**December 31, 2018**	December 31, 2017
	%	%
AAA	**1.6**	5.9
AA	**78.6**	72.2
A	**19.8**	21.9

*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.

(in thousands of Canadian $)

12. Financial instruments (continued)

Risk management related to financial instruments (continued)

- **Liquidity risk (continued)**

The following table presents the Plan's contractual maturities of financial liabilities as at December 31, 2018, assuming the subscribers claim their savings at contract maturity (they are also entitled to claim these in full by cancelling part or all of their units):

Maturity	Purchases pending settlement	Accounts payable and other liabilities	QESI refundable	Net assets attributable to contracts	Total
2019 (1)	917	2,825	759	70,698	75,199
2020				39,436	39,436
2021				49,493	49,493
2022				55,586	55,586
2023				63,718	63,718
2024				66,980	66,980
2025				71,098	71,098
2026				64,608	64,608
2027				62,972	62,972
2028				64,280	64,280
2029				54,114	54,114
2030				45,340	45,340
2031				32,672	32,672
2032				22,285	22,285
2033				12,150	12,150
2034				4,886	4,886
2035				965	965
	917	**2,825**	**759**	**781,281**	**785,782**

(1) Including beneficiary groups with plans that reached maturity before 2019.

- **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 markets 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 market sectors (government, municipal, energy, materials, communication services, utilities, financials, consumer staples, consumer discretionary, industrials 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.

(in thousands of Canadian $)

12. 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 Plan.

As at December 31, 2018, 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 $28.9M ($24.2M as at December 31, 2017). In practice, actual results may differ materially.

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

	December 31, 2018	December 31, 2017
	%	%
Maturing in less than one year	**9.4**	6.3
Maturing in one to five years	**45.0**	54.0
Maturing after five years	**45.6**	39.7

- **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 market sectors, 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 $10.4M as at December 31, 2018 ($11.1M as at December 31, 2017), 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.

- **Concentration risk**

The concentration risk arises from the concentration of positions within a given category, whether a geographical location, a product type, an market 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	**December 31, 2018**	December 31, 2017
	%	%
Energy	**9.5**	9.3
Materials	**9.0**	8.3
Communication Services	**3.3**	3.6
Utilities	**9.1**	8.6
Financials	**35.8**	37.7
Consumer Staples	**9.4**	9.4
Consumer Discretionary	**9.7**	9.9
Industrials	**9.7**	8.7
Technology	**4.5**	4.5

(in thousands of Canadian $)

12. Financial instruments (continued)

Risk management related to financial instruments (continued)

- **Offsetting**

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

Canada Education Savings Grant (CESG) receivable	**December 31, 2018**	December 31, 2017
Gross financial assets	**2,143**	2,318
Financial liabilities offset	**(337)**	(354)
	1,806	1,964

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.

UNIVERSITAS

REFLEX PLAN

Scholarship Agreements (unaudited)

as at December 31, 2018

(in thousands of Canadian $)

Group	Number of units as at Dec. 31, 2017	Number of subscribed units	Number of cancelled or expired units	Number of units as at Dec. 31, 2018	Subscrivers' Savings	Sales Charge Refund Obligation at Maturity	EAP Account	CESG and Accumulated Income on CESG	QESI and Accumulated Income on QESI
2019	15,314.2	50.2	(553.3)	14,811.1	41,911	2,113	8,085	13,248	5,341
2020	8,433.5	85.1	(89.9)	8,428.7	24,290	1,477	3,351	7,318	3,000
2021	11,388.4	110.8	(148.6)	11,350.6	28,359	1,885	3,326	12,249	3,674
2022	14,559.2	190.3	(199.2)	14,550.3	31,607	2,280	3,031	14,379	4,289
2023	19,283.3	228.6	(326.7)	19,185.3	36,521	2,852	2,704	16,494	5,147
2024	23,524.1	368.5	(444.2)	23,448.4	38,845	3,286	1,734	17,545	5,570
2025	29,387.4	476.1	(631.8)	29,231.8	41,991	3,861	464	18,792	5,990
2026	33,667.6	702.2	(817.0)	33,552.8	38,487	4,160	(1,398)	17,766	5,593
2027	43,798.8	784.9	(1,208.4)	43,375.2	37,816	5,057	(3,628)	18,072	5,655
2028	52,671.1	947.3	(1,671.4)	51,946.9	38,830	5,704	(4,737)	18,634	5,849
2029	53,073.3	1,306.9	(1,894.5)	52,485.7	32,500	5,370	(4,764)	15,950	5,058
2030	54,481.1	1,688.1	(2,243.8)	53,925.4	26,704	5,120	(4,742)	13,837	4,421
2031	51,292.8	1,748.1	(2,449.3)	50,591.6	18,482	4,428	(4,199)	10,589	3,372
2032	47,433.0	2,344.0	(2,169.2)	47,607.8	11,594	3,791	(3,632)	8,047	2,485
2033	39,943.5	3,381.0	(2,100.6)	41,223.9	5,254	2,821	(2,677)	5,247	1,505
2034	23,602.7	9,409.4	(2,187.7)	30,824.4	1,472	1,412	(1,308)	2,677	633
2035	-	15,861.2	(991.3)	14,869.9	166	323	(322)	690	108
	521,854.0	**39,682.9**	**(20,127.1)**	**541,409.8**	**454,829**	**55,940**	**(8,712)**	**211,534**	**67,690**

UNIVERSITAS
REFLEX PLAN

Educational assistance payments (unaudited)
for the years ended December 31, 2018 and 2017
(in Canadian $)

As at December 31, 2018 [1][2]	Year of Qualification [5]	Units	EAP unit Value	Total
			$	$
1st EAP				
	2017	1,786.505	174	310,852
	2016	440.046	170	74,808
2nd EAP				
	2017	156.841	174	27,290
	2016	591.566	173	102,341
	2015	281.648	160	45,064
	2014	49.232	139	6,843
	2013	31.635	343	10,851
	2012	4.850	406	1,969
3rd EAP				
	2017	60.187	174	10,473
	2016	54.839	173	9,487
	2015	211.936	163	34,546
	2014	170.722	139	23,730
	2013	35.262	347	12,236
	2012	11.401	406	4,629
	2011	5.075	674	3,421
	2010	1.000	879	879
Experience refunds [3]		1,907.860	40	76,314
Grants and their income paid				1,622,828
Other income paid [4]				16,551
				2,395,112

UNIVERSITAS
REFLEX PLAN

Educational assistance payments (unaudited)
for the years ended December 31, 2018 and 2017
(in Canadian $)

As at December 31, 2017 (1)(2)	Year of Qualification (5)	Units	EAP unit Value	Total
			$	$
1st EAP				
	2016	1,206.330	170	205,076
	2015	284.279	160	45,485
2nd EAP				
	2016	66.657	170	11,332
	2015	317.575	160	50,812
	2014	255.816	139	35,558
	2013	40.217	343	13,794
	2012	7.090	406	2,879
	2011	3.741	663	2,480
3rd EAP				
	2016	32.758	170	5,569
	2015	52.556	160	8,409
	2014	248.011	139	34,474
	2013	105.186	347	36,500
	2012	30.234	406	12,275
	2011	1.898	674	1,279
	2010	2.526	879	2,220
	2009	0.445	1,000	445
Experience refunds (3)		1,319.250	40	52,770
Grants and their income paid				1,055,254
Other income paid (4)				15,026
				1,591,637

(1) The EAP unit amount does not include the government grants or the income earned on these.

(2) The EAP unit amounts are established on July 1st every year.

(3) The insurance experience refund is only payable for units purchased prior to December 8, 2009, and for wich the subscriber paid premiums for the mandatory life and disability insurance. Before 2014, this refund was included in the EAP unit amount since all qualified beneficiaries were entitled to it.

(4) The "other income paid" refers to income received from other promoters, and income on savings after plan maturity.

(5) Since July 1, 2014, a freeze on the 2nd and 3rd EAP is applied. This means that if a beneficiary applies for a 1st EAP, he or she will receive the unit value of the 2nd and 3rd EAP calculated for the current year of qualification, regardless of when the beneficiary applies for it. Prior to July 1, 2014, any beneficiary who qualified for a 2nd or 3rd EAP received the unit amount in force at the time of application.

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