PROSPECTUS

Continuous Offering
Detailed Plan Disclosure

HERITAGE PLANS®

August 28, 2018

The securities qualified for distribution under this prospectus are scholarship plan units. There is no minimum number of units for subscription.

This investment fund is a scholarship plan that is managed by Knowledge First Financial Inc.

IMPORTANT INFORMATION TO KNOW BEFORE YOU INVEST

The following is important information you should know if you are considering an investment in a scholarship plan.

NO SOCIAL INSURANCE NUMBER = NO GOVERNMENT GRANTS, NO TAX BENEFITS

We need social insurance numbers ("SINs") for you and a child named as a beneficiary under the plan before we can register your plan as a Registered Education Savings Plan ("RESP"). The *Income Tax Act* (Canada) won't allow us to register your plan as an RESP without these SINs. Your plan must be registered before it can:

- qualify for the tax benefits of an RESP, and
- receive any government grants.

You can provide the beneficiary's SIN after the plan is opened. If you don't provide the beneficiary's SIN when you sign your contract with us, we'll put your contributions into an unregistered education savings account. During the time your contributions are held in this account, we will deduct sales charges and fees from your contributions as described under "Costs of investing in this plan" on page 24. You will be taxed on any income earned in this account.

If we receive the beneficiary's SIN within 24 months from the date we accept your application, we'll transfer your contributions and the income they earned to your registered plan.

If we do not receive the beneficiary's SIN within 24 months from the date we accept your application, we will cancel your plan. You will get back your contributions and the income earned, less sales charges and fees. Since you pay sales charges upfront, you could end up with much less than you put in.

If you don't expect to get the SIN for your beneficiary within 24 months from the date we accept your application, you should not enroll or make contributions to the plan.

PAYMENTS NOT GUARANTEED

We cannot tell you in advance if your beneficiary will qualify to receive any educational assistance payments ("EAPs") or how much your beneficiary will receive. We do not guarantee the amount of any payments or that they will cover the full cost of your beneficiary's post-secondary education.

PAYMENTS FROM GROUP PLANS DEPEND ON SEVERAL FACTORS

The amount of the EAPs from a group plan will depend on the amount of accumulated government grants, how much the plan earns and the number of beneficiaries in the group who do not qualify for applicable payments. EAPs can further be supplemented by unclaimed funds as further described in the "Unclaimed accounts" section on page 7.

UNDERSTAND THE RISKS

If you withdraw your contributions early or do not meet the terms of the plan, you could lose some or all of your money. Make sure you understand the risks before you invest. Carefully read the information found under "Risks of investing in a scholarship plan" and "Risks of investing in this plan" in this Detailed Plan Disclosure.

IF YOU CHANGE YOUR MIND

You have up to 60 days from the day we deposit your first contribution into your plan to withdraw from your plan and get back all of your money.

If you cancel your plan after 60 days, you'll get back your contributions, less sales charges and fees. You will lose the earnings on your money. Your government grants will be returned to the applicable government and, with the exception of the Canada Learning Bond ("CLB"), the grant room will not be restored. The beneficiary's lifetime CLB entitlement will not be affected. **Keep in mind that you pay sales charges upfront. If you cancel your plan in the first few years, you could end up with much less than you put in.**

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INTRODUCTION

This Detailed Plan Disclosure contains information to help you make an informed decision about investing in the Heritage Plans and to understand your rights as an investor. It describes the plan and how it works, including the fees you pay, the risks of investing in the plan and how to make changes to your plan. It also contains information about our organization. The prospectus is comprised of both this Detailed Plan Disclosure and the Plan Summary that was delivered with it.

You can find additional information about the plan in the following documents:

- the plan's most recently filed annual financial statements,
- any interim financial reports filed after the most recently filed annual financial statements,
- the most recently filed annual management report of fund performance ("MRFP"), and
- the undertaking to the Ontario Securities Commission and to each other provincial and territorial securities regulator concerning investments of the Heritage Plans and other matters (the "undertaking").

These documents are incorporated by reference into this prospectus. That means they legally form part of this document just as if they were printed as part of this document.

You'll also find these documents on our website at HeritageRESP.com.

You can get a copy of these documents at no cost by calling us at 1.800.739.2101 or by contacting us at CustomerCare@HeritageRESP.com.

These documents and other information about the plan are also available at SEDAR.com.

Any future financial statements and MRFPs filed by the plan after the date of this prospectus and before the termination of the distribution are deemed to be incorporated by reference into this prospectus.

The plan is required to prepare annual audited financial statements and unaudited interim financial statements that comply with applicable laws and accounting standards.

The plan's annual audited and unaudited interim financial statements are made up of statements of financial position, along with the statements of comprehensive income, changes in net assets attributable to subscribers and beneficiaries, and cash flows. These documents contain specific information about the amount of EAPs that have been paid to students in past years (by beneficiary group). The financial statements also contain notes which are a critical part of the financial statements and should not be ignored. These notes include but are not limited to information about the amounts of EAPs that have been paid to beneficiaries in prior years, sources of EAP funding as well as the funding of the sales charge refund or a portion thereof.

The plan is also required to prepare annually an MRFP. How the plan manages the money deposited into it can say much about its ability to withstand market changes and unexpected events. The plan's MRFP is a report written by the investment fund manager explaining the events that have affected the plan's investment performance and the investment fund manager's expectations for the coming year. It also describes the investments made by the plan and how those investments have performed. You can get a list of the investments by reviewing the plan's latest annual MRFP and financial statements.

The plan is managed in accordance with the investment restrictions set out in the National Policy 15 *Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses*, the administrative policies of the Canadian Securities Administrators and the undertaking.

All of the above documents must be filed with the regulators through the SEDAR filing system. Along with this prospectus, the annual and interim financial statements, MRFP and undertaking provide information that will help you assess the plan, its past operations, financial condition, future prospects and risks.

TERMS USED IN THIS PROSPECTUS

In this document, “we”, “us” and “our” refer to Heritage Educational Foundation as sponsor of the plan and/or Knowledge First Financial Inc. (“Knowledge First Financial”) as investment fund manager and distributor of the plan. “You” refers to potential investors, subscribers and beneficiaries.

The following are definitions of some key terms you will find in this prospectus:

Accumulated income payment (“AIP”): the earnings on your contributions and/or government grants that you may get from your plan if your beneficiary does not pursue post-secondary education and you meet certain conditions set by the federal government or by the plan.

AIP: see Accumulated income payment.

Application date: the date you sign your contract.

Attrition: under a group plan, a reduction in the number of beneficiaries who qualify for EAPs in a beneficiary group. See also pre-maturity attrition and post-maturity attrition.

Beneficiary: the person you name to receive EAPs under the plan.

Beneficiary group: beneficiaries in a group plan who have the same year of eligibility. They are typically born in the same year.

Contract: the agreement you enter into with us when you open your education savings plan.

Contribution: the amount you pay into a plan. Sales charges and other fees are deducted from your contributions and the remaining amount is invested in your plan.

EAP: see Educational assistance payment.

EAP account: for group plans, an account that holds the income earned on contributions made by subscribers. There is a separate EAP account for each beneficiary group. The money in this account is distributed to the remaining beneficiaries in the beneficiary group as part of their EAPs.

Earnings: any money earned on your (i) contributions and (ii) government grants, including interest and realized and unrealized gains/losses on assets in the plan.

Educational assistance payment (“EAP”): In general, an EAP is a payment made to your beneficiary after the maturity date for eligible studies. For a group plan, an EAP consists of your government grants, earnings on your government grants and your beneficiary’s share of the EAP account. Under the self-determined option, an EAP consists of your earnings and your government grants. EAPs do not include sales charge refunds.

Eligible studies: a post-secondary educational program that meets the plan’s requirements for a beneficiary to receive EAPs.

Government grant: any financial grant, bond or incentive offered by the federal government, (such as the Canada Education Savings Grant, or the Canada Learning Bond), or by a provincial government, to assist with saving for post-secondary education in an RESP.

Grant contribution room: the amount of government grant you are eligible for under a federal or provincial government grant program (also known as grant room).

Income: has the same meaning as Earnings.

Maturity date: the date on which the plan matures. In general, it is in the year your beneficiary is expected to enroll in their first year of post-secondary education.

Plan: means the Heritage Plans that provide funding for a beneficiary’s post-secondary education.

Post-maturity attrition: under a group plan, a reduction in the number of beneficiaries who qualify for EAPs in a beneficiary group after the maturity date. See also **Attrition**.

Pre-maturity attrition: under a group plan, a reduction in the number of beneficiaries who qualify for EAPs in a beneficiary group before the maturity date. See also **Attrition**.

Subscriber: the person who enters into a contract with the Heritage Educational Foundation to make contributions to a plan.

Unit: under a group plan, a unit represents your beneficiary’s proportionate share of the EAP account. The terms of the contract you sign determine the value of the unit.

Year of eligibility: the year in which a beneficiary is first eligible to receive EAPs under a plan. For a group plan, it is typically the year the beneficiary will enter his or her second year of eligible studies. In general, the year of eligibility is one year after the maturity date. The self-determined option does not require a year of eligibility as EAPs can be requested at any time after the maturity date and prior to the RESP expiry date.

OVERVIEW OF OUR SCHOLARSHIP PLAN

WHAT IS A SCHOLARSHIP PLAN?

A scholarship plan is a type of investment fund that is designed to help you save for a beneficiary's post-secondary education. Your plan must be registered as a Registered Education Savings Plan ("RESP") in order to qualify for government grants and tax benefits. To do this, we need social insurance numbers ("SINs") for you and the person you name in the plan as your beneficiary.

You sign a contract when you open a plan with us. You make contributions under the plan. We invest your contributions for you, after deducting applicable fees. You will get back your contributions, less sales charges and fees, whether or not your beneficiary goes on to post-secondary education. Your beneficiary will receive educational assistance payments ("EAPs") from us if they enroll in eligible studies under the scholarship option or the self-determined option and provided all terms of the contract are met.

Please read your contract carefully and make sure you understand it before you sign. If you or your beneficiary do(es) not meet the terms of your contract, it could result in a loss and your beneficiary could lose some or all of their EAPs.

TYPES OF PLANS WE OFFER

Heritage Educational Foundation (the "Foundation") sponsors the following plans: the Heritage Plans and the Impression Plan. The Foundation is the issuer of securities for each plan. The Heritage Plans is a group scholarship plan with two different pay-out options which entitle the beneficiaries to receive their EAP(s) either as part of their beneficiary group or individually. The Impression Plan is an individual plan offered under a separate prospectus.

Due to the structure of the Heritage Plans and the Impression Plan, there are differences in the enrollment criteria, contribution requirements, fees, payments to beneficiaries, options for receiving EAPs and options if the beneficiary does not pursue eligible studies.

HOW OUR PLAN WORKS

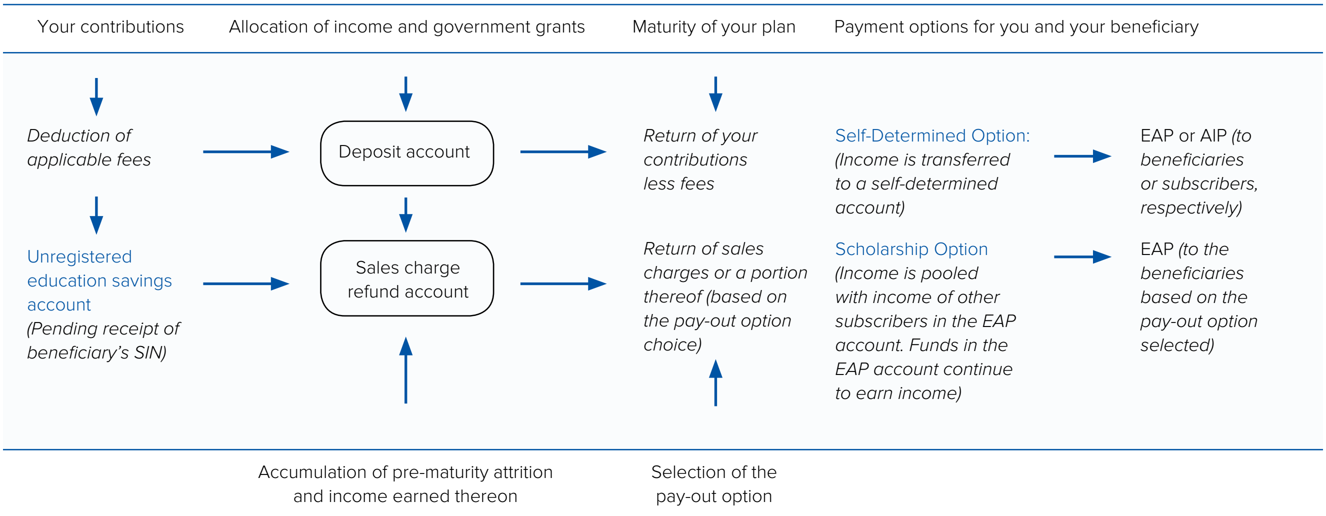
When you enroll in the Heritage Plans, you become a subscriber and a child named under the plan becomes a beneficiary. You open an unregistered education savings plan. We will apply to Canada Revenue Agency ("CRA") for registration of your plan under the *Income Tax Act* (Canada). Once registered, your education savings plan becomes an RESP.

Initially, you enroll in the group plan. Your plan becomes part of a beneficiary group based on the year of eligibility of your beneficiary. In your contract, you select a contribution schedule, make contributions which are subject to the maximum RESP contribution lifetime limit and contribution options, and pay applicable fees. We apply to Employment and Social Development Canada ("ESDC") for the government grants. Your net contributions and government grants are placed in your plan where they earn income until maturity. At maturity, you select the pay-out option most suitable for you and your beneficiary's needs. Based on this selection, you will either be under the scholarship option or the self-determined option. Under the scholarship option, income is pooled together within the beneficiary group and is used towards payments to the beneficiaries in that group to help cover costs of a post-secondary education. Under the self-determined option, income earned by your plan is not part of the group pool. It can be used towards EAP payments to your beneficiary or withdrawn by you as an AIP as described in the "Accumulated income payments" section on page 40.

MAKE SURE YOUR CONTACT INFORMATION IS UP TO DATE

It is important that you keep your address and contact information up to date. We will need to communicate important information to you throughout the life of your plan. We will also need to find you and the beneficiary when the plan matures so we can return your contributions and make payments to the beneficiary.

The following chart provides an overview of the flow of funds from the date you enroll in the plan and start making contributions to the date you and your beneficiary receive payments from the plan.



ENROLLING IN A PLAN

To enroll or to transfer an existing RESP from another RESP provider into the plan, you enter into a contract with us. You also need to make decisions regarding:

- Your beneficiary: you can name any child under the age of 15 as the beneficiary. Pursuant to the *Income Tax Act* (Canada) you are required to provide your and your beneficiary's SINs in order to register your plan as an RESP. The beneficiary must be a resident of Canada at the time of designation and each time a contribution is made. The beneficiary must also have a valid SIN each time a contribution is made. Please see the "If your beneficiary does not have a social insurance number" section on page 4 for more details. In a case where you are not the parent of the beneficiary, pursuant to the *Income Tax Act* (Canada), we are required to notify the parent (or public primary caregiver) in writing of the existence of the plan and your name and address within 90 days of the opening of the plan.
- Your contribution schedule: you need to select the amount and frequency of contributions that meet your education savings needs. There is no minimum contribution amount. You purchase units and begin making contributions according to your contribution schedule. If a plan is opened in which only Canada Learning Bond ("CLB") or British Columbia Training and Education Savings Grant ("BCTESG") funds are deposited, no contributions are required.
- Plan's maturity year: typically, this is the year when the beneficiary begins post-secondary studies.

If your beneficiary does not have a social insurance number

If your beneficiary does not have a SIN, you can either wait until your beneficiary has the SIN or open an unregistered education savings account with us.

If you open an unregistered education savings account, your contributions will be deposited in an income bearing, segregated account held in trust on your behalf while we await your beneficiary's SIN. While in this account, your contributions are not eligible for the tax benefits of an RESP nor for government grants.

Your beneficiary's SIN must be provided within 24 months from the date we accept your application.

As long as we receive the beneficiary's SIN within 24 months and provided that all required government grants application forms are in good order, we will apply for registration of the plan and applicable government grants.

If the SIN is not provided within 24 months, we will refund your contributions, less fees, together with any income earned. This income will be your taxable income. Sales charges, account maintenance fees and insurance premiums, if applicable, are not returned.

If the SIN is supplied after the 24-month period, you may re-activate the plan, subject to re-activation terms described in the "Re-activating your plan" section on page 32. You will receive credit for sales charges paid associated with re-activated units.

Under any of the above scenarios, the plan will be considered to have been established at the time the SIN is provided.

GOVERNMENT GRANTS

RESPs may qualify for various government grants. We will apply for the applicable government grants on your behalf. The government deposits grant payments in respect of your beneficiary into your plan. Provided your beneficiary meets the eligibility criteria for an EAP, these government grants belong to your beneficiary only. Your contributions and any grants you receive from the government will be pooled for investment purposes together with the contributions and grants of other subscribers and beneficiaries. These funds will be invested in trust for you based on the investment advice given by our portfolio advisers. Once your plan matures, you will instruct us to direct EAP(s) to your beneficiary. Government grants will be available to your beneficiary as part of such EAP(s).

Canada Education Savings Grant ("CESG")

The government of Canada offers the CESG to each eligible beneficiary. To qualify for CESG, the beneficiary must be a resident of Canada each time a contribution is made and have a valid SIN. You must contribute to an RESP in order to receive CESG. Contributions will qualify up to and including December 31 of the year in which the beneficiary turns 17 years of age. There is a basic and an additional CESG:

- The basic CESG amount is 20% of annual RESP contributions. The annual maximum amount per eligible beneficiary is $500. To attract this annual maximum amount you must contribute $2,500 annually into your plan.
- An additional CESG amount is based on the net family income of the primary caregiver ("PCG") and can change over time as the net family income changes.

The cumulative lifetime maximum of all CESG is $7,200 per eligible beneficiary. Both the basic CESG and additional CESG annual maximum amounts are as follows:

Net family income	**$46,605* or less**	**More than $46,605* to $93,208***	**Over $93,208***
Basic and additional CESG paid on the first $500 of annual contributions	40% = $200	30% = $150	20% = $100
Basic CESG paid on $501 to $2,500 of annual contributions	20% = $400	20% = $400	20% = $400
Maximum annual CESG	$600	$550	$500

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

Canada Learning Bond ("CLB")

The CLB is a grant from the government of Canada to help modest income families start saving early for their child's post-secondary education. The CLB will be deposited directly into an RESP of an eligible beneficiary. To qualify for the CLB, the beneficiary must be born on or after January 1, 2004. In addition, the PCG must be eligible to receive the Canada Child Benefit ("CCB").

The CLB is $500 in the first eligible year. Additional grants of $100 a year will be made automatically for the beneficiary up to age 15, for each year the family qualifies for the CCB. A CLB administration fee of $25 will be paid with the first $500 into the RESP to help cover the cost of opening an RESP. This fee will be deducted from your total CLB amount. The total CLB available for the beneficiary could amount to $2,000. The primary caregiver must apply for the CCB within ten years of the beneficiary's birth in order to be eligible for the full CLB entitlement of $2,000.

The repayment of the CLB does not affect the beneficiary's lifetime CLB entitlement.

Québec Education Savings Incentive ("QESI")

The QESI is a grant from the government of Québec. To qualify, a beneficiary must be 17 years of age or under and be a resident of Québec as at December 31 of the taxation year for which the QESI claim is made. There is a basic QESI and an additional QESI:

- The basic QESI amount is 10% of annual RESP contributions. The annual maximum per eligible beneficiary is $250. To attract this annual maximum amount you must contribute $2,500 annually into your plan.
- The additional QESI amount is based on the net family income and can change over time as the net family income changes.

The cumulative lifetime maximum of all QESI is $3,600 per eligible beneficiary. Both the basic QESI and additional QESI maximum annual amounts are:

Net family income	**$43,055* or less**	**More than $43,055* to $86,105***	**Over $86,105***
Basic and additional QESI paid on the first $500 of annual RESP contributions	20% = $100	15% = $75	10% = $50
Basic QESI paid on $501 to $2,500 of annual RESP contributions	10% = $200	10% = $200	10% = $200
Maximum annual QESI	$300	$275	$250

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

BC Training and Education Savings Grant ("BCTESG")

The government of British Columbia offers the BCTESG to each resident beneficiary born on or after January 1, 2006. After the beneficiary turns six years of age, the Province of British Columbia will deposit $1,200 into the beneficiary's RESP.

To qualify for the BCTESG, you must open the RESP and complete an application for BCTESG within the following timeframes:

- If your beneficiary was born in 2006, you have until August 14, 2019; or
- If your beneficiary was born in 2007 or 2008, you have until August 14, 2018; or
- If your beneficiary was born from January 1, 2009 to August 15, 2009, you have until August 14, 2018; or
- If your beneficiary was born any time on or after August 16, 2009, you have until the day before the beneficiary's ninth birthday.

The beneficiary and the custodial parent/legal guardian must both be residents of British Columbia when applying for the BCTESG and the application must be made between the beneficiary's sixth and ninth birthday. No matching or additional contributions are required.

Grant repayment

There are various situations where government grants must be repaid to the applicable government, including:

- The plan is terminated or its registration is revoked.
- A withdrawal of assisted contributions is requested.
- An ineligible change of beneficiary occurs.
- A transfer is made to another education savings plan that does not comply with the *Canada Education Savings Act* or the *Income Tax Act* (Canada) or the *Taxation Act* (Québec).
- An EAP is made to an individual who is not a beneficiary of the RESP.
- The beneficiary does not pursue post-secondary education and does not enroll into a qualifying program by the end of the 35th year following the year in which the plan was entered into (40th such year for a specified plan).
- AIPs are made or any payments are made to a designated educational institution, as defined in subparagraph 118.6(1)(a)(i) of the *Income Tax Act* (Canada).
- The grant application contains false information.

If the beneficiary receives more than the total maximum lifetime grant amount permitted under the government grants legislation, the beneficiary is responsible for repayment of the excess amounts to the applicable federal and/or provincial government.

You can contact our customer service department or your dealing representative about the government grants applications we will make on your behalf. For more information about government grants, please visit our website at HeritageRESP.com or research government resources at esdc.gc.ca.

CONTRIBUTION LIMITS

Under the *Income Tax Act* (Canada), RESPs have a lifetime maximum contribution limit of $50,000 per each RESP beneficiary. Government grants do not count towards your RESP lifetime contribution limit of $50,000.

There is no annual RESP contribution limit. You are permitted to contribute any amount into your RESP on an annual basis as long as your RESP lifetime contribution does not exceed $50,000. Any annual contributions in excess of those qualifying for the government grants will not attract further government grants in that particular year, if at all. All of your contributions, including those not qualifying for government grants, are invested in the same manner.

According to the *Income Tax Act* (Canada), if your contributions exceed the maximum lifetime RESP contribution limit, there will be tax consequences. For more details, please refer to the "How taxes affect your plan" section on page 9.

ADDITIONAL SERVICES

When you enroll in the plan, you may choose to purchase our optional death and disability insurance coverage, underwritten by Sun Life Assurance Company of Canada.

If you die before the maturity date, the insurance company will pay the life insurance benefit for your insured units to us, to be used to satisfy the remaining contributions under your plan. If you become disabled before the maturity date, the insurance company will, after a 9-month qualifying period, make the applicable contributions due under your plan on your behalf until the maturity date or you are no longer disabled, whichever comes first. For more information, please refer to the "Fees for additional services" section on page 26 and to the "Insurance schedule for each unit of the plan" section on page 43. The terms of the insurance coverage, including eligibility, limits of liability, exclusions, conditions for benefits payments and provisions for terminations are outlined in the Certificate of Insurance which is provided to you at the time of enrollment. Please read this Certificate carefully to fully understand all insurance coverage provisions.

FEES AND EXPENSES

There are costs for joining and participating in our plan. You pay some of these fees and expenses directly from your contributions. The plan pays some of the fees and expenses, which are deducted from the plan's earnings. See "Costs of investing in this plan" on page 24 in this Detailed Plan Disclosure for a description of the fees and expenses of our plan. Fees and expenses reduce the plan's returns which reduces the amount available for EAPs.

Each of the scholarship plans we offer requires you to pay different fees and expenses. The choice of scholarship plan affects the amount of compensation paid to the distributor by you or by a member of our organization.

ELIGIBLE STUDIES

EAPs will be paid to your beneficiary only if he or she enrolls in eligible studies. For a summary of the educational programs that qualify for EAPs under both the scholarship option and the self-determined option, see "Summary of eligible studies" on page 15.

PAYMENTS FROM THE PLAN

Return of contributions

We always return your contributions less applicable sales charges and fees to you or to your beneficiary at maturity of your plan. Earnings from the plan will generally go to your beneficiary. If your beneficiary does not qualify to receive the earnings from your plan or does not pursue post-secondary education, you may be eligible to get back your earnings as an AIP if you select the self-determined option prior to your plan's maturity. See the "Accumulated income payments" section on page 40 for more information about AIPs.

Educational assistance payments

We will pay EAPs to your beneficiary if you meet the terms of your plan, and your beneficiary qualifies for the payments under the plan by attending a post-secondary institution. The amount of each EAP depends on the type of plan you have, how much you contributed to your plan, the government grants in your plan and the performance of the plan's investments.

You should be aware that the *Income Tax Act* (Canada) has restrictions on the amount of an EAP that can be paid out of an RESP at a time. These restrictions are associated with programs of different lengths of study, as follows:

- For a full-time program, the beneficiary can receive a maximum of $5,000 for the first 13 consecutive weeks. After the beneficiary has completed 13 consecutive weeks, there is no limit on the amount of EAPs that can be paid if the beneficiary continues to qualify to receive them. If there is a 12-month period in which the benefitiary is not enrolled in a post-secondary program for 13 consecutive weeks, the payment limit applies again.
- For a part-time program, the beneficiary can receive a maximum of $2,500 for each 13-week period of a program.

If the beneficiary ceases to be an eligible beneficiary and there is a balance of income remaining in the plan, it may be paid to you as an accumulated income payment as further described in the "How we determine EAP amounts" section on page 37, the "If your beneficiary does not complete eligible studies" section on page 39 and the "Accumulated income payments" section on page 40.

UNCLAIMED ACCOUNTS

An unclaimed account occurs where neither you nor your beneficiary claims available funds:

- If your plan is active and approaching its maturity, we will send you a notice outlining the maturity process steps and asking you to select a pay-out option. If you do not advise us of your pay-out option selection prior to your plan's maturity date, the self-determined option will be automatically selected for you.
- If your plan is inactive (which occurs as described in the "If your plan goes into default" section on page 31), we will send you a statement of account on an annual basis to advise you of the status of your plan and options available to you. If you do not take any action to re-activate your plan or to cancel your plan and claim a refund of your contributions less sales charges and fees, your plan will mature under the self-determined option.

If any of the above situations occurs, we will continue to invest your contributions and government grants on your behalf. We will send you an annual statement of account for as long as you have funds in your plan. If you or your beneficiary do(es) not take any action to claim funds in the plan, we will keep such funds until you request them or until your plan's expiry date, which is the end of the 35th year following the year your plan was entered into (or in the case of a specified plan, the end of the 40th year following the year your plan was entered into), whichever comes earlier. Prior to your plan reaching its expiry date, we will send you a notice advising you of your plan's expiry date, any remaining funds and how to claim them. If you or your beneficiary do(es) not claim funds in your plan by the expiry date, we will cancel your plan. Any remaining funds in the plan will be distributed as follows:

- Your contributions less sales charges and fees (or your net contributions) will be sent to your address on our records, if applicable;
- Government grants will be returned to the applicable government; and
- Income earned on contributions and government grants will be remitted to a designated educational institution.

You or your beneficiary can claim any available unclaimed money prior to cancellation of your plan or forfeiture as provided above by contacting our customer service department or your dealing representative. The annual statements and notices mentioned above will provide you with detailed information on the amount of available funds and deadlines to claim them.

If we send a payment to you or your beneficiary and you do not cash the payment within three years following the date of the payment (12 years for Manitoba residents), it will be forfeited and dealt with as follows:

- We will remit an unclaimed payment, excluding government grants, to your province of residence where applicable legislation so requires. Any government grants will be repaid to the applicable government.
- In the absence of such legislation:

If your plan is cancelled (cancelled by you or by the Foundation), payments issued to you or to your beneficiary under the group plan that include any of the following, and not cashed, will be dealt as follows:

- net contributions will be applied to the EAP amounts being distributed in that year, proportionately to the amount of income being distributed in that year;
- sales charge refunds, if applicable, will be applied to the sales charge refund account and will be distributed to the plans receiving their maturity payments in that year under the scholarship option;
- income earned on your net contributions will be applied to the EAP amounts being distributed in that year, proportionately to the amount of income being distributed in that year;
- government grants will be repaid to the applicable government; and
- income on government grants will be remitted to a designated educational institution.

If your plan is cancelled (by the Foundation), payments issued to you or to your beneficiary under the self-determined option that include any of the following, and not cashed, will be dealt as follows:

- net contributions will be remitted to a designated educational institution;
- government grants will be repaid to the applicable government; and
- income earned in your plan will be remitted to a designated educational institution.

If your plan is not cancelled (by you or by the Foundation), payments issued to you or to your beneficiary under the group plan that include any of the following, and not cashed, will be dealt as follows:

- net contributions will be reapplied to your plan;
- government grants (if applicable) will be reapplied to your plan;
- income earned on your net contributions will be applied to the EAP amounts being distributed in that year, proportionately to the amount of income being distributed in that year; and
- income earned on the government grants will be reapplied to your plan.

If your plan is not cancelled (by you or by the Foundation), payments issued to you or to your beneficiary under the self-determined option that include any of the following, and not cashed, will be dealt as follows:

- net contributions, government grants (if applicable) and income earned on both your net contributions and government grants will be reapplied to your plan.

RISKS OF INVESTING IN A SCHOLARSHIP PLAN

If you or your beneficiary do(es) not meet the terms of your contract, it could result in a loss and your beneficiary could lose some or all of their EAPs. Please read the description of the plan-specific risks under “Risks of investing in this plan” on page 17.

INVESTMENT RISKS

The prices of the investments held by the scholarship plan can go up or down. Refer to “Risks of investing in this plan” on page 17 in this Detailed Plan Disclosure for a description of the risks that can cause the value of the scholarship plan’s investments to change, which will affect the amount of EAPs available to beneficiaries. Unlike bank accounts or guaranteed investment certificates, your investment in a scholarship plan is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

HOW TAXES AFFECT YOUR PLAN

The Canada Revenue Agency has approved the specimen documents for the Heritage Plans. Once your plan is accepted for registration by the Canada Revenue Agency, it will qualify as an RESP under the *Income Tax Act* (Canada).

HOW THE PLAN IS TAXED

After your plan is registered as an RESP, and assuming it continues to maintain such status, no tax is payable under Part I of the *Income Tax Act* (Canada) on the taxable income or capital gains earned within the plan. An RESP can lose its tax exempt registered status if it invests in property that is not listed in the *Income Tax Act* (Canada) as a qualified investment for RESPs.

HOW YOU ARE TAXED

No tax is payable by you as a subscriber on income earned in a plan for a taxation year throughout which the particular plan was registered as an RESP. You are not able to claim any amounts paid as contributions to a plan as tax deductions.

(a) return of contributions less sales charges and fees at maturity

You will not be taxed on the amount of contributions less sales charges and fees that are paid to you as a plan subscriber at the maturity of a plan.

(b) a withdrawal of contributions before maturity

You will not be taxed on the amount of any contributions that are refunded to you as a plan subscriber before maturity of a plan. In certain situations, such withdrawals of contributions will trigger the repayment of government grants and may make a beneficiary ineligible for further government grants for a period of time.

(c) a refund of sales charges or other fees

Depending on the pay-out option chosen an amount of up to 25%, up to 50% or up to 100% of sales charges will be returned to you at maturity of the plan. You will not be taxed on this amount. For more detail on the return of sales charges please refer to the "Refund of sales charges" section on page 26.

(d) cancellation of units prior to maturity

As a subscriber you can cancel a plan at any time (for more details on cancelling a plan, see the "If you withdraw from or cancel your plan" section on page 31). You will not be taxed on the amount of any contributions that are refunded to you as a plan subscriber on the cancellation of a plan. If you are eligible for an AIP at the time of the cancellation, any AIP amount you receive will be included in calculating your income for tax purposes.

(e) purchase of additional units

If you purchase additional units and thus increase the amount of your contributions, this may result in an increase in the annualized amount of those of the government grants which are paid proportionately to your contribution amount (up to certain annual and lifetime limits). There is no tax impact to you as a subscriber for making this change.

(f) transfers between scholarship plans

Certain rules apply in the event of a change of beneficiary or upon transfers of property between the plan and another RESP. If a change of beneficiary does not meet certain requirements then all contributions made to the plan for the original beneficiary are deemed to have been made for the new beneficiary and would be thus taken into account in determining the RESP contribution limit and possible over-contribution penalties.

Upon a transfer of property between two RESPs, the receiving plan is deemed to have been entered into on the earlier of the date the receiving and the sending RESPs were entered into, which can result in an acceleration of the time periods referred to in this prospectus for the receiving plan. Additionally, contributions made with respect to the sending plan are deemed to have been made in respect of beneficiaries under the receiving plan and would be taken into account in determining the contribution limit and possible over-contribution penalties, unless:

(i) there is a common beneficiary under the sending and receiving plan, or

(ii) a beneficiary under the sending plan is a sibling of a beneficiary under the receiving plan and either:
- the receiving plan allows more than one beneficiary under the plan; or
- the beneficiary under the receiving plan is under 21 years of age at the time the receiving plan was entered into.

(g) contribution to back date the plan

If you make an additional contribution to address the backdating of a plan, this may result in an increase in the annualized amount of those of the government grants which are paid proportionately to your contribution amount (up to certain annual and lifetime RESP limits). There is no tax impact to you as a subscriber for making this change.

(h) contribution to remedy a default

If you make an additional contribution to remedy a default on your plan and you meet the conditions and restrictions described in the “Default, withdrawal or cancellation” section on page 31, there is no tax impact to you as a subscriber for making this change.

(i) excessive contributions

According to the *Income Tax Act* (Canada), the total RESP lifetime contribution limit is $50,000 per beneficiary. Any excess contributions will be subject to a 1% per month penalty tax. Government grants are not included for the purpose of calculating the amount of the lifetime contribution limit.

(j) if you receive an accumulated income payment or AIP

When income from an RESP is paid to you as a subscriber, it is called an AIP. An AIP is subject to certain provisions described in the “Accumulated income payments” section on page 40. Once an AIP has been paid, the plan must be cancelled before March of the year following the year in which the first such payment is made out of the plan.

The AIP amount will be taxable income to you as a subscriber. Such amount may be transferred tax-free to your or your spouse’s RRSP (if your spouse is a joint subscriber) or the spousal RRSP, if applicable, provided you or your spouse have RRSP contribution room. You can transfer up to $50,000 of RESP income to your RRSP or spousal RRSP, or your spouse’s RRSP.

If you do not want to contribute this amount to an RRSP or you do not have enough RRSP contribution room to do so, you will be subject to an additional tax of 20% (or 12% federal tax and 8% provincial tax if you live in Québec), on top of the regular taxes on the amount.

HOW YOUR BENEFICIARY IS TAXED

Amounts paid to a plan beneficiary as educational assistance payments or EAPs under a plan (including the portion that is attributable to a government grant) are included in the beneficiary’s taxable income. Generally, beneficiaries have little taxable income and therefore may pay little or no tax on these payments.

If a subscriber directs us to issue a return of contributions less sales charges and fees to the beneficiary, the beneficiary will not be taxed on these amounts.

Beneficiaries who are non-residents when they start their post-secondary education are eligible to receive EAPs, but cannot receive CESG nor CLB nor Saskatchewan Advantage Grant for Education Savings (“SAGES”) as part of the EAP(s). EAPs paid to non-residents are subject to a withholding tax of up to 25% which may be reduced by a tax treaty. To receive QESI as part of an EAP, the beneficiary must be a resident of Québec at the time an EAP is paid. There is no residency requirement to receive the BCTESG as part of the EAP. If your beneficiary receives more than $7,200 of CESG, the excess must be repaid to the federal government and deducted from the taxable income of your beneficiary. If your beneficiary receives more than $3,600 of QESI, the excess must be repaid to Revenu Québec and deducted from the taxable income of your beneficiary.

WHO IS INVOLVED IN RUNNING THE PLAN

Investment Fund Manager and Principal Distributor Knowledge First Financial Suite 1000, 50 Burnhamthorpe Road West, Mississauga, Ontario L5B 4A5	The investment fund manager manages the overall business and operations of the plan, including fund accounting and securityholders records. It is responsible for the co-ordination of the functions provided by the depository, trustee and portfolio advisers. In its role as principal distributor, it is responsible for distributing units of the plan.
Foundation, Registrar and Promoter Heritage Educational Foundation Toronto, Ontario	The Foundation is a not-for-profit corporation without share capital incorporated under the *Canada Not-for-profit Corporations Act* which sponsors the plan. The Foundation is also the registrar and promoter of the plan and is responsible for entering into the contracts with subscribers.
Trustee RBC Investor Services Trust Toronto, Ontario	The plan is a trust and RBC Investor Services Trust is the trustee of the plan. The investment fund manager directs the trustee regarding the settlement of investment trades, the payment of fees and payments to and from the plan.
Custodian RBC Investor Services Trust Toronto, Ontario	The custodian holds the assets of the plan on behalf of the Trustee.
Portfolio Advisers Scotia Institutional Asset Management, a division of 1832 Asset Management L.P. (a wholly owned subsidiary of Scotiabank) Toronto, Ontario Guardian Capital LP Toronto, Ontario TD Asset Management Inc. Toronto, Ontario Yorkville Asset Management Inc. Toronto, Ontario	The portfolio advisers manage the plan's portfolio assets, including the provision of investment analysis or investment recommendations and make investment decisions. Additionally, portfolio advisers administer the purchase and sale of portfolio assets and make the brokerage arrangements relating to the portfolio assets.
Depository Scotiabank Markham, Ontario	The depository receives subscribers' contributions, deducts sales charges and, if applicable, insurance premiums, and remits the balance to the account maintained by the trustee and custodian.
Auditor PricewaterhouseCoopers LLP Chartered Professional Accountants, Licensed Public Accountants Toronto, Ontario	The auditor is responsible for auditing the financial statements of the plan and expressing an opinion based on their audit as to whether the financial statements present fairly, in all material respects, the financial position of Heritage Plans, its financial performance and cash flows in accordance with International Financial Reporting Standards.
Independent Review Committee ("IRC")	The Foundation has appointed an IRC, whose role is to oversee all decisions involving an actual or perceived conflict between the interests of the Foundation or distributor, on the one hand, and the interests of the scholarship plan, on the other. The IRC is comprised of three members, all of whom are independent of the Foundation and the investment fund manager and distributor.
Insurance Provider Sun Life Assurance Company of Canada Waterloo, Ontario	Provides optional life and disability insurance protection.

YOUR RIGHTS AS AN INVESTOR

You have the right to withdraw from an agreement to buy the plan's securities and get back all of your money (including any fees or expenses paid), within 60 days after we deposit your first contribution into your plan. If the plan is cancelled after 60 days, you will only get back your contributions, less fees and expenses.

Any government grants you have received will be returned to the applicable government. With the exception of the CLB, the grant room will not be restored. The repayment of the CLB does not affect the beneficiary's lifetime CLB entitlement.

In several provinces and territories, securities legislation also gives you the right to withdraw from a purchase and get back all of your money, or to claim damages, if the prospectus and any amendment contain a misrepresentation or are not delivered to you. You must act within the time limit set by the securities legislation in your province or territory.

You can find out more about these rights by referring to the securities legislation of your province or territory or by consulting a lawyer.

OTHER IMPORTANT INFORMATION

JOINT OWNERSHIP OF YOUR PLAN

If both you and your spouse enroll in the plan, each of you becomes a subscriber. Where there are two subscribers under a contract, all rights shall be enjoyed and exercised by both of them. Upon the death of one of them all rights and obligations shall be those of the survivor. Unless otherwise specified by the Foundation, the Foundation will rely upon any instruction given or representation or statement of any kind whatsoever made by either of the subscribers. The other subscriber will be bound by such instruction, representation or statement and shall have no claim or recourse against the Foundation or any other person in respect thereof.

SPECIFIED PLAN

A specified plan is a single beneficiary RESP under which the beneficiary is entitled to a disability tax credit for the beneficiary's tax year that includes the 31st anniversary of the plan. It provides that, no other individual may be named as a beneficiary under the plan and no contributions (except transfers from another RESP) may be made to the plan at any time after the end of the year that includes the 35th anniversary of the plan. A specified plan must be completed by the end of the year that includes the 40th anniversary of the plan.

IMPORTANT INFORMATION ABOUT GOVERNMENT GRANTS

According to the Canada Education Savings Program, which is a Directorate within Employment and Social Development Canada ("ESDC") that administers CESG, CLB, SAGES and BCTESG, and Revenu Québec that administers QESI, additional provisions must be complied with in order to successfully apply for and receive the government grants. These provisions are listed in the following sections under "Age of the beneficiary" and "Timing for applying for government grants":

Age of the beneficiary

- Contributions made in the year the beneficiary becomes 16 or 17 years of age will only attract CESG if a minimum of $2,000 in contributions was made before the calendar year in which the beneficiary turned 16 years of age and not withdrawn, or if a minimum of $100 per year in contributions was made in any four years (consecutive or not and not withdrawn) before the year the beneficiary turned 16.
- If the beneficiary is 16 or 17 years of age at the end of the taxation year for which the QESI claim is made, one of the following conditions must be satisfied:
  - A minimum of $2,000 in contributions was paid into the beneficiary's RESP(s) and not withdrawn before the year the beneficiary turned 16;
  - A minimum of $100 in annual contributions was paid into the beneficiary's RESP(s) and not withdrawn during at least four years (consecutive or not) before the year the beneficiary turned 16; or
  - If the request for QESI is made for a taxation year during which the beneficiary has reached the age of 17, the RESP must be registered in the beneficiary's name during at least four years (consecutive or not) prior to that taxation year.

Timing for applying for government grants

- Pursuant to applicable law and the agreement between RESP promoters and ESDC, requests for CESG must be submitted and successfully processed within three years of the date each contribution is made; otherwise, the entitlement to CESG will be forfeited.
- The CLB can be requested up until the day before the beneficiary's 21st birthday. The request must be successfully processed within three years of this final eligible request date or the CLB will be forfeited.

- Revenu Québec accepts applications until December 31 of the third year following the year for which the QESI is requested.
- The BCTESG can be requested up until the day before the beneficiary's ninth birthday. The request must be successfully processed within three years of this final eligible request date or the BCTESG will be forfeited.

Grant contribution room

- Since January 1, 1998, each child that is a resident of Canada has been accumulating grant contribution room. This will continue up to and including the year in which the child turns 17 years old, regardless of whether the child is a beneficiary under an RESP. If you do not contribute the maximum amount of money that is eligible for CESG in any one year, any unused CESG contribution room can be carried forward. Only the basic CESG may be applied to contributions that are carried forward, subject to an annual CESG limit of $1,000.
- Since 2007, each child that is a resident of Québec has been accumulating QESI contribution room. If the subscriber does not contribute the maximum amount that is eligible for the basic QESI in any one year, such unused basic QESI contribution room can be carried forward. The maximum annual amount of QESI is $500. QESI contribution room for the additional QESI cannot be carried forward.

Contribution withdrawals

- Any changes to an RESP resulting in contribution withdrawals (unless transferred from one RESP to another or the beneficiary is eligible to receive an EAP) have the following consequences:
    - Upon any withdrawal of contributions made to an RESP after January 1, 1998 and upon which CESG was paid, CESG ranging from 20% to 40% of the amount of the withdrawal will be returned to the federal government. Where the RESP includes contributions from periods prior to and after January 1, 1998, the withdrawal will be considered to come first from contributions after January 1, 1998.
    - A contribution withdrawal made after March 22, 2004 results in the beneficiary becoming ineligible for the additional CESG for the calendar year of the withdrawal and the next two calendar years. The beneficiary continues to be eligible for the basic CESG.
    - Contributions cannot be withdrawn from existing RESPs and re-contributed to new RESPs to receive a grant. Specifically, where a withdrawal of contributions made to an RESP prior to January 1, 1998 in excess of $200 has been made, future contributions made to any RESP during the remainder of the year of withdrawal, or in the following two years in respect of the same beneficiary, will not be eligible for CESG. The beneficiary will also not earn new CESG contribution room during this same time frame.
    - Any repayments of CESG and/or SAGES will result in the grant contribution room being lost and this grant contribution room cannot be reinstated.

SPECIFIC INFORMATION ABOUT THE HERITAGE PLANS

TYPE OF PLAN

The type of scholarship plan	Start date
Group scholarship plan	December 19, 1986

WHO THIS PLAN IS FOR

This plan is for investors who are planning to save for a child's post-secondary education and want to benefit from tax advantages and government grants available upon opening an RESP. Investors should also be fairly sure that:

- They can make all of their contributions on time;
- They will stay in the plan until it matures;
- Their beneficiary will enroll in eligible studies as described in this prospectus; and
- They accept that if their beneficiary does not pursue post-secondary education, their options will be to change the beneficiary, if applicable, or to withdraw their income and contributions less sales charges and fees subject to the provisions described in this prospectus.

If this describes you, to enroll in the plan:

- You must have a valid SIN; and
- Your beneficiary must:
  - be under 15 years of age,
  - be a resident of Canada at the time of designation and each time a contribution into your plan is made, and
  - have a valid SIN, or, you intend to obtain your beneficiary's SIN within 24 months.

You cannot enroll in this plan if:

- You do not have a SIN, or
- Your beneficiary does not have a SIN and you do not intend to obtain it within the next 24 months.

We recommend you consider enrollment in our Impression Plan if:

- Your beneficiary is 15 years of age or older; and/or
- You want more flexibility over when and how much to contribute to your plan; and/or
- You cannot stay in the plan until it matures.

YOUR BENEFICIARY GROUP

Initially, all subscribers enroll in the group plan and follow this path until the maturity date. The group plan uses a pooling concept, where subscribers' individual plans form beneficiary groups. These groups are based on the year in which the beneficiaries are expected to begin their post-secondary studies. Income earned under plans within beneficiary groups is pooled together and is used for payments to the beneficiaries to help cover the costs of a post-secondary education. If you cancel your plan prior to maturity, your income will go to the remaining members of your beneficiary group to return the applicable amount of sales charges. Conversely, if you stay in the plan until it matures and select the scholarship option as your pay-out option within 180 days prior to your maturity date, you will share in the earnings of those who left the plan prior to maturity in the form of returns of the applicable amounts of sales charges. Additionally, your beneficiary will share in the earnings of those beneficiaries who did not receive EAP(s) under the scholarship option chosen.

The following table can help you determine your beneficiary group. In general, the beneficiary group is determined by the age of the beneficiary when you sign your contract.

Age of the beneficiary when the plan is purchased	Beneficiary group
14	2022
13	2023
12	2024
11	2025
10	2026
9	2027
8	2028
7	2029
6	2030
5	2031
4	2032
3	2033
2	2034
1	2035
0	2036

SUMMARY OF ELIGIBLE STUDIES

The following is a description of the post-secondary programs that are eligible studies and qualify for EAPs under the plan.

Contact our customer service department or your dealing representative to find out if the educational programs your beneficiary is interested in are eligible studies. We can provide you with a current list of eligible post-secondary institutions and programs upon your request. This list is also available on our website at HeritageRESP.com.

For more information about receiving EAPs, please refer to the "Educational assistance payments" section on page 34.

WHAT'S ELIGIBLE

A program is eligible if it is a program of study at a post-secondary institution that qualifies under the *Income Tax Act* (Canada). In Canada, a post-secondary institution generally includes all universities and community colleges recognized by the Association of Universities and Colleges of Canada, the Association of Canadian Community Colleges or the American Association of Bible Colleges, CEGEP, Registered Private Vocation Schools (registered and approved by the Ministry of Colleges and Universities for each province), and other institutions recognized as having degree or diploma-granting status by provincial statute. Outside of Canada, a post-secondary institution generally includes universities and colleges and other institutions having degree or diploma-granting status as recognized by associations in such countries which are equivalent to those referred to above.

Any program at a post-secondary institution that qualifies for a payment of an EAP under the *Income Tax Act* (Canada) will be considered eligible studies under this plan.

WHAT'S NOT ELIGIBLE

If your beneficiary enrolls in a program that does not qualify for an EAP under the *Income Tax Act* (Canada), such program will not be eligible and your beneficiary will not qualify to receive EAPs (or government grants as part of their EAPs).

HOW WE INVEST YOUR MONEY

INVESTMENT OBJECTIVES

The investment objectives of the Foundation are to preserve and protect subscribers' contributions and government grants and to maximize the long-term rate of returns for subscribers, in accordance with the Plans' investment strategy.

The Foundation and its investment committee establish investment objectives for the plan, define performance goals and select portfolio advisers to achieve the plan's investment objectives and fulfill regulatory requirements.

Subscribers' contributions and government grants are primarily invested in investment grade federal, provincial, municipal and corporate bonds and bank deposit notes. The plan's income is invested in similar investments, as well as equity securities listed on a stock exchange in Canada or the United States and index participation units (as defined in NI 81-102) which trade on a stock exchange in Canada or the United States.

INVESTMENT STRATEGIES

According to the Foundation's investment strategies and the undertaking, and under normal market conditions, the plan may invest the principal and government grant monies in the following securities as these securities are defined in National Instrument 81-102:

- Subscribers' contributions and government grants are invested in one or more of the following types of securities (the "principal investments"):
    - Government securities,
    - Guaranteed mortgages,
    - Mortgage-backed securities, where all of the underlying mortgages are guaranteed mortgages,
    - Cash equivalents,
    - Guaranteed investment certificates ("GICs") and other evidences of indebtedness of Canadian financial institutions (as defined in National Instrument 14-101), where such securities or the financial institution have a designated rating, and
    - evidences of indebtedness issued by corporations (Corporate Bonds), provided those Corporate Bonds have a minimum credit rating of BBB or equivalent, as rated by a "designated rating organization" as that term is defined in National Instrument 25-101.
- Income of the plan is invested only in one or more of the following types of securities (the "income investments"):
    - Principal investments,

- Equity securities listed on a stock exchange in Canada or the United States, and
- "Index participation units" as that term is defined in National Instrument 81-102.

The Foundation takes a long-term, conservative, capital preservation approach to managing assets:

- Principal investments are used to add value and protect your contributions and government grants; and
- Income investments are used to deliver a reasonable positive return on investments over a long-term investment horizon, as described further in this section.

To implement these strategies the Foundation has engaged its portfolio advisers, Scotia Institutional Asset Management, a division of 1832 Asset Management L.P. (a wholly-owned subsidiary of Scotiabank) ("SIAM"), Guardian Capital LP ("Guardian"), TD Asset Management Inc. ("TDAM") and Yorkville Asset Management Inc. ("Yorkville").

SIAM manages the core fixed-income portfolio of principal and income investments where invested assets have a current aggregate principal value of approximately $1.60 billion.

SIAM's objective is to:

- Ensure consistency by using a disciplined, repeatable process;
- Balance the trade-off between risk and return through effective portfolio construction; and
- Achieve superior investment results over the long-term.

SIAM believes there are two significant ways to add value over benchmarks on the core fixed-income component:

- Yield curve analysis: SIAM takes a position on the yield curve. Their expectation is to capture 2-3 major yield curve shifts per year; and
- Credit analysis: non-government credits are analyzed individually to ensure consistency with business cycle and interest rate forecast.

Guardian, TDAM and Yorkville each manage an equity portion of the income investments.

Guardian manages a portion of the equity investments for the Foundation whereby their objective is to achieve a sustainable high level of income with attractive total returns through a diversified portfolio of income producing Canadian equity securities. Portfolio construction emphasizes rigorous fundamental bottom-up security analysis combined with a top-down overlay.

Guardian's investment team searches for companies that can generate high levels of stable, predictable and modestly growing free cash flows at a reasonable price.

The investment philosophy for the Guardian Equity Income strategy is based on:

- Focus on Dividends: Upfront yield is an important component of total shareholder returns and reduces volatility
- Focus on Fundamentals: Identify strong business franchises that can generate high levels of free cashflow that grow over time
- Focus on Risk Management: Create risk-controlled portfolios by implementing risk management at every stage of the process
- Teamwork: A team-based approach to portfolio management with clear accountability for decision making

TDAM also manages a portion of the equity investments for the Foundation. TDAM is a wholly-owned subsidiary of the Toronto-Dominion Bank and a member of TD Bank Group. Governed by a Canadian equity mandate, TDAM's investment strategy is to help deliver optimal risk-adjusted returns by minimizing portfolio volatility using internally developed risk models. Within this framework, the low volatility model uses risk metrics, not market capitalization, to determine the inclusion, exclusion, and optimal weighting of the stocks in the portfolio.

Yorkville also manages an equity portion of the income investments. Yorkville is a value manager, which aims to capitalize on investment opportunities it deems to be undervalued relative to their intrinsic value. In order to find value, Yorkville uses a proprietary equity scoring model called QVR (Quality, Valuation & Risk), which helps identify investment opportunities of high quality, low valuations, and low risk. Risk is incorporated further as risk management is paramount at Yorkville and its investment process and approach incorporates a strong focus on risk management.

Currently, the plan also holds investments in principal protected notes ("PPNs"). To manage its PPN portfolio, the Foundation has engaged SIAM and Yorkville. The PPN portfolio managed on behalf of the Foundation has a current aggregate principal value of approximately $60 million. The PPN portfolio was designed according to strict investment guidelines with the objective of providing subscribers capital protection while exposing the plan's portfolio to unique investment opportunities and limiting downside risk through their principal protection feature. Pursuant to the Foundation's current investment strategies and the undertaking, the plan does not intend to invest in any new PPNs.

As investment fund manager, we can change the investment strategies and activities of the plan without the consent of subscribers, subject to any required approvals of the Canadian Securities Administrators, the undertaking, and the Foundation and/or its investment committee.

INVESTMENT RESTRICTIONS

Your contributions less sales charges and fees, government grants and income earned in your plan will be invested according to restrictions contained in the *Income Tax Act* (Canada) and the administrative policies of the Canadian Securities Administrators. The plan is managed in accordance with the investment restrictions set out in National Policy 15 *Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses* as modified by the undertaking.

Investments in corporate bonds

The plan may invest in debt securities issued by corporations as described in the "Investment strategies" section on page 15. These investments are permitted subject to the following restrictions:

- investments may only be made in debt securities with a minimum credit rating of BBB from a designated credit rating organization as that term is defined in National Instrument 25-101; and
- no more than 10% of the net assets of the plan, taken at market value at the time of the transaction, may be invested in the securities of a single corporate issuer.

Investments in exchange-traded equity securities

The plan's income may be invested in exchange-traded equity securities listed on a stock exchange in Canada and the United States and index participation units of exchange-traded funds provided that:

- any ETF held must trade on a Canadian or US stock exchange;
- the plan will not purchase a security of an issuer if immediately after the purchase, the plan would hold securities representing more than 10% of:
    - the votes attached to the outstanding voting securities of that issuer; or
    - the outstanding equity securities of that issuer; and
- no more than 10% of the net assets of the plan, taken at market value at the time of the transaction, may be invested in the securities of a single issuer.

General restrictions

The plan invests in accordance with the restrictions set out in the undertaking including the following:

- The plan will not purchase a security for the purpose of exercising control over or management of the issuer of the security;
- The plan cannot purchase any illiquid assets;
- Investments in real estate and physical commodities are not permitted; and
- Purchasing securities on margin, short selling, securities lending, or repurchase or reverse repurchase agreements are prohibited.

We will confirm our compliance with the undertaking annually to the Ontario Securities Commission. We will only be able to deviate from the restrictions set out in the undertaking with the agreement of the Canadian Securities Administrators and subject to any required approval of the Board of Directors of the Foundation.

RISKS OF INVESTING IN THIS PLAN

PLAN RISKS

You sign a contract when you open a plan with us. Read the terms of the contract carefully and make sure you understand the contract before you sign. If you or your beneficiary do(es) not meet the terms of your contract, it could result in a loss and your beneficiary could lose some or all of his or her EAPs.

Keep in mind that payments from the plan are not guaranteed. We cannot tell you in advance if your beneficiary will qualify to receive any EAPs from the plan or how much your beneficiary will receive. We do not guarantee the amount of any payments or that the payments will cover the full cost of your beneficiary's post-secondary education.

In addition to the investment risks described under "Investment risks" on page 19, the following is a description of the risks of participating in this plan:

No entitlement to income

If your beneficiary is not eligible to receive EAPs, you may not be entitled to any income earned in your plan unless the self-determined option has been selected. If the self-determined option has been selected within 180 days prior to the maturity date, you may request an AIP. If you do not qualify for an AIP, you may instruct us to hold your income until you qualify for an AIP; otherwise, we will continue to invest funds in your plan until you request them or until your plan's expiry date, which is at the end of the 35th year following the year in which your plan was entered into (or, in the case of a specified plan, until the end of the 40th year following the year in which your plan was entered into). As your plan approaches its expiry date, we will notify you of the funds remaining in your plan. If you do not withdraw your income and any other available funds prior to your plan's expiry date, they will be distributed as follows:

- Income earned on contributions and government grants will be remitted to a designated educational institution;
- Any remaining contributions less sales charges and fees will be sent to your address on our records; and
- Any remaining government grants will be returned to the applicable government.

Failure to provide a beneficiary's social insurance number

If you have not provided us with the beneficiary's SIN within 24 months from the date we accepted your application, we will cancel your plan. Contributions less sales charges and fees, together with income earned, will be returned to you. Such income will be your taxable income.

Once the SIN is provided and we apply to CRA, ESDC and Revenu Québec for registration and applicable government grants, annual government grants limits apply. This means that only the first $2,500 of your contributions will attract CESG and QESI (where applicable) unless your beneficiary has accumulated grant contribution room. If the contributed amount is more than $2,500, any excess contributions cannot be carried forward to attract these grants in the following years.

One-time and other large contributions

You may contribute up to $50,000 in one year (or a lesser amount following your contribution schedule and lifetime RESP contribution limit to existing RESPs). While such a contribution may maximize the income potential, there is a risk of not attracting the full amount of government grants otherwise available over the entire eligible contribution period.

Early withdrawal, default or cancellation

If you withdraw from your plan after the 60-day period as described in the "If you withdraw from or cancel your plan" section on page 31 but before the maturity date, you will be entitled to a refund of contributions less sales charges and fees. You will forfeit your income, all fees paid to date and government grants. Additionally, you will lose the right of return of the amount of up to 25%, up to 50% or up to 100% of the sales charges paid and any other benefits available to beneficiaries receiving payments under the scholarship option. Insurance premiums will only be refunded if the plan cancellation occurs within the 60-day period.

Upon withdrawal (either within or after 60 days), government grants are returned to the applicable government and the grant room will not be restored. The repayment of the CLB does not affect the beneficiary's lifetime CLB entitlement. If the requirements to receive an AIP as described on page 40 have been met then you have the option to receive income earned on government grants. If these requirements have not been met then such income will be distributed to a designated educational institution.

If your plan goes into default due to missed contributions and if such default is not remedied, we will continue to invest your money and your plan will mature under the self-determined option. You will be entitled to a refund of contributions less fees and your beneficiary will be entitled to receive EAPs, provided EAP eligibility requirements are met. However, you will lose the right of return of the amount of up to 25%, up to 50% or up to 100% of the sales charges paid and any other benefits available to beneficiaries receiving payments under the scholarship option. If a plan default is remedied, there will be no negative financial consequences.

Failure to notify us of the pay-out option selection

If you do not notify us within 180 days prior to the maturity date of the decision to select the self-determined option or the scholarship option, your plan will be automatically placed in the self-determined option. Once the maturity date has been reached and a selection is made, it cannot be changed.

Beneficiary does not pursue post-secondary studies

Scholarship option

If the beneficiary does not pursue a post-secondary education after high school and no change of the beneficiary is made, you are entitled to receive a return of your contributions less sales charges and fees only. The beneficiary will not receive any EAPs. Government grants will be returned to the applicable government, income on your contributions will be applied to the sales charge refund account and income on government grants will be remitted to a designated educational institution. If you request a transfer to the self-determined option within 180 days prior to the maturity date, or if the self-determined option is automatically assigned to you, and if the requirements to receive an AIP as described on page 40 have been met then you have the option to receive income. If AIP requirements have not been met, you may request that we retain such income and distribute it once the requirements have been met.

Self-determined option

If the beneficiary does not enroll in a qualifying program by the end of the 35th year following the year in which the plan was entered into (or, in the case of a specified plan, by the end of the 40th year following the year in which the plan was entered into), the beneficiary will not receive any EAPs. In this situation, and if the requirements to receive an AIP have been met, you may make a withdrawal of the income and contribute it into your or your spouse's RRSP account (if your spouse is a joint subscriber) or your spousal RRSP and provided there is contribution room available. If you do not have RRSP contribution room available, the income may be withdrawn in cash. In this case, there will be an additional 20% tax (or 12% federal and 8% provincial if you live in Québec) on the withdrawn funds (other than contributions), on top of your regular tax rate.

Beneficiary quits post-secondary studies

If the scholarship option is selected and the beneficiary quits a post-secondary program (ceases to be an eligible beneficiary):

(i) If an EAP has been paid in that particular school year, then the remaining EAP(s) may be forfeited. However, if there is a balance remaining from the EAP, it may be paid to you as an AIP as further described in the "How we determine EAP amounts" section on page 37, the "If your beneficiary does not complete eligible studies" section on page 39 and the "Accumulated income payments" section on page 40.

(ii) If an EAP has not been paid yet in that particular year and the beneficiary ceases to be an eligible beneficiary, he or she may apply for an EAP for up to six months after ceasing to be the eligible beneficiary, provided that the payment would have qualified as an EAP if the payment had been made immediately before the student's enrollment ceased.

If the self-determined option is selected and the beneficiary ceases full-time enrollment, he or she may apply for the remaining balance in the self-determined account for up to six months after ceasing to be enrolled in eligible studies providing a minimum of 13 consecutive weeks of eligible studies have been completed. If the beneficiary ceases part-time enrollment, he or she may apply for up to a maximum of $2,500 from the self-determined account for up to six months after ceasing to be enrolled in eligible studies provided that the payment would have qualified as an EAP if the payment had been made immediately before the student's enrollment ceased. Any balance, if applicable, remaining in the self-determined account after the maximum of $2,500 has been paid, can be released to you as an AIP provided AIP requirements have been met as described in the "Accumulated income payments" section on page 40.

Any remaining balance paid to the beneficiary under any of the above circumstances must be used to cover pre-existing post-secondary education expenses incurred by the beneficiary which may not yet have been paid or expenses paid by way of credit card and/or with funds from student loans.

Late application for an EAP

If the scholarship option is selected and we do not receive an EAP application by August 15th of each year of eligible studies, together with evidence of post-secondary enrollment, the EAP will not be approved and the beneficiary will not be eligible to receive the EAP at that time. It may be approved at a later date, and a late application fee of $75 plus tax will be applied. We will attempt to notify you regarding the eligibility for the EAP. If we do not receive the required documentation and you have exhausted all applicable deferrals, the EAP will be forfeited and shared among other beneficiaries in your beneficiary group.

If the self-determined option is selected, there is no deadline to apply for EAP(s) and, therefore, there is no late application fee. However, no payments will be made from an RESP later than December 31 of the 35th year following the year in which your plan was entered into (or, in the case of a specified plan, December 31 of the 40th year following the year in which your plan was entered into).

Change in attrition rates

Changes in pre-maturity attrition rates will affect the amount of sales charge refunds available to subscribers at maturity. Changes in post-maturity attrition rates will affect EAPs available to beneficiaries. If attrition rates decline, the amount of funds available through attrition will decline as well. If attrition rates increase, the amount of funds available through attrition will increase.

Forfeiture of payments to the subscribers and beneficiaries

If the self-determined option was selected within 180 days prior to the maturity date or if the self-determined option was automatically assigned to you by default, we will hold the funds in the self-determined account and will make them available for payments to you or your beneficiary upon request. However, no payments will be made later than December 31 of the 35th year following the year in which your plan was entered into (or, in the case of a specified plan, December 31 of the 40th year following the year in which your plan was entered into). Your contributions less sales charges and fees will be sent to your address on our records. Any government grants not paid out on this date will be remitted by the Foundation to the applicable government. Any income earned in the plan will be remitted to a designated educational institution. Any payments sent to you or your beneficiary that have not been claimed or cashed within three years following the date of such payment, will be handled as described in the "Unclaimed accounts" section on page 7.

INVESTMENT RISKS

The prices of the investments held by the scholarship plan can go up or down. Below are the risks that can cause the value of the plan's investments to change, which will affect the amount of EAPs available to beneficiaries.

Interest rate risk – as interest rates move up or down it affects all investments that are tied to an interest rate return, including federal government bonds, provincial bonds and corporate bonds. For example, an increase in interest rates may result in a potential decrease in the value of such investments. Conversely, a decrease in interest rates may result in a potential increase in value of such investments.

Credit risk – refers to the ability of a debt issuer to pay interest and repay the loan. The credit risk on a government security is extremely low whereas a corporate debt security can be very high. As with any debt security (including PPNs), there is always a risk that the issuer will fail to honour its promise to pay interest and repay the principal.

Pricing risk on equities – this risk includes a financial instrument's fluctuations in value resulting from changes in market prices. The Plans' income can be invested in exchange traded equity securities including certain broad market Canadian and US equity listed ETFs. The return on these equity securities can vary based on both market sentiment and the value and prospects of the underlying issuer or, in the case of ETFs, the broad market indices. Prices of equity securities and exchange traded securities can go up or down and tend to have greater risk and price volatility than fixed income investments. Each plan's equity price risk is managed primarily by limits on the total amount of equity in the plan, not allowing any contributions and government grants to be invested in equity securities and additional risk controls set out in the mandate of the portfolio adviser.

With respect to the plan's current investments in PPNs, there are market, pricing and liquidity risks, as follows:

(i) Market risk – PPNs are a form of a debt security which in general does not have an active market available for trading. The underlying collateral in a PPN may be represented by debt securities, equity securities as well as various equity and commodity indices that are exposed to a range of economic and markets factors. Due to the nature of PPNs, there is also a risk of inaccurate valuation. Both of these risks are minimized as the principal amount of a PPN is fully protected on the condition of holding it to its maturity.

(ii) Liquidity risk – refers to the risk that the funds may not be able to meet the EAP payments to beneficiaries as described in this prospectus. The plan minimizes this risk by maintaining sufficient cash and cash equivalents, selecting investments for the portfolio that include those which are active in the market and can be readily sold, and ensuring cash will be available with the anticipated payout dates applicable to subscribers.

(iii) Pricing risk – refers to the risk of fluctuations in a financial instrument's value resulting from changes in market prices. PPNs generally consist of a fixed income portion and an underlying market-based component. The market-based investment tends to have greater risk and price volatility than fixed income investments. However, if the PPN is held to maturity, at least the original principal amount invested is fully returned.

With PPNs, there is always a risk that the issuer will fail to honour its promise to pay interest and repay the principal. In the event of an early sale of the PPNs in the first few years of the term, the bid price will have non-linear sensitivity to the rise and falls in the levels of the underlying portfolio and the indices. Therefore, the sale value of PPNs can be less than the initial invested amount. It is generally the intention of the plan to hold these investments until maturity.

HOW THE PLAN HAS PERFORMED

The table below shows how the investments in the Heritage Plans performed in each of the past five financial years ending on December 31. Returns are after expenses have been deducted. These expenses reduce the returns you get on your investment.

It is important to note that this does not tell you how the plan's investments will perform in the future.

Year	2017	2016	2015	2014	2013
Annual returns	3.66%	5.29%	1.41%	8.52%	-0.19%

MAKING CONTRIBUTIONS

There is no minimum investment amount to enroll in the plan. You can contribute any amount up to $50,000 per beneficiary. An RESP can stay open until the end of the 35th year following the year in which the plan was entered into (or, in the case of a specified plan, by the end of the 40th year following the year in which the plan was entered into). No contributions, other than contributions made by way of a transfer from another RESP, may be made into the plan after the 31st year following the year in which the plan was entered into (or, in the case of a specified plan, after the 35th year following the year in which the plan was entered into).

WHAT IS A UNIT?

A unit represents your beneficiary's proportionate share of the investment pool. We use units to structure the contribution schedule in such a way that an approximately equal amount of accumulated income per unit is expected to be earned at maturity. The required contribution for each unit will depend on the length of time until the maturity date and the frequency of contributions selected. A fraction of a unit can be purchased. If you buy less than one unit, your contribution amount will be adjusted.

Each subscriber within each beneficiary group who completes their contribution schedule will receive approximately the same amount of income per unit. The amount of income attributed to each unit will be based on the value of the portfolio assets held by the plan. The unit value can also be enhanced by the amount of the post-maturity attrition in the beneficiary group and other amounts as described in the “Unclaimed accounts” section on page 7.

YOUR CONTRIBUTION OPTIONS

The following seven contribution options are available to you:

1) Single lump-sum contribution - a one-time contribution;
2) Annual contribution - one contribution per year until the contribution schedule is complete;
3) Monthly contribution - one contribution per month until the contribution schedule is complete;
4) Five year annual contribution - one contribution per year for five years;
5) Five year monthly contribution - one contribution per month for five years;
6) Ten year annual contribution - one contribution per year for ten years; or
7) Ten year monthly contribution - one contribution per month for ten years.

CONTRIBUTION SCHEDULE

The contribution schedule on page 22 shows how much you have to contribute to buy a unit. The price you pay depends on your beneficiary group and whether you pay for your units all at once or make periodic contributions to pay for your units. A fraction of a unit can be purchased. If you buy less than one unit, your contribution amount will be adjusted. The prices are calculated so that the contributions of each subscriber for a beneficiary group will generate an approximately equal amount of earnings per unit at maturity.

Certain fees and expenses are deducted from your contributions. For more information, please see “Fees you pay” on page 24.

The contribution schedule was last revised by the Foundation in 2007, with assistance from Collins Barrow Toronto Actuarial Services Inc., to include the ten year annual and ten year monthly contribution schedules and is reviewed by the Foundation on a yearly basis.

The assumptions used in the design of the contribution schedule include the following: annual income accumulation rate of 6.08% before fees, the fees as described under “Costs of investing in this plan” on page 24, and zero cancellations. These assumptions were selected by the Foundation for the purpose of assessing the approximate equivalency of accumulated income at maturity and are considered by it to be reflective of current conditions and circumstances. If the actual income accumulation rate is lower (or higher) than the assumed rate of 6.08% then the actual net accumulated income at maturity will be lower (or higher) than the assumed amount.

The contribution schedule does not take into account the possible benefit of enrolling in the plan when the beneficiary is of a later age, when the subscriber may have a clearer impression of the beneficiary’s likelihood of attending a post-secondary program.

HOW TO USE THIS TABLE

For example, let's assume your beneficiary is a newborn. If you want to make monthly contributions until maturity, it will cost $4.75 each month for each unit you buy. You would have to make 207 contributions over the life of your plan, for a total investment of $983.25.

If your child is five years old and you want to make annual contributions until maturity, it will cost $102.30 each year for each unit you buy. You would have to make 13 contributions over the life of your plan, for a total investment of $1,329.90 for one unit.

CONTRIBUTION SCHEDULE

Contribution options	Newborn	1 year old	2 years old	3 years old	4 years old	5 years old	6 years old	7 years old	8 years old	9 years old	10 years old	11 years old	12 years old	13 years old	14 years old
MONTHLY	**0M-4**	**1M-4**	**2M-4**	**3M-4**	**4M-4**	**5M-4**	**6M-4**	**7M-4**	**8M-4**	**9M-4**	**10M-4**	**11M-4**	**12M-4**	**13M-4**	**14M-4**
Amount of contributions	$4.75	$5.33	$6.04	$6.89	$7.92	$9.22	$10.86	$12.97	$15.77	$19.56	$24.91	$32.73	$44.92	$65.37	$103.77
Number of contributions	207	195	183	171	159	147	135	123	111	99	87	75	63	51	39
Total amount of contributions	$983.25	$1,039.35	$1,105.32	$1,178.19	$1,259.28	$1,355.34	$1,466.10	$1,595.31	$1,750.47	$1,936.44	$2,167.17	$2,454.75	$2,829.96	$3,333.87	$4,047.03
TEN YEAR MONTHLY	**0S-4**	**1S-4**	**2S-4**	**3S-4**	**4S-4**	**5S-4**	**6S-4**	**7S-4**	**8S-4**	**9S-4**	**10S-4**	**11S-4**	**12S-4**	**13S-4**	**14S-4**
Amount of contributions	$5.65	$6.18	$6.80	$7.55	$8.47	$9.60	$11.07	$13.00	$15.67	N/A	N/A	N/A	N/A	N/A	N/A
Number of contributions	120	120	120	120	120	120	120	120	120	N/A	N/A	N/A	N/A	N/A	N/A
Total amount of contributions	$678.00	$741.60	$816.00	$906.00	$1,016.40	$1,152.00	$1,328.40	$1,560.00	$1,880.40	N/A	N/A	N/A	N/A	N/A	N/A
FIVE YEAR MONTHLY	**0O-4**	**1O-4**	**2O-4**	**3O-4**	**4O-4**	**5O-4**	**6O-4**	**7O-4**	**8O-4**	**9O-4**	**10O-4**	**11O-4**	**12O-4**	**13O-4**	**14O-4**
Amount of contributions	$9.02	$9.73	$10.57	$11.53	$12.68	$14.04	$15.70	$17.75	$20.35	$23.75	$28.39	$35.06	$45.45	N/A	N/A
Number of contributions	60	60	60	60	60	60	60	60	60	60	60	60	60	N/A	N/A
Total amount of contributions	$541.20	$583.80	$634.20	$691.80	$760.80	$842.40	$942.00	$1,065.00	$1,221.00	$1,425.00	$1,703.40	$2,103.60	$2,727.00	N/A	N/A
ANNUAL	**0L-4**	**1L-4**	**2L-4**	**3L-4**	**4L-4**	**5L-4**	**6L-4**	**7L-4**	**8L-4**	**9L-4**	**10L-4**	**11L-4**	**12L-4**	**13L-4**	**14L-4**
Amount of contributions	$53.68	$60.13	$67.83	$77.12	$88.36	$102.30	$119.82	$142.29	$171.44	$210.37	$264.13	$341.26	$457.46	$644.16	$972.22
Number of contributions	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4
Total amount of contributions	$966.24	$1,022.21	$1,085.28	$1,156.80	$1,237.04	$1,329.90	$1,437.84	$1,565.19	$1,714.40	$1,893.33	$2,113.04	$2,388.82	$2,744.76	$3,220.80	$3,888.88
TEN YEAR ANNUAL	**0R-4**	**1R-4**	**2R-4**	**3R-4**	**4R-4**	**5R-4**	**6R-4**	**7R-4**	**8R-4**	**9R-4**	**10R-4**	**11R-4**	**12R-4**	**13R-4**	**14R-4**
Amount of contributions	$65.02	$70.90	$77.80	$85.99	$95.92	$108.22	$123.78	$144.10	$171.44	N/A	N/A	N/A	N/A	N/A	N/A
Number of contributions	10	10	10	10	10	10	10	10	10	N/A	N/A	N/A	N/A	N/A	N/A
Total amount of contributions	$650.20	$709.00	$778.00	$859.90	$959.20	$1,082.20	$1,237.80	$1,441.00	$1,714.40	N/A	N/A	N/A	N/A	N/A	N/A
FIVE YEAR ANNUAL	**0N-4**	**1N-4**	**2N-4**	**3N-4**	**4N-4**	**5N-4**	**6N-4**	**7N-4**	**8N-4**	**9N-4**	**10N-4**	**11N-4**	**12N-4**	**13N-4**	**14N-4**
Amount of contributions	$103.98	$112.07	$121.39	$132.23	$144.96	$159.97	$178.00	$200.12	$227.86	$263.61	$311.34	$378.17	$478.22	N/A	N/A
Number of contributions	5	5	5	5	5	5	5	5	5	5	5	5	5	N/A	N/A
Total amount of contributions	$519.90	$560.35	$606.95	$661.15	$724.80	$799.85	$890.00	$1,000.60	$1,139.30	$1,318.05	$1,556.70	$1,890.85	$2,391.10	N/A	N/A
SINGLE CONTRIBUTION	**0K-4**	**1K-4**	**2K-4**	**3K-4**	**4K-4**	**5K-4**	**6K-4**	**7K-4**	**8K-4**	**9K-4**	**10K-4**	**11K-4**	**12K-4**	**13K-4**	**14K-4**
Number of contributions	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total amount of contributions	$437.45	$468.03	$502.71	$542.32	$587.93	$640.92	$703.14	$777.12	$866.37	$976.01	$1,113.67	$1,291.37	$1,529.14	$1,863.03	$2,365.12

You choose the contribution schedule at the time of enrollment based on the age of your child. A fraction of a unit can be purchased. If you buy less than one unit, your contribution amount will be adjusted. You may choose an earlier start date for the contribution schedule and backdate your plan for up to 60 months as long as such earlier date does not supersede your beneficiary's date of birth. If you backdate your plan, you may be required to make additional contributions and, if applicable, an income adjustment. Such income adjustment payment will be allocated to the EAP account of your beneficiary group at maturity unless the self-determined option is selected, in which case this amount will remain in your plan. This allocation is necessary to ensure that your plan earns approximately the same amount of income as other subscribers within your beneficiary group. For more details, please refer to the "How you are taxed" section on page 9.

IF YOU HAVE DIFFICULTY MAKING CONTRIBUTIONS

If you miss one or more contributions, you may be in default of your plan. To continue with the plan until maturity and be eligible for selection of the pay-out option, you'll have to make up the contributions you missed. You'll also have to make up what these contributions would have earned if you had made them on time. This can be costly.

For information about the steps you have to take to stay in the plan after missing contributions, see the "Default, withdrawal or cancellation" section on page 31.

Your options

If you are no longer willing or able to follow your contribution schedule, the following options are available to you:

1) Change your contribution schedule by:
   - Reducing your contribution amount by reducing the number of units in your plan. You can reduce any number of units in your plan at any time prior to your plan's maturity. There is no minimum unit or contribution amount requirement to continue with the plan. A reduction of your contribution amount may result in reduction of the amount of some of the government grants in your plan for which you may be eligible for. For more details, please refer to the "Withdrawing your contributions" section on page 23.
   - Changing frequency of contributions. For more details, please refer to the "Changing your contributions" section on page 26.
   - Changing your contribution schedule by using a combination of the options described above.

   You can exercise any of these options at any time. A fee of $10 plus tax applies to process any of these transactions.

2) Stop making contributions for the remainder of your contribution schedule. You can exercise this option at any time prior to your group plan's maturity date. If you stop making your contributions, you will attract less government grants which you may be eligible for and your plan will earn less income. This option will allow your plan to mature under the self-determined option and you and your beneficiary will be able to access funds in your plan as described in the "Return of contributions" section on page 34 and "Receiving EAPs under the self-determined option" on page 35 or "Accumulated income payments" section on page 40. If you want to resume making contributions under your group plan, you will have to make up missed contributions. For more details on the options available to you, please refer to the "Re-activating your plan" section on page 32.

3) Transfer your plan to the Impression Plan if you are eligible to do so. For more details, please refer to the "Transferring to the Impression Plan" section on page 29. You can exercise this option at any time prior to your group plan's maturity date. This option allows for more flexibility in the timing of your contributions where you can stop and resume making your contributions at any time.

4) Transfer your plan to another RESP provider. For more details, please refer to the "Transferring to another RESP provider" section on page 30. You can exercise this option at any time prior to your group plan's maturity date. A fee of $50 plus tax applies to process this transaction.

5) Cancel your plan. You can exercise this option at any time. For more details, please refer to the "If you withdraw from or cancel your plan" section on page 31.

If you have difficulty following your contribution schedule, it is important to take action and select any of the options available to you. If you do not do so and as a result miss a contribution, your plan will be in default. We will issue a default notice, normally within 30 days, to the address shown on our records. You will then be required to submit missed contribution(s) by the date stipulated in the default notice. Failure to remit required contribution(s) within 60 days from the date of the first missed contribution will result in the plan becoming inactive. We will then issue a notice to inform you that your plan has become inactive and will provide you with options. You will then be required to select from such options as are in effect at the time pertaining to inactive plans. For more details, please refer to the "Re-activating your plan" section on page 32. If you do not take any action to re-activate your plan and let it remain inactive, your plan will mature under the self-determined option and you and your beneficiary will be able to access funds in your plan as described in the "Return of contributions" section on page 34 and "Receiving EAPs under the self-determined option" section on page 35 or "Accumulated income payments" section on page 40.

WITHDRAWING YOUR CONTRIBUTIONS

You can withdraw a portion or the full amount of your contributions prior to maturity.

To withdraw a portion of your contributions prior to maturity, you may need to reduce the number of units you have in your plan. To do so, you need to contact your dealing representative or our customer service department. Your plan will be recalculated and you will need to approve the proposed changes. A fee of $10 plus tax applies to process this transaction.

If you decide to withdraw a portion of your contributions, be aware that:

- If you reduce your units within the first 60 days after we deposit your first contribution into your plan, you are entitled to a return of paid sales charges on the reduced units.
- If the reduction occurs after the first 60 days, the paid sales charges associated with the number of units being reduced are not refunded nor re-applied to the remaining units. If you re-activate the reduced units at a later date, the fees paid on those units will be applied to the re-activated units subject to the re-activation provisions on page 32. If the sales charges associated with the reduced units are not fully paid, you are not required to pay the amount associated with the outstanding sales charges on the reduced units.
- Withdrawal of your contributions will result in government grants associated with such contributions being returned to the applicable government. Additionally, your beneficiary will become ineligible for the additional CESG for the calendar year of the withdrawal and the next two calendar years. The beneficiary may continue to be eligible for the basic CESG subject to provisions described in the "Important information about government grants" section on page 12.

To withdraw all of your contributions prior to your plan's maturity, you will need to cancel your plan. To do so, you need to provide us with a written notice signed by you and the joint subscriber (if applicable). There is no transaction fee to cancel your plan. For more details on what amounts are refundable and the consequences associated with cancelling a plan, please refer to the "If you withdraw from or cancel your plan" section on page 31.

COSTS OF INVESTING IN THIS PLAN

There are costs for joining and participating in the Heritage Plans. The following tables list the fees and expenses of the plan. You pay some of these fees and expenses directly from your contributions. The plan pays some of the fees and expenses, which are deducted from the plan's earnings.

PAYING OFF THE SALES CHARGES

For example, assume that you buy one unit of the Heritage Plans on behalf of a newborn child, and you commit to making monthly contributions until the maturity date to pay for that unit. All of your first 10 and part of your 11th contribution go toward the sales charge until half of the sales charge is paid off. Half of your next 23 contributions will go toward the sales charge until it's fully paid off. Altogether, it will take you 33 months to pay off the sales charge. During this time, 63.8% of your contributions will be used to pay the sales charge and 36.2% of your contributions will be invested in your plan.

FEES YOU PAY

These fees are deducted from your contributions. They reduce the amount that gets invested in your plan, which will reduce the amount available for EAPs.

Fee	What you pay	What the fee is for	Who the fee is paid to
Sales charge[1]	$100 per unit (pro-rata basis for fractional units). The sales charge is deducted from early contributions as follows: 100% of your contributions go towards the sales charge until half of it is paid. After that, 50% of your contributions go to pay off the sales charge and 50% is invested in your plan. Depending on the contribution schedule you selected and the age of your beneficiary, the sales charge may range between 2.47% and 22.86% of the total cost of the unit. The exact % of the sales charge per unit will depend on your contribution schedule and your beneficiary's age at the time you open a plan. Employer / group programs may qualify for a reduction of the sales charge. Please see the "Employer / group programs" section on page 43 for more details.	To pay sales commissions.	Paid to Knowledge First Financial, as Principal Distributor
Account maintenance fee[1] (per year per each plan)	Single lump-sum contribution - $3.50[2]; Annual contribution - $6.50[2]; Monthly contributions - $10[2]. (Subject to amendment in future by the Foundation upon prior notice given to the subscribers).	To cover expenses of maintaining your plan.	Paid to Knowledge First Financial

[1] *Fees are not applied to a plan in which only CLB or BCTESG funds are held.*
[2] *Plus GST. The Harmonized Sales Tax ("HST") applies in lieu of GST in the Provinces of New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island.*

FEES THE PLAN PAYS

The following fees are payable from the plan's earnings. You don't pay these fees directly. These fees affect you because they reduce the plan's returns which reduce the amount available for EAPs.

Fee	What the plan pays	What the fee is for	Who the fee is paid to
Management Fee	The management fee includes: • Administrative fee of .50% of contributions less fees, income (as defined in "Terms used in this prospectus" section on page 2) and government grants, where applicable, annually; • Portfolio management fee[1] of .05 to .20% per annum on the average market value of assets in the plan*; • Trustee and custodian fees[1] which are payable as a percentage of the assets in the plan, plus, additional service charges specified in the trust and custody agreements. For the year ended December 31, 2017, the total management fee was 0.59% of assets plus applicable taxes.	To cover such costs as operation and administration of the plan including coordination between the depository, trustee and portfolio advisers, record keeping and compliance with the *Income Tax Act* (Canada) and the government grants regulations.	Paid to Knowledge First Financial Inc., as, or in the capacity of, the investment fund manager of the Plan.
Independent review committee fee	The share allocated to the plan of the annual IRC fee payable to each committee member with respect to all the plans sponsored by the Foundation of a $10,000 annual fee plus $2,000 per meeting attended, $750 per telephone meeting and an annual IRC chair fee of $2,500. The fee may include travel and reasonable out-of-pocket expenses. The total fee paid to IRC members which was allocated to the plan in 2017 was $56,479.44.	Remuneration for services provided by IRC members.	IRC members

[1]Plus GST. The Harmonized Sales Tax ("HST") applies in lieu of GST in the Provinces of New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island.
** There are other fees charged by some portfolio advisers to the plan. These fees relate to the PPN portfolio only and are embedded into the investments made by such portfolio advisers on behalf of the plan.*

TRANSACTION FEES

We will charge the following fees for the transactions listed below.

Fee	Amount	How the fee is paid	Who the fee is paid to
Return of EAP application after August 15 deadline	$75[1]	From earnings of your plan	Foundation (which pays it to the investment fund manager).
Withdrawal fee (under the self-determined option only)	$10[1] for each withdrawal in excess of one per year	From earnings of your plan	Foundation (which pays it to the investment fund manager).
Transfer to another RESP provider[2]	$50[1] per transfer.	By you.	Foundation (which pays it to the investment fund manager).
Reimbursement of bank charges[2]	$10[1] for a contribution returned by your bank due to reasons such as (but not limited to) "non-sufficient funds".	By you.	Foundation (which pays it to the investment fund manager).
Change of the beneficiary prior to maturity[2]	$10[1]	By you.	Foundation (which pays it to the investment fund manager).
Change of maturity date[2]	$10[1]	By you.	Foundation (which pays it to the investment fund manager).
Conversion to another contribution schedule[2]	$10[1]	By you.	Foundation (which pays it to the investment fund manager).
Payment from the Foundation by physical cheque or replacement cheque	$20[1] per cheque	From your net contributions or earnings of your plan.	Foundation (which pays it to the investment fund manager).

[1] Plus GST. The Harmonized Sales Tax ("HST") applies in lieu of GST in the Provinces of New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island.
[2] These fees will not be charged during the 60-day period described in the "If you withdraw from or cancel your plan" section on page 31.

FEES FOR ADDITIONAL SERVICES

The following fees are payable for the additional services listed below:

Fee	What you pay	How the fee is paid	Who the fee is paid to
Optional insurance premiums[1]	5% of each contribution, plus applicable provincial sales tax. Refer to the "Insurance schedule for each unit of the plan" on page 43 for the cost of insurance premiums applicable to your contribution schedule.	Contributions (if you purchase optional insurance coverage).	Insurer (Sun Life Assurance Company of Canada), which pays a fixed and variable percentage of insurance premiums to the distributor (65% in 2017).

[1] Insurance premiums are subject to Provincial Sales Tax. Please see the "Insurance schedule for each unit of the plan" on page 43 for more details.

REFUND OF SALES CHARGES

Based on the pay-out option selected by you, the sales charge refund amount, if any, is as follows:

- If you selected scholarship option 1, an amount of up to 25% of sales charges associated with active units in your plan will be paid to you, or to your beneficiary at your request, at maturity of your plan.
- If you selected scholarship option 2, an amount of up to 50% of sales charges associated with active units in your plan will be paid to you, or to your beneficiary at your request, at maturity of your plan.
- If you selected scholarship option 3, an amount of up to 100% of sales charges associated with active units in your plan will be paid to you, or to your beneficiary at your request, at maturity of your plan.
- The refund of sales charges is not available under the self-determined option.

The refund of sales charges is not a taxable amount to you (or to your beneficiary if you direct this payment to be made to your beneficiary).

The sales charge refund is paid by the plan. This refund is funded by the sales charge refund account and no interest on the refund is paid. It is a non-discretionary payment. All pre-maturity attrition accumulating in the beneficiary group and income earned thereon will be used for funding refunds of sales charges. If the maximum amounts of 25%, 50% or 100% of sales charges refunds are reached, any excess amounts will be used to enhance EAPs in that beneficiary group. The ability to refund sales charges will be affected by changes in pre-maturity attrition rates. If attrition rates decline, the amount of funds available through attrition will decline as well. If attrition rates increase, the amount of funds available through attrition will increase. The sales charge refund account is also funded by the applicable portion of unclaimed payments as described in the "Unclaimed accounts" section on page 7.

MAKING CHANGES TO YOUR PLAN

CHANGING YOUR CONTRIBUTIONS

To change the amount of your contributions and/or the frequency of your contributions and, consequently, your contribution schedule, you need to contact your dealing representative or our customer service department. Your plan will be recalculated and upon your approval the new contribution schedule will apply. Please note the following:

- You can buy more units and thus increase the amount of your contributions at any time as long as your beneficiary is under 15 years of age. When you purchase additional units, a sales charge of $100 per each additional unit will apply. An increase of your contribution amount will result in an increase in the annualized amount of those of the government grants which are paid proportionately to your contribution amount (subject to certain annual and lifetime limits).
- You can reduce the amount of your contributions at any time prior to your plan's maturity. A fee of $10 plus tax applies to process this transaction. A reduction in your contribution amount will result in a reduction of the annualized amount of those of the government grants which are paid proportionately to your contribution amount (subject to certain annual and lifetime limits). For more information on sales charges and consequences related to government grants, please refer to the "Withdrawing your contributions" section on page 23.
- You can change your contribution method (or frequency of contributions) at any time prior to your plan's maturity. A fee of $10 plus tax applies to process this transaction. You may be required to pay the difference in the total contribution amount you would have contributed if a new contribution method had been applied from the time of enrollment. An income adjustment may be required to compensate the plan for the income it would have earned if the new contribution method had been applied from the time of enrollment. This

adjustment is calculated by applying the historically obtained income return rate as if all contributions had been made when due. In the past ten years this rate, annualized, ranged from 1.20% to 7.56%.

- Under the self-determined option, you can extend your contribution period past the maturity date of your plan. You can continue to make contributions up to the end of the 31st year following the year in which the plan was entered into (or, in the case of a specified plan, up to the end of the 35th year following the year in which the plan was entered into). Such extension will result in an increase in your plan's earnings. A sales charge will not be applied to such contributions.

CHANGING THE MATURITY DATE

If your beneficiary intends to start post-secondary studies before or after the scheduled maturity date, you may request to advance or delay the maturity date. To advance the maturity date, you must contact us prior to the advanced maturity date you want to request. To delay the maturity date, you must contact us prior to your original maturity date. To initiate any of these changes, you must contact our customer service department or your dealing representative. A fee of $10 plus tax applies to process this transaction. The fee will not apply if you request to delay your maturity date within 180 days prior to your plan's original maturity date. Please note the following:

- The maturity date may be delayed up to July 31 prior to the beneficiary's 21st birthday.
- The maturity date advancement may be granted for up to two years prior to the original maturity date. An income adjustment may be required to compensate the EAP account for the missed income as a result of the advancement.
- The government allocates a certain percentage of CESG and QESI monies (where applicable) based on your contribution amount. If you advance your maturity date and by doing so shorten your contribution schedule, you may not be able to collect the full amount of CESG and QESI (where applicable) otherwise available under your original contribution schedule.

CHANGING YOUR BENEFICIARY'S YEAR OF ELIGIBILITY

When you request to delay or advance the maturity date prior to your plan's maturity, your beneficiary's year of eligibility will be delayed or advanced automatically. As this change is a consequence of changes in the maturity date, the conditions and fees apply as described under the "Changing the maturity date" section on page 27.

If you want to change the year of eligibility after your plan's maturity and provided no EAPs have been released, you have the following options:

- Request up to two deferrals of the first EAP, one year at a time. Once such deferral is processed, the year of eligibility will be changed automatically.
- If you or your beneficiary did not submit all necessary documents to the Foundation to claim an EAP by the August 15 deadline, we will keep you updated according to the EAP application process set out at the time. If you do not submit these documents or if your file is incomplete by January 31 of the following year, we will automatically grant you a one-year deferral of an EAP, provided you are eligible for it as described in the "Educational assistance payments" section on page 34. In such case, the year of eligibility will change automatically.

When you change the year of eligibility, your beneficiary will belong to a different beneficiary group. This means that your beneficiary may receive a different EAP payout than the beneficiaries in his or her original beneficiary group.

The year of eligibility cannot be changed if at least one EAP has been released.

CHANGING THE SUBSCRIBER

You can request the following changes prior to maturity of your plan:

- Add a subscriber,
- Remove a subscriber, or
- Transfer your rights and obligations as a subscriber to another person, who will replace you as a subscriber on your plan pursuant to section 146.1(1), paragraphs (a.1) and (b) of the definition "subscriber" in the *Income Tax Act* (Canada).

To initiate any of these changes, please contact our customer service department or your dealing representative. There is no fee for this service. To add or remove a subscriber, a government issued photo ID with a signature is required from the subscriber being added or removed. Please note the following:

- You can only add your spouse as a subscriber on your plan.
- In case of two subscribers on the plan, one subscriber can be removed in case of marriage breakdown either upon mutual written agreement or by court order.
- If you are transferring your rights and obligations as a subscriber to another person, you will no longer be a subscriber on the plan.

CHANGING YOUR BENEFICIARY

You can change the beneficiary of your plan at any time, i.e. before or after your plan's maturity, as described further in this section. To do so, please contact our customer service department or your dealing representative. A fee of $10 plus tax applies if you change a beneficiary prior to your plan's maturity.

<u>If you request a change of a beneficiary prior to your plan's maturity:</u>

- The original beneficiary must be under 21 years of age and the new beneficiary must be younger than the original beneficiary (unless both beneficiaries are under 15 years of age).
- The new beneficiary must have a valid SIN and be a resident of Canada at the time of change as well as every time a contribution is made. Additionally, the contribution schedule, maturity date and year of eligibility will be adjusted for the new beneficiary.

When a beneficiary is changed, the contributions for the original beneficiary are treated as if made for the new beneficiary on the date they were originally made. If the new beneficiary already has an RESP, this may create an over contribution and penalty taxes if the RESP limit is exceeded. The combined amount of contributions will not be considered an over contribution as long as:

- The new beneficiary is under the age of 21 and is a sibling of the original beneficiary; or
- Both the original and new beneficiaries are under the age of 21 and are related to you (by blood relationship or adoption).

Where the change of the beneficiary meets the first condition described immediately above, your plan will be eligible to keep the government grants (where applicable). In all other cases, a change of beneficiary will trigger a repayment of any government grant balance in your plan. CLB is not transferable and will be repaid to the government if a change of the beneficiary occurs. If a plan holds only the basic CESG amount, such amount can be shared or transferred between siblings or cousins, subject to the Canada Education Savings Grant regulations.

<u>If you request a change of a beneficiary after your plan's maturity:</u>

Under the scholarship option, the following conditions must be met:

- no EAP has been paid or forfeited;
- the new beneficiary cannot be older than the original beneficiary;
- the change must take place before the original beneficiary is 21 years of age; and
- the new beneficiary must have a valid SIN and be a resident of Canada at the time of the change and every time a contribution is made.

Under the self-determined option, the beneficiary may be changed at any time with no age restriction. You may nominate yourself in place of the beneficiary, or in the case of joint subscribers, the other subscriber, and continue to make contributions into the plan subject to the applicable RESP limits as described in the "Making contributions" section on page 20. The new beneficiary must have a valid SIN and be a resident of Canada when the beneficiary change takes place. Where further contributions are being made, the new beneficiary must have a valid SIN and be a resident of Canada every time a contribution is made. However, no change of the beneficiary may be made after an EAP has been received.

When you change a beneficiary regardless of whether it is under the scholarship option or the self-determined option, please note:

- To keep government grants accumulated in your plan (except CLB) the new beneficiary must be a brother or sister of the original beneficiary and be under the age of 21. If your plan holds only the basic CESG amount, such amount can be shared or transferred between siblings or cousins, subject to the Canada Education Savings Grant regulations.
- CLB is not transferable and will be repaid to the government.
- All government grants accumulated in your plan will be combined with applicable amounts (if any) of the new beneficiary in calculating grant amount limitations.
- All contributions made to the plan will be considered to have been made for the new beneficiary. This could result in penalty taxes if the RESP limit is exceeded unless one of the following conditions has been met:
    - the new beneficiary is a brother or sister of the original beneficiary and is under 21 years of age; or
    - both beneficiaries are under 21 years of age and are related to you by blood relationship or adoption.

DEATH OR DISABILITY OF THE BENEFICIARY

Upon the death of the beneficiary, you have the following options:

- Another person may be nominated in place of the deceased beneficiary, up to September 1 in the year of eligibility and the requirements as described in the "Changing your beneficiary" section on page 28 have been met. You must provide us with a notice within 90 days of the death. If necessary, we will adjust the contribution schedule, maturity date and year of eligibility for the new beneficiary. If an income adjustment is required as a result of these changes, it will be calculated by applying the historically obtained income return rate. In the past ten years this rate, annualized, ranged from 1.20% to 7.56%. The new beneficiary must have a valid SIN and be a resident of Canada at the time the change of the beneficiary takes place. Where further contributions are being made, the new beneficiary must be a resident of Canada and have a valid SIN every time a contribution is made.
- Request a refund of all contributions including all sales charges and fees (except insurance premiums, if applicable) and an AIP.

There are no fees associated with any of these transactions.

If your beneficiary has a disability, please contact us. Generally, disability means a medically determinable physical or mental impairment due to injury or disease. Due to variations in disability types, we consider each case on an individual basis. If your beneficiary's disability is expected to prevent him or her from pursuing post-secondary studies, you have the following options:

- Change your beneficiary as described in the "Changing your beneficiary" section on page 28.
- Extend your contribution schedule and the lifetime of your RESP if your beneficiary is entitled to a disability tax credit under paragraphs 118.3(1) (a) to (b) of the *Income Tax Act* (Canada). For more details, please see the "Specified plan" section on page 12.
- Cancel your plan and receive a refund of all contributions including all sales charges and fees (except insurance premiums, if applicable). If there is income in the plan, it can be taken out as an AIP, provided AIP requirements are met as described in the "Accumulated income payments" section on page 40. Alternatively, under the group plan, income can be transferred as an AIP to a Registered Disability Savings Plan ("RDSP") provided the following conditions are met:
  - the beneficiary of the RDSP is a beneficiary of the RESP that is rolling over income;
  - the beneficiary of the RESP has a severe and prolonged mental impairment, as defined in the *Income Tax Act* (Canada), that prevents them from enrolling in a qualifying educational program at a post-secondary educational institution or the RESP must be either:
    - open for at least ten years, where each beneficiary in the RESP is at least 21 years of age and is not eligible to receive educational assistance payments at the time the rollover is made; or
    - open for at least 35 years.

To initiate a rollover please contact our customer service department or your dealing representative. Please note that once your income is rolled over as an AIP to the RDSP, all accumulated government grants will be repaid to the applicable government and your plan will be cancelled before March 1 of the year following the year in which the first AIP was made.

Each of these options has its own conditions and consequences. You can find more details about each option in their respective sections as referred to above.

TRANSFERRING YOUR PLAN

TRANSFERRING TO THE IMPRESSION PLAN

You can transfer your plan to our Impression Plan at any time prior to your plan's maturity provided your plan has been opened for a minimum of three years and no AIPs have been paid. To initiate a transfer, please contact our customer service department or your dealing representative. There is no fee to process this transaction. The following amounts will be transferred from your plan to the Impression Plan:

- your contributions less fees;
- CESG, SAGES, BCTESG and QESI, if your Impression Plan is for the same beneficiary or a sibling who was under the age of 21 when your Impression Plan was entered into (or, if your plan holds only the basic CESG amount, such amount can be shared or transferred between siblings or cousins, subject to the Canada Education Savings Grant regulations);
- CLB, if your Impression Plan is for the same beneficiary and no other beneficiaries other than the beneficiary's siblings;
- income earned on your contributions less fees and income earned on government grants. In the case of realized or unrealized losses, they will be applied to the income earned in your plan first. Should the amount of losses exceed the amount of income, such losses will be applied to the net contributions next, then to the government grants.

Sales charges, account maintenance fees and insurance premiums, if applicable, are neither transferable nor refundable. If the sales charges are not fully paid, you are not required to pay the balance of the sales charges.

You can transfer from the Impression Plan back to the Heritage Plans at any time prior to your group plan's maturity date. To initiate a transfer, please contact our customer service department or your dealing representative. There is no fee to process this transaction. Please note that you will have to make up:

- all contributions which would have been made during the period you were under the Impression Plan; and
- an amount equal to income which would have been earned on contributions in the group plan, during the period you were in the Impression Plan, calculated by applying the historically obtained income return rate as if all contributions had been made when due. In the past ten years this rate, annualized, ranged from 1.20% to 7.56%.

If you resume your group plan's original contribution schedule, you and your beneficiary will qualify for the same payments under the plan as if your plan had never been transferred to the Impression Plan. Alternatively, you may transfer back into the group plan and restructure it under a different contribution schedule, which may require payment of an adjustment in contributions and an income adjustment. For more details, please refer to the "Changing your contributions" section on page 26.

TRANSFERRING TO ANOTHER RESP PROVIDER

You can transfer your plan to another RESP provider at any time prior to your plan's maturity provided no AIPs have been paid. To initiate the transfer, another RESP provider must provide us with your original applicable completed forms. We will process the transfer documents and funds within 21 days. A fee of $50 plus tax applies to process this transaction. Please note:

- If a transfer request is made within the 60-day period, all of your contributions, including all fees paid to date are eligible for a transfer. If applicable, insurance premiums will be refunded to you.
- If a transfer request is made after this 60-day period, your contributions less fees are eligible for a transfer. Sales charges, account maintenance fees and insurance premiums, if applicable, are neither transferable nor refundable. If the sales charges are not fully paid, you are not required to pay the balance of the sales charges.
- Income earned on contributions will not be returned to you nor transferred to the other plan. It will be allocated to the sales charge refund account of your beneficiary group.
- Regardless of whether the transfer happens within or after the 60-day period, the following amounts are also transferred:
  - CESG, SAGES and BCTESG, if the RESP provider complies with the *Income Tax Act* (Canada) and CESG/SAGES/BCTESG requirements, and the receiving RESP is for the same beneficiary or a sibling who was under the age of 21 when the receiving RESP was entered into (or, if your plan holds only the basic CESG amount, such amount can be shared or transferred between siblings or cousins, subject to the Canada Education Savings Grant regulations).
  - CLB, if the new RESP is for the same beneficiary and no other beneficiaries other than the beneficiary's siblings and if the new RESP provider complies with the *Income Tax Act* (Canada) and CLB requirements.
  - QESI, if the new RESP provider complies with the *Taxation Act* (Québec) and QESI requirements, and is for the same beneficiary or a sibling under the age of 21.
  - Income earned on government grants.
- In the case of realized or unrealized losses, they will be applied to the income earned in your plan first. Should the amount of losses exceed the amount of income, such losses will be applied to the net contributions next, then to the government grants.

TRANSFERRING TO THIS PLAN FROM ANOTHER RESP PROVIDER

You can transfer an existing RESP from another RESP provider provided no AIPs have been paid. To do so you can contact your dealing representative. If you do not have a dealing representative yet, you can contact our customer service department and we will assign you a dealing representative. He or she will initiate a transfer process on your behalf. The sending RESP provider should be contacted by you regarding the specific criteria for transferring the government grants.

We will accept your transfer request at any time provided your beneficiary is under 15 years of age. Both you and your beneficiary must have valid SINs at the time of designation. The beneficiary must be a resident of Canada and have a valid SIN each time a contribution is made. Your dealing representative will work with you to determine your contribution schedule.

DEFAULT, WITHDRAWAL OR CANCELLATION

IF YOU WITHDRAW FROM OR CANCEL YOUR PLAN

You can withdraw from or cancel your plan at any time. To do so, you need to provide a written request signed by you and a joint subscriber (if applicable). For security purposes, we require both you and a joint subscriber (if applicable) to provide a government issued photo identification that carries your signature(s) to confirm the signed cancellation notice. There is no fee to cancel your plan.

After you have signed the contract and enrolled in the plan, there are 60 days to further review and consider all plan information. The 60-day period begins on the date on which we apply your first contribution into your plan. No transaction fees listed on page 25 in the "Transaction fees" section will be charged during this 60-day period.

Depending on whether your request to cancel your plan is within or after the 60-day period, the following amounts will be returned to you:

- If you request a cancellation of your plan within the 60-day period, you will receive a refund of all contributions, including all fees paid to date and insurance premiums (if applicable).
- If you request a cancellation of your plan after the 60-day period, you will receive a refund of your contributions less fees. Sales charges, account maintenance fees and insurance premiums, if applicable, are not refundable.

Regardless of whether your request to cancel your plan is within or after the 60-day period, the following applies:

- Any accumulated government grants will be returned to the applicable government. Additionally, if you cancel your plan after the 60-day period, your beneficiary will become ineligible for the additional CESG for the calendar year of the withdrawal and the next two calendar years. The beneficiary will continue to be eligible for the basic CESG subject to provisions described in the "Important information about government grants" section on page 12. The repayment of the CLB does not affect the beneficiary's lifetime CLB entitlement.
- Any income earned in your plan will not be returned. It will be allocated to the sales charge refund account of your beneficiary group.
- If the requirements to receive an AIP as described on page 40 have been met then you have an option to receive income earned on government grants as an AIP. Otherwise, income earned on government grants will be remitted to a designated educational institution.
- If the sales charges are not fully paid, you are not required to pay outstanding sales charges.
- In the case of realized or unrealized losses, they will be applied to the income earned in your plan first. Should the amount of losses exceed the amount of income, such losses will be applied to the net contributions next, then to the government grants.

A cancelled plan may not be re-activated.

IF YOUR PLAN GOES INTO DEFAULT

Your plan will be in default if you miss a contribution. In such case, we will issue a default notice, normally within 30 days, to the address shown on our records. To remedy a default, you will be required to submit an amount equal to the number of missed contribution(s) by the date stipulated in the default notice. If remedied, a plan default will not result in any losses and you and your beneficiary will qualify for the same payments under the plan as if the default had not occurred.

If you fail to remedy a default by submitting required contribution(s) within 60 days from the date of the first missed contribution, your plan will become inactive. In this case, we will issue a notice to inform you that your plan has become inactive and will provide you with such options as are in effect at such time. You will then be required to select from such options as are in effect at the time pertaining to inactive plans. For more details, please refer to the "Re-activating your plan" section on page 32. If you do not take any action to re-activate your plan, it will mature under the self-determined option and you and your beneficiary will be able to access funds in your plan as described in the "Return of contributions" section on page 34 and the "Receiving EAPs under the self-determined option" section on page 35 or the "Accumulated income payments" section on page 40.

IF WE CANCEL YOUR PLAN

- The federal government requires your beneficiary's SIN to register your plan. If you do not provide us with your beneficiary's SIN within 24 months of the date of acceptance of your application, we will cancel your unregistered plan. In such case, we will refund your contributions less fees together with any income earned. This income will be taxable income to you. Sales charges, account maintenance fees and insurance premiums, if applicable, are not returned.

- The federal government requires that an RESP must be cancelled by the end of the 35th year following the year in which the plan was entered into (or, in the case of a specified plan, by the end of the 40th year following the year in which the plan was entered into). If your plan has reached its expiration date, we will cancel it. If you have any remaining funds in your plan, they will be distributed as described in the "Unclaimed accounts" section on page 7.

RE-ACTIVATING YOUR PLAN

You can re-activate your inactive plan or units reduced at an earlier date:

- at any time if your beneficiary is under 15 years and six months of age at the time of re-activation; or
- within six months of the plan becoming inactive if your beneficiary was at least 15 years of age at the time of the plan becoming inactive (but not later than 180 days prior to the maturity date).

To re-activate your plan you need to pay:

- contributions which would have been made during the period the plan was inactive; and
- an amount equal to income which would have been earned on contributions, calculated by applying the historically obtained income return rate as if all contributions had been made when due. In the past ten years, this rate, annualized, ranged from 1.20% to 7.56%.

If you haven't done so already, you must provide a beneficiary's SIN before re-activation may occur.

If you re-activate your plan as per your original contribution schedule, you and your beneficiary will qualify for the same payments under the plan as if your plan had not become inactive.

Alternatively, you may restructure your plan under a different contribution schedule, which may require payment of an adjustment in contributions and an income adjustment. For more details, please refer to the "Changing your contributions" section on page 26.

Additionally, you can request to transfer your inactive plan to the Impression Plan, provided you are eligible to do so, where you can either maintain your plan as is or make contributions as per provisions of the Impression Plan. The details of such transfer, including how to initiate the transfer and amounts eligible for a transfer are described in detail in the "Transferring to the Impression Plan" section on page 29.

If you do not re-activate your plan, it will mature under the self-determined option and you and your beneficiary will be able to access funds in your plan as described in the "Return of contributions" section on page 34 and the "Receiving EAPs under the self-determined option" section on page 35 or the "Accumulated income payments" section on page 40.

IF YOUR PLAN EXPIRES

Under the *Income Tax Act* (Canada) an RESP must be cancelled by the end of the 35th year following the year in which the plan was entered into (or, in the case of a specified plan, by the end of the 40th year following the year in which the plan was entered into). If your plan is still active when it reaches this date, we will cancel it. Typically, if you select the scholarship option, you will have received all of your entitlement prior to this date. If you select the self-determined option and do not withdraw all available funds prior to the RESP expiration date, the remaining funds will be distributed as described in the "Unclaimed accounts" section on page 7.

WHAT HAPPENS WHEN YOUR PLAN MATURES

Your plan will mature on July 31 of the maturity year. The maturity year is usually the year in which your beneficiary turns 18 years of age and is expected to start their first year of post-secondary studies. On or after July 31, you will receive:

- Contributions less fees paid to date, and
- An amount of up to 25%, up to 50% or up to 100% of sales charges paid based on the scholarship pay-out option selection.

These amounts can be paid to you or to your beneficiary upon your request.

When your plan approaches its maturity, we will send you a maturity notice to inform you of the steps of the maturity process. This notice will normally be sent within 180 days prior to the maturity date but no later than July 1.

Upon receipt of the maturity notice and before the maturity date, you must select a pay-out option that best suits the academic program selected by your beneficiary. Two pay-out options are available: the scholarship option (which provides for three different pay-outs under options 1, 2 or 3) and the self-determined option. For further information and pay-out details under each of these options, refer to the "Educational assistance payments" and "Accumulated income payments" sections on pages 34 and 40, respectively.

The self-determined option will be selected for you automatically if:

- Your plan is active and we did not receive your pay-out option selection in writing by July 31 in the maturity year, or
- Your plan is inactive or in default due to missed contributions immediately prior to the maturity date.

The following chart summarizes important events, steps and your choices at the time your plan matures.

SELF-DETERMINED OPTION

AFTER THE MATURITY DATE:

- contributions less fees may be withdrawn at any time
- the beneficiary may request EAPs at any time
- you may withdraw income as an AIP, subject to withholding tax

SCHOLARSHIP OPTION

OPTION 3

1 EAP in 2nd year of eligible studies
1 EAP in 3rd year of eligible studies
1 EAP in 4th year of eligible studies
EAP advancements are available

OPTION 2

1 EAP in 2nd year of eligible studies
1 EAP in 3rd year of eligible studies
EAP advancements are available

OPTION 1

1 EAP in 2nd year of eligible studies
EAP advancement is available

PLAN MATURITY:

- the beneficiary turns 18 and begins post-secondary studies
- you select the pay-out option: scholarship option 1, 2 or 3 or the self-determined option
- refund of contributions less fees to you or, if you choose, to your beneficiary
- refund of up to 25%, up to 50% or up to 100% of sales charges (based on the pay-out option selection) paid to you or, if you choose, to your beneficiary
- self-determined option may be assigned automatically to some plans as described above

IF YOUR BENEFICIARY DOES NOT ENROLL IN ELIGIBLE STUDIES

A beneficiary who does not enroll in eligible studies will not receive EAPs from the plan.

The following options are available to you if your beneficiary decides not to pursue post-secondary studies. If it is no more than 180 days prior to the maturity date and you have not yet selected a pay-out option, you can:

- Name another person as a beneficiary under the plan as described in the "Changing your beneficiary" section on page 28.
- Select the self-determined option and receive payments from the plan in the form of an AIP, subject to provisions described in the "Accumulated income payments" section on page 40.
- Request a transfer from the group plan to the Impression Plan if you are eligible to do so as described in the "Transferring to the Impression Plan" section on page 29 and receive payments from the Impression Plan in the form of an AIP.
- Request a transfer from the group plan to another RESP provider as described in the "Transferring to another RESP provider" section on page 30.
- Request a cancellation of your plan and, if applicable, a rollover of plan's income into an RDSP, as described on page 31.

If you remain in the group plan and you are changing the beneficiary, the consequences are as described in the "Changing your beneficiary" section on page 28.

If you select the self-determined option or, if you are eligible to do so, request a transfer to the Impression Plan in order to receive the income in your plan in the form of an AIP, you will lose the benefit of a group plan and will not be entitled to a return of sales charges and increase of the EAPs. For more information on the criteria for receiving an AIP, please see the "Accumulated income payments" section on page 40. Please note that under the self-determined option, you can also request to change the beneficiary without any age restrictions.

If you choose to transfer your plan to another RESP provider, you will be required to pay a fee of $50 plus tax. The transferred amounts will be your plan's contributions less fees, government grants and the earnings on these grants. The sales charges will neither be transferred nor returned and the earnings on your contributions will be allocated to the sales charge refund account of your beneficiary group.

If you choose to cancel your plan, you will be entitled to a return of your contributions less fees. The sales charges will not be returned, the earnings on your contributions will be allocated to the sales charge refund account, the government grants will be returned to the applicable government and the earnings on the government grants will be remitted to a designated educational institution.

RECEIVING PAYMENTS FROM THE PLAN

RETURN OF CONTRIBUTIONS

Under the scholarship option, your contributions less fees are returned to you on or after the maturity date provided we have received your completed maturity application and your beneficiary's proof of registration. Depending on the scholarship option chosen, an amount of up to 25%, up to 50% or up to 100% of sales charges will be returned to you at maturity of your plan.

Under the self-determined option, your contributions less fees are returned to you, upon your request, at any time after the maturity date. You have until the end of the 35th year following the year in which the plan was entered into (or, in the case of a specified plan, by the end of the 40th year following the year in which the plan was entered into) to make this request in writing. The sales charges are not returned under the self-determined option.

In both cases, in order for the government grants to remain in your plan in the name of the beneficiary, proof of registration into a post-secondary program must be provided at the time the request is made for the return of contributions less fees. If you request a return of contributions and such proof of registration is not provided, the government grants will be repaid to the applicable government.

EDUCATIONAL ASSISTANCE PAYMENTS

To become eligible to receive an EAP, your beneficiary must enroll in eligible studies under the scholarship option or the self-determined option, as described below.

Receiving EAPs under the scholarship option

If you choose the scholarship option, you will remain part of your beneficiary group. Under this option, there are three alternatives to choose from: scholarship options 1, 2 and 3. Each of these three options is designed to accommodate different lengths of post-secondary programs and pays EAPs either over one, two or three years. At a minimum, your beneficiary must be enrolled in a post-secondary program that qualifies for a payment of an EAP under the *Income Tax Act* (Canada) in each of the school years, currently as follows:

- In Canada:
  - A full-time post-secondary program of a minimum of three consecutive weeks, studying for at least ten hours per week.
  - A part-time post-secondary program of a minimum of three consecutive weeks, studying for at least 12 hours per month.
- Outside of Canada:
  - A full-time post-secondary program taken at a university of a minimum of three consecutive weeks, studying for at least ten hours per week.
  - A full-time post-secondary program taken at a post-secondary institution other than a university of a minimum of 13 consecutive weeks, studying for at least ten hours per week.
  - A part-time post-secondary program of a minimum of 13 consecutive weeks, studying for at least 12 hours per month.

The following provides you with a breakdown of eligible studies under each of the scholarship options.

- Option 1 – is typically designed for one two-year program or two one-year programs and provides one EAP in the year of eligibility. At a minimum, the beneficiary must be enrolled in eligible studies as described above in both school years.
- Option 2 – is typically designed for one three-year program; one two-year program plus one one-year program, or three one-year programs. This option provides for two EAPs starting in the year of eligibility. At a minimum, the beneficiary must be enrolled in eligible studies as described above in each of the school years.
- Option 3 – is typically designed for one four-year program; two two-year programs, one three-year program plus one one-year program, or four one-year programs. This option provides for three EAPs starting in the year of eligibility. At a minimum, the beneficiary must be enrolled in eligible studies as described above in each of the school years.

You must apply for an EAP in order to obtain it. We will send you an EAP notice to advise you of your beneficiary's eligibility for an EAP in the year of eligibility and each subsequent year as long as there are EAPs remaining. This EAP notice will inform you of the steps of the application process and required documents. As part of the EAP application processes, you must submit a proof of registration. Such proof of registration must be completed by your beneficiary and signed and sealed by the registrar of the post-secondary institution. You must apply for an EAP before August 15 in each year your beneficiary is eligible for an EAP.

The following qualifies your beneficiary to receive the first, second and third EAPs:

- First EAP: your beneficiary qualifies upon providing evidence of enrollment in eligible studies prior to August 15 in the year of eligibility.
- Second EAP: your beneficiary qualifies upon providing evidence of enrollment in eligible studies prior to August 15 in the year following the year of eligibility. The second EAP is only available if option 2 or 3 is selected.
- Third EAP: your beneficiary qualifies upon providing evidence of enrollment in eligible studies prior to August 15 in the second year following the year of eligibility. The third EAP is only available if option 3 is selected.

Your beneficiary may apply to advance the year of eligibility and start receiving EAPs earlier than originally scheduled. An advancement of up to two years is automatically granted and we may grant further advancements at our discretion, provided that the year of eligibility is not before the maturity date. A request to advance the year of eligibility must be submitted to us in writing prior to the plan's maturity. Please refer to the “Changing the year of eligibility” section on page 27 for more details.

Under the scholarship option, if we do not receive the EAP application by August 15, together with evidence of registration, the EAP will not be approved and your beneficiary will not be eligible to receive the EAP. It may be approved at a later date, and a late application fee of $75 plus tax will be applied and deducted from the EAP. We will attempt to inform you regarding the eligibility for the EAP. If we do not receive the required documentation and you have exhausted all applicable deferrals, the EAP will be forfeited and shared among the beneficiaries in your beneficiary group.

<u>Receiving EAPs under the self-determined option</u>

The self-determined option allows your beneficiary to request EAPs at any time prior to the RESP expiry date.

At a minimum, your beneficiary must be enrolled in a post-secondary program that qualifies for a payment of an EAP under the *Income Tax Act* (Canada), currently as follows:

- In Canada:
  - A full-time post-secondary program of a minimum of three consecutive weeks, studying for at least ten hours per week.
  - A part-time post-secondary program of a minimum of three consecutive weeks, studying for at least 12 hours per month.
- Outside of Canada:
  - A full-time post-secondary program taken at a university of a minimum of three consecutive weeks, studying for at least ten hours per week.
  - A full-time post-secondary program taken at a post-secondary institution other than a university of a minimum of 13 consecutive weeks, studying for at least ten hours per week.
  - A part-time post-secondary program of a minimum of 13 consecutive weeks, studying for at least 12 hours per month.

There is no deadline for a request for funds under the self-determined option; your beneficiary can make a request for an EAP at any time, provided it is made prior to your plan's expiry date.

The following chart illustrates the pay-out options available to eligible beneficiaries:

Option selected	# of payments	Timing of EAP payments	Breakdown of EAP
Option 1*	One EAP	One paid in September of the year of eligibility provided the beneficiary is enrolled in eligible studies[1].	• 100% of maximum total amount • 100% of government grants • 100% of income on government grants • Includes share of post-maturity attrition
Option 2*	Two EAPs	One paid in September of the year of eligibility and one paid in September for the third year of eligible studies[1].	• 50% of maximum total amount with the 1st EAP; remaining balance of maximum total amount with the 2nd EAP • 50% of government grants with the 1st EAP; remaining balance with the 2nd EAP • 50% of income on government grants with 1st EAP; remaining income on government grants with 2nd EAP • Includes share of post-maturity attrition
Option 3*	Three EAPs	One paid in September of the year of eligibility, one paid in September for the third year of eligible studies, and one paid in September for the fourth year of eligible studies[1].	• 33 1/3% of maximum total amount with the 1st EAP; 50% of the remaining balance of maximum total amount with the 2nd EAP; remaining balance of maximum total amount with the 3rd EAP • 33 1/3% of government grants with the 1st EAP; 50% of the remaining balance with the 2nd EAP; remaining balance with the 3rd EAP • 33 1/3% of income on government grants with 1st EAP; 50% of remaining income on government grants with 2nd EAP; remaining income on government grants with 3rd EAP • Includes share of post-maturity attrition
Self-determined option (full-time)	As requested	As requested provided the beneficiary is enrolled in eligible studies[1]. The 1st EAP in a calendar year is free; any subsequent EAP during same year is charged a fee of $10 plus tax.	• 100% of income in your individual account and 100% of government grants up to a maximum of $5,000 for the first 13 weeks of studies (government grants and income are paid in proportion to the total amount of the EAP). • Upon completion of 13 consecutive weeks in a 12-month period, there is no limit on the remaining amount (if applicable).
Self-determined option (part-time)	As requested	As requested provided the beneficiary is enrolled in eligible studies[1]. The 1st EAP in a calendar year is free; any subsequent EAP during same year is charged a fee of $10 plus tax.	• 100% of income in your individual account and 100% of government grants up to a maximum of $2,500 for each 13-week period of studies (government grants and income are paid in proportion to the total amount of the EAP).

** Under options 1, 2 and 3, the maximum of $5,000 for full-time studies applies to each EAP if the minimum of 13 consecutive weeks of studies has not been completed in the previous 12 months leading up to the request of the EAP. For part-time studies, up to a maximum of $2,500 can be paid for each 13-week period of studies. If the beneficiary ceases to be an eligible beneficiary and there is a balance of income remaining in the plan, it may be paid to you as an accumulated income payment as further described in the "How we determine EAP amounts" section on page 34, the "If your beneficiary does not complete eligible studies" section on page 39 and the "Accumulated income payments" section on page 40.*

[1] As described under "Educational assistance payments" on page 34.

Beneficiaries may change post-secondary programs and still be eligible for EAPs provided the above conditions continue to be met. Pursuant to the *Income Tax Act* (Canada), your beneficiary must be at least 16 years of age in order to qualify for an EAP when enrolled in a part-time post-secondary program.

How we determine EAP amounts

Under the scholarship option, an EAP consists of the following:

- Government grants (if applicable),
- Income on contributions less sales charges and fees and income on government grants,
- Income accruing in the EAP account,
- Proportion of the income (except income on government grants) from post-maturity attrition within the same beneficiary group,
- Excess funds in the sales charge refund account, if any, and
- Unclaimed funds, if any, as described in the "Unclaimed accounts" section on page 7.

In any given year, the amount of EAPs available to the eligible beneficiaries within the same beneficiary group is calculated in late August by adding all EAP sources (except for government grants) as described above. This amount is then pro-rated based on the scholarship option chosen by the subscriber and is further broken down by the payments within the selected scholarship option. The resulting amount is then divided by the number of units in the plans of the eligible beneficiaries in the same beneficiary group and whose plans are under the same scholarship option. Government grants accumulated in your plan are added to the EAP(s) of your beneficiary. The investment fund manager oversees the calculation of the EAP amounts.

Certain limits apply to the amount of the EAP. Total EAPs distributed to a beneficiary cannot exceed $5,000 unless he or she has completed at least 13 consecutive weeks of a full-time post-secondary program during the previous 12 months, attending for at least ten hours per week. A beneficiary with expenses exceeding $5,000 in the first 13 weeks of study may contact us to apply to ESDC on his or her behalf to have the limit increased. If the beneficiary ceases to be an eligible beneficiary and there is a balance of income remaining in the plan, it may be paid to you as an accumulated income payment as further described in the "Accumulated income payments" section on page 40.

EAPs are usually paid in the middle of September of each year provided that all required documentation, as described in the "Educational assistance payments" section on page 34, is completed and submitted by August 15th and the beneficiary is eligible for EAPs.

The payment of a portion of an EAP can be advanced. To receive an advancement of an EAP installment you must:

- Complete an EAP application process and submit proof of your beneficiary's registration that confirms his or her eligibility for the EAP, and
- Provide your beneficiary's direct deposit information for a Canadian financial institution (a void cheque or a bank confirmation document).

Once the EAP process is completed and the above documentation is provided, the advanced EAP installment will be automatically deposited into your beneficiary's designated account as soon as we receive and approve the required documents. Any balance of the EAP will be released in the middle of September and will be deposited into the same bank account unless instructed otherwise. If we receive the required documentation after August 15, the EAP will be issued as a full lump-sum payment in the middle of September, provided all EAP eligibility requirements are met.

The amount of any advanced EAP installment is calculated as up to 50% of the previous year's pay-out per unit for the same pay-out option. The balance of the EAP will be calculated based on the new EAP amount pay-out per unit which is calculated at the end of August. It is important to note that the pay-out per unit in a given year may vary from the amount paid out in previous years. For example, if your beneficiary received $300 per unit as an advanced EAP installment, the remaining balance may be equal to, greater than or less than $300 per unit. Government grants and earnings on the government grants are paid with the balance of the EAP.

We allocate realized and unrealized capital gains or losses on investments in the plan to your individual account. Income attributable to units or plans cancelled by you before the maturity date is allocated to the sales charge refund account. Income in the EAP account that is attributable to units or plans cancelled after the maturity date is allocated to the EAP account of your beneficiary group. If a beneficiary enrolls in eligible studies that do not qualify for a maximum total amount of EAPs, the difference between the total maximum amount of EAPs and the amount received by such beneficiary will be allocated to the EAP account of your beneficiary group. Government grants accrued in the plan and the earnings from government grants are allocated to your individual account.

Under the self-determined option, an EAP consists of income from your individual plan and applicable government grants.

Certain limits apply to the amount of EAP under both the scholarship option and the self-determined option. These limits are specified by the *Income Tax Act* (Canada) and are currently as follows:

- Total EAPs distributed to a beneficiary cannot exceed $5,000 unless he or she has completed at least 13 consecutive weeks of a full-time post-secondary program during the previous 12 months, attending for at least ten hours per week. After the beneficiary has completed 13 consecutive weeks, there is no limit on the amount of the EAPs that can be paid if the beneficiary continues to qualify to receive them. If there is a 12-month period in which the beneficiary is not enrolled in eligible studies for 13 consecutive weeks, the payment limit applies again. A beneficiary with expenses exceeding $5,000 in the first 13 weeks of study may contact us to apply to ESDC on his or her behalf to have the limit increased.
- If the beneficiary is enrolled in a part-time post-secondary program of at least three consecutive weeks in length in Canada (minimum of 13 consecutive weeks outside of Canada) and is in school for a minimum of 12 hours per month, the total of all EAPs paid to the beneficiary every 13-week period cannot exceed $2,500. A beneficiary with expenses exceeding $2,500 in each 13-week period of study may contact us to apply to ESDC on his or her behalf to have the limit increased.

If the beneficiary ceases to be an eligible beneficiary and there is a balance of income remaining in the plan, it may be paid to you as an accumulated income payment as further described in the "Accumulated income payments" section on page 40.

PAYMENTS FROM THE EAP ACCOUNT

Under the scholarship option, a portion of each EAP consists of a beneficiary's share of the EAP account. The rest of an EAP is made up of the beneficiary's government grants and the earnings on those government grants.

The EAP account holds the income earned on contributions made by subscribers. There is a separately tracked EAP account for each beneficiary group.

Past breakdown of income in the EAP account

The following table shows the historical breakdown of income in the EAP account at the maturity date for the five beneficiary groups that most recently reached their year of eligibility. For all beneficiary groups maturing on or prior to July 31, 2014, the EAP account was comprised of income earned on contributions and income from cancelled plans. Income from cancelled plans included:

- Income from inactive plans that did not reach their maturity date,
- Income from plans cancelled by the subscriber's request, and
- Income from plans transferred out to another RESP provider.

	Beneficiary group					
	Beneficiary groups maturing after July 31, 2014	**2017**	**2016**	**2015**	**2014**	**2013**
Income earned on contributions	100%	100%	100%	78.62%	92.22%	89.33%
Income from cancelled plans	0%	0%	0%	21.38%	7.78%	10.67%
EAP account total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

For all beneficiary groups maturing after July 31, 2014, the EAP account will be comprised of income earned on contributions and income accruing in the EAP account after the maturity date. The amount of income earned on contributions depends on the performance of the plan's investments. Income from cancelled plans will be directed as follows:

- Subscribers of inactive plans will be able to access income earned in their plans under the self-determined option as described in the "Your options" and "If your plan goes into default" sections on pages 23 and 31, respectively.
- Income from plans cancelled by request or transferred out to another RESP provider will become part of the sales charge refund account, which will be available to subscribers who selected the scholarship option within 180 days prior to maturity as described in the "Refund of sales charges" section on page 26.

Past payments from the EAP account
The following table shows how much was paid from the EAP account per unit for the five beneficiary groups that most recently reached their year of eligibility*.

This table shows the amount paid per unit for beneficiaries who selected the scholarship option 3. We also offer payment options that pay EAPs tailored to shorter programs.

Keep in mind that scholarship plans are generally long-term investments. The payments shown largely reflect investments made years ago. It's important to note that this doesn't tell you how much a beneficiary will receive in the future.

Year of studies	Payments from EAP account by beneficiary group				
	2017	2016	2015	2014	2013
Second year	$145.83 per unit	$172.25 per unit	$187.76 per unit	$187.35 per unit	$190.28 per unit
Third year	See note 1	$176.80 per unit	$243.21 per unit	$219.10 per unit	$181.03 per unit
Fourth year	See note 1	See note 1	$250.48 per unit	$312.38 per unit	$275.91 per unit

** Historically, the payments reflected in this chart have included a percentage of income from plans cancelled before they reached their maturity date (pre-maturity attrition). In the last five years this payment constituted from 0.00% to 6.31% of the EAP amount. Such income is no longer part of the EAP payments but is applied to the sales charge refund account to be used for returns of applicable amounts of sales charges paid.*

Note 1: The amount is not shown because the beneficiaries in this beneficiary group are not yet enrolled in that year of studies.

IF YOUR BENEFICIARY DOES NOT COMPLETE ELIGIBLE STUDIES

Under the scholarship option:

- If your beneficiary does not complete their program, they may still claim any remaining EAPs based on the scholarship option selected provided they continue to enroll in eligible studies. If the beneficiary ceases to be an eligible beneficiary, he or she may apply for an EAP for up to six months after ceasing to be the eligible beneficiary. If your beneficiary does not exercise this option, he or she may lose one or more EAPs. Any remaining balance paid to the beneficiary under this circumstance must be used to cover pre-existing post-secondary education expenses incurred by the beneficiary which may not yet have been paid or expenses paid by way of credit card and/or with funds from student loans. If the beneficiary ceases to be an eligible beneficiary and there is a balance of income remaining in the plan from a previously paid EAP, it may be paid to you as an accumulated income payment as further described in the "Accumulated income payments" section on page 40.
- Your beneficiary may apply to defer the year of eligibility and delay the first EAP. A deferral of up to two years is automatically granted and we may grant further deferrals of the first EAP at our discretion. A request to defer the year of eligibility must be submitted to us in writing prior to August 15 of the year of eligibility. If your beneficiary has begun to receive EAPs and interrupts studies, your beneficiary may defer the second or third EAP entitlement once and we may grant deferrals of further years at our discretion. If further deferrals are not granted and the beneficiary is not enrolled in eligible studies then that particular EAP will be forfeited; however, your beneficiary may still qualify for the remaining EAP(s), if any, based on the scholarship option selected. Deferrals are not required under the self-determined option as EAPs can be requested at any time but only until the end of the 35th year following the year in which the plan was entered into (or, in the case of a specified plan, until the end of the 40th year following the year in which the plan was entered into).
- Under the scholarship option, as long as no EAPs have been paid to your beneficiary and he or she is under 21 years of age, you can request to change your beneficiary. For more information, please see the "Changing your beneficiary" section on page 28. The income credited to the plan where the year of eligibility is changed will be transferred to the EAP account for the new year of eligibility. If the beneficiary is not changed, the earnings will remain in the EAP account to benefit other beneficiaries in your beneficiary group. Please see the "Post-maturity attrition" section on page 42 for more information.

Under the self-determined option:

- Your beneficiary will receive an EAP upon entering a qualifying post-secondary program. If he or she does not complete or advance in their program, they will still be eligible for the remaining balance of their EAP as long as they can provide us with proof that they have completed at least 13 consecutive weeks of a qualifying post-secondary program and it is sent to us within six months of ceasing to be an eligible beneficiary.
- As long as no EAPs have been paid to your beneficiary, you can request to change your beneficiary. There is no age restriction for changing the beneficiary under this option. For more information, please see the "Changing your beneficiary" section on page 28. However, if the beneficiary is not changed and there are earnings remaining in your plan, you can request the earnings in the form of an AIP provided certain criteria are met. For more information, please see the "Accumulated income payments" section on page 40.

ACCUMULATED INCOME PAYMENTS

If your beneficiary is not going to pursue post-secondary studies, you may withdraw income as an AIP under the self-determined option provided:

- the payment is made to the subscriber of the RESP who is a resident in Canada;
- the payment is made to only one subscriber of the RESP (in the case of a plan with joint subscribers); and
- any one of the following three conditions apply:
    - the plan has been opened for ten years and each individual who is or was a beneficiary is over 21 years of age and not eligible for an EAP; or
    - the plan is being closed by the end of the 35th year following the year in which the plan was entered into (or, in the case of a specified plan, by the end of the 40th year following the year in which the plan was entered into); or
    - all beneficiaries named under the RESP are deceased.

An AIP consists of the earnings on contributions in your individual account and the earnings on the government grants. You can choose to receive an AIP in the form of a cash withdrawal which will be subject to two different taxes applicable to you:

- regular income tax, and
- an additional federal tax of 20% (or 12% federal tax and 8% provincial tax for residents of Québec).

You can reduce the taxes by transferring up to $50,000 of the earnings to your Registered Retirement Savings Plan ("RRSP") or to a spouse's RRSP (provided your spouse is a joint subscriber to the RESP) or to a spousal RRSP, subject to there being contribution room and provided that you satisfy the AIP requirements as described above. For more details refer to the "How you are taxed" section on page 9.

In certain cases, the group plan allows for AIP withdrawals for the purposes of i) transferring income to an RDSP, ii) making an AIP if the beneficiary is deceased or iii) releasing the balance of an unpaid EAP once the beneficiary ceases to be an eligible beneficiary and has exceeded the six-month eligibility period as described in the "Death or disability of the beneficiary" section on page 29, the "How we determine EAP amounts" section on page 37 and the "If your beneficiary does not complete eligible studies" section on page 39.

DISCRETIONARY PAYMENTS

Beneficiaries of plans with a maturity date on or prior to July 31, 2014 (and where the scholarship option has been selected) have received or may still receive a discretionary payment along with their EAPs. Such payments are made to top up the EAPs and/or to return an applicable amount of sales charges based on the scholarship option selected. The sources of funding of such payments were:

- all income accruing in the EAP account after the maturity date,
- income earned on income when a plan is cancelled prior to the maturity date, and
- contributions less fees from inactive plans that are unclaimed five years after the maturity date.

For beneficiaries of plans with a maturity date after July 31, 2014, such funds will be distributed on a non-discretionary basis as follows:

- all income accruing in the EAP account after the maturity date will be paid to the beneficiaries in the particular beneficiary group on a non-discretionary basis. Such income will now become part of the EAP.
- Income earned on income when a plan is cancelled prior to the maturity date will be dealt as follows:
    - Income accruing on income of the inactive plans will be available to subscribers on a non-discretionary basis so long as their plans mature under the self-determined option as described in the "Your options" and "If your plan goes into default" sections on pages 23 and 31, respectively.
    - Income on income of plans that were cancelled by request or transferred to another RESP provider will be accruing in the sales charge refund account and will be made available to eligible subscribers as part of refund of sales charges as described in the "Refund of sales charges" section on page 26 and provided the scholarship option has been selected within 180 days prior to the plan's maturity date.
- There is no longer a post-maturity five-year deadline for subscribers of the inactive plan to claim contributions less sales charges and fees. They can claim these funds up until the end of the 35th year following the year the plan was entered into (or, in the case of a specified plan, the end of the 40th year following the year the plan was entered into).

Past discretionary payments

The following tables show the historical amounts of discretionary payments paid per unit for the five beneficiary groups that most recently reached their year of eligibility.

This table shows the amounts paid per unit for beneficiaries who selected scholarship option 3.

Year of studies	Payments by beneficiary group					
	Beneficiary groups maturing after July 31, 2014*	2017	2016	2015	2014	2013
Second year	$0	$33.50 per unit	$34.08 per unit	$33.57 per unit	$33.98 per unit	$34.05 per unit
Third year	$0	See note 1	$33.53 per unit	$34.12 per unit	$34.23 per unit	$34.30 per unit
Fourth year	$0	See note 1	See note 1	$33.85 per unit	$33.95 per unit	$33.42 per unit

This table shows the amount paid per unit for beneficiaries who selected scholarship option 2.

Year of studies	Payments by beneficiary group					
	Beneficiary groups maturing after July 31, 2014*	2017	2016	2015	2014	2013
Second year	$0	$25.17 per unit	$25.62 per unit	$25.36 per unit	$25.97 per unit	$25.57 per unit
Third year	$0	See note 1	$25.01 per unit	$25.56 per unit	$25.78 per unit	$25.93 per unit

This table shows the amount paid per unit for beneficiaries who selected scholarship option 1.

Year of studies	Payments by beneficiary group					
	Beneficiary groups maturing after July 31, 2014*	2017	2016	2015	2014	2013
Second year	$0	$25.17 per unit	$25.23 per unit	$25.72 per unit	$25.95 per unit	$25.16 per unit

** For beneficiary groups maturing after July 31, 2014, discretionary payments will not be paid. For more details on how such funds are allocated refer to the "Discretionary Payments" section on page 40.*

Note 1: The amount is not shown because the beneficiaries in this beneficiary group are not yet enrolled in that year of eligible studies.

ATTRITION

You and your beneficiary must meet the terms of the plan in order for your beneficiary to qualify for all of the EAPs under the plan. If beneficiaries fail to qualify for some or all of their EAPs, there will be fewer beneficiaries remaining in the beneficiary group to share the amount of money available for paying EAPs. This is known as "attrition".

Your beneficiary may not qualify for some or all of their EAPs if:

- Before the maturity date of the plan, you cancel your plan or transfer your plan to another RESP. This is known as "pre-maturity attrition"; or
- After the maturity date of the plan, your beneficiary decides not to pursue a post-secondary education, does not attend a qualifying post-secondary program, or does not attend a qualifying post-secondary institution for the maximum period provided for in the plan based on the scholarship option chosen. This is known as "post-maturity attrition". This type of attrition is applicable only under the scholarship option.

PRE-MATURITY ATTRITION

If you cancel the plan before it matures (either by requesting to cancel your plan or transferring your plan to another RESP provider), you will get back your contributions less sales charges and fees. You will not get back any earnings on your contributions. The earnings on your contributions up to the time your plan is cancelled will be used to return the applicable amounts of sales charges to subscribers of the plans remaining in your beneficiary group based on their pay-out option selection. You may, however, be eligible to receive an AIP on the earnings from the government grants in your plan. See the "Accumulated income payments" section on page 40 for information on how to determine if you are eligible for an AIP from the plan.

Income from cancelled units

The following table shows the current value of the income from cancelled units by beneficiary group. The amount of income from cancelled plans available to subscribers as a return of the applicable amount of sales charges at maturity of the plan (under the scholarship option) depends on how many subscribers cancel their plan and the investment performance of the scholarship plan.

Beneficiary group	Percentage of units that have been cancelled	Total income from cancelled units available to remaining units	Income from cancelled units available to each remaining unit
2022	22.77%	$1,490,895.35	$7.40 per unit
2023	21.03%	$1,071,241.89	$5.42 per unit
2024	19.74%	$877,677.24	$4.45 per unit
2025	18.56%	$603,593.75	$2.99 per unit
2026	16.25%	$445,897.34	$2.16 per unit
2027	13.74%	$355,991.37	$1.73 per unit
2028	12.22%	$213,774.71	$1.09 per unit
2029	11.50%	$143,200.91	$0.73 per unit
2030	9.99%	$77,291.42	$0.40 per unit
2031	8.14%	$33,216.56	$0.18 per unit
2032	5.67%	$12,425.30	$0.08 per unit
2033	5.05%	$4,007.51	$0.03 per unit
2034	4.00%	$355.36	$0.00 per unit
2035	2.44%	-$8.75	$0.00 per unit
2036	1.84%	-$3.25	$0.00 per unit

Plans that did not reach maturity:

The following table shows the percentage of plans that did not reach maturity for each of the five beneficiary groups shown below. The most common reasons why plans did not reach maturity were because the subscribers cancelled their plans, the subscribers transferred their plans to another plan we offer or the subscriber transferred to another RESP provider. Of the last five beneficiary groups of the Heritage Plans, an average of 19.4% of the plans did not reach their maturity dates.

Maturity date of beneficiary group	Percentage of plans that did not reach maturity
2017	17.6%
2016	18.8%
2015	18.6%
2014	20.5%
2013	21.7%
Average	**19.4%**

POST-MATURITY ATTRITION

Under the scholarship option, if your beneficiary does not pursue or complete eligible studies, you will get back your contributions less sales charges and fees. You will not get back any earnings.

Past payments of EAPs - four years of eligible studies

The following table shows the percentage of beneficiaries who received the maximum of three EAPs payable under the scholarship option 3 and those who received some or no EAPs, for each of the five beneficiary groups that would have most recently completed their eligible studies.

	Beneficiary group				
	2014	2013	2012	2011	2010
Beneficiaries who received all three EAPs	76.84%	78.34%	80.70%	78.15%	77.90%
Beneficiaries who received only two out of three EAPs	10.96%	12.00%	10.31%	10.90%	10.90%
Beneficiaries who received only one out of three EAPs	8.92%	6.95%	6.39%	7.32%	7.82%
Beneficiaries who received no EAPs	3.28%	2.71%	2.60%	3.63%	3.38%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Past payments of EAPs - three years of eligible studies

The following table shows the percentage of beneficiaries who received the maximum of two EAPs payable under the scholarship option 2 and those who received one or no EAPs, for each of the five beneficiary groups that would have most recently completed their eligible studies.

	Beneficiary group				
	2015	2014	2013	2012	2011
Beneficiaries who received both EAPs	79.76%	78.86%	79.81%	76.74%	79.75%
Beneficiaries who received only one out of two EAPs	17.86%	12.66%	14.99%	15.60%	12.66%
Beneficiaries who received no EAPs	2.38%	8.48%	5.20%	7.66%	7.59%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Past payments of EAPs - two years of eligible studies

The following table shows the percentage of beneficiaries who received the maximum of one EAP payable under the scholarship option 1 and those who received no EAP, for each of the five beneficiary groups that would have most recently completed their eligible studies.

	Beneficiary group				
	2016	2015	2014	2013	2012
Beneficiaries who received their one EAP	91.75%	91.84%	87.09%	91.35%	90.44%
Beneficiaries who received no EAP	8.25%	8.16%	12.91%	8.65%	9.56%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

OTHER IMPORTANT INFORMATION

EMPLOYER / GROUP PROGRAMS

An employer / group program may be offered to employees of companies and other members of organizations on a group basis. The plans sold under such program are subject to the terms and conditions set out in this prospectus.

In some cases, the sales charges may be reduced for subscribers who enroll through employer / group programs. The reduction will be granted at our discretion.

If you purchase a plan by way of an employer / group program, you may have the option to contribute to your plan via payroll deduction or on an individual basis. If an employer contributes all or a portion of contributions to your plan, it is considered to be taxable income to you and must be reported as such, as described in the *Income Tax Act* (Canada).

INSURANCE SCHEDULE FOR EACH UNIT OF THE PLAN

If you decide to purchase an optional insurance protection for your plan, insurance premiums will be paid at the time of contributions. Insurance premiums are not considered to be part of RESP contributions, they do not count toward the RESP contribution limit and do not attract any government grants.

The table below illustrates the amount of insurance premiums that will be added to your contributions if you purchase an optional insurance protection. The amounts vary based on the contribution method and age of your child.

Contribution method	**Number of years until maturity (first year of post-secondary program)**														
Number of years until maturity	**18**	**17**	**16**	**15**	**14**	**13**	**12**	**11**	**10**	**9**	**8**	**7**	**6**	**5**	**4**
MONTHLY	0M-4	1M-4	2M-4	3M-4	4M-4	5M-4	6M-4	7M-4	8M-4	9M-4	10M-4	11M-4	12M-4	13M-4	14M-4
Insurance	$0.24	$0.27	$0.30	$0.34	$0.40	$0.46	$0.54	$0.65	$0.79	$0.98	$1.24	$1.64	$2.24	$3.27	$5.19
TEN YEAR MONTHLY	0S-4	1S-4	2S-4	3S-4	4S-4	5S-4	6S-4	7S-4	8S-4	9S-4	10S-4	11S-4	12S-4	13S-4	14S-4
Insurance	$0.28	$0.31	$0.34	$0.38	$0.42	$0.48	$0.55	$0.65	$0.78	N/A	N/A	N/A	N/A	N/A	N/A
FIVE YEAR MONTHLY	0O-4	1O-4	2O-4	3O-4	4O-4	5O-4	6O-4	7O-4	8O-4	9O-4	10O-4	11O-4	12O-4	13O-4	14O-4
Insurance	$0.45	$0.49	$0.53	$0.58	$0.63	$0.70	$0.78	$0.89	$1.02	$1.19	$1.42	$1.75	$2.27	N/A	N/A
ANNUAL	0L-4	1L-4	2L-4	3L-4	4L-4	5L-4	6L-4	7L-4	8L-4	9L-4	10L-4	11L-4	12L-4	13L-4	14L-4
Insurance	$2.68	$3.00	$3.39	$3.85	$4.42	$5.11	$5.99	$7.11	$8.57	$10.51	$13.20	$17.06	$22.86	$32.19	$48.59
TEN YEAR ANNUAL	0R-4	1R-4	2R-4	3R-4	4R-4	5R-4	6R-4	7R-4	8R-4	9R-4	10R-4	11R-4	12R-4	13R-4	14R-4
Insurance	$3.25	$3.54	$3.89	$4.30	$4.80	$5.41	$6.19	$7.21	$8.57	N/A	N/A	N/A	N/A	N/A	N/A
FIVE YEAR ANNUAL	0N-4	1N-4	2N-4	3N-4	4N-4	5N-4	6N-4	7N-4	8N-4	9N-4	10N-4	11N-4	12N-4	13N-4	14N-4
Insurance	$5.20	$5.60	$6.07	$6.61	$7.24	$8.00	$8.90	$10.00	$11.39	$13.18	$15.56	$18.90	$23.90	N/A	N/A
SINGLE CONTRIBUTION	0K-4	1K-4	2K-4	3K-4	4K-4	5K-4	6K-4	7K-4	8K-4	9K-4	10K-4	11K-4	12K-4	13K-4	14K-4
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Insurance premiums are subject to provincial sales tax - Ontario add 8%, Québec add 9%, Manitoba add 8%.

TERMINATION OF THE PLAN

Should the Foundation become unable to continue as administrator, the trustee (or a successor administrator appointed by the trustee) would assume all of the duties and powers of the Foundation, including the administration of the plan, and would continue to collect deposits, invest the funds, return contributions less sales charges and fees at maturity and pay out EAPs until all plans have been completed.

In the unlikely event that a successor administrator could not be found and the trustee was not prepared to continue to administer the plan, the trustee would be permitted to terminate the trusts and pay out all funds to the subscribers pursuant to the *Income Tax Act* (Canada).

Any contributions made by the subscribers and income earned are held in trust and as such are subject to trust laws in Canada. In the event of bankruptcy of the Foundation at any time, the funds held in the plan would not be accessible to the creditors of the Foundation.

ABOUT THE FOUNDATION

AN OVERVIEW OF THE STRUCTURE OF OUR PLAN

The Heritage Plans are trusts established under the laws of Ontario and the laws of Canada. Formerly known as the Heritage Scholarship Trust Plan, the plan was established on December 19, 1986 and the Canada Trust Company was originally appointed as trustee pursuant to a trust agreement of the same date. Since that time, the plan changed its name to the Heritage Plans and RBC Investor Services Trust was appointed as a trustee pursuant to an amended and restated trust indenture between the Heritage Educational Foundation (the "Foundation") and the trustee dated as of June 20, 2003. The plan is administered by the Heritage Educational Foundation, which is responsible for the co-ordination of the functions provided by the depository, trustee and portfolio advisers. This administration has been contracted to Knowledge First Financial Inc. ("Knowledge First Financial"), which has also been appointed to offer enrollment in the plan to subscribers.

Our head office and principal place of business is Suite 700, 2005 Sheppard Avenue East, Toronto, Ontario M2J 5B4.

RBC Investor Services Trust is the trustee of the plan.

MANAGER OF THE SCHOLARSHIP PLAN

Knowledge First Financial Inc.
Suite 1000
50 Burnhamthorpe Road West
Mississauga, Ontario L5B 4A5
Tel: 1.800.363.7377
E-Mail: contact@kff.ca
Website: knowledgefirstfinancial.ca

Knowledge First Financial Inc. is registered as the investment fund manager with the provincial and territorial securities commissions across Canada and is a wholly-owned subsidiary of the Knowledge First Foundation. The company has been an administrator and/or distributor of scholarship plans since 1965 and previously was known under the name USC Education Savings Plans Inc.

On January 3, 2018, Knowledge First Financial Inc. announced that it had acquired control of one of its competitors, Heritage Education Funds Inc. and its affiliate, Heritage Educational Foundation. At the time of the announcement, Heritage Education Funds Inc., was registered as a scholarship plan dealer and investment fund manager with all provincial and territorial securities commissions. Heritage Education Funds was the administrator and distributor of the Heritage Plans and the Impression Plan, sponsored by the Heritage Educational Foundation.

On August 28, 2018, a legal amalgamation occurred involving the following companies:

- Heritage Education Funds Inc.;
- Knowledge First Financial Inc.;
- Heritage Amalgamated Corporation; and
- 10896357 Canada Inc.

As a result of this amalgamation, Knowledge First Financial Inc. is now the administrator and distributor of the Heritage Plans and the Impression Plan, while the Heritage Educational Foundation remains the sponsor and promoter of the Heritage Plans and the Impression Plan. Information on the Impression Plan is disclosed in a separate prospectus that is available at HeritageRESP.com and at SEDAR.com.

Duties and services to be provided by the manager

The investment fund manager is responsible for the overall management and administration of the plan including day-to-day administration, transaction processing, fund accounting, securityholder records and annual reporting.

The investment fund manager is also responsible for coordination of functions provided by the depository, trustee and portfolio advisers.

Additionally, the investment fund manager has been appointed to offer enrollment in the plan and is responsible for its marketing and distribution. The investment fund manager also provides services to the Foundation by making certain of its directors available to serve on the board of directors of the Foundation.

Details of the management agreement

The Manager's roles and responsibilities are outlined in both a corporate services agreement and a fund management agreement entered into between the Foundation and Knowledge First Financial Inc. Knowledge First Financial Inc. receives fees from the Plans for the services provided to the Plans. The Plan fees are as disclosed herein, with the exception of the Sales Charge and the IRC Fee, pursuant to the fund management agreement. Knowledge First Financial Inc. will make dividend payments to the Knowledge First Foundation as declared by the directors in accordance with policy and as per assessments on an annual basis.

Officers and directors of the manager

The following are the directors and officers of the manager, their municipality of residence, positions held with the manager and principal occupations for the last five (5) years:

Name and Municipality of Residence	Position Held with Knowledge First Financial	Principal Occupation during the Last Five Years
Donald W. Hunter, FCPA, FCA, ICD.D Toronto, Ontario	Chairman since September 2016 Director since July 2007	Chairman and Director, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Chairman and Director, Knowledge First Financial and Knowledge First Foundation; prior to September 2016. Director, Knowledge First Financial and Knowledge First Foundation
Andrea Bolger, B.Com., M.B.A. Toronto, Ontario	Director since May 2015	Director, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Director, Knowledge First Financial and Knowledge First Foundation; prior to February 2015, Executive Vice President, RBC Royal Bank; prior to 2013, Senior Vice President, RBC Royal Bank
Josée Morin Eng., MBA, C.Dir. Quebec City, Quebec	Director since December 2017	Since June 2018, Director, MILA (Quebec Institute for Artificial Intelligence), Principal, SCJM Consulting; prior to June 2018, Principal, SCJM Consulting
Ellen Bessner, L.L.B., B.Com Toronto, Ontario	Director since December 2015	Partner, Babin, Bessner, Spry LLP; prior to January 2014, Partner, Cassels, Brock & Blackwell, LLP
Paul G. Renaud, CPA, CA Mississauga, Ontario	Director since December 2015	Retired; prior to January 2015, President & CEO, OMERS Private Equity
Ian Tudhope, C. Dir. Toronto, Ontario	Director since December 2015	Founder & Partner, Wessex Capital Partners; Owner & Sole Proprietor, Axia Capital Limited
David Forster, FCPA, FCA, ICD.D Toronto, Ontario	Director since July 2016	Director, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Director, Knowledge First Financial and Knowledge First Foundation; prior to July 2016, Managing Partner, GTA Region, PricewaterhouseCoopers LLP
R. George Hopkinson, B.A., M.B.A. Toronto, Ontario	Director since July 2017 President and Chief Executive Officer since April 2009	President and Chief Executive Officer, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Director, President and Chief Executive Officer, Knowledge First Foundation and Knowledge First Financial; prior to July 2017, President and Chief Executive Officer, Knowledge First Foundation and Knowledge First Financial

Name and Municipality of Residence	Position Held with Knowledge First Financial	Principal Occupation during the Last Five Years
Darrell Bartlett, CPA, CA, CIA Oakville, Ontario	Chief Compliance Officer since April 2014	Chief Compliance Officer, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Chief Compliance Officer, Knowledge First Foundation and Knowledge First Financial; prior to April 2014, Vice President, Risk Management & Chief Compliance Officer, Investment Planning Counsel
Angela Lin, B.Sc., M.Sc., LLB Toronto, Ontario	General Counsel & Corporate Secretary since January 2018	General Counsel and Corporate Secretary for Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., and Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, General Counsel and Corporate Secretary, Heritage Education Funds Inc.
Eric Jodoin, BBA Oakville, Ontario	Vice-President, Customer Service and Operations since January 2016	Vice-President, Customer Service and Operations, Knowledge First Financial; prior to January 2016, V.P. Effectiveness & Business Transformation, TD Insurance; prior to 2014 V.P. Shared Services; prior to 2012 AVP, Shared Services, Digital Channel, TD Bank
Carma Lecuyer, B.A. Oakville, Ontario	Vice-President, Human Resources and Administration since July 2010	Vice-President, Human Resources and Administration, Knowledge First Financial
Suzanne Martyn-Jones, B.A. Oakville, Ontario	Vice-President, Marketing and Customer Communications since May 2013	Vice-President, Marketing and Customer Communications, Knowledge First Financial; prior to May 2013, Vice-President, Marketing and Product, Knowledge First Financial; prior to July 2012, Head of Marketing RBC Insurance, RBC Royal Bank
Jacques Naud, B.A., M.B.A. Toronto, Ontario	Vice-President, Sales and Distribution since August 2013	Vice-President, Sales and Distribution, Knowledge First Financial; prior to November 2012, Vice-President Retail and Commercial Banking, National Bank of Canada
Stephen Rotz, CPA, CA, CFA Toronto, Ontario	Chief Financial Officer since April 2017	Chief Financial Officer for Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Chief Financial Officer, Knowledge First Financial; prior to April 2017, V.P. Business Development, ECN Capital Corporation; prior to October 2016, V.P. Business Development, Element Fleet Management Corporation; prior to November 2012, Chief Financial Officer, Knowledge First Financial
Peter Thompson, B. Sc. Mississauga, Ontario	Vice-President, Information Technology since January 2013	Vice-President, Information Technology, Knowledge First Financial; prior to January 2013, President, E.A. Designs Inc.; prior to April 2012, Vice-President Software Development Americas, Temenos Group

TRUSTEE

RBC Investor Services Trust is the trustee of the plan. Its principal place of business is 155 Wellington Street West, 2nd floor, Toronto, ON, M5V 3L3.

The trustee holds all funds in the accounts in trust for subscribers. The investment fund manager directs the trustee to invest such funds with the portfolio advisers and manage disbursement of fees, contributions, educational assistance payments and other amounts according to the education savings plan contract.

THE FOUNDATION

Heritage Educational Foundation
Suite 700
2005 Sheppard Avenue East
Toronto, Ontario M2J 5B4
Local: 416.502.2500 Toll-free: 1.800.739.2101
E-Mail: CustomerCare@HeritageRESP.com
Website: HeritageRESP.com

Heritage Educational Foundation was founded by a group of individuals who were concerned about rising costs of post-secondary education and knew that there was a need for education savings. The Foundation's objective has always been to encourage parents, grandparents or other interested persons to save for their children's post-secondary education through a planned savings program.

The following are the directors and officers of the Foundation, their municipalities of residence, positions held with the Foundation and their principal occupations for the last five (5) years:

Name and Municipality of Residence	Position Held with the Foundation	Principal Occupation during the Last Five Years
Donald W. Hunter, FCPA, FCA, ICD.D[1] Toronto, Ontario	Chairman and Director since January 2018	Chairman and Director, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage Education Funds Inc.,, Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Chairman and Director, Knowledge First Financial and Knowledge First Foundation; prior to September 2016, Director, Knowledge First Financial and Knowledge First Foundation
Andrea Bolger, B.Com., M.B.A.[1] Toronto, Ontario	Director since January 2018	Director, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Director, Knowledge First Financial and Knowledge First Foundation; prior to February 2015, Executive Vice President, RBC Royal Bank; prior to 2013, Senior Vice President, RBC Royal Bank
David Forster, FCPA, FCA, ICD.D[1] Toronto, Ontario	Director since January 2018	Director, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc, Heritage Educational Foundation, Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Director, Knowledge First Financial and Knowledge First Foundation; prior to July 2016, Managing Partner, GTA Region, PricewaterhouseCoopers LLP

[1] *Member of the investment committee.*

Name and Municipality of Residence	Position Held with the Foundation	Principal Occupation during the Last Five Years
R. George Hopkinson, B.A., M.B.A. Toronto, Ontario	Director since July 2017 President and Chief Executive Officer since April 2009	President and Chief Executive Officer, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Director, President and Chief Executive Officer, Knowledge First Foundation and Knowledge First Financial; prior to July 2017, President and Chief Executive Officer, Knowledge First Foundation and Knowledge First Financial
Darrell Bartlett, CPA, CA, CIA Oakville, Ontario	Chief Compliance Officer since April 2014	Chief Compliance Officer, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Chief Compliance Officer, Knowledge First Foundation and Knowledge First Financial; prior to April 2014, Vice President, Risk Management & Chief Compliance Officer, Investment Planning Counsel
Angela Lin, B.Sc., M.Sc., LLB Toronto, Ontario	General Counsel & Corporate Secretary since January 2018	General Counsel and Corporate Secretary for Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., and Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, General Counsel and Corporate Secretary for Heritage Education Funds Inc.
Stephen Rotz, CPA, CA, CFA Toronto, Ontario	Chief Financial Officer since April 2017	Chief Financial Officer for Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., and Heritage Education Funds Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Chief Financial Officer, Knowledge First Financial; prior to April 2017, V.P. Business Development, ECN Capital Corporation; prior to October 2016, V.P. Business Development, Element Fleet Management Corporation; prior to November 2012, Chief Financial Officer, Knowledge First Financial

[1] *Member of the investment committee.*

Directors remain in office until their resignation or until their successors are elected.

INDEPENDENT REVIEW COMMITTEE

National Instrument 81-107 Independent Review Committee for Investment Funds ("NI 81-107"), requires all publicly offered investment funds to establish an independent review committee (the "IRC").

The IRC engages in the following activities:

- reviews and provides input on the Manager's written policies and procedures that deal with conflict of interest matters
- reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieve a fair and reasonable result for the Plan
- considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval
- performs other duties as may be required of the IRC under applicable securities laws.

On August 28, 2018, following the amalgamation described under the section titled "Manager of the scholarship plan," the Knowledge First Financial IRC was amalgamated with the Heritage Education Funds IRC. The members of the amalgamated IRC are Don Hathaway, Bill McNeill and Ann Harris. All three IRC members were appointed on August 28, 2018.

On an annual basis, the IRC prepares a report of its activities for subscribers of all the Plans that it oversees. This report is available on our website at HeritageRESP.com, or at the subscriber's request at no cost, by contacting Knowledge First Financial Inc. by e-mail at CustomerCare@HeritageRESP.com, or by regular mail at Suite 700, 2005 Sheppard Avenue East, Toronto, Ontario M2J 5B4 or by telephone: 1.800.739.2101.

COMMITTEES OF THE FOUNDATION'S BOARD OF DIRECTORS

Investment committee

This sub-committee of the Foundation is responsible for monitoring the performance of the Plans' portfolio advisers and the overall performance of the Plans' investments; including any required modifications to the Plans' investment policy, asset mix, portfolio advisers, depository, or to their custodian and trustee.

The members of the investment committee of the Foundation are independent of the Manager.

Compensation of directors, officers, trustees, custodian and independent review committee members

Members of the board of directors of the Foundation received no compensation directly or indirectly for services provided as board members in 2017.

The plan pays annual fees to the trustee and custodian for performing their respective duties and responsibilities. These fees are included as part of the management fee. Each fee is based on the total assets in the plan, plus additional services charges specified in the trust and custody agreements. These fees are deducted from total plan income at the end of each month before any income is allocated to your plan.

The plan will pay its proportionate share of IRC expenses to the IRC directly and without reimbursement from the investment fund manager with respect to all of the Education Savings Plans sponsored by the Foundation. The Heritage and Impression plans have paid the following IRC expenses in 2017: chairperson - $2,500, per meeting - $2,000, annual fee - $10,000. For the year ended December 31, 2017, a proportionate share of compensation paid by the plan aggregated $56,479.44. The following amounts were paid to the IRC members in 2017:

IRC member	Annual fee	Meeting fees	Chairman fee	HST	Total
Bruce D. Day	$10,000	$8,000	$2,500	$0	$20,500
Stanley M. Stewart	$10,000	$8,000	N/A	$0	$18,000
John G. Haag	$10,000	$8,000	N/A	$2,340	$20,340

PORTFOLIO ADVISERS

There are four portfolio advisers to the plan:

1. Scotia Institutional Asset Management, a division of 1832 Asset Management L.P., a wholly-owned subsidiary of Scotiabank ("SIAM"),
2. Guardian Capital LP ("Guardian Capital"),
3. TD Asset Management Inc. ("TDAM"), and
4. Yorkville Asset Management Inc. ("Yorkville").

All of the portfolio advisers manage the plan on a discretionary basis, in accordance with the applicable investment policy statements, and report on the performance of funds invested with them to the investment committee on at least a quarterly basis.

Scotia Institutional Asset Management

Scotia Institutional Asset Management ("SIAM") and its predecessors have managed financial assets in Canada since 1877. SIAM is a division of 1832 Asset Management L.P. which is a wholly-owned subsidiary of Scotiabank.

Individuals at SIAM who are responsible for the portfolio management of the plan are as follows:

Name	Position	SIAM experience since	Business experience in the last five years
Romas Budd	Vice President & Portfolio Manager, Fixed Income (1832 Asset Management)	1990	Investment management industry
Kevin Pye	Vice President & Portfolio Manager, Fixed Income Credit (1832 Asset Management)	2010	Investment management industry
Bill Girard	Vice President & Portfolio Manager, Fixed Income Credit (1832 Asset Management)	1987	Investment management industry
Ed Calicchia	Director & PM Institutional (1832 Asset Management)	1995	Investment management industry

Due to the fixed income nature of the mandate with SIAM, specific investment decisions are made by the portfolio adviser's fixed income team. Romas Budd, head of the fixed income team, is responsible for overall fixed income strategy, supported by Kevin Pye with credit oversight responsibility to Bill Girard. The 1832 Asset Management compliance team oversees the portfolios and monitors trades to ensure adherence to the Investment Policy Statement of the client.

The foundation of SIAM's fixed income investment process blends yield curve positioning, the general level of interest rates and the addition of income and return from investing in high quality corporate issues.

This approach blends a top down macro approach used to analyze the yield curve and general level of interest rates with a bottom-up approach to credit analysis which includes both economic sector and security selection.

SIAM is also responsible for the management of a portion of the plan's allocation to Principal Protected Notes (PPN).

<u>Guardian Capital LP (Toronto, Ontario)</u>

Toronto-based Guardian Capital LP has been managing institutional assets since 1962. Along with its London-based subsidiary, GuardCap Asset Management Limited, it manages investment strategies on behalf of pension plans, insurers, foundations, endowments, family offices and mutual funds around the world. Guardian Capital is wholly-owned by Guardian Capital Group Limited, a publicly listed company trading on the Toronto Stock Exchange.

The individuals at Guardian who are responsible for the portfolio management of the plan are as follows:

Name	Position	Guardian experience since	Business experience in the last five years
Michele Robitaille, CPA, CA, CBV, CFA	Managing Director, Canadian Equity	2003	Investment management industry
Kevin Hall, CFA	Managing Director, Canadian Equity	2000	Investment management industry

Portfolio management of the Canadian equity income strategy follows a team-based approach. Within this team, Michele Robitaille and Kevin Hall are responsible for the investment decisions for this specific mandate and they are supported by other Guardian portfolio managers. In addition to the oversight of the Foundation and Manager as noted, these decisions are subject to the investment objectives and restrictions in place under the agreement between the portfolio adviser and the Manager.

<u>TD Asset Management Inc.</u>

TD Asset Management ("TDAM") operates through TD Asset Management Inc. in Canada and through TDAM USA Inc. in the United States. Both are wholly owned subsidiaries of The Toronto-Dominion Bank. TDAM operates across three offices in Canada and the United States and is headquartered in Toronto, Ontario. Investment decisions are the responsibility of the portfolio manager(s) appointed by TDAM to manage Plan assets and are not subject to the approval or ratification of a committee. In addition to the oversight of the Foundation and Manager as noted above, these decisions are subject to the investment objectives and restrictions in place under the agreement between TDAM and the Manager.

The individuals at TDAM who are responsible for the portfolio management of the plan are as follows:

Name	Position	TDAM experience since	Business experience in the last five years
Jean Masson, Ph.D.	Managing Director	1997	Investment management industry
Julien Palardy, M.Sc., CFA	Vice President and Director	2006	Investment management industry
Laurie-Anne Davison, CFA, CAIA	Vice President and Director	2015	Investment management industry

TDAM's low volatility equity strategies are managed using a quantitative process. It involves estimates for the most important common (systemic) risk factors as well as estimates of the stock specific volatility. The correlations between the sources of risk are also taken into account. Once the risk model is produced, TDAM uses it to construct a portfolio which has the least amount of forecasted volatility given the constraints and the estimated cost of trading. The strategy was back-tested over the entire period for which TDAM has data and is vetted by the risk management group.

TDAM applies a quantitative discipline to manage the portfolio. Their optimization process is driven by risk considerations. Their key inputs are:

- Risk forecasts
- Trading cost forecasts
- Portfolio constraints

TDAM constructs the portfolio by overweighting equities that are expected to deliver less volatile returns and by underweighting or excluding equities that are expected to deliver more volatile returns. The portfolio is monitored daily and rebalanced whenever significant reductions in risk are possible, or in response to significant cash flows or market activity.

Yorkville Asset Management Inc.

Yorkville Asset Management Inc. ("Yorkville") was launched in 2010. Hussein Amad, acting in the capacity of President, Chief Executive Officer, Chief Investment Officer and Portfolio Manager, is responsible for all of the investment decisions of Yorkville.

Brian Lavery, acting as Portfolio Manager, supports Mr. Amad in the management and construction of portfolios at Yorkville.

Jillian Wade, acting as Associate Portfolio Manager, supports Mr. Amad with the management and construction of Canadian equity portfolios at Yorkville.

Yorkville advises the Foundation with respect to investments in PPNs and equities portion of income investments.

Yorkville is a value manager, which aims to capitalize on investment opportunities it deems to be undervalued relative to their intrinsic value. In order to find value, Yorkville uses a proprietary equity scoring model called QVR (Quality, Valuation & Risk), which helps identify investment opportunities of high quality, low valuations, and low risk. Risk is incorporated further as risk management is paramount at Yorkville and its investment process and approach incorporates a strong focus on risk management.

Name	Position	Yorkville experience since	Business experience in the last five years
Hussein Amad	President, CEO, CIO and Portfolio Manager	2010	Investment management industry
Brian Lavery	Portfolio Manager	2016	Investment management industry
Jillian Wade	Associate Portfolio Manager and Chief Financial Officer	2012	Investment management industry

Details of the portfolio advisory agreements

Scotia Institutional Asset Management

Pursuant to the Investment Management Agreement dated August 21, 2006, as amended on July 7, 2015 between the Foundation and SIAM, formerly, Scotia Asset Management L.P., SIAM is authorized to manage the assets held in the Foundation's account with SIAM, with full power, in accordance with the Investment Policy Statement. This agreement may be terminated by the Foundation or SIAM upon 30 days' written notice to the other party.

Guardian Capital LP

Pursuant to the Investment Management Agreement dated March 12, 2015 between the Foundation and Guardian, Guardian has agreed to provide discretionary investment advisory and management services to the Foundation. This agreement may be terminated by the Foundation or Guardian upon 30 days' written notice to the other party.

An affiliate of Guardian, Guardian Capital Group Limited ("Guardian Capital"), is a holder of preferred shares of Knowledge First.

TD Asset Management Inc.

Pursuant to the Investment Management Agreement dated March 12, 2015 between the Foundation and TDAM, TDAM has agreed to provide discretionary investment advisory and management services to the Foundation. This agreement may be terminated by the Foundation or TDAM upon 30 days' written notice to the other party.

Yorkville Asset Management Inc.

Pursuant to the Investment Management Agreement dated October 1, 2010 between the Foundation and Yorkville Asset Management Inc. ("Yorkville"), Yorkville has agreed to provide discretionary investment advisory and management services to the Foundation related to the Foundation's PPN portfolio.

Pursuant to the Investment Management Agreement dated March 13, 2015 between the Foundation and Yorkville, Yorkville has agreed to provide discretionary investment advisory and management services to the Foundation related to an equity portion of the Foundation's portfolio.

These agreements may be terminated by the Foundation or Yorkville upon 30 days' written notice to the other party.

PRINCIPAL DISTRIBUTOR

The principal distributor of the plan is Knowledge First Financial. Its head office and principal place of business is 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B 4A5.

DEALER COMPENSATION

Knowledge First Financial, as remuneration for its services in distributing the plan, is paid the sales charges collected from subscribers pursuant to the provisions of the distribution agreement. These sales charges are then partially applied to compensate the distributor's sales force. As part of their compensation, dealing representatives can earn awards that may include an annual sales conference trip. These trips are awarded approximately every 12 to 18 months. All costs of these trips are paid by the distributor from its own funds and are not charged to the subscribers, the beneficiaries or the Foundation.

Knowledge First Financial has also contracted with other scholarship plan dealers to allow such dealers to distribute the plan. Compensation is paid by Knowledge First Financial directly to such dealers ranging from $40 to $70 per unit sold. Such other scholarship plan dealers in turn pay their respective dealing representatives.

Dealer compensation from management fees

The investment fund manager of the plan paid approximately 0.06% of management fees received from the plan in the form of sales commissions to registered dealers in connection with the distribution of the plan during the 2017 financial year. A portion of this amount was retained by the investment fund manager in its capacity as distributor.

TRUSTEE AND CUSTODIAN

RBC Investor Services Trust
155 Wellington Street
2nd Floor
Toronto, Ontario
M5V 3L3

The plan is a trust. RBC Investor Services Trust is the trustee of the plan and manages the assets in trust on behalf of the Foundation and the Manager.

The Trustee and the custodian each charges a fee for their services, which is deducted from the income earned on contributions and government grants held in the plan. This fee is included in the Management Fee disclosed in this prospectus. If the Manager or the Foundation became insolvent or were otherwise unable to perform their duties relating to the administration of the plan, the Trustee and custodian would continue with their respective duties and continue to act pursuant to its standard of care and instructions from the Court-appointed receiver or other entity charged with dealing with the plan.

AUDITOR

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants is the auditor of the plan. Their address is Suite 2600, PwC Tower, 18 York Street, Toronto, Ontario, M5J 0B2.

TRANSFER AGENT AND REGISTRAR

Heritage Educational Foundation is the transfer agent and registrar of the plan. The Foundation is located in Toronto, ON.

OTHER SERVICE PROVIDERS

The following describes additional service providers to the plan:

Depository Scotiabank Markham, Ontario	Pursuant to an agreement dated September 14, 2004 between the Foundation and Scotiabank, as depository, Scotiabank receives contributions made by subscribers, deducts sales charges and, if applicable, insurance premiums and remits the balance, together with any income, to the trustee who deducts account maintenance fees and contributes the balance to the account maintained by the trustee in trust for the subscriber. Fees charged by Scotiabank are those set out in applicable fee schedules, service requests or statements relating to the account (all of which are subject to change on 30 days' notice). The Foundation may cancel any of the services provided by Scotiabank, generally on two days' written notice. Scotiabank may cancel any of the services provided to the Foundation for a specified reason, on 30 days' prior notice, or immediately, if the Foundation becomes insolvent.
Insurance Provider Sun Life Assurance Company of Canada Waterloo, Ontario	Sun Life Assurance Company of Canada ("Sun Life") underwrites optional life and disability insurance to protect the subscriber in the event that the subscriber suffers a disability or dies while still in the process of contributing to his or her plan according to the Amended and Restated Canadian Administrative Services Agreement between Sun Life and the distributor dated February 1, 2010. This agreement sets out the administrative services that the distributor provides to Sun Life in connection with such insurance, such as enrolling subscribers into the optional insurance, collecting and remitting premiums and providing customer service support. As compensation for the provision of such services, the distributor receives a fixed and a variable percentage of insurance premiums from Sun Life. The total annual payment to the distributor in 2017 aggregated approximately 65% of insurance premiums collected. This agreement may be terminated by either party for any reason on January 1 of any given year on 60 days' prior written notice. Either party may also terminate the agreement (i) immediately in the event that the other party violates a material term of the agreement and such violation is not remedied to the parties' mutual satisfaction within 30 days of notice of such violation and (ii) in the event of the insolvency of the other party. Finally, the agreement automatically terminates upon the termination of the group policies under which the optional insurance is issued. Upon termination, Sun Life will cooperate with any successor insurer.

OWNERSHIP OF THE MANAGER AND OTHER SERVICE PROVIDERS

The investment fund manager and distributor, Knowledge First Financial Inc., wholly-owned by Knowledge First Foundation. The Heritage Educational Foundation and Knowledge First Financial Inc. are under common management.

AFFILIATES OF THE MANAGER

Guardian provides services to the Plan or the investment fund manager in relation to the Plan. An affiliate of Guardian, Guardian Capital LP, is a holder of preferred shares of Knowledge First Financial Inc.

EXPERTS WHO CONTRIBUTED TO THIS PROSPECTUS

The following experts have contributed to this prospectus:

Auditors KPMG LLP Chartered Professional Accountants, Licensed Public Accountants	The Plans' previous auditor was KPMG LLP, who has issued an independent auditors' report dated March 8, 2018, in respect of the Heritage Plans financial statements for the fiscal years ended December 31, 2017 and December 31, 2016. KPMG LLP has advised that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. Effective July, 2018, PricewaterhouseCoopers, LLP was appointed auditors for the Plans.
Legal Counsel Wildeboer Dellelce, LLP	The plan's external legal counsel is Wildeboer Dellelce, LLP. The matters referred to under "How taxes affect your plan" and certain other legal matters relating to the plan have been reviewed by Wildeboer Dellelce.

SUBSCRIBER MATTERS

MEETINGS OF SUBSCRIBERS

Meetings of unitholders may be called by the Foundation or trustee on at least 30 days' notice. A resolution of the subscribers may be passed by a majority of the votes cast at a meeting in person or by proxy. Each subscriber is entitled to one vote per unit.

MATTERS REQUIRING SUBSCRIBER APPROVAL

A meeting of subscribers must be held to approve any changes to the contract or the trust indenture.

AMENDMENTS TO THE DECLARATION OF TRUST

Any amendments to the trust indenture require the approval of the Foundation and the subscribers.

Notwithstanding the foregoing, the Foundation may without concurrence of the subscribers, make any amendment to the education savings plan contract which is:

(a) required to be made in order to comply with applicable law or an order or rule of any governmental or regulatory authority; or

(b) required to overcome administrative difficulties where such amendment does not adversely affect the rights of any subscriber or beneficiary.

In addition, notwithstanding the foregoing, the Foundation and the trustee may amend the trust indenture without the concurrence of the subscribers if the amendment is:

(a) required in order to comply with any applicable law or order or rule of any governmental or regulatory authority or to ensure the continued qualification of the plan as an RESP under the *Income Tax Act* (Canada);

(b) necessary to rectify a clerical or typographical error; or

(c) necessary or desirable in the opinion of the Foundation, provided the amendment does not adversely affect the rights of any subscriber or beneficiary and does not have the effect of disqualifying the plan as RESPs under the *Income Tax Act* (Canada).

REPORTING TO SUBSCRIBERS AND BENEFICIARIES

Each subscriber is provided with an annual statement showing the amount of contributions, any deductions therefrom made during the previous year and all the federal or provincial grants deposited or withdrawn from their account.

In addition, the subscriber can, upon request and without charge, obtain the plan's management report of fund performance and audited financial statements. A copy of the interim financial statements, the statement of investment portfolio and the statement of portfolio transactions are available upon request to the subscribers without charge. The management report of fund performance, audited financial statements and interim financial statements are accessible in the resource centre at HeritageRESP.com as well as in the SEDAR filings database at SEDAR.com. Subscribers who sign and return the appropriate consent authorize the Foundation to provide this information electronically.

BUSINESS PRACTICES

OUR POLICIES

We maintain written compliance policies in our Field Compliance Manual for dealing representatives and the Branch Supervisory Manual for branch supervisors. We also maintain written policies and procedures regarding various operational, business and sales practices matters in our Corporate Policy Manual.

VALUATION OF PORTFOLIO INVESTMENTS

Investments in bonds, bank deposit notes, guaranteed investment certificates ("GICs"), equities, ETFs and short-term investments are carried at fair value based on closing market prices. In the event that market prices are not available, the fair values are estimated using present value or other valuation techniques.

Management has determined that the carrying value of payables for securities purchased, subscribers' contributions and unclaimed funds approximate their fair values as these instruments are short term in nature.

The plan is currently invested in certain debt obligations issued by Canadian chartered banks that are commonly referred to as principal protected notes or PPNs. PPNs have embedded components that change the risk/return profile of the security and whose returns are based on indices or underlying assets rather than typical interest payments. PPNs are carried at fair value determined using pricing models developed and maintained by the PPN issuers.

PROXY VOTING

Plan's investments in government bonds, acknowledgements of indebtedness of chartered banks or licence trust and loan companies, and corporate debt securities with an approved rating do not require the issuer thereof to call meetings of holders or otherwise carry a right to vote. Accordingly, proxy voting is not normally applicable to these investments.

Plan's investments in equity securities result in the plan normally being entitled to vote proxies relating to such equity securities. The Foundation's policy is to delegate this function to the portfolio advisers retained to select securities for the plan on the basis that such portfolio advisers are best situated to assess the consequences of such matters for the plan. The investment advisors have been instructed by the Foundation to exercise their voting responsibility in accordance with the best economic interests of the plan and the plan's investors. The portfolio advisers have also been instructed to vote in favour of proposals which enhance the investment value of the relevant security and against proposals that increase the risk level and reduce the overall investment value. The foregoing instructions are intended to ensure that proxies are voted in a manner consistent with the best interests of the plan.

CONFLICTS OF INTEREST

The investment fund manager and distributor, Knowledge First Financial Inc., is wholly-owned by Knowledge First Foundation. There are no conflicts of interest as a result of this relationship.

Guardian Capital is a holder of preferred shares of Knowledge First Financial Inc. Knowledge First Financial Inc. also controls the Heritage Educational Foundation. An affiliate of Guardian Capital, Guardian Capital LP, is a portfolio adviser to the Plan. While there may be a perceived conflict of interest as a result of this relationship, the Heritage Educational Foundation does not believe that this relationship will result in any actual conflicts of interest.

Scotiabank is the Plan's depository. Scotiabank provides corporate banking services to Knowledge First Financial and Knowledge First Foundation and was the primary lender to Knowledge First Financial Inc. and Knowledge First Foundation in respect of the acquisition of Heritage Education Funds Inc. on January 2, 2018. Scotia Institutional Asset Management, a division of 1832 Asset Management, L.P. is a portfolio adviser to the Plan. 1832 Asset Management L.P. is an affiliate of Scotiabank. While there may be a perceived conflict of interest as a result of this relationship, the Heritage Educational Foundation does not believe that this relationship will result in any actual conflict of interest.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or officer of the Foundation or Knowledge First Financial Inc. has a material interest that has materially affected or is reasonably expected to materially affect the Plans.

KEY BUSINESS DOCUMENTS

1. **Enrollment Application and Education Savings Plan Contract dated as of the date on which it is accepted by the Foundation.**

   This is the contract that a subscriber enters into with the Foundation in order to enroll in the plan. In this contract, the subscriber names a child under the age of 15 as the beneficiary under the plan, selects a year of maturity for the plan and selects the contribution schedule which will govern the plan. Cancellation of the plan is described on page 31.

2. **The Scotiabank Financial Services Agreement dated September 14, 2004 between the Foundation and Scotiabank, as depository.**

   This document provides for the opening and operation of an account into which contributions are made and contributions, less fees, are returned to subscribers. Please refer to the "Other service providers" section on page 54 for more details in regards to this agreement.

3. **The Amended and Restated Trust Indenture dated as of June 20, 2003 between the Foundation and the trustee, providing for the offering of education savings plans under the Heritage Plans.**

   This trust indenture is the instrument by which the Foundation appointed RBC Investor Services Trust as the trustee of the plan, which is a trust established by the Foundation for the advancement of post-secondary education in Canada (details of which are set out on page 53). This indenture establishes the terms of maintenance and investment of contributions held in the plan, the payment of EAPs and AIPs and the trustee's responsibilities regarding the administration of the plan. The fees to be paid in connection with the services provided by the trustee are all reasonable costs and expenses incurred by it in the performance of its duties under this trust indenture and are set out on page 25. The Foundation is entitled to terminate the appointment of the trustee upon three months' notice to the trustee provided that the Foundation has first appointed a qualified trust company to be a successor to the trustee. The trustee may resign by giving three months' notice to the Foundation provided a successor trustee is appointed by the Foundation. In the event that the Foundation fails to appoint a successor trustee within two months of the notice of removal or resignation, the trust indenture will be terminated and the trustee will wind up the plan and distribute all of the assets (including by returning deposits to subscribers).

4. **The Franchise Agreement dated October 3, 2006 (as amended June 3, 2010 and as further amended January 5, 2015) between the Foundation and the distributor, described in the "Details of the management agreement" section on page 45.**

   Under this agreement, Knowledge First Financial (the "distributor") is the exclusive distributor for the purpose of distributing and administering all financial products sponsored by the Foundation, including the Heritage Plans. As consideration for the distribution of the Heritage Plans, the distributor is paid a sales charge of $100 per unit (pro-rated for fractional units) which is deducted from contributions of subscribers. As consideration for the administration of the plan, the distributor is paid (i) the account maintenance fee which is more particularly described at page 24, and which may be amended by the Foundation upon prior notice to subscribers, (ii) the administrative fee more particularly described at page 25 and (iii) various other transaction fees that are more particularly described at page 25. The distributor also receives such percentage of insurance premiums collected by subscribers as it may negotiate with the insurance provider from time to time.

   The Foundation has the following termination rights under this agreement:

   (i) On 60 days' written notice in the event that the distributor fails to enroll a minimum number of subscribers. The distributor has the right to appeal such termination.

   (ii) Immediately, in the event that the distributor:

      (a) ceases to carry on business,

      (b) becomes subject to insolvency proceedings, or

      (c) ceases to encourage the enrollment into the plan; and

   (iii) On 60 days' written notice upon the distributor's breach, provided such breach remains uncured during that period.

   The distributor has the right to terminate this agreement on six months' notice to the Foundation, for any reason.

   Additionally, this agreement terminates automatically in the event that the Foundation becomes insolvent. In such case, the distributor has the right to acquire all rights, title and interest in and to the plan for a nominal fee.

5. **The CES Grant Agency Agreement dated as of November 30, 1998 between the Foundation and the trustee, as amended by letter agreement dated April 13, 2009.**

   The trustee has entered into an agreement (the "ESDC Trustee Agreement") with Employment and Social Development Canada ("ESDC") in order to facilitate the availability of CESG, CLB, BCTESG and SAGES payments and their administration. As contemplated by the ESDC Trustee Agreement, the trustee has also entered into an agreement with the Foundation appointing the Foundation as the agent of the trustee and delegating to the Foundation the administration functions under the ESDC Trustee Agreement.

   Under this agreement, the trustee appoints the Foundation as its agent to perform the trustee's duties and obligations under its agreement with Her Majesty the Queen in Right of Canada (as represented by the Ministry of Employment and Social Development Canada) to facilitate the implementation, administration and payment of grants under the Canada Education Savings Program (the "ESDC Agreement"). Such responsibilities include maintaining records in respect of the applicable grants and facilitating subscriber applications for grants. The fees payable to the Foundation under this agreement are those that may be agreed from time to time between the Foundation and the trustee. Currently no such fees are paid. This agency agreement may only be terminated in the event the ESDC Agreement or the agreement between the trustee and the Foundation providing for the administration of the plan is terminated (see Item #6 below).

   The trustee has also entered into an agreement with the Minister of Revenu Québec in order to facilitate the availability of QESI payments and their administration. The trustee has entered into an agreement with the Foundation appointing the Foundation as the agent of the trustee and delegating to the Foundation the administration functions.

6. **The Agency Administration Agreement dated as of November 30, 1998 as amended April 15, 2000 and June 20, 2003 and as further amended as of December 16, 2013 between the Foundation and the trustee.**

   Pursuant to this agreement, the Foundation provides administrative and investment management services to the trustee in connection with the plan. This agreement also details the trustee's duties, including receiving monies from the Foundation in respect of the plan.

   As compensation for the services which the Foundation provides under this agreement, it receives a monthly administration fee which is described in greater detail on page 25.

   The Foundation may terminate this agreement on at least three months' notice. The trustee may terminate the agreement (i) immediately, if the Foundation becomes insolvent or if the Foundation becomes incapable of performing its responsibilities under the trust indenture or this agreement and (ii) on at least three months' notice to the Foundation. Government grants will continue to be held in Trust, pursuant to the Trustee agreement, if situation (i) occurs.

7. **The Promoter Agreement between the Foundation and Employment and Social Development Canada ("ESDC") for the delivery of the CESG, the CLB and federally administered provincial incentives effective January 29, 2016.**

   This agreement outlines the terms and conditions on which the Foundation, as promoter, may provide its subscribers with the opportunity to access the CESG, CLB and the federally administered provincial incentives and may act as agent of the trustee in this regard.

   ESDC may terminate this agreement immediately upon the occurrence of certain events of default set out in the agreement (including the Foundation becoming insolvent or the Foundation breaching the agreement). Either party may terminate this agreement for any reason on at least three months' written notice to the other party.

8. **The QESI Agreement dated June 26, 2008 between the Minister of Revenu Québec (the "Minister") and the Foundation.**

   This agreement outlines the terms and conditions on which the Foundation, as promoter, may provide its subscribers with the opportunity to access the QESI grant and may act as mandatory of the trustee in this regard.

   Either party may terminate this agreement for any reason on at least three months' written notice to the other party. The Minister may also terminate this agreement upon the Foundation becoming insolvent or upon the occurrence of certain events of default set out in the agreement, which defaults are not remedied within 30 days of notice by the Minister of such defaults.

9. **The Amended and Restated Canadian Administrative Services Agreement between Sun Life Assurance Company of Canada ("Sun Life") and Knowledge First Financial dated February 1, 2010.**

   Sun Life underwrites optional insurance coverage to protect the subscriber in the event that the subscriber suffers a disability or dies while still in the process of contributing to his or her plan. Please refer to the "Other service providers" section on page 54 for more details in regards to this agreement.

10. **The Investment Management Agreement dated August 21, 2006, as amended on July 7, 2015, between the Foundation and Scotia Institutional Asset Management, a division of 1832 Asset Management L.P. (formerly, Scotia Asset Management L.P.)**

    Please see page 52 under "Portfolio advisers – Details of the portfolio advisory agreements" for additional details regarding this agreement.

11. **The Investment Management Agreement dated October 1, 2010 between the Foundation and Yorkville Asset Management Inc.**

    Please see page 52 under "Portfolio advisers – Details of the portfolio advisory agreements" for additional details regarding this agreement.

12. **The Investment Management Agreement dated March 12, 2015 between the Foundation and Guardian Capital LP.**

    Please see page 52 under "Portfolio advisers – Details of the portfolio advisory agreements" for additional details regarding this agreement.

13. **The Investment Management Agreement dated March 12, 2015 between the Foundation and TD Asset Management Inc.**

    Please see page 52 under "Portfolio advisers – Details of the portfolio advisory agreements" for additional details regarding this agreement.

14. The Investment Management Agreement dated March 13, 2015 between the Foundation and Yorkville Asset Management Inc.

Please see page 52 under "Portfolio advisers – Details of the portfolio advisory agreements" for additional details regarding this agreement.

Copies of each of the foregoing contracts may be inspected at the registered office of the Foundation during ordinary business hours.

LEGAL MATTERS

LEGAL AND ADMINISTRATIVE PROCEEDINGS

i. In 2008, the Staff of the British Columbia Securities Commission ("BCSC") conducted a compliance examination of the distributor and subsequently advised the distributor of certain deficiencies that Staff perceived in the firm's compliance procedures, policies or practices. The outstanding deficiencies have since been resolved and on May 14, 2010, a settlement agreement was entered into between the BCSC and the distributor. The distributor agreed to pay $50,000 to the BCSC, of which $25,000 represented the cost of BCSC compliance examination, and to the appointment of a monitor. The monitor reported to the BCSC following the 2010 and 2011 fiscal year ends of the distributor on the distributor's rectification of specific past deficiencies and its maintenance and application in British Columbia of a reasonably designed system of controls and supervision relating to areas of concern raised in the 2008 BCSC compliance examination. The monitor's reports have not identified any material, continuing deficiencies.

ii. In 2012, the Ontario Securities Commission ("OSC") completed a compliance review of the Heritage Education Funds Inc, in its capacity of the distributor at the time, and noted concerns that were referred to the Enforcement Branch of the OSC. Pursuant to the terms and conditions of a Temporary Order issued by the OSC on August 13, 2012, (the "Terms") on consent of the distributor, the distributor retained an independent consultant and monitor, approved by the OSC, to assist the distributor in strengthening its compliance system. The Terms were vacated from the distributor's registration on June 6, 2014. A Settlement Agreement was signed on January 12, 2015, and the independent consultants filed a report on March 12, 2016 with the OSC confirming that improvements to its compliance system as set out in the Consultant's Plan, as well as any subsequent revisions thereto, are being followed, working appropriately and being adequately administered and enforced by the distributor.

iii. On July 19, 2016, a legal proceeding under the New Code of Civil Procedure was commenced in Superior Court of Quebec naming all registered scholarship plan dealers and foundations operating in Quebec, including Knowledge First Financial and Heritage Educational Foundation. The proceeding relates to the amount of sales charges that were charged to subscribers in Quebec who were party to a group scholarship plan agreement since July 19, 2013. We cannot predict the final outcome or timing of the pending legal proceeding and any potential financial impact cannot be determined at this time. However, based on the information currently available and our assessment of the legal proceeding, we believe that Knowledge First Financial and the Foundation have strong defenses and we intend to vigorously defend the positions of Knowledge First Financial and the Foundation. On May 16 and 17, 2018, a hearing was held to determine if the proceeding can proceed to trial as a class action. Following the hearing, a judgment was issued dismissing the matter in its entirety. That judgment is under appeal.

iv. On June 15, 2018, a legal proceeding under the New Code of Civil Procedure was commenced in Superior Court of Quebec to authorize a class action against all registered scholarship plan dealers in Canada, inclusive of Knowledge First Financial Inc., and Heritage Educational Foundation. The proceeding relates to the amount of enrolment fees that were charged to customers in Quebec who were party to a scholarship plan agreement since July 19, 2013. This proceeding was commenced immediately following the judgment dismissing the similar proceeding commenced on July 19, 2016. Management cannot predict the final outcome or timing of the pending legal proceeding and any potential financial impact cannot be determined at this time. However, based on the information currently available and management's assessment of the legal proceeding, management believes that Knowledge First Financial Inc., and the Foundation have strong defenses and management intends to vigorously defend the positions of Knowledge First Financial Inc. and the Foundation.

CERTIFICATE OF THE PLANS AND THE PROMOTER, HERITAGE EDUCATIONAL FOUNDATION

August 28, 2018

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

On behalf of the Plans

(Signed) *R. George Hopkinson*	(Signed) *Stephen Rotz*
R. George Hopkinson President and Chief Executive Officer	Stephen Rotz Chief Financial Officer

On behalf of the Board of Directors of the Heritage Educational Foundation and on behalf of the Plans

(Signed) *Donald W. Hunter*	(Signed) *David Forster*
Donald W. Hunter Director	David Forster Director

CERTIFICATE OF THE INVESTMENT FUND MANAGER

August 28, 2018

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

On behalf of Knowledge First Financial Inc.

(Signed) *R. George Hopkinson*

R. George Hopkinson
President and Chief Executive Officer

(Signed) *Stephen Rotz*

Stephen Rotz
Chief Financial Officer

On behalf of the Board of Directors of Knowledge First Financial Inc.

(Signed) *Donald W. Hunter*

Donald W. Hunter
Director

(Signed) *David Forster*

David Forster
Director

CERTIFICATE OF THE PRINCIPAL DISTRIBUTOR

August 28, 2018

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

On behalf of Knowledge First Financial Inc.

(Signed) *Donald Hunter*

Donald Hunter
Chairman and Director

HERITAGE PLANS

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You can find additional information about the plan in the following documents:

- the plan's most recently filed annual financial statements,
- any interim financial reports filed after the annual financial statements,
- the most recently filed annual management report of fund performance, and
- the undertaking.

These documents are incorporated by reference into this prospectus. That means they legally form part of this document just as if they were printed as part of this document.

You can get a copy of these documents at no cost by calling us at 1.800.739.2101 or by contacting us at CustomerCare@HeritageRESP.com.

You'll also find these documents on our website at HeritageRESP.com.

These documents and other information about the plan are also available at SEDAR.com.

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