

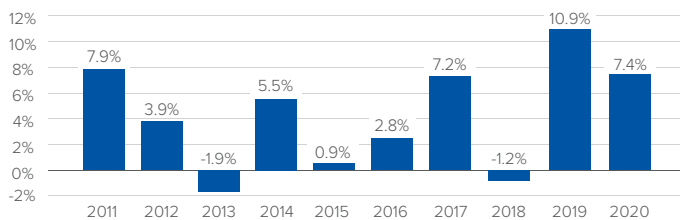
## ABOUT THE PLAN

Managed by:	Heritage Education Funds International Inc.
Portfolio Advisers:	Scotia Institutional Asset Management, a division of 1832 Asset Management L.P., Fiera Capital Corporation
Inception Date:	Sept 1, 1988
Assets Under Management <sup>2</sup>	U.S. \$149 million
Fees <sup>3</sup> :	
Membership Fee	\$110/unit
Depository Fee	\$1.00 - \$5.00/unit per year based on frequency of contributions
Administration fee <sup>4</sup>	Up to 1% per annum of principal and income. 0.81% in 2019 (incl. portfolio management fee).

## TOP 10 INVESTMENTS<sup>2</sup>

NAME	%
VANGUARD S&P 500 ETF	15.5
United States of America Treasury Note, 0.125% coupon 2023-30-06	11.5
VANGUARD FTSE Developed Markets ETF	7.6
RBC Finco Term Deposit, 0.35% coupon 2021-11-06	7.1
United States of America Treasury Bond, 4.75% coupon 2037-15-02	6.9
RBC Finco Term Deposit, 0.35% coupon 2021-29-06	5.9
RBC Finco Term Deposit, 0.35% coupon 2021-29-04	4.6
United States of America Treasury Bond, 2.75% coupon 2042-15-08	3.6
United States of America Treasury Note, 0.75% coupon 2026-30-04	2.9
United States of America Treasury Note, 1.25% coupon 2028-30-04	2.0

## ANNUAL PORTFOLIO RETURNS AS OF DECEMBER 31<sup>2,5</sup>

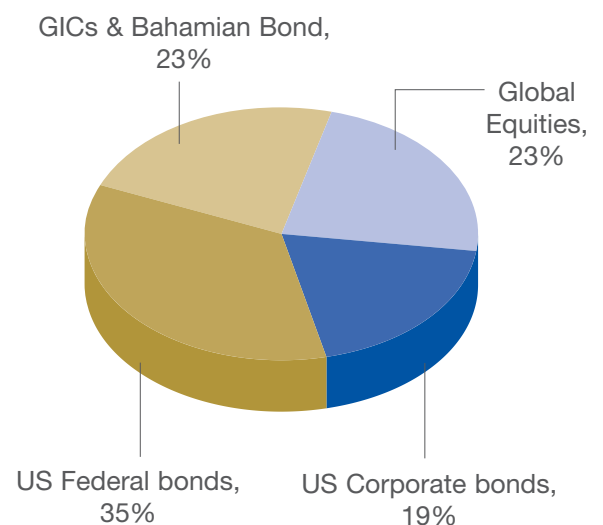


## PERFORMANCE ANALYSIS<sup>2</sup>

The following table illustrates the annual compounded returns for the periods shown. Investment returns have been calculated using market values and time-weighted cash flows during the periods.

Estimated unaudited Net Returns <sup>6</sup>	YTD	1 year	3 years	5 years	10 years
	1.8%	7.4%	5.6%	5.3%	4.3%

## ASSET WEIGHTINGS AS AT JUNE 30, 2021<sup>2</sup>



## INVESTMENT POLICIES

Subscribers' Contributions will be, as directed by the Foundation, invested in term deposits, debentures and bonds, most of which are guaranteed by the Government of the United States of America or the Government of Canada, and any state, province or municipality thereof. Contributions may also be invested in corporate bonds with a minimum credit rating of BBB or equivalent, as directed by the Foundation. Income earned on Contributions may be invested in: (a) Equities listed on a stock exchange in Canada or the United States; (b) Index participation units of a Canadian or U.S. Exchange-Traded Fund ("ETF") whose objective is to replicate the performance of a specified widely quoted index of Canadian, U.S. or Global Equity Securities; (c) Corporate Bonds issued in Canada and the United States, with a minimum credit rating of BBB, and/or (d) Derivatives for hedging and liquidity purposes.

## INVESTMENT COMMENTARY

Investors turned more optimistic as the post-pandemic global economic revival gained further momentum. The ramp-up in vaccine rollout set a stage for a rapid recovery. Investors seemed to be less concerned about the accelerating inflationary pricing pressures and earlier-than-expected withdrawal of Central banks' support. This provided a sense of calm across the financial markets, and resulted in positive performance both for bonds and equities.

Year to date, the Canadian equities (S&P TSX Composite) were up 17.3%, the US equities (S&P 500) were up 15.3%, and the Global Equities (MSCI World) returned 13.3%.

Bond rallied as investors became more aligned with the US Fed's view that near-term pricing pressures are transitory. North American yield curves flattened, with long-term yields tumbling lower. Since bond yields and prices are negatively correlated, this resulted in positive bonds performance. The FTSE Canada bond universe index was up 1.7%, while the US Corporate and Government bonds (ICE BAML US Corp and Gov Master index) rose 2.6% over the second quarter of 2021. However, this couldn't turn around the year-to-date bonds performance, which is still negative. As at June 30, 2021, the Canadian bonds were down 3.5%, and the US bonds returned negative 2.0%.

<sup>1</sup> The Heritage International Scholarship Trust Plan is a scholarship plan administered by Heritage Education Funds International Inc., and sponsored by the Heritage International Scholarship Trust Foundation.

<sup>2</sup> Source: Heritage Education Funds International Inc. Contributions from Bahamian subscribers are required to be invested in Bahamian securities only, in accordance with requirements of The Central Bank of The Bahamas. Please see the Bahamas' prospectus for more information.

<sup>3</sup> Please refer to the plan's prospectus for full details.

<sup>4</sup> This fee is calculated based on the total amount of money all subscribers have in the Heritage International Scholarship Trust Plan and is deducted from total income before income is allocated to subscribers' plans.

<sup>5</sup> The bar chart illustrates the annual performance of the Heritage International Scholarship Trust Plan in each of the past ten years to December 31, 2020. Past performance is not indicative of future returns.

<sup>6</sup> The YTD return is the unaudited compounded rate of return as of June 30, 2021. The 1, 3, 5 and 10-year returns are audited annually compounded rate of returns as of December 31, 2020.

*This report is intended for general guidance and information purposes only and is under no circumstances intended to be used or considered as financial or investment advice, a recommendation or an offer to sell, or a solicitation of any offer to buy any securities or other form of financial asset. The information contained herein may be subject to changes without prior notice. Knowledge First Financial does not accept any form of liability, neither legally nor financially, for loss (direct or indirect) caused by the understanding and/or use of this report or its content.*