

This document summarizes key information that investors should know about their relationship with Knowledge First Financial Inc.

Who we are

Knowledge First Financial Inc. is a wholly owned subsidiary of the Knowledge First Foundation and is the investment fund manager, administrator and distributor of education savings plans.

The Knowledge First Foundation, a not-for-profit Canadian corporation, sponsors and promotes the Family Group Education Savings Plan, the Family Single Student Education Savings Plan (the “Family Plans”) and the Flex First Plan, (collectively “the Plans”).

As a for-profit organization, Knowledge First Financial Inc. receives fees for the services they provide as investment fund manager, administrator and distributor. The depository for the Plans is the Royal Bank of Canada and the trustee is RBC Investor Services Trust.

Setting up your Registered Education Savings Plan (RESP)

In making a recommendation to purchase a plan from Knowledge First Financial¹, our sales representative is obligated to ensure you make a purchase that is suitable for you. In order to do so, the sales representative is required by law to ask about your investment needs and objectives, your financial circumstances, as well as to review personal identification information as part of a ‘know your customer’ process.

You determine which plan from Knowledge First Financial best suits your needs and the needs of the beneficiary named on the plan. The beneficiary must be a Canadian resident. Both you and your beneficiary must have a valid social insurance number. Knowledge First Financial will then register your plan as an RESP with the Government of Canada so that you will qualify for the tax benefits and receive government grants.

When you agree to open a plan from Knowledge First Financial, you enter into an Education Assistance Agreement (“Agreement”) with the Knowledge First Foundation. The terms of the Agreement and your plan are described in the prospectus, which you will receive from your sales representative at the time you purchase your plan.

If you are not able to provide us with your beneficiary’s social insurance number at the time you open the plan, we will put your contributions in a holding account. The holding account is an unregistered education savings account, which is not eligible for the tax benefits or government grants. Any income earned in the holding account will be included in your taxable income in the year it is earned. An account will be opened in your name, in trust, with the Knowledge First Foundation acting as the agent for the holding account.

The frequency and amount of contributions to your plan may be changed at any time upon written notice to Knowledge First Financial, subject to Canada Revenue Agency regulations. A principal and/or interest deficiency payment may be required if you are enrolled in the Family Group Education Savings Plan. Your contributions (less any deductions as specified in the prospectus) are returned whether or not your beneficiary continues their education beyond high school. The return of contributions is not taxable. Upon qualification for education assistance payments (EAPs), as described in the prospectus and Agreement for each plan, payments are made directly to the beneficiary from the income earned and the government grants collected on their behalf. These payments represent taxable income to the beneficiary in the year they are received. In the Flex First Plan you will be eligible to receive any loyalty bonus accumulated on your behalf once your beneficiary has been accepted into a school and program that qualify for EAPs under the Income Tax Act (Canada). These loyalty bonus payments are not taxable.

You have 60 days from the day on which you entered into the Agreement to cancel your plan with a full refund of your contributions. Should this occur, any government grants collected in the first 60 days will have to be returned to the appropriate government. Government grants that are returned will count towards your grant availability for both the year grants are returned and towards your overall lifetime grant room limit. Contributions that are refunded from an RESP count as part of your \$50,000 lifetime RESP contribution limit.

Fees associated with your RESP

There are fees associated with our plans. When you enrol in a Family Plan, an enrolment sales charge in the amount of \$100.00 per unit will be deducted from your initial contributions until the fee is paid in full. When you enrol in a Flex First Plan, an enrolment sales charge that will not exceed 9.5% of your total contribution goal will be deducted from your initial contributions until the fee is paid in full. A portion of the enrolment sales charge is paid as compensation to our sales representatives.

¹ Knowledge First Financial[®] is a registered trademark of Knowledge First Financial Inc.

Other fees and expenses associated with our plans include:

(a) Fees deducted from your contributions in the Family Plans to cover the cost of processing deposits, group life and total disability insurance and for specific transactions in the plans.

*Depository fee: \$10.00 for monthly plans, \$6.50 for annual plans and \$3.50 for one-time plans (plus tax)

*Insurance premiums: \$0.17 for each \$10 contributed (plus tax where applicable)

(b) Fees deducted from the income your plan earns to cover the cost of administration, portfolio management and custodial services.

*Management fee: for the Family Plans the weighted average management fee for the 2015 fiscal year was 0.7% (plus tax). For the Flex First Plan the targeted annual management fee is 1.3% (plus tax) but in any event will not exceed 1.5% per year (plus tax).

*Independent review committee fee: a nominal fee to IRC committee members. Amount varies by plan type.

Special transaction fees: One-time service fee if you make changes to your plan and/or if we incur a charge for non-sufficient funds.

Deducted from contributions should they be incurred.

Risks associated with your RESP

Knowledge First Financial offers education savings plans that are designed for long-term savings to put towards the cost of post-secondary education. The following are risk factors to be considered before choosing to invest in a Plan:

- If you don't give us the social insurance number for your beneficiary within 18 months of the day you opened your plan, we'll close your plan.
- If for any reason the Canada Revenue Agency cannot confirm registration of your plan as an RESP, we'll have to close your plan.
- If your beneficiary doesn't go to a school and program that qualifies for EAPs under your plan, you could lose the income in your plan and the government grants will have to be returned to the government. In the Flex First Plan, you also will not be eligible to receive any of the loyalty bonus that has accumulated on your behalf.
- If you withdraw your contributions before your beneficiary begins college or university, whether before or after the initial 60 day evaluation period, any Canada Education Savings Grant, Quebec Education Savings Incentive and/or Saskatchewan Advantage Grant for Education Savings will have to be returned to the appropriate government.
- If contributions to your plan are higher than the limits allowed by the Income Tax Act (Canada), you may have to pay a penalty tax.
- We can't guarantee that your beneficiary will qualify for EAPs or how much his or her EAPs will be.
- The money in your plan is invested conservatively but there is some investment risk.
- If you choose to cancel your plan after you have had it for at least sixty (60) days some or all of the fees you have paid to date will not be refunded. In the Flex First Plan you may be eligible for a return of some of the enrolment sales charge you paid.
- If you choose to cancel your plan after you have had it for at least sixty (60) days you could lose the income in your plan to either qualified students or qualified post-secondary institutions in Canada, and any Flex First Plan loyalty bonus accumulated will be lost.
- Beneficiaries in the Family Group Education Savings Plan have to contact us by November 1st in each year following their plan's maturity year to provide instructions regarding their education assistance payment for that year.
- If the total contributions have not reached the total contribution goal (TCG) set for your Flex First Plan and the subscriber does not request a reduction of TCG, he or she will lose credit for the enrolment sales charge that would have been returned under the enrolment sales charge return provision for that plan. The request for a reduction of TCG must be made before any one of the following occurs:
 - An EAP or post-secondary education withdrawal is made, or
 - An accumulated income payment is made, or
 - An educational institution payment is made, or
 - December 31st of the year in which the beneficiary turns age 17
- The social insurance number of both the customer and the beneficiary must be valid to enrol in and contribute to an RESP. If you are enrolling in a Plan using a temporary social insurance number(s), once it expires no further contributions may be made to the RESP.

Knowledge First Financial has obtained an exemption from the requirement in Ontario securities law to participate in an approved compensation fund or contingency trust fund. These funds provide for certain compensation to eligible customers of a participating dealer who suffer a financial loss as a result of the dealer becoming insolvent and not being able to return assets which it was holding on behalf of customers. It is a condition of the exemption that Knowledge First Financial not hold any customer assets.

Use of Borrowed Funds

Knowledge First Financial does not permit the use of borrowed funds for making contributions to the Plans. You should be aware that the use of borrowed funds to make contributions to the Plans involves greater risk than when contributions are made using cash funds only. If you borrow funds to make contributions to the Plans, your responsibility to repay the borrowed funds and any interest on such funds required by the terms of your borrowing agreement remains unchanged even if the value of your investment in the Plans declines. Therefore, by using borrowed funds you are at risk of incurring losses that are greater than if you had made contributions using your own funds.

Reporting to subscribers

Every year we will send you an annual statement of account which will include a summary of your contributions, loyalty bonus (where applicable), government grants and income earned during the period covered by the statement, as well as since the start date of the plan.

You may also access your Family Plan account at any time on our secure website at knowledgefirstfinancial.ca.

Complaints and dispute resolution

If you have a complaint or concern about us, your sales representative or the services you received from us when you enrolled in your plan, we urge you to contact us.

Our address, email and phone numbers are listed on the back of this form under “How to reach us.” You may want to consider using a method other than email for sensitive information. In your communication please tell us what went wrong, when it happened and what you expect; for example, money back, an apology, account correction. We will acknowledge your complaint in writing, as soon as possible, typically within 5 business days of receiving your complaint. We may ask you to provide clarification or more information to help us resolve your complaint.

We will work with you to resolve your complaint or dispute. We normally provide our decision in writing, within 90 days of receiving a complaint and it will include a summary of the complaint, the results of our investigation and our decision to make an offer to resolve the complaint or deny it, and an explanation of our decision. If we cannot provide you with our decision within 90 days, we will inform you of the delay, explain why our decision is delayed, and give you a new date for our decision.

If you are not satisfied with our decision, or if we do not provide our decision within 90 days after you made your complaint (or an explanation for the delay), our customers have the option of using the free and independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI). This does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court. Keep in mind there are time limits for taking legal action. You have the right to use OBSI's service if your complaint relates to a trading or advising activity of our company or by one of our representatives and you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint. If you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to OBSI. If we do not provide you with our decision within 90 days, you can take your complaint to OBSI any time after the 90-day period has ended. Once you contact the OBSI (Email: ombudsman@obsi.ca, Telephone: 1 888 451-4519 or 416 287-2877) they will investigate your concern. OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer. During its investigation, OBSI may interview you and representatives of our firm. We are required to cooperate in OBSI's investigations. Once OBSI has completed its investigation, it will provide its recommendations to you and us. OBSI's recommendations are not binding on you or us. OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint. For more information about OBSI, visit obsi.ca.

If you are from Quebec, you may consider the free mediation service offered by the Autorité des marchés financiers (AMF).

Mail:
OBSI
401 Bay Street, Suite 1505
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Conflict of interest

Knowledge First Financial is a wholly owned subsidiary of the Knowledge First Foundation which is the sponsor and promoter of the Plans. Therefore, Knowledge First Financial has a relationship, and may be considered to be a connected issuer, with these Plans and with the Knowledge First Foundation. As the distributor, Knowledge First Financial and its sales representatives may recommend that you purchase a plan. If you wish further information concerning the relationship between Knowledge First Financial and those listed persons or companies, please contact us.

Your responsibility

We encourage you to understand the risks associated with the Plans offered by Knowledge First Financial before entering into an Agreement to purchase a Plan. You should read the prospectus for the Plans and ask your sales representative any questions you may have.

When you enter into an Agreement with us, you are agreeing to the terms of the Agreement and you should regularly review the financial information that we provide to you, or make available, about the Plans.

Please call your Knowledge First Financial sales representative if there are any changes to your personal details, financial circumstances, investment objectives or risk tolerance. This will allow your sales representative to assist you in modifying your RESP, if this becomes necessary.

Please advise your Knowledge First Financial sales representative or Customer Service department if you have not received the Agreement within 30 days of the date of application. At any time, should you have any questions or concerns regarding your plan, please contact your sales representative, or our Customer Service department at 1 800 363-7377 or contact@kff.ca.