

Management Report of Fund Performance and Audited Financial Statements

Impression Plan

For the year ended December 31, 2008



Management Report of Fund Performance – Impression Plan

This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may receive a copy of the annual financial statements at your request and at no cost by visiting our website at www.heritageresp.com or SEDAR at www.sedar.com or by calling our customer service at 1.800.739.2101 or by writing to us at 2005 Sheppard Ave. E., Suite 700 Toronto, Ontario M2J 5B4.

The investment policies of the Impression Plan limit its investments to specified government bonds, guaranteed investment certificates (including bank deposit notes) and corporate debt securities with an approved rating. None of these securities require the issuer thereof to call meetings of holders or otherwise carry a right to vote. Accordingly, the Impression Plan's (the "Plan") policies and procedures on how to vote on any matter for which the Plan receives, in its capacity as security holders, proxy materials for a meeting of security holders, are limited to exceptional circumstances where creditors of an issuer are given a right to vote in accordance with applicable laws.

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Management Discussion of Fund Performance

Investment Objective and Strategy

The investment objective of the Plan is to preserve capital while maximizing the long-term rate of return for investors, within guidelines set out in the investment policy statement. The Plan consists of investment grade federal, provincial and corporate securities and bank deposit notes and cash.

Scotia Cassels Investment Counsel Limited (a wholly owned subsidiary of Scotiabank) manages the portfolio of the Plan on a discretionary basis within set parameters established under the prospectus and the investment policy. The investment strategy focuses on achieving a superior rate of return by strategically positioning the portfolio in the yield curve and selecting optimal credit securities.

Risk

The prospectus outlines the investment risks related to the portfolio as well as its suitability for investors. The key risks are interest rate risk, inflation risk and credit risk.

Results of Operations

For 2008, the Plan's rate of return was 7.16%, compared to DEX Universe All Government Bond Index ("Index") of 9.03%.

The asset mix of the Impression Plan did not change materially from the previous period. At December 31, 2008, 97.2% of the plan was invested in fixed income securities, up 0.7% from 96.5% at December 31, 2007.

Government bond yields fell to historic lows during the latter half of 2008. After the failure of Lehman Brothers and the sale of Merrill Lynch during a dramatic September weekend, investors in Canada and U.S pursued a "flight to safety" strategy and showed an insatiable appetite for federally issued government bonds.

The Government of Canada and U.S. Government yield curves, which were relatively flat at the end of 2007, steepened and shifted downward during 2008. Duration and curve positioning was in line with the Index. An overweight in provincial and Schedule I bank bonds proved to be a drag on performance as credit spreads widened in both sectors. As liquidity is slowly restored in the market, the portfolio is well positioned to benefit when these credit spreads tighten.

Recent Developments

The 2008 year saw some of the most dramatic events in recent financial history. Beginning in February with the collapse of the venerable Bear Stearns, the market braced itself as more evidence of the deepening financial crisis surfaced. In September, the U.S. Treasury seized troubled mortgage lenders, Fannie Mae and Freddie Mac and placed them in conservatorship. Two days after the Lehman and Merrill Lynch announcement, AIG received an eleventh hour bailout from the Government. These events in effect froze the credit markets in the U.S. and Canada and prompted Governments to intervene. While the Bank of Canada cut administered rates aggressively from 4.25% to 1.50%, the U.S. Federal Reserve pushed rates from the same level to basically zero while adopting unprecedented "quantitative easy" in attempts to turn the slowing economic momentum.

In 2009 the yield curve is expected to remain anchored by the low short term rates in the U.S. and Canada as Central Banks in both countries try to steer us out of this global recession. It is fair to say that Canada has generally fared much better than the U.S. to this point. The multitude of government backstop and support programs announced in Canada and the U.S. have yet to be fully implemented. Any noticeable effect of these stimulative programs on the economy will likely not be felt until the middle of 2009 at the earliest. Further programs may yet be forth coming in other countries.

Also expected is a return to stability in the corporate credit spreads. The increase in credit spreads during 2008 occurred despite the fact that the default rates on investment grade bonds in Canada remain very low. All indications lead us to believe that a significant portion of the increase in spreads was not due to fear of default but because of the "freeze up" and illiquidity of the fixed income markets. As government program funds trickle into the system, companies will relax their hoard of cash reserves and begin lending to each other again, easing the liquidity crunch. As funds starts to flow, we look for spreads to stabilize with the potential for narrowing in the nearer term.

Related Party Transactions

The Plan is distributed by Heritage Education Funds Inc. (the "Distributor"), a subsidiary controlled by Heritage Financial Group Limited. The Plan Sponsor (Heritage Educational Foundation) and the Distributor are under common management, and the beneficial shareholders of the Distributor constitute the Board members of the Plan Sponsor.

Management fees, which are currently waived, are intended to be paid to the Plan Sponsor and in turn paid to the Distributor.

Financial Highlights

The following table shows selected key financial information of the Plan and its financial performance for the past five years. This information is derived from the Plan's audited financial statements for the fiscal years ended December 31.

Financial Highlights (with comparative numbers)

	2008	2007	2006	2005	2004
Statement of Net Assets					
Total Assets	\$ 553,182	\$ 600,262	\$ 487,050	\$ 369,419	\$ 167,706
Net Assets	553,182	572,089	487,050	369,419	167,706
% Change in Net Assets	-3.3%	17.5%	31.8%	120.3%	237.7%
Statement of Changes in Net Assets					
Educational Assistance Payments	\$ 23,204	\$ 14,091	\$ -	\$ 9,173	\$ -
Redemptions	123,565	32,792	29,768	6,427	150
Statement of Operations					
Net Investment Income	\$ 38,110	\$ 26,809	\$ 17,620	\$ 14,727	\$ 5,632
Other					
Total number of Units in Plan	52,870	55,496	47,205	35,525	16,384
% Change in Total Number of Units	-4.7%	17.6%	32.9%	116.8%	229.9%

Management Fees

An annualized management fee of 1.95% is charged against the aggregate market value of each Impression Plan Account. The fee is inclusive of all administrative, trustee and portfolio management fees. The fee is collected monthly in arrears by the Trustee and paid to the Foundation. This fee may be waived or reduced at the discretion of the Foundation. For the year ended December 31, 2008 the management fee has been waived and only the portfolio management fee is being charged.

Portfolio Management Fee

An annual advisory fee of \$309 for portfolio management services was paid to Scotia Cassels Investment Counsel Limited for the year ended December 31, 2008. Scotia Cassels provides advisory and discretionary managed account services with respect to purchasing, selling and otherwise dealing in securities and other investments of the Plan.

The advisory fee is calculated on the market value of portfolio holdings at the end of each quarter based on a graduated fee schedule and paid on a quarterly basis. This amounted to 5.5 basis points for 2008.

Past Performance

Past performance of the Plan is set out in the following charts and the compound returns table. Investment returns have been calculated using market values and time-weighted cash flows during the periods presented.

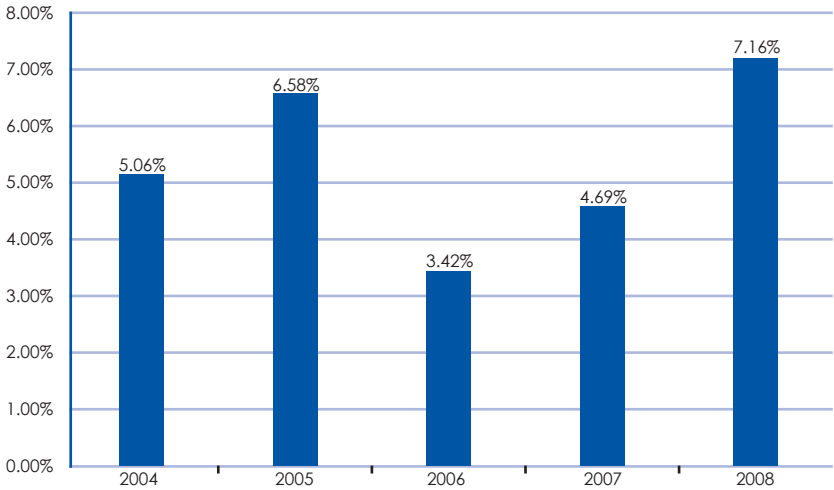
The performance information shown:

- assumes that all of the income, interest earned and capital gains distributions are reinvested in the Plan; and
- is adjusted for the cash flows for advisory fees payments.

Past returns of the Plan do not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart illustrates the Plan's annual performance in each of the past five years to December 31, 2008. The Impression Plan commenced operations on June 30, 2003.



Annual Compound Returns

The following table illustrates the Plan's annual compounded returns for the periods shown ended December 31, 2008.

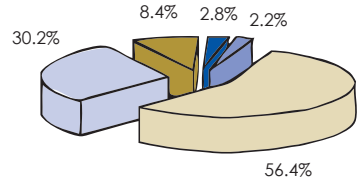
	1 Year	3 Years	5 Years
Impression Plan	7.16%	5.08%	5.37%
DEX Universe All Government Bond Index	9.03%	5.77%	6.21%

Summary of Investment Portfolio

Impression Plan Assets Weightings

as of December 31, 2008

Sectors	% of Market Value
Canada Govt-Provincial Bonds	56.4%
Canada Govt-Federal Bonds	30.2%
Bank Deposit-GIC	8.4%
Short Term	2.8%
Corporate Bonds	2.2%



The holdings of the Plan at the end of the year are indicated below. This summary of investment portfolio may change due to ongoing portfolio transactions.

Investment	% of Plan's Portfolio Assets
Ontario Province CDA 6.50%, 8-Mar-29	21.29%
Canada Housing Trust Mortgage Bond 4.80%, 15-Jun-12	21.18%
Quebec Province Debentures 4.50%, 01-Dec-17	12.26%
Canada Housing Trust Mortgage Bond 4.55%, 15-Dec-12	9.07%
Alberta Capital Financial Authority Debentures 4.65%, 15-Jun-17	5.82%
Manitoba Province Debentures 4.70%, 22-Sep-17	2.90%
Hydro Quebec Debentures 11.00%, 15-Aug-20	2.89%
Royal Bank of Canada Deposit Notes 4.97%, 05-Jun-14	2.86%
Canadian Imperial Bank Deposit Notes 5.00%, 10-Sep-12	2.83%
Ontario Province Domestic Debentures 4.20%, 8-Mar-18	2.80%
Municipal Finance Authority Debentures 4.60%, 22-Apr-18	2.78%
Bank of Montreal Deposit Notes 5.45%, 17-Jul-17	2.75%
Toronto Dominion Bank 4.78%, 14-Dec-16	2.15%
Province of British Columbia 4.70%, 01-Dec-17	1.94%
Toronto City Debentures 4.95%, 27-Jun-18	1.88%
Manitoba Province Debentures 4.25%, 5-Mar-18	1.86%
Holdings as % of Plan's Portfolio Assets	97.26%

Management's Responsibility For Financial Reporting

The accompanying financial statements of the Impression Plan (the "Plan") have been prepared by the management and approved by the Board of Directors of the Heritage Educational Foundation. Management is responsible for the information and representations contained in these financial statements. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Heritage Educational Foundation, through Heritage Education Funds Inc. (the "Distributor"), a subsidiary controlled by Heritage Financial Group Limited owned by the senior management team of the Distributor, administers the Plan. The Distributor maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgements. The significant accounting policies, which management believes are appropriate for the Plan, are described in Note 1 to the financial statements. KMPG LLP are the external auditors of the Plan. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the planholders their opinion on the financial statements. Their report is set out below.

Toronto, Canada
March 2, 2009



Scott McIndless
Chairman



Onofrio Loduca
Treasurer and Director

Auditors' Report

To the Board of Directors of Heritage Educational Foundation

We have audited the statements of net assets of Impression Plan as at December 31, 2008 and 2007, the statement of investment portfolio as at December 31, 2008 and the statements of operations and changes in net assets for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Plan as at December 31, 2008 and 2007, its investments as at December 31, 2008 and the results of its operations and the changes in its net assets for the years ended December 31, 2008 and 2007 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Toronto, Canada
March 2, 2009

Impression Plan Statements of Net Assets

December 31, 2008 and 2007

	2008		2007
Assets			
Cash and cash equivalents	\$ 6,741	\$	16,843
Receivable from Heritage Educational Foundation	1,000		-
Investments, at fair value (note 2)	541,092		579,361
Accrued interest	4,349		4,058
	553,182		600,262
Liabilities			
Accounts payable and accrued liabilities	-		28,173
Net assets	\$ 553,182	\$	572,089
Net assets represented by:			
Unitholders' equity	\$ 553,182	\$	572,089
Number of units outstanding (note 3)	52,870		55,496
Net asset per unit	\$ 10.46	\$	10.31

See accompanying notes to financial statements.

On behalf of the Board of the
Heritage Educational Foundation:


Scott McIndless
Director


Onofrio Loduca
Director

Impression Plan Statements of Operations

Years ended December 31, 2008 and 2007

	2008		2007
Investment income (expense):			
Interest and other	\$ 31,668	\$	25,731
Portfolio management fees	(309)		(300)
Net investment income	31,359		25,431
Net unrealized gains	6,751		1,378
Change in net assets from operations	\$ 38,110	\$	26,809
Change in net assets from operations per unit	\$ 0.72	\$	0.48

See accompanying notes to financial statements.

Impression Plan Statements of Changes in Net Assets

Years ended December 31, 2008 and 2007

		2008		2007
Net assets, beginning of year	\$	572,089	\$	487,050
Adjustment to opening net assets (note 1)		–		(78)
Increase in net assets from operations		38,110		26,809
Subscribers' contributions		80,612		92,916
Government grants		9,140		12,275
Redemptions:				
Educational Assistance Payments		(23,204)		(14,091)
Others		(123,565)		(32,792)
		(146,769)		(46,883)
Net assets, end of year	\$	553,182	\$	572,089

See accompanying notes to financial statements.

Impression Plan Statement of Investment Portfolio

December 31, 2008

Description	Coupon rate	Maturity date	Face value	Amortized cost	Fair value
Government - federal:					
Government of Canada bond	4.80%	06/15/12	\$ 105,000	\$ 110,324	\$ 114,573
Government of Canada bond	4.55%	12/15/12	45,000	46,299	49,053
Government - provincial:					
Alberta Capital Finance Authority	4.65%	06/15/17	30,000	30,614	31,468
Province of Manitoba debentures	4.70%	09/22/17	15,000	14,971	15,670
Province of Quebec debentures	4.50%	12/01/17	65,000	64,233	66,321
Province of British Columbia debentures	4.70%	12/01/17	10,000	9,970	10,510
Province of Manitoba debentures	4.25%	03/05/18	10,000	9,934	10,084
Province of Ontario Domestic debentures	4.20%	03/08/18	15,000	15,017	15,155
Municipal Finance Authority	4.60%	04/23/18	15,000	14,946	15,052
City of Toronto debentures	4.95%	06/27/18	10,000	9,971	10,160
Hydro Quebec debentures	11.00%	08/15/20	10,000	15,147	15,615
Province of Ontario CDA	6.50%	03/08/29	95,000	114,405	115,182
Bank deposit notes/GICs:					
Canadian Imperial Bank of Commerce	5.00%	09/10/12	15,000	14,990	15,300
Royal Bank of Canada	4.97%	06/05/14	15,000	14,942	15,453
Bank of Montreal	5.45%	07/17/17	15,000	15,223	14,902
Corporate bonds:					
Toronto Dominion Bank	4.78%	12/14/16	15,000	14,248	11,616
Short term:					
Canada treasury bills	0.00%	03/05/09	15,000	14,978	14,978
			\$ 500,000	\$ 530,212	\$ 541,092

See accompanying notes to financial statements.

Impression Plan (the "Plan") was established on June 20, 2003 by the Heritage Educational Foundation (the "Foundation"), a non-profit corporation incorporated under the laws of Canada without share capital. The Foundation was incorporated and organized on December 1, 1986. The Plan provides a savings vehicle for parents, grandparents and others ("Subscriber" or "Subscribers") to accumulate funds for children ("Beneficiary") with the goal of providing funds for their post-secondary education. The Plan is distributed by Heritage Education Funds Inc. (the "Distributor"), a subsidiary controlled by Heritage Financial Group Limited. The Foundation and the Distributor are under common management, and the beneficial shareholders of the Distributor constitute the majority of Board members of the Foundation.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

The Plan's accounting policies and its standards of financial disclosure are in accordance with Canadian GAAP. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the year. Actual results could differ from those estimates.

Effective for the Plan on January 1, 2007, The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, Financial Instruments - Recognition and Measurement ("Section 3855"), requires that the fair value of the Plan's investment portfolio be determined using bid prices, instead of closing market prices, which were used in prior years. Section 3855 was applied retroactively on January 1, 2007 with an adjustment to opening net assets of \$78 on the statement of changes in net assets related to the revaluation of investments to fair value at bid prices.

On December 1, 2006, CICA issued two new accounting standards, Handbook Section 3862, Financial Instruments - Disclosures ("Section 3862"), and Handbook Section 3863, Financial Instruments - Presentation ("Section 3863"). Section 3862 and Section 3863 replace Section 3861, Financial Instruments - Disclosure and Presentation, and require enhanced disclosures about the nature and extent of risks arising from the financial instruments and how the Plan manages those risks. These new standards became effective for the Plan on January 1, 2008. Note 6 describes the risks associated with financial instruments and the risk management policies of the Plan.

(a) Investments:

Investments in bonds and short term investments are carried at fair value based on closing bid prices.

Investment transactions are recorded on settlement basis. Realized gains or losses and change in unrealized gains or losses are recognized in the period such gains or losses occur.

(b) Interest income:

Interest income is recorded on an accrual basis and includes amortization of any premiums or discounts on the purchase of the investments using the effective interest rate method.

1. Significant accounting policies (continued):

(c) Subscribers' contributions:

Subscribers' contributions reflect all amounts received from the Subscribers and do not include any amount receivable on outstanding units.

(d) Cash and cash equivalents:

Cash consists of deposits with a major financial institution. Cash equivalents consist of money market funds.

(e) Government contributions:

Canada Education Savings Grant ("CESG") contributions represent the amount of federal government grants received by the Plan pursuant to the CESG program. The amount of grant received under the program is generally 20% on the first \$2,500 of annual contributions received from a Subscriber with respect to a Beneficiary who is under 18 years of age. The lifetime maximum of all CESG is \$7,200 per child. In addition, for the first \$500 of the annual Registered Education Savings Plan ("RESP") contributions, the CESG was enhanced to 40% for Beneficiaries whose annual family net income does not exceed \$37,785* and to 30% for Beneficiaries whose annual family net income is between \$37,785* and \$75,769*. CESG grants received by the Plan with respect to a Beneficiary can be invested by the Plan and will ultimately be paid out to the Beneficiary in increments when the Beneficiary becomes a qualified student in a post-secondary program.

If an individual Plan does not reach maturity, the Plan is required to repay the grant, referable to that Beneficiary, back to the government. If a Beneficiary does not enroll in a post-secondary education program, the Plan is required to repay the grant, referable to that Beneficiary, back to the government. Earnings on such grants may be rolled over into a Registered Retirement Savings Plan in accordance with the provisions of the Income Tax Act (Canada).

Effective April 1, 2005, for any child born after December 31, 2003 and who also qualifies for the National Child Benefit Supplement ("NCBS"), the Government of Canada will provide a Canada Learning Bond ("CLB") in the amount of \$500. In each subsequent year that the child remains eligible for the NCBS until the year the child turns 15 years of age, the Government of Canada will contribute an additional \$100 towards CLB on an annual basis.

For the residents of Alberta, the provincial government has established Alberta Centennial Education Savings Grants of \$500 which will be paid into an RESP for every child born in Alberta on January 1, 2005 or later. Additional grants of \$100 will be paid into the RESPs of eligible children when they turn 8, 11 and 14 provided they are, at that time, enrolled in school in the province of Alberta and have met minimum contribution levels required by the Government of Alberta.

For the residents of Quebec, the provincial government introduced the Quebec Education Savings Incentive (the "QESI"), which will be paid in the form of a refundable tax credit. This tax credit will apply to contributions made on or after February 21, 2007 into an RESP, where a child named as a Beneficiary is a resident of Quebec. The basic credit is 10% of the net annual contribution to a maximum of \$250 per eligible Beneficiary. Families with income of less than \$75,000 may qualify up to 10% of the first \$500 in RESP contributions adding up to an extra \$50 in QESI. The total lifetime maximum is \$3,600 per eligible Beneficiary.

*This amount is indexed each year based on the rate of inflation

1. Significant accounting policies (continued):

(f) Future accounting changes:

On February 13, 2008, the CICA Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for all Canadian publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there may be significant differences on recognition, measurement and disclosures that may materially impact the net assets of the Plan. Management has developed a plan to meet the timetable published by the CICA Accounting Standards Board for a changeover to IFRS. Based on management's current evaluation of the differences between Canadian GAAP and IFRS, management believes there will be no impact on the net assets of the Plan. Management is of the view that the conversion to IFRS will most likely require some additional disclosures and potentially different presentation of certain items in the financial statements of the Plan.

The key elements of this plan include disclosures of the qualitative impact in the December 31, 2008, 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the December 31, 2010 financial statements and the preparation of December 31, 2011 financial statements in accordance with IFRS.

(g) Income taxes:

The Plan is exempt from income taxes under Section 146.1 of the Income Tax Act (Canada).

2. Investments:

The face values, cost/amortized costs and fair values of investments by contractual maturity are as follows:

Term to maturity	2008				2007			
	Face value	Cost/ amortized cost	Fair value	Yield	Face value	Cost/ amortized cost	Fair value	Yield
Government of Canada and federally guaranteed bonds:								
Due in one year	\$ -	\$ -	\$ -	-	\$ 30,000	\$ 30,013	\$ 30,025	4.05%
Due in one to five years	150,000	156,623	163,626	3.39%	115,000	116,822	117,078	4.23%
Due after five years	-	-	-	-	70,000	85,933	88,331	4.34%
	150,000	156,623	163,626		215,000	232,768	235,434	
Provincial and provincially guaranteed bonds:								
Due after five years	275,000	299,208	305,217	4.72%	260,000	263,164	265,294	4.59%
Bank deposit notes/GICs:								
Due in one to five years	15,000	14,990	15,300	5.02%	15,000	14,987	14,798	5.02%
Due after five years	30,000	30,165	30,355	5.14%	30,000	30,181	29,906	5.14%
	45,000	45,155	45,655		45,000	45,168	44,704	
Corporate bonds:								
Due after five years	15,000	14,248	11,616	5.57%	15,000	14,153	14,015	5.59%
	485,000	515,234	526,114		535,000	555,253	559,447	
Short-term investments								
	15,000	14,978	14,978	1.41%	20,000	19,979	19,914	3.93%
	\$ 500,000	\$ 530,212	\$ 541,092		\$555,000	\$ 575,232	\$579,361	

A copy of the statement of portfolio transactions (unaudited) of the Plan is available to Subscribers upon request.

3. Valuation of units:

The Plan's units are valued monthly to establish a Monthly Market Value. The Monthly Market Value is calculated by dividing net assets, less CESG deposits receivable, by the number of units in the Plan at the close of business on the last business day of each month.

4. Management fee:

An annualized management fee of 1.95% is charged based on the aggregate market value of the Plan. The management fee is inclusive of administrative, trustee and portfolio management fees and is accrued monthly in arrears. For the years ended December 31, 2008 and 2007, the Foundation has waived the management fee. Waiver of management fees for any period is at the discretion of the Foundation.

5. Financial instruments:

The fair values of cash and cash equivalents, receivable from Heritage Educational Foundation and accrued interest approximate their carrying values due to the short-term nature of these instruments.

6. Risk management:

The investment objectives of the Plan are to preserve its investments while maximizing the long-term rate of returns for Subscribers and are, therefore, affected by a number of economic factors, including changing economic environments and capital markets. As a result, the Plan faces various risk factors inherent in 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 advisors to assist in investing the Subscribers' contributions and the investment income earned thereon. Management and the portfolio advisors perform periodic reviews of the investment portfolio to comply with the stated investment objectives.

(a) Credit risk:

Credit risk refers to the ability of the issuer of a debt security to pay interest and repay the principal. As with any debt security, there is an inherent risk that the issuer of a debt will fail to honour its promise to pay interest and repay the principal. This risk is mitigated by the Plan's investment strategy of investing in those debt securities with an approved credit rating, as defined in Section 1.1 of National Instrument 81-102 and further detailed in the Risk Factors section of the Prospectus dated August 11, 2008. All of the investments are with Canadian issuers. The maximum credit risk exposure of the Plan is detailed in note 2. The entire investment portfolio is of investment grade with most rated as "AA" or "AAA" by Dominion Bond Rating Services Limited and the minimum rating is "A".

(b) Liquidity risk:

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with financial liability obligations. The Plan minimizes this risk by (i) maintaining sufficient cash and cash-equivalents, (ii) selecting investments that are active in the market for the portfolio and can be readily sold, and (iii) ensuring cash will be available by the anticipated payout dates to the Subscribers.

(c) Market risk:

Market risk is the risk that the fair value of investments will fluctuate because of changes in market prices. The investment managers attempt to mitigate this risk by periodical review of market conditions and the performance of the portfolio and make necessary changes to the portfolio in accordance with the investment objectives. Management has identified interest rate risk as a major risk factor related to the fixed income portfolio, and it is discussed in detail in the Risk Factors section of the Prospectus dated August 11, 2008.

Interest rate risk:

Interest rate risk is the risk that the fair value of fixed income securities in the investment portfolio will fluctuate because of changes in interest rates. A rise in interest rates may have a negative effect on the bid prices of debt securities, while a decrease in interest rates may have a positive effect on the bid prices of debt securities held by the Plan. At December 31, 2008, if interest rates had been 25 basis points lower or higher, with all other variables held constant and assuming a parallel yield curve, the net assets of the Plan would have been higher or lower, respectively, by \$9,000. In practice, actual trading results may differ from the above sensitivity analysis and the difference could be material.



Working Together For Their Future.

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