

## Questions:

1. **What is the strategy behind the decision to integrate Knowledge First Financial and Heritage Education Funds?**
2. **Will current Knowledge First Financial and Heritage customers be impacted?**
3. **How will Canadian consumers benefit from the newly combined company?**
4. **Who will be the management team?**
5. **How many sales representatives will the newly-formed company have?**
6. **What are the combined company's assets under management?**
7. **Will there be a change in the investment strategy?**
8. **What products will be offered?**
9. **Will the Flex First Plan be offered through Heritage sales representatives?**
10. **Both company's education savings plans are sold with a prospectus. Will a new prospectus be issued for the combined company?**
11. **What are the company's plans for the future?**
12. **Does this acquisition change the not-for-profit status of the parent organization, Knowledge First Foundation?**

## Answers:

1. **What is the strategy behind the decision to integrate Knowledge First Financial and Heritage Education Funds?**

Together the companies form the largest RESP provider in Canada with combined assets under management of \$6.2 billion. Each company brings more than 50 years of experience helping Canadians save for post-secondary education. With complementary strengths and national sales channels, the combined size and scale of these two organizations will enable us to increase access of RESPs to Canadian families.

RESP specialists give access to the best way to save for education. We are dedicated to building awareness of the benefits of RESPs and focused on helping Canadian families maximize their savings. Currently only 50% of Canadians have an RESP and the majority of those families do not save enough to meet the future costs of education.

Additionally, the innovative Flex First Plan is a significant growth opportunity. It is a flexible, dollar-based investment that provides individual Education Assistance Payments versus the pooled approach of a group product. Introduced in 2012, Flex First is now the clear choice for consumers, representing over 75% of new sales. 82% of our new beneficiaries/children are being enrolled in a Flex First Plan.

The goal of the new company is to expand on the distribution of the Flex First RESP across Canada with our combined 1,600 licensed sales representatives.

## **2. Will current Knowledge First Financial and Heritage customers be impacted?**

The integration is not expected to have any impact on customers or beneficiaries of either the Knowledge First Plans or Heritage Plans. Our commitment to provide excellence in sales and service support to all our customers is unchanged.

## **3. How will Canadian consumers benefit from the newly-combined company?**

Each company brings more than 50 years of experience helping Canadians save for post-secondary education through RESPs. With complementary strengths and national sales channels, the new company offers Canadians many important benefits:

- We are RESP specialists that are dedicated to building awareness of the benefits of RESPs.
- Our key focus is helping Canadian families maximize their education savings – currently only 50% of Canadians have an RESP and the majority of those families are not saving enough to meet the future costs of education.
- We proactively help families obtain federal and provincial grants available to save for education
- The Flex First Plan is a solution that aligns with the changing education paths of today's student, making it well-positioned to fit the needs of all Canadian families
- As an RESP leader, we will innovate for the future. There will be a continued focus on product innovation to ensure RESPs continue to be the best way to save for post-secondary education
- Not-for-profit ownership makes us different than other RESP providers. Ownership by Knowledge First Foundation allows us to reinvest net revenues into initiatives that support students.

## **4. Who will be the management team?**

*Revised answer: Jan 22, 2018*

George Hopkinson is President and CEO and will lead the integration of the two businesses. Jason Maguire, former President and CEO of Heritage, joins the executive team as Managing Director and will assist the integration. The combined executive team was announced on January 8, 2018:

- George Hopkinson, President & CEO
- Darrell Bartlett, Chief Compliance Officer
- Steve Rotz, Chief Financial Officer
- Eric Jodoin, Vice-President, Customer Service and Operations
- Carma Lecuyer Vice-President, Human Resources and Administration
- Angela Lin, General Counsel & Corporate Secretary
- Jason R.B. Maguire, Managing Director
- Suzanne Martyn-Jones, Vice-President, Marketing and Customer Communications
- Jacques Naud, Senior Vice-President, Sales and Distribution
- Peter Thompson, Vice-President, Information Technology

**5. How many sales representatives will the newly-formed company have?**

There will be more than 1,600 sales representatives in the combined, national sales force whose focus is helping Canadian families maximize their education savings. We will add significant additional depth to our national reach.

**6. What are the combined company's assets under management?**

The two companies create the largest RESP provider in Canada, managing \$6.2 billion in assets.

**7. Will there be a change in the investment strategy?**

Knowledge First Financial and Heritage Education Funds have similar investment strategies that focus on building value over time. It's a conservative approach designed to protect your education savings as well as a diversified one that invests a portion of the portfolio in carefully selected equities to provide balance and potentially higher returns. This is a proven strategy we believe will continue to be effective for our customers.

**8. What products will be offered?**

Knowledge First Financial and Heritage Education Funds will continue to offer their respective products. Knowledge First Financial offers the Flex First Plan, Family Group Plan and Family Single Student Plan. Heritage Education Funds offers the Heritage Plans and the Impression Plan.

**9. Will the Flex First Plan be offered through Heritage sales representatives?**

The goal of the new company is to expand the distribution of the Flex First RESP across Canada with our combined 1,600 sales representatives. The Flex First RESP is a flexible, dollar-based investment that provides individual Education Assistance Payments versus the pooled approach of a group product. We look forward to introducing Flex First to Heritage sales representatives over the coming months.

**10. Both companies' education savings plans are sold by prospectus. Will a new prospectus be issued for the combined company?**

Amendments to both the Heritage and Impression Plan prospectuses are being filed with securities regulators to include details of the acquisition. As always, our customers will receive the most current version of the prospectus in a timely manner.

**11. What are the company's plans for the future?**

Our experience tells us that the way students access post-secondary education will continue to evolve. As an RESP leader, we will continue to focus on product innovation to ensure that RESPs continue to be the best way to save for post-secondary education.

**12. Does this acquisition change the not-for-profit status of the parent organization, Knowledge First Foundation?**

The combined business will operate as a wholly-owned subsidiary of the Knowledge First Foundation. Not-for-profit ownership makes us different than other RESP providers. Ownership by a not-for-profit allows us to reinvest our net revenues into initiatives that support students. For example, since 1965 the Foundation has provided students with nearly \$50 million in additional discretionary top-up payments. The Foundation has also awarded more than \$1.4 million in graduate scholarships.