

Financial Statements of

**HERITAGE INTERNATIONAL
SCHOLARSHIP TRUST PLAN -
FUND D**

(Expressed in U.S. Dollars)

For the years ended December 31, 2024 and December 31, 2023



Independent auditor's report

To the Trustee of Heritage International Scholarship Trust Plan – Fund D

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Heritage International Scholarship Trust Plan – Fund D (the Plan) as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Plan's financial statements comprise:

- the statement of financial position as at December 31, 2024;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in net assets attributable to subscribers and beneficiaries for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Plan in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.



Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards 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.

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 auditing standards generally accepted in Bermuda and Canada 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 auditing standards generally accepted in Bermuda and Canada, we exercise professional judgment and maintain professional scepticism 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.

Other matter

This report, including the opinion, has been prepared for and only for the Plan in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Hamilton, Bermuda

June 20, 2025

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Statement of Financial Position

As at December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

	2024	2023
Assets		
Cash	\$ 326,613	\$ 327,528
Due from Heritage International Scholarship Trust Foundation (note 10)	2,465,577	1,629,932
Investments, at fair value (note 5 & 6)	139,415,160	137,602,945
Accrued interest and dividends	917,480	1,487,526
Advanced structuring fees	-	114,998
Total assets	\$ 143,124,830	\$ 141,162,929
Liabilities		
Accounts payable	\$634,724	\$166,386
Restricted fees due to Heritage International Scholarship Trust Foundation (note 10)	1,470,073	1,040,527
Membership fee obligation (note 11)	10,625	10,625
Total liabilities	\$ 2,115,422	\$ 1,217,538
Net assets attributable to subscribers and beneficiaries (note 9)	\$ 141,009,408	\$ 139,945,391

Approved on behalf of the Board of the Heritage International Scholarship Trust Foundation:

Signed by:

Garfield Sinclair

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Director

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Director

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

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Statement of Comprehensive Income

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

	2024	2023
Income		
Interest	\$ 4,393,147	\$ 3,648,892
Dividends	865,465	1,092,398
Other changes in fair value of instruments		
Net realized gains on investments	1,593,713	1,722,427
Net change in unrealized gains on investments	3,061,672	5,341,920
	\$ 9,913,997	\$ 11,805,637
Expenses		
Administration fees (note 10)	1,415,165	1,402,915
Portfolio management and performance fees (note 14)	886,653	409,311
Bank fees	41,393	30,181
Other expenses	538,431	506,140
	\$ 2,881,642	\$ 2,348,547
Increase in net assets attributable to subscribers and beneficiaries	\$ 7,032,355	\$ 9,457,090

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

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Statement of Cash Flows

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

Cash provided by (used in)	2024	2023
Operating activities		
Increase in net assets attributable to subscribers and beneficiaries from operations	\$ 7,032,355	\$ 9,457,090
Adjusted for:		
Changes in unrealized gains, net	(3,061,672)	(5,341,920)
Realized gains, net	(1,593,713)	(1,722,427)
Amortization of bond premiums/discounts	(763,365)	(111,619)
Changes in non-cash working capital:		
Decrease (increase) in accrued interest and dividends	570,046	(436,978)
Increase (decrease) in due from Heritage International Scholarship Trust Foundation	(835,645)	1,643,674
Increase in accounts payable	468,338	117,963
Decrease in advanced structuring fees	(114,998)	(230,002)
Increase in restricted fees due to Heritage International Scholarship Trust Foundation	429,546	571,097
Purchase of investments	(106,075,539)	(95,484,687)
Proceeds from sale of investments	109,912,070	78,889,114
Net cash provided by (used in) operating activities	\$ 5,967,423	\$ (12,648,695)
Financing activities		
Subscribers' contributions	14,236,575	14,647,235
Return of subscribers' contributions	(16,331,919)	(14,517,332)
Payment of educational assistance payments, interest and refund of membership fees to subscribers and beneficiaries and interest received	(3,872,994)	(3,457,745)
Net cash used in financing activities	\$ (5,968,338)	\$ (3,327,842)
Net decrease in cash during the year	(915)	(15,976,537)
Cash, beginning of year	327,528	16,304,065
Cash, end of year	\$ 326,613	\$ 327,528
Supplemental Disclosure of Cash Flow Information		
Interest received	\$ 4,155,665	\$ 3,277,986
Dividends received	862,111	929,757

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

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Statement of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

	2024	2023
Net assets attributable to subscribers and beneficiaries, beginning of year	\$ 139,945,391	\$133,816,146
Subscribers' contributions, net		
Contributions	14,236,575	14,647,235
Return of contributions	(16,331,919)	(14,517,332)
	\$ (2,095,344)	\$ 129,903
Increase in net assets attributable to subscribers and beneficiaries	7,032,355	9,457,090
Educational assistance payments		
Group plan	(3,804,274)	(3,239,051)
Self determined option	(10,622)	(21,438)
Contributed interest		343
Inactive principal paid to subscribers	(58,098)	(197,602)
	3,159,361	\$ 5,999,342
Net assets attributable to subscribers and beneficiaries, end of year	\$ 141,009,408	\$ 139,945,391

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

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Schedule of Educational Assistance Payments

For the year ended December 31, 2024

(Expressed in U.S. Dollars)

	Year of Eligibility						
	2024	2023	2022	2021	2020	2019	2018>
Plan A							
Number of units:							
First scholarship	-	-	-	-	-	-	-
Second scholarship	-	-	-	-	-	-	-
Third scholarship	-	-	-	-	-	-	-
Amount of scholarship per unit:							
First scholarship	\$-	\$-	\$-	\$ -	\$ -	\$-	\$-
Second scholarship	-	-	-	-	-	-	-
Third scholarship	-	-	-	-	-	-	-
	\$	\$	\$-	\$-	\$ -	\$	\$-
Plan E							
Number of units:							
First scholarship	6,015	2,145	693	123	-	10	10
Second scholarship	-	5,503	1,761	307	227	34	69
Third scholarship	-	-	4,906	1,634	525	99	260
Amount of scholarship per unit:							
First scholarship	\$ 160	\$ 155	\$150	\$ 149	\$ -	\$ 150	\$-
Second scholarship	-	160	155	151	149	152	150
Third scholarship	-	-	160	155	151	153	150
	\$963,406	\$1,212,721	\$1,161,474	\$317,054	\$113,031	\$21,708	\$14,880
Total	\$963,406	\$1,212,721	\$1,161,474	\$317,054	\$113,031	\$21,708	\$14,880
Total EAPs under the Group Plans paid in 2024						\$3,804,274	

The accompanying notes are an integral part of these financial statements

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

1 General Information

The Heritage International Scholarship Trust Plan - Fund D (the "Plan") was established by the Heritage International Scholarship Trust Foundation (the "Foundation"). The Foundation was organized on May 16, 1983, as a not-for-profit corporation, incorporated under the laws of Canada without share capital. The Plan was established on September 1, 1988 under the laws of Canada and Butterfield Trust (Bermuda) Limited was appointed as trustee pursuant to the trust agreement of February 3, 1988.

The Plan represents funds, in United States dollars, administered as per the prospectus dated September 2024 for subscribers in Bahamas and Jamaica, the prospectus dated August 4, 2022 for subscribers in British Virgin Islands and the prospectus dated March 2024 for subscribers in Bermuda (together with prospectuses of prior years, collectively the "Prospectuses"). Balances and investments applicable to subscribers based in the Bahamas are denominated in Bahamian dollars. The Plan comprises units issued up to 1996, called Plan A and units issued post-1996, called Plan E. The Plan provides a savings vehicle for parents, grandparents and others ("Subscriber" or "Subscribers") to accumulate funds for children under the age of 14 and who reside outside of Canada, with the goal of providing funds for their post-secondary education.

The Subscriber enters into a Scholarship Agreement with the Foundation pursuant to which the Subscriber obtains units of the Plan. Subscriber contributions are invested in: (a) guaranteed investment certificates of federal, state, provincial or municipal licensed trust or loan companies of, or guaranteed by, United States and/or Canadian chartered banks; (b) debentures, bonds or other securities of, most of which are guaranteed by, the Government of the United States or the Government of Canada or any state, province or municipality (including variable rate securities); and/or (c) corporate debt securities with an approved credit rating. Income earned on principal may be invested in: (a) Equities listed on a stock exchange in Canada or United States; (b) Index participation units of a Canadian or American mutual fund; (c) corporate bonds issued in Canada and the United States; and/or (d) Derivatives, for hedging and liquidity purposes.

The Plan is administered by the Foundation, which is responsible for the coordination of functions provided by the depository, trustee and portfolio advisers. The distribution and administration of the Plan has been contracted by the Foundation to Heritage Education Funds International Inc. (formerly, Heritage Education Funds International LLC, a limited liability company, which was continued under the Canada Business Corporation Act on December 29, 2017 under the name Heritage Education Funds International Inc. ("Heritage International")). Heritage International has also been appointed to offer enrollment in the Plan to subscribers.

Heritage International was controlled by Heritage Financial Group Limited until January 2, 2018. During the year ended December 31, 2017, the Foundation and the Heritage International were under common management as the beneficial shareholders of the Heritage International constituted the board members of the Foundation.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

On September 30, 2019 (“Amalgamation Date”), Heritage Education Funds International Inc. and Knowledge First International were also amalgamated. Heritage Education Funds International Inc. (the “Company”) continued as the amalgamated company. The Company also continued to be the investment fund manager and distributor of the HIST Plan – Fund D.

Knowledge First Foundation's wholly owned subsidiary, Knowledge First Financial Inc. (“Knowledge First Financial”) was the investment fund manager and distributor of the KF Plans. Subsequent to the date of amalgamation of HEFI and Knowledge First Financial on August 28, 2018, depository services were provided by Knowledge First Financial.

On October 1, 2021, PROVEN Group Limited (“Proven”), previously PROVEN Investments Limited, acquired control of 100% of the issued and outstanding shares of Heritage Education Funds International Inc. (“Heritage International”) and, by extension, the membership interests in Heritage International Scholarship Trust Foundation (the “Foundation”).

The address of the Plan's registered office is 100 King Street West, Suite 6200, 1 First Canadian Place, Toronto, Ontario M5X 1B8, Canada.

The Board of Directors of the Foundation authorized the financial statements for issue on June 20, 2025.

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2 Basis of Accounting

The financial statements have been prepared in compliance with IFRS Accounting Standards (“IFRS”). The Plan has consistently applied the accounting policies used in the preparation of its financial statements.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

3 Summary of significant accounting policies

The significant accounting policies followed by the Plan are as follows.

Financial instruments

The Plan recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at FVTPL. Regular purchases and sales of financial assets are recognized at their trade date. The Plan's investments are classified at FVTPL, including its investments in equities, Exchange Traded Funds and debt securities. All other financial assets and liabilities, including accrued interest and dividends receivable, amounts receivable for investments sold, amounts payable for securities purchased and accounts payable are measured at amortized cost. The Plan's obligation for net assets attributable to subscribers and beneficiaries is presented at the distribution amount, which is the residual amount of assets of the Plan after deducting all its liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. For equities & exchange traded funds, the Plan uses the last traded market price where the last traded price falls between that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Plan determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. For bonds, the Plan uses mid prices provided by independent security pricing vendors. The Plan's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer. The fair value of financial assets and liabilities that are not quoted in an active market is determined using valuation techniques. The use of valuation techniques for financial instruments that are not quoted in an active market requires the Plan to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

Impairment of financial assets

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized cost. With respect to financial assets at amortized cost, the Plan considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement dates, all receivables are due to be settled within the short term. The Plan considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Plan to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

Investment transactions and income recognition

Subsequent to initial recognition, all financial instruments measured at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the financial instruments at FVTPL are presented in the statement of comprehensive income within either realised gain/loss on investments or change in unrealized gains/losses in the period in which they arise. Interest and investment income are recorded on an accrual basis and includes amortization of any premiums or discounts on the purchase of the investments using the effective interest method. Dividends are recognized as income on the ex-dividend date. The cost of the investment is determined using the average cost method. Average cost includes amortization of premiums and discounts on the Plan's debt securities.

Subscribers' contributions

Subscribers' contributions reflect all amounts received from the Subscribers and do not include any amounts receivable on subscribed units. Contributions to the Plan are made over a maximum period of 18 years.

Fees and insurance premiums

Membership fees, depository fees and insurance premiums are deducted from the initial Subscribers' contributions and subsequent contributions in accordance with the Prospectuses. Administration fees are deducted from investment income in accordance with the Prospectuses. (Note 10).

Surplus funds

Surplus funds represent the cumulative difference between the fair value of the Plan's investments versus the amortized cost of investments, cumulative realized gains and losses on sale of investments net of the membership fee obligation and other adjustments, including transfers to the Enhancement Fund.

Cash

Cash is comprised of deposits with the Plan's custodians, Proven Wealth Limited, Colina Financial Advisors Limited and Northern Trust. Butterfield Trust (Bermuda) Limited is the trustee of the Plan.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

Taxation

Bermuda at present imposes no taxes on profit, income, capital gains or appreciations in value of the Plan. There are also currently no taxes imposed in Bermuda by withholding or otherwise on the Subscribers on profit, income, capital gains or appreciations in respect of their units nor any taxes on the Subscribers in estate duty, inheritance, or capital transfer tax.

The Foreign Account Tax Compliance Act (FATCA) imposes a withholding tax of thirty per cent onto certain U.S. sourced amounts paid to Foreign Financial Institutions (FFI) unless various information reporting requirements are satisfied. The withholding obligation arises unless the FFI enters directly into a contract with the U.S. Internal Revenue Service and reports to the relevant tax authority. Amounts include gross U.S.-sourced dividend and interest income, gross proceeds from the sale of property that produces dividend or interest income from sources within the U.S.

The Plan will use reasonable efforts to avoid the imposition of a withholding tax on EAP payments to beneficiaries under FACTA. As a result, subscribers will be required to provide identification attesting whether the subscriber is a U.S. citizen, resident or taxpayer to avoid imposition of such withholding tax. In failure of this provision, the Plan is authorized to withhold amounts from EAP payments otherwise distributable and has the right to cancel the contract and disqualify beneficiary from receiving further EAPs.

The Plan is required to collect certain information for each calendar year from subscribers and report such information to the Minister of Finance.

Interests in unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of a contractual arrangement. The Plan invests in exchange traded funds (“ETFs”) and the Plan has determined that these investments are unconsolidated structured entities. The Plan accounts for its investments in unconsolidated structured entities at FVTPL. The ETFs finance their operations by issuing redeemable shares, which are puttable at the holder’s option and entitle the holder to a proportional stake in the ETF’s net asset value. The ETFs are domiciled in the United States of America and listed on the New York Stock Exchange. The Plan’s maximum exposure to loss from its interest in these securities is equal to the total fair value of its investments.

4 Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant judgments and estimates that the Plan has made in preparing the financial statements:

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

Investment entity status

A significant judgment made in preparing the Plan's financial statements relates to the determination that the Plan meets the definition of an investment entity as described in IFRS 10, Consolidated financial statements. The Plan's objective is to invest subscribers' contributions to maximize investment returns over the long term, for the purpose of generating investment income. Fair value is the primary measurement used to evaluate the performance of substantially all investments.

Classification and measurement of financial instruments

In classifying and measuring financial instruments held by the Plan, the Plan is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. In making this judgment, the Plan has assessed the Plan's business model for managing the portfolio and the contractual cash flow characteristics and determined the investments are managed on a fair value basis, and that fair value is used to assess performance and make investment decisions. The contractual cash flows of the Plan's debt securities are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Plan's business model's objective. Consequently, all investments are measured at FVTPL.

5 Investments

The Plan's investments are classified at FVTPL, including its investments in equities, ETFs and debt securities.

Fair value measurement

The Plan measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- a. Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis;
- b. Level 2 - 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); and
- c. Level 3 - inputs for the assets that are based on unobservable market data.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

Total investments

December 31, 2024	Level 1	Level 2	Level 3	Total
Investments denominated in United States Dollars				
Certificate of deposits	\$5,247,356	\$-	\$-	\$5,247,356
Federal	-	42,847,586	-	42,847,586
Corporate debt	-	10,208,608	16,562,947	26,771,555
ETFs	23,809,475	-	-	23,809,475
JMD preference shares	-	-	6,800,000	6,800,000
	29,056,831	53,056,194	23,362,947	105,475,972
Investments denominated in Bahamian Dollars				
GICs	-	789,054	-	789,054
Bahamas Government Bonds	-	4,400,000	-	4,400,000
Mutual Funds	18,750,134	-	-	18,750,134
Unsecured Loan	-	-	10,000,000	10,000,000
	18,750,134	5,189,054	10,000,000	33,939,188
Investments at fair value	47,806,965	58,245,248	33,362,947	139,415,160

December 31, 2023	Level 1	Level 2	Level 3	Total
Investments denominated in United States Dollars				
Certificate of deposits	\$5,125,296	\$ -	\$ -	\$ 5,125,296
Federal	-	45,846,235	-	45,846,235
Provincial	-	251,651	-	251,651
Corporate debt	-	12,823,679	10,350,000	23,173,679
ETFs	23,669,755	-	-	23,669,755
JMD preference shares	-	-	6,800,000	6,800,000
Unsecured loan	-	-	20,000,000	20,000,000
	\$ 28,795,051	\$ 58,921,565	37,150,000	\$ 124,866,616
Investments denominated in Bahamian Dollars				
GICs	-	12,736,329	-	12,736,329
	\$ -	\$ 12,736,329	\$ -	\$ 12,736,329
Investments at fair value	\$ 28,795,051	\$ 71,657,894	\$ 37,150,000	\$ 137,602,945

All fair value measurements above are recurring. The carrying values of receivable for investments sold, accrued interest and dividend receivable, payable for investments purchased and accounts payable, membership fee obligations and restricted fees due to the Foundation approximate their fair value due to their short-term nature.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

The face value, cost/amortized cost and fair value of investments denominated in United States Dollars by contractual maturity are as follows:

2024	Cost	Fair value	
Certificate of deposit:			
Proven Bank (Cayman)	5,247,356	5,247,356	
	5,247,356	5,247,356	
Equity ETF:			
Vanguard S&P 500 ETF	10,019,239	23,809,475	
	10,019,239	23,809,475	
Preference shares:			
NCBCMBL 9.00% Redeemable Pref 2028	6,800,000	6,800,000	
	6,800,000	6,800,000	
	Face value	Amortized cost	Fair value
Fixed income securities and term to maturity:			
Government guaranteed instruments			
Federal			
Due < 1year	16,810,000	16,398,952	16,427,953
Due in 1-5 years	15,260,000	15,038,103	14,351,565
Due > 5 years	16,115,000	16,965,409	12,068,068
	48,185,000	48,402,464	42,847,586
Corporate			
Due < 1year	4,691,000	4,690,592	4,720,544
Due 1-5 years	14,949,912	15,014,759	15,198,966
Due > 5 years	8,291,000	8,512,649	6,852,045
	27,931,912	28,218,000	26,771,555
	76,116,912	76,620,464	69,619,141
Total			\$ 105,475,972

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

The face value, cost/amortized cost and fair value of investments denominated in United States Dollars by contractual maturity are as follows:

2023	Cost	Fair value
Certificate of deposit:		
Proven Bank (Cayman)	5,125,296	5,125,296
	\$ 5,125,296	\$ 5,125,296
Equity ETF:		
Vanguard S&P 500 ETF	12,286,600	23,669,755
	\$ 12,286,600	\$ 23,669,755
Preference shares:		
NCBCMBL 9.00% Redeemable Pref 2028	6,800,000	6,800,000
	\$ 6,800,000	\$ 6,800,000

	Face value	Amortized cost	Fair value
Fixed income securities and term to maturity:			
Government guaranteed instruments			
Federal			
Due < 1year	18,080,000	17,926,823	17,932,219
Due in 1-5 years	15,260,000	14,965,892	14,080,896
Due > 5 years	17,475,000	18,051,840	13,833,121
	\$ 50,815,000	\$ 50,944,555	\$ 45,846,236
Provincial			
Due > 5 years	267,000	269,716	251,651
	\$ 267,000	\$ 269,716	\$ 251,651
Corporate			
Due < 1year	2,439,000	2,448,794	2,427,959
Due 1-5 years	12,099,000	12,144,960	11,952,861
Due > 5 years	10,537,000	10,785,879	8,792,859
	\$ 25,075,000	\$ 25,379,633	\$ 23,173,679
	\$ 76,157,000	\$ 76,593,904	\$ 69,271,565
Total			\$ 104,866,616

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

6 Investments denominated in Bahamian Dollars

The investments denominated in Bahamian Dollars at December 31, 2024 and 2023 are as follows:

2024				
	Maturity date	Interest rate	Cost / amortized cost	Fair value
RBC Finco GIC	February 27, 2025	1.0%	\$789,054	\$789,054
Total			\$789,054	\$789,054
		Face value	Amortized cost	Fair value
Mutual funds:				
CFAL Bond Fund, Ltd			18,416,560	18,750,134
			\$18,416,560	\$18,750,134
Loan				
Senior Unsecured Loan - Carmichael Village Project Development			10,000,000	10,000,000
			\$10,000,000	\$10,000,000
Fixed income securities:				
Bahamas Government Bonds				
Due in 1-5 years		1,000,000	1,000,000	1,000,000
Due > 5 years		3,400,000	3,400,000	3,400,000
		\$4,400,000	\$4,400,000	\$4,400,000
Total				\$33,939,188
2023				
	Maturity date	Interest rate	Cost / amortized cost	Fair value
RBC Finco GIC	January 12, 2024	1.0%	\$12,736,329	\$12,736,329
Total			\$12,736,329	\$12,736,329

Investments denominated in Bahamian Dollars relate to interests held in the Plan by Bahamian Subscribers, as contributions from Bahamian Subscribers can only be invested in the Bahamas, as per the agreement with the Central Bank of the Bahamas dated February 5, 1992. All investments in the above tables in the equivalent United States dollars.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

7 Enhancement Fund

The Enhancement Fund pertaining to the Plan consists of: (a) interest earned on the scholarship fund used to pay Educational Assistance Payments from the maturity date to the date that the funds are distributed to qualified beneficiaries; (b) interest earned on the income forfeited when a Subscriber's plan is terminated prior to the maturity date; and (c) principal payments to Subscribers on maturity that have not cleared the bank after six months from the date of payment.

The Enhancement Fund is directed by the Foundation in accordance with the not-for-profit nature of the Foundation. Interest income earned on matured and terminated plans is recorded in the Enhancement Fund on an accrual basis. The Enhancement Fund is for the benefit of all Subscribers and the Foundation will use a component, at its discretion, to supplement the Education Assistance Payments. Such discretionary payment is determined on an annual basis by the Foundation and the objective is to distribute an amount that is equal to the membership fee paid by the Subscriber. Issued cheques that become unclaimed after an extended period get transferred to the enhancement fund as a contribution. There is no assurance that the Enhancement Fund will have a sufficient balance to achieve this objective and maintain a sustainable balance for remaining Subscribers (note 8).

Receipts and disbursements in the Enhancement Fund are as follows:

	2024	2023
Receipts:		
Transfer from Surplus Funds (note 8)	1,977,680	2,517,391
	\$ 1,977,680	\$ 2,517,391
Disbursements:		
Investment expenses	\$1,919,582	2,319,789
Paid to the Foundation to settle:		
Inactive plans subscribers' contributions refund	58,098	197,602
	1,977,680	2,527,391
Balance, end of year	\$ -	\$ -

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

8 Surplus Funds

The Surplus Funds consist of: (a) realized gains (losses) on investments (b) unrealized gains (losses) on investments (c) any deficit/surplus from the Enhancement Fund is transferred to/from the Surplus Funds.

	2024	2023
Balance, beginning of year	\$ 3,459,720	\$ (1,087,236)
Realized gains, net	\$1,593,713	1,722,427
Unrealized gains, net	3,061,672	5,341,920
Transfer to Enhancement Fund (note 7)	(1,977,680)	(2,517,391)
	2,677,705	4,546,956
Balance, end of year	\$6,137,425	\$ 3,459,720

9 Net assets attributable to subscribers and beneficiaries

Net assets attributable to subscribers and beneficiaries comprise the following:

	2024	2023
Subscribers' contributions, net of returns	118,988,035	\$ 120,927,523
Accumulated income	15,883,948	15,558,148
Surplus funds (note 8)	6,137,425	3,459,720
Balance – end of year	141,009,408	\$ 139,945,391

The changes in the Subscribers' contributions to the Plan are as follows:

Subscribers' Contributions

	2024	2023
Amount contributed by members	15,683,332	\$ 16,257,695
Membership fees	(711,093)	(832,510)
Principal withdrawals on terminations	(1,819,544)	(1,453,857)
Principal on maturing scholarship plans	(14,512,374)	(13,063,475)
Insurance premiums	(29,516)	(40,834)
Depository fees	(550,293)	(535,991)
Net increase in subscribers' contributions	(1,939,488)	\$ 331,028
Balance, beginning of year	120,927,523	120,596,495
Balance, end of year	118,988,035	\$ 120,927,523

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Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

10 Related party transactions

The transactions were measured at cost, which are the amounts of consideration established and agreed to by the related parties.

Transactions with the Foundation

Administration fees are paid to the Foundation and subsequently paid to Heritage International as described below.

Amounts payable by the Plan to the Foundation are interest-free and have no fixed terms of repayment. At December 31, 2024, the amount payable by the Plan to the Foundation was \$1,470,073 (2023 - \$1,040,527) and represents the total administration, depository and membership fees earned by Heritage International. With respect to the portion earned from Bahamas, these require the approval of the Central Bank of the Bahamas prior to being remitted to the Foundation for subsequent payment to Heritage International.

At December 31, 2024, there is an amount due from the Foundation to the Plan of \$ 2,465,577 (2023 - \$1,629,932) which mainly represents contributions received from Subscribers to the Plan that are initially held by the Foundation prior to transfer to the Plan.

Transactions with the Heritage International

The administration fees are initially collected from the Plan by the Foundation and are calculated based on 1% of the subscriber principal and interest and dividends earned thereon. The foundation collected \$1,415,165 (2023 - \$1,402,915) from the Plan for reimbursement to Heritage International for the administration of the Plan.

At December 31, 2024, the amount payable to Heritage International was \$Nil (2023 - \$Nil).

Transactions with Proven Wealth Limited

At December 31, 2024, the amount payable to Proven Wealth Limited was \$634,724 (2023 - \$162,851), which represents Portfolio management and performance fees.

11 Membership fee obligation

Subscribers who enrolled in the Plan A prior to November 1996 will receive an amount equal to the membership fee paid at the time the Subscribers' interest in the Plan reaches maturity. Subscribers who have entered the Plan after October 1996 will not receive any reimbursement of these amounts. Membership fees repaid to Subscribers have been historically funded by the Enhancement Fund (note 7).

At December 31, 2024, the membership fee obligation was calculated by using the number of active plan units and multiplying by the membership fee per Subscriber unit to be returned.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

2024			
Year of maturity	Number of units	Membership fee per unit	Membership fee obligation
2013	49.00	125.00	\$ 6,125
2014	36.00	125.00	4,500
			\$ 10,625
2023			
Year of maturity	Number of units	Membership fee per unit	Membership fee obligation
2013	49.00	125.00	\$ 6,125
2014	36.00	125.00	4,500
			\$ 10,625

12 Risk management

The investment objective of the Plan is to preserve capital while maximizing the long-term rate of return for Subscribers. The Plan is affected by changes in economic environments and capital markets and, as a result, the Plan faces various risk factors in the course of its normal investment activities. These risk factors are primarily credit risk, liquidity risk and market risk. In order to proactively address these risks, management has engaged third-party portfolio managers to assist in investing the Subscribers' contributions and the investment income earned thereon. Management and the portfolio managers perform periodic reviews of the investment portfolio to comply with the stated investment objectives.

Credit risk

Credit risk is the risk of financial loss to the Plan if the issuer of a debt fails to meet its contractual obligations. This risk is mitigated by the Plan's investment strategy of investing in those debt securities with an approved credit rating. A greater part of the investments made are with issuers based in the United States and Canada. The maximum credit risk exposure of the Plan is detailed in notes 5 and 6. The majority of the fixed income investment portfolio, excluding holdings for which no independent credit ratings are available ("NR"), is of investment grade with most rated as "AAA", "AA", "AA-" "A", or "A-" by Standard and Poor's Limited and the minimum rating is "BBB."

United States denominated investments percentage of fixed income securities by credit rating		
	2024	2023
AAA	48.7%	47.8%
AA	5.1%	4.3%
A	23.1%	19.6%
BBB	23.1%	28.3%
	100.0%	100.0 %

The credit rating of RBC where the term deposits are held with RBC Finco and RBC Bahamas is B+ (as per S&P Ratings).

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

The Plan's maximum credit risk exposure as at the reporting dates is represented by the respective carrying amounts of the financial assets in the statement of financial position.

The Plan's activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. For most transactions, the Plan mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

The Plan's cash and investments are held with Northern Trust Company, Proven Wealth Limited and Colina Financial Advisors Limited. These assets belong to the Plan and are held in a segregated trust account.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan has current exposure to the Subscribers' contributions as Subscribers can cancel or terminate their agreement at any time at which point the full balance would become immediately payable to the Subscribers. The Plan is also exposed to agreement maturities and obligations with respect to EAPs and the accumulated income account. Therefore, the Plan invests the majority of its assets in investments that are traded in an active market and can be easily liquidated. In addition, the Plan endeavours to retain adequate cash positions to maintain adequate liquidity.

EAPs (accumulated income) are paid over three years upon submission of required documentation by beneficiaries to the Foundation. Subscriber's principal is paid upon maturity of a respective agreement; see the table below for details of the expected maturity profile with respect to subscribers' total principal balances. If a Subscriber cancels an agreement, the Subscriber's principal is due upon demand. The income on Subscriber's principal will remain in accumulated income. All other liabilities of the Plan are due within three months.

The maturity analysis for Subscribers' contributions as at December 31, 2024 is as follows:

Due within one year	17,582,725
Due between one and five years	52,745,973
Due over five years	48,659,337
	\$118,988,035

The maturity analysis for Subscribers' contributions as at December 31, 2023 is as follows:

Due within one year	15,988,323
Due between one and five years	52,983,944
Due over five years	51,955,256
	\$120,927,523

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2024 and December 31, 2023

(Expressed in U.S. Dollars)

Concentration risk

The table below summarizes the Plan's concentration risk as a percentage of its total investments as at December 31, 2024 and 2023:

Concentration (%)	2024	2023
Fixed income		
Certificate of deposit	3.8%	3.7%
Federal	30.7%	33.3%
Provincial	-	0.2%
Corporate	19.2%	16.9%
Total fixed income	53.7%	54.1%
Equity ETFs	17.1%	17.2%
Preference shares	4.9%	4.9%
Investments denominated in Bahamian Dollars		
GICs	0.6%	9.3%
Bahamas Government Bonds	3.2%	-
Mutual funds	13.4%	-
Bahamas unsecured loan	7.1%	14.5%
Total investments denominated in Bahamian Dollars	24.3%	23.8%
Total	100.0%	100.0%

Market risk

Changes in market prices could affect the Plan's income or the value of its investment holdings. The Plan's portfolio managers attempt to mitigate this risk by periodically reviewing market conditions and the performance of the portfolio and make necessary changes to the portfolio in accordance with the investment objective. Management has identified interest rate risk as a major factor related to the fixed income portfolio.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Plan holds securities which expose the Plan to interest rate risk. At December 31, 2024, had prevailing interest rates increased or decreased by 25 basis points, assuming a parallel shift in the yield curve, with all other variables held constant, net assets of the Plan would have decreased or increased respectively, by \$ 903,587 (approximately 0.9% of the total investment portfolio denominated in United States Dollars) (December 31, 2023 - \$1,167,142, approximately 0.9% of the total investment portfolio denominated in United States Dollars). In practice, actual results may differ from this analysis and the difference could be material. The Plan manages interest rate risk through its portfolio managers by diversifying investments, as well as through the oversight of the Foundation's Board of Director's investment committee.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

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Other price risk

The Plan is exposed to other price risk, which is the risk that fair value or future cash flows of a financial instrument will fluctuate because of 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. Financial instruments held by the Plan are susceptible to market price risk arising from uncertainties about future prices of those instruments. The Plan's exposure to other price risk arises primarily from its investments in equity securities. As at December 31, 2024, if the investments in equities had increased or decreased by 5% with all other variables held constant, the net assets attributable to Subscribers and beneficiaries would have increased or decreased by \$1,190,474 (December 31, 2023 - \$1,183,488). The Plan manages other price risk through their experienced investment managers who, on behalf of the Plan, invest in well-diversified equity holdings.

Currency risk

The Plan is not exposed to any material currency risk as the Plan's assets and liabilities are denominated in United States dollars or Bahamian Dollars, which, as at December 31, 2024 and December 31, 2023, were at par with the United States dollar which is the functional currency of the Plan.

13 Capital management

The capital of the Plan is represented by the net assets attributable to subscribers and beneficiaries. The capital of the Plan can change on a daily basis as the Plan is subject to ongoing contributions and cancellations. In addition, EAPs and maturities occur at specified times during the year. The Plan is not subject to externally imposed capital requirements. The Plan's objective, when managing capital risk, is to safeguard subscribers' contributions received and to earn income on those amounts in order to pay EAPs to qualified beneficiaries. The Plan endeavours to invest subscribers' contributions and income earned thereon in appropriate investments, while maintaining sufficient liquidity to meet maturities, EAPs, cancellations and expenses in accordance with its investment objectives and risk management policies as described above. In order to manage the Plan's capital, the Plan's policy is to perform the following:

- d. Monitor the level of daily Subscriber contributions and withdrawals relative to the liquid assets and adjust the amount of cash invested accordingly;
- e. Monitor the level of expected future payments for maturities and EAPs based on maturity and student applications received, and historical beneficiary qualification rates, and adjust the investment portfolio accordingly; and
- f. Invest in securities which are traded in an active market and can be easily liquidated.

There has been no change with respect to the overall capital risk management strategy during the year.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

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(Expressed in U.S. Dollars)

14 Portfolio management fees

Portfolio management fees, which are paid to the Plan's third-party investment managers, are calculated as a percentage of the total fair value of the Plan's investment portfolio. Portfolio management fees paid for the year ended December 31, 2024 was 0.63% (period ended December 31, 2023 amounted to 0.29%) of the total fair market value of the investment portfolio in the Plan.

Per the Investment Management Agreement, the Investment Manager shall earn a performance-based fee equivalent to 20% of the net profits earned by the Plan in excess of the hurdle rate, which is set annually, payable upon completion of the annual audited financial statements of the Plan. The Hurdle rate is the 5- Year US Treasury Bond as at the last business day of December of the previous year plus 100 basis points, subject to a minimum of 4.5% and a maximum of 6%.