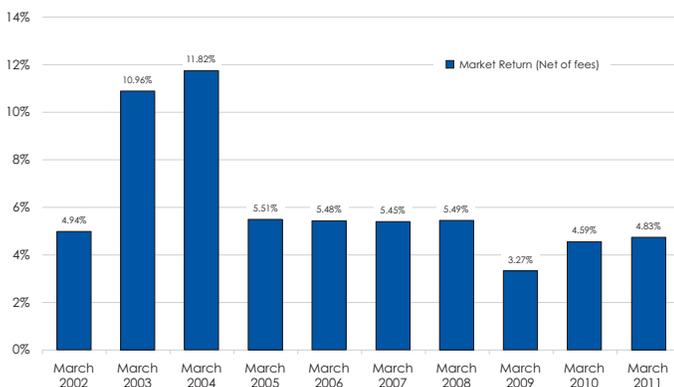


Managed By:	Heritage Education Funds Inc.
Portfolio Advisors:	Scotia Asset Management L.P. CIBC Wood Gundy UBS Investment Management Canada Inc. Yorkville Asset Management Inc.
Invested Assets:	\$1.89 Billion
Primary Asset Class:	Canadian Fixed Income
Inception Date:	September 1, 1988
Administration Fee:	0.5%
Portfolio Advisory Fee ¹ :	0.055% (in 2010)
Membership Fee:	\$100 per unit
Investment Volatility:	Low

Objective

The investment objectives are to preserve capital while maximizing the long-term rate of returns for Subscribers within the guidelines set out in the investment policy statement. Investments consist of investment grade federal, provincial and municipal bonds, corporate debt securities, bank deposit notes and principal protected notes ("PPNs"). Heritage Plans take a long-term, conservative, capital preservation approach to managing assets.

Portfolio Returns²



Top 10 Holdings²

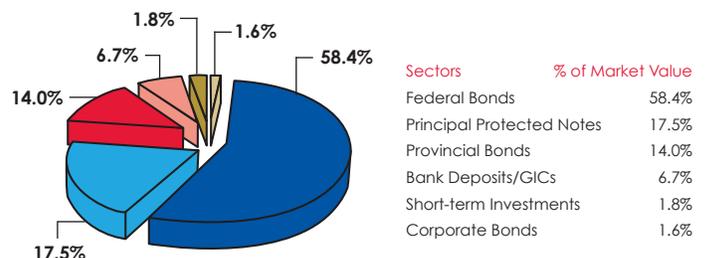
Investment	Coupon Rate	Maturity Date	%
Canada Housing Trust Bond	3.35%	15-Dec-20	27.58%
Canada Government Bond	1.75%	1-Mar-29	16.33%
Canada Government Bond	5.75%	1-Jun-29	10.22%
CIBC HEF Global Risk Controlled Notes, Series 1	0%	8-Oct-15	5.48%
Canada Housing Trust Global Series Bond	4.10%	15-Dec-18	4.28%
Hydro Quebec Debentures	11.00%	15-Aug-20	3.27%
CIBC HEF C1 Deposit Notes	0%	9-Nov-15	2.99%
British Columbia Province Debentures	5.70%	18-Jun-29	2.67%
CIBC HEF CDN Equity Yield Deposit Note, Series 1	0%	1-Feb-17	2.66%
Canadian Imperial Bank MTN	5.00%	10-Sep-12	2.21%

Performance Analysis²

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.

Investment	1 year	3 year	5 year	10 year
Heritage Plans ³	4.83%	4.23%	4.72%	6.67%
DEX Universe All Government Bond Index ⁴	5.03%	4.35%	5.07%	5.94%

Heritage Plans Asset Weightings²



Fees and Expenses Payable[†]

Type of Fee	Amount and Description	Paid from or by
Annual Fees	An Administration Fee of 0.50%, a Portfolio Advisory Fee of 0.055% and the Trustee and Custodial Fee for which the annual rate is calculated as .011 of 1% on the first \$1 billion and 0.0085 of 1% of amounts in excess of \$1 billion of funds held by the Trustee.	From the Assets of the Plans.
	A Depository Fee of up to \$10 plus applicable taxes.	From the Principal of the Plan.
Membership Fee	\$100 per unit.	From Subscribers' Contributions.

* The Heritage Plan RESPs are offered by Prospectus only, please read before investing. As with all investments, we caution you that past performance is not indicative of future returns.

¹ This fee is equal to .05% to .20% per annum of the average market value of assets in the Plans.

² The indicated rates of return are the historical annual compounded total market returns. These returns are net of fees incurred by the Heritage Plan RESPs, including administration fees and advisory fees. Enhancements and attrition are not included in this return. As with all investments, we caution you that past performance is not indicative of future returns. DEX Universe All Government Bond Index is a broad measure of the total return for the Canadian Bond market, covering approximately 900 marketable Canadian federal, provincial, municipal and corporate bonds that are rated A or higher with a maturity of greater than one year. Allocations and holdings may have changed. The bar chart illustrates the annual performance of the Heritage Plans in each of the past ten years to March 31, 2011.

³ Source: Heritage Educational Foundation (03.31.11).

⁴ Source: Scotia Asset Management L.P. (03.31.11).

[†] The information provided is not intended to be a complete listing of all fees associated with the plans and transactions such as transfers and late application fees. Please see Prospectus for full details.

All information is for the period ending March 31, 2011. Heritage Education Funds is the trade name of Heritage Education Funds Inc.

Overview of the Heritage Plans

The Heritage Plans are RESPs designed to help save for a child's post-secondary education. The Plans have two distinct periods:

- (i) accumulation of Contributions, government grants and income; and
- (ii) distributions from the Plans.

Government grants and incentives are not included in calculating the RESP lifetime contribution limit of \$50,000.

Accumulation of Contributions, Government Grants and Income

- By enrolling, you become a Subscriber and the child becomes a Beneficiary.
- If more than one Subscriber enrolls, all rights are enjoyed and exercised by both Subscribers.
- The Beneficiary must be a Canadian resident and have a valid Social Insurance Number.
- Heritage Education Funds will apply on the Subscriber's behalf to obtain registration and to obtain any applicable government grants and incentives.
- Our portfolio advisors will invest RESP savings, grants and income earned thereon over the long-term, primarily in fixed income securities.
- Fees will be deducted as described previously.

Payments from the Plan

- The pay-out period begins once the plan matures, usually the year in which the Beneficiary turns 18 and is expected to begin post-secondary studies.
- At maturity, the Subscriber receives a return of Contributions (less applicable fees).
- Income earned on Contributions, government grants and interest earned thereon are used to make Educational Assistance Payments (EAPs) to the eligible Beneficiary.⁵ EAPs are distributed to the eligible Beneficiary according to the payout option selected and are conditional upon meeting certain requirements (see Prospectus for details).

Risk Factors

Early Withdrawal

- May result in loss of membership fees paid and interest earned

Failure to Provide a Beneficiary's Social Insurance Number (within 24 months of enrollment for RESP registration purposes)

- Plan will be terminated
- Principal and interest earned will be returned to the Subscriber
- Membership fees are not returned

Investment Risks

- Interest rate risk
- Credit risk

- Market risk
- Liquidity risk
- Pricing risk

Beneficiary does not pursue post-secondary education
(investment income may be available to the Subscriber as an Accumulated Income Payment, see Prospectus for details)

Commentary⁶

Canadian Economic Commentary

Many world events added volatility to markets in the first quarter of 2011. The widespread revolution that is currently underway in the Middle East has seen several governments overthrown as their citizens demanded change. These events have put upward pressure on oil prices and Canadians have felt the increases at the pumps. The catastrophic earthquake and resulting tsunami in Japan highlighted the intertwined nature of just-in-time inventory management as parts supplies dried up in the aftermath affecting manufacturing sectors here in Canada. Despite these headwinds, the Canadian economy continues to gain ground. Employment data points to a slow and steady increase in job creation during the first quarter. A continued positive outlook for the Far East and the rebuilding in Japan will further drive demand for commodities which will be accommodative for Canadian companies. The Bank of Canada has held rates constant at 1% because of a slower than expected recovery in the U.S. and fears that this could place a drag on Canadian economic growth. With stronger growth now materializing, many market participants are anticipating that the Bank of Canada will hike rates at some point this summer.

Canadian Fixed Income Market

The Canadian yield curve shifted upwards and the front end steepened over the quarter with the two-year note rising 6 basis points (bps), the five-year, ten-year and thirty-year notes rising 20 bps, 18 bps, and 17 bps, respectively. Canadian credit spreads (mid A corporate) tightened during the quarter while provincial spreads ended slightly wider. The portfolio's overweight allocation to the 10-year segment of the curve had a slight negative impact on performance over the period. The portfolio is currently positioned using a barbell strategy, with an overweight allocation to both the two-year and 10-year segments of the curve. During the quarter, the portfolio's sector allocation was modified to reflect an overweight allocation to federally-guaranteed bonds and underweight allocation to provincial bonds. This change in sector allocation had a slight positive impact on the portfolio's performance over the period. The portfolio's duration was moved from being modestly short in the last quarter to neutral this quarter.

Canadian Strategy

We expect the Canadian economy to experience lower growth in the second half of 2011 due to higher food and energy prices and lower demand from the rest of the world. Based on this outlook the portfolio is defensively positioned, with an overweight allocation to federally-guaranteed securities. The portfolio is now underweight provincial bonds on the expectation that weaker economic growth may result in increased bond issuance by the provinces and hence wider provincial spreads.

* The Heritage Plan RESPs are offered by Prospectus only, please read before investing. As with all investments, we caution you that past performance is not indicative of future returns.

⁵ The EAP amount may be increased by an amount equal to 25%, 50% or 100% of the Membership Fee based on the pay-out option chosen and further topped up by funds from the Enhancement Fund. A refund of Membership Fees and payments from the Enhancement Fund are discretionary payments. **Discretionary Payments are not guaranteed.** You should not count on receiving a discretionary payment. The Foundation decides if it will make a payment in any year and how much that payment will be.

⁶ Commentary provided by Scotia Asset Management L.P. Information is for the period ending March 31, 2011. Scotia Asset Management L.P. acts as Advisor to the Heritage Plan RESPs and The Royal Dexia Investor Services Trust acts as Trustee. Heritage Education Funds Inc. is a subsidiary of the Heritage Financial Group Ltd.

All information is for the period ending March 31, 2011. Heritage Education Funds is the trade name of Heritage Education Funds Inc.