



Canadian Dollar



STUDENTS TRUST INTERNATIONAL ANNUAL REPORT 2008



U.S. Dollar

PRESIDENTS REPORT – 2008



In the world financial markets 2008 will go down in history as one of the most damaging for the accumulated growth of capital of the middle class around the world.

The easy money environment in place since early 2002 that fueled the amazing increase in value of all assets – company stocks, real estate, commodities (oil, gold and other metals) and even art and wine all of sudden

ran out of steam and the resulting meltdown in all values has created a shockwave that continues to affect every person on the planet.

I was in Singapore in October and witnessed the first realization by the Asian population that the financial meltdown was indeed global – retirees there were just realizing that that the Lehman Brother “Principal Protected Notes” were indeed worthless pieces of paper and their subsequent very public protests brought home the reality to everyone that they had to check their financial assets to see what the effect had been on them.

Throughout 2006 and 2007 we were constantly ridiculed by reputable investment houses that were based in the US and Europe that our conservative approach to accumulating growth for our clients was the wrong approach and that we were missing the opportunity of a lifetime to join the party.

We were quite sure in our evaluation that the short term returns that other investment options were generating during that time frame were illusory – we were very sure that the marketplace was not assessing and pricing the risk of investment properly and that eventually the historical market model of pricing risk would return.

We felt that long term government bond rates of interest were far too low given the levels of inflation and currency value of US and Cdn \$ and so we followed a strategy of investing our assets in shorter term government bonds and coupons until the market reverted to historical norms.

By doing so, we knew that our actual rate of return for 2007 and 2008 would fall below our target of 6 to 8%, however, we felt very strongly that by being patient we could lock in at much higher returns for the long term government bonds we prefer to hold. In order to offset this lower than expected return we moved a small percentage of assets into index linked investments to hedge our bets.

When the meltdown in financial markets occurred, all of a sudden we did not look so foolish anymore.

Where do the markets go from here? Some are concerned about world deflation, a symptom of recession not felt since the great depression of the 1930's. Others feel that that the markets will slowly recover as long as lending rates are kept very low. Both of these possibilities indicate tough times ahead for our long term government bond approach. Therefore we are now strategically purchasing long bonds in the 5.5 to 5.75% range – so that we can lock in relatively high returns before the marketplace pushes these yields down.

In addition to the positive returns and preservation of capital of our subscribers, I am pleased to report that the Foundation donation to the Plans increased substantially over the previous two years for both the US and Cdn \$ Plans – the chart below illustrates how we have recovered from the added costs that the move to HSBC as Trustee caused in 2007:

	2004	2005	2006	2007	2008
Canadian \$ Plan	\$50,000	\$80,000	\$122,500	\$25,000	\$225,000
US \$ Plan	\$6,000	\$15,000	\$22,500	\$5,000	\$57,500

This additional amount will help to provide the beneficiaries with much higher returns on invested funds than if they had done so on their own.

We have kept a format of the Annual Report similar to last year – page two has Education Issues, page three deals with the Investment Outlook and page 4 repeats critical plan information to assist subscribers with deposits and beneficiaries with their claims for education payments.

On behalf of our staff in Toronto and BVI, our agents who represent the Plan around the world and our Board of Directors, we thank you for your trust and support and look forward to serving you to meet your child's education needs.

Tom F. O'Shaughnessy, C.A.
President and Founder
Students Trust International Plan

FOREIGN STUDENTS GAIN AUTOMATIC WORK RIGHTS IN AUSTRALIA

Friday, 25 April 2008

International students will be eligible to work part-time in Australia automatically under new streamlined visa arrangements introduced this week, the Minister for Immigration and Citizenship, Senator Chris Evans, said today.

Senator Evans said international students can work for up to 20 hours a week while their course is in session but previously had to apply separately for permission to work.

'Under the new processing arrangements which come into effect from 26 April, all student visas will be granted with work rights attached, removing the need for people to make a separate application,' Senator Evans said.

'It means that international students can apply for part-time jobs in Australia as soon as their courses start.

'It will reduce red-tape for students wanting to work in Australia and allow more efficient use of department resources.

'Making it easier for international students to work while they study will also assist industries currently suffering serious labour shortages.'

Senator Evans said the department has granted 228 592 student visas to people from 191 countries in the year to June 2007.

The new arrangements will cut overall student visa fees, with applicants now to be charged \$450 for the one visa with work permission, a saving of \$40 on the previous arrangements.


Senator Evans said streamlined processes for people applying for student visas from India, Indonesia and Thailand have also been introduced.

'Successful applicants will no longer need to have an Australian visa label in their passports as evidence of their visa grant,' Senator Evans said.

'Instead, their visa information will be stored electronically for access through the Visa Entitlement Verification Online (VEVO) service.

'The advantage of the online service is that it allows employers, government agencies, education providers and the visa holders themselves to check visa conditions such as the expiry date, work and study restrictions.

For more information, go to www.immi.gov.au/students/whats_new.htm

Reprinted from the home page of the Minister of Immigration and Citizenship Australia. 

RANKING OF US PROFESSIONAL SCHOOLS

Law	Business	Medicine
1. Yale	1. Harvard	1. Harvard
2. Harvard	2. Stanford	2. Johns Hopkins
3. Stanford	3. Wharton (U of Penn.)	3. Washington U. of St. Louis

Source: US News and World Report, March 2009.

US STATE DEPARTMENT SPONSORS FOREIGN STUDENTS

A mainstay of America's public-diplomacy efforts, the Fulbright Foreign Student Program brings citizens of other countries to the United States for Master's degree or Ph.D. study at U.S. universities or other appropriate institutions. The program has brought some of the world's finest minds to U.S. campuses and offers program participants insight into U.S. society and values.

Many foreign Fulbright grantees are early-career professionals who will return to take leadership positions in their home countries, often working at universities or in government service.

More than 1,800 new Foreign Fulbright Fellows enter U.S. academic programs each year. Foreign students apply for Fulbright Fellowships through the Fulbright Commission/Foundation or U.S. Embassy in their home countries. The Institute of International Education (IIE) arranges academic placement for most Fulbright nominees and supervises participants during their stay in the United States.

For more information visit www.foreign.fulbrightonline.org. 

'BOGUS' FOREIGN STUDENTS EXCLUDED FROM UNIVERSITY

By Sarah Cassidy, Education Correspondent

The Independent, UK.

Thursday, 13 November 2008

Universities were yesterday warned to look out for bogus foreign students with forged documents after a leading institution revealed it had expelled 50 who had faked papers.


Newcastle University said it has excluded 49 students from China and one from Taiwan after their documents were found to be falsified.

Newcastle warned other universities to be vigilant, saying that it believed high-quality forged certificates which could not be detected by the usual checks were "circulating widely".

The expulsions came after The Independent revealed leading educationalists were concerned that universities were lowering standards for foreign students because they had become over-reliant on their fees.

Newcastle University said it regretted having to exclude the students because many of them appeared to be victims of bogus "agents", based either in China or the UK, who were paid to submit applications, including supporting documents, on their behalf.

Newcastle University has informed the Home Office and the police and said that it believed other academic institutions could be affected.

A spokeswoman for the Home Office could not confirm whether other universities had been affected. 

INVESTMENT COMMENTS BY: **HSBC Private Bank** 

Definitely gloom but possibly not doom. The level of fear, a factor that appears to be governing markets at present, is an unpredictable ogre at the best of times and is also likely to be a key driver in either moving to a recovery or facing further difficulties. Arguably, the transition period and process of “creative destruction” is necessary for any economy to thrive over the long term and should present some interesting distressed opportunities in the coming months. However, for now, a defensive asset allocation tilt may be best suited to this protracted period of economic uncertainty, in our view. As such, our main focus remains on wealth preservation rather than capital growth.

Asset Class	View	Comments
Liquid assets	Positive	<ul style="list-style-type: none"> Cash is still king in these volatile times. In our view, wealth preservation is still the name of the game. As volatility in other asset classes remains high, elevated cash holdings should, in our view, hamper overall portfolio volatility – critical for wealth preservation.
Fixed income	Neutral	<ul style="list-style-type: none"> As risk appetite is unlikely to return in the near future, we prefer short duration sovereign debt. Liquidity in credit markets is likely to remain arid in the short term but yields are now sufficiently high to offset further credit spread widening. That said, we retain our focus on corporates with minimum refinancing needs. Even though a recession appears unavoidable, we believe markets have gone too far in pricing in a multi-year deflationary outcome.
Equities	Neutral	<ul style="list-style-type: none"> We believe earnings will continue to be downgraded drastically over the coming quarter. That said, we believe much of the macroeconomic deterioration is priced in already. We also believe staying out of the market is unwarranted at this time as any recovery in sentiment may cause markets to rebound. Recession risks caution our short-term outlook and we do not rule out further negative surprises in the coming months.

Source: HSBC Private Bank as at 1 December 2008

HSBC has a strong positive view of Canadian Government Bonds:

Weak commodity prices have pushed the “Loonie” (CAD) to the weakest level in more than three years. On the other hand, the fundamental economic picture of Canada remains sound as the country still enjoys a twin surplus. The strong government balance is in stark contrast to the weakening fiscal condition of the US as the latter’s rescue plan requires huge issuance of treasury debt for support. In our view, Canadian bonds offer better value to investors on a medium-term horizon.

Canadian Bonds offer good value compared to US Treasuries




INVESTMENT COMMENTS BY: **BMO**  **Nesbitt Burns**

GLIMMER OF LIGHT • US

- The longest recession since the 1930s is expected to last two more quarters as consumers rebuild savings and businesses delay investment. However, there are tentative signs that the economic storm is subsiding a bit. Given the unprecedented stimulus in place and recent thawing in credit markets, we now have somewhat greater confidence that a recovery will begin late this year.
- While most indicators continue to contract sharply, notably employment, the downturn appears to be slowing. Auto sales have steadied at their lowest level in 27 years, while consumer confidence and manufacturing activity have bottomed at depressed levels. Supported by lower withheld income taxes, consumer spending jumped in January after the largest quarterly decline in 28 years, and likely rose modestly in Q1. Amid the best affordability on record, new home sales and starts bounced off record lows in February, while existing home sales showed signs of underlying growth (ex-foreclosures).
- Financial conditions continue to improve. Equity markets are well off their early March lows, though still down for the year. Financial shares have rebounded about one-third in the past month, helped by the Financial Accounting Standards Board’s move to give banks more leeway when valuing their troubled assets.
- We shall know the economy is recovering when home sales and consumer confidence trend higher, credit spreads narrow significantly further, mortgage delinquencies decline, and the personal savings rate stabilizes. None of these indicators is currently flagging an early recovery, though the recent upturn in home sales is encouraging.

CANADA

- The economic downturn has lagged that in the U.S. but likely deepened in the first quarter. The expected contraction in real GDP of 6% annualized is almost double that of the prior quarter and the worst on record back half a century. The nation is running a goods trade deficit for the first time in 32 years amid the longest stretch of quarterly export declines on record. Still, the economic downturn is expected to moderate in Q2. Auto sales have turned up recently amid aggressive incentives.
- Housing markets remain weak, though the decline in sales and prices has slowed. Existing home sales fell 31% y/y in February compared with 41% the prior month, while average prices declined 9% versus 11%. Amid further job losses, the housing market should remain soft this year, with residential construction expected to plunge 17% in 2009. However, improved affordability will likely spur some recovery in sales and homebuilding next year, allowing prices to stabilize.
- A recovery is expected to unfold late in the year in response to very low interest rates, sizeable fiscal stimulus, and some upturn in U.S. demand. Ontario’s economy will see a significant boost from \$33 billion of infrastructure spending over two years, about 6% of the province’s GDP. Meantime, the federal budget will pump \$23 billion (1.4% of GDP) of net new stimulus into the national economy in 2009, and nearly as much next year. This should help real GDP expand 1.8% in 2010. The recovery will be held back by still-soft exports to a restrained U.S. economy. 

ADMINISTRATION REPORT

For subscribers who have chosen the annual or 5YR annual method of deposit, your deposit is due on the anniversary date of the agreement (as noted in your welcome package). Please make all deposits by wire transfer to the Trustee HSBC, as follows:

DEPOSITS FOR THE CDN\$ PLAN

Beneficiary Bank: The Hong Kong & Shanghai Banking Corporation, LTD
Beneficiary Bank Address: 1 Queen's Road Central, Hongkong
Bank Code: 004 (optional)
Swift Code: HSBCHKH1HKH
Beneficiary Account Name:
HSBC International Trustee Ltd as trustee of the
Student International Plan - CD\$
Beneficiary Account Number: 808-31 3779-838
(Business Vantage Account)

Important Additional Instruction:

*Client must write this clearly on instruction: "Please remit to CA\$ account"

*Please make sure the remitting bank identifies your STI Agreement # on the wire confirmation.

DEPOSITS FOR THE US\$ PLAN

Beneficiary Bank: The Hong Kong & Shanghai Banking Corporation, LTD
Beneficiary Bank Address: 1 Queen's Road Central, Hongkong
Bank Code: 004 (optional)
Swift Code: HSBCHKH1HKH
Beneficiary Account Name:
HSBC International Trustee Ltd as trustee of the
Student International Plan - US\$
Beneficiary Account Number: 808-31 3761-838
(Business Vantage Account)

Important Additional Instruction:

*Client must write this clearly on instruction: "Please remit to US\$ account"

*Please make sure the remitting bank identifies your STI Agreement # on the wire confirmation.

DEPOSITS FOR THE BERMUDA PLAN

Correspondent Bank:

Canadian Imperial Bank of Commerce
Commerce Court, 10th Floor
Toronto, Ontario M5L 1A2
Canada
Swift Code: CIBCCATT

Beneficiary Bank:

The Bank of Bermuda Limited
6 Front Street Hamilton
Bermuda
Swift Code: BBDABMHM

Beneficiary Account Number: 010-739639-511

Beneficiary Name:

Bermuda Trust Company Limited as
Trustee of the STI Bermuda Plan

Important Additional Instruction:

Please make sure the remitting bank identifies your STI Bermuda Agreement # on the wire confirmation. Please send a copy of wire receipts to their respective agent or jriazon@stiplan.com after funds are remitted to the Trustee.

EDUCATION PAYMENT APPLICATION PROCESS FOR PLAN BENEFICIARIES

1. When are Education Payments distributed?

As soon as the Beneficiary sends an STI Official Education Payment Application that confirms enrolment/registration to a Qualifying Education Program of college or university education. For Bermuda Plan Beneficiaries receive payments for Academic Year 2, 3 and 4. For CDN\$ and US\$ Plans Beneficiaries receive payments for Academic Year 1, 2, 3 and 4.

2. How do I get an STI Official Education Payment Application ?

Applications are automatically sent to beneficiaries (via e-mail) in May of every year. Please make sure you provide us with your most current e-mail address.

3. Only the original STI Official Education Payment Application document is accepted for evaluation (no copies)

Please send your document by courier or registered mail to:

Students Trust International Plan
c/o O'Shaughnessy Education Foundation
The Exchange Tower, PO Box 427
130 King St. W. Suite 1800
Toronto, Ontario
Canada M5X 1E3

4. Can I receive credit for Certificate Programs?

In some cases courses taken in secondary school or college qualification schools are accepted as equivalent to courses in a college or university stream.

To be considered for credit you must submit a Certified True copy of the certificate (via courier or registered mail), along with your STI Official Education Payment Application. The following programs are currently recognized:

- i) "A Levels" Certification or equivalent
- ii) International Baccalaureate Diploma (IBO)
- iii) Foundation Level Certificate of Completion

5. What if I need an STI Official Education Payment Application before May?

Just go to www.stiplan.com, double click on the link at the bottom of the homepage "How To Apply for your Education Payment". Follow the directions and print the Application in Word File.

STI PLAN CLIENT SERVICE INFORMATION

Bermuda Subscribers please send enquiries to: bermuda@stiplan.com
All other inquiries please send to jriazon@stiplan.com To leave a voicemail message please call our customer service line +1-905-231-1142

