

**UNDERTAKING TO  
THE ONTARIO SECURITIES COMMISSION AND  
EACH OTHER PROVINCIAL AND TERRITORIAL SECURITIES REGULATOR WHERE  
EMBARK STUDENT PLAN IS QUALIFIED FOR DISTRIBUTION TO THE PUBLIC**

This Undertaking is provided on behalf of Knowledge First Financial Inc. (the Manager or we) to the Ontario Securities Commission (the OSC), as well as each other securities regulatory authority in the provinces and territories of Canada (collectively, the Jurisdictions), where Embark Student Plan (the Plan) is a reporting issuer and securities are distributed to the public pursuant to a current prospectus (the Prospectus) filed in accordance with National Instrument 41-101 General Prospectus Requirements (NI 41-101).

The Manager confirms that the assets of the Plan, consisting of:

- a) contributions made into the Plan by subscribers (the Contributions),
- b) amounts deposited into the Plan from various government grant and incentive programs for registered education savings plans (Government Grants), and
- c) Income and capital gains earned by the Plan for the benefit of the beneficiaries of subscribers (Income),

(the Contributions, Government Grants and Income are, collectively, the Plan Assets), will at all times be managed (i) by portfolio managers registered as advisers in Ontario, (ii) in accordance with the fundamental investment objectives, investment strategies and restrictions described in the Prospectus, and (iii) in accordance with the requirements of the Income Tax Act (Canada) as the same applies to registered education savings plans.

For the purposes of this Undertaking, all terms that are defined in National Instrument 81-102 Investment Funds (NI 81-102) are identified with quotation marks and shall have the same meaning in this Undertaking as they have in NI 81-102, at the relevant time.

We hereby undertake to the Jurisdictions that:

**1. Scope of Plan Investments**

- a. Plan Assets will be invested in accordance with the fundamental investment objectives and investment strategies disclosed in the Plan's Prospectus.

The fundamental investment objective of the Plan is as follows and can only be changed with the prior approval of the Subscribers of the Plan, which must be given by a resolution passed by at least a majority of the votes cast at a meeting of the Subscriber of the Plan duly called and held to consider the matter.

*Invest Subscribers' Contributions in a way to preserve capital while delivering a reasonable return on investments over the designated investment horizons. The Plan will meet its investment objectives for Subscribers by investing Contributions, Government Grants and Earnings, according to a glide path long-term investment approach that seeks to match the age of the beneficiaries and their expected date to attend post-secondary education with an appropriate investment mix.*

*The full glide path is based on an 18-year time horizon where the asset allocation strategy of the portfolios have an emphasis on equity investing in early years and transition to a more*

*conservative investment mix over time, with more emphasis on fixed income securities in the later years of the glide path. When the beneficiaries reach age when they expect to attend eligible studies, typically around age 18, the Contributions, Government Grants and Earnings will be primarily invested in fixed income securities. The maximum equity asset allocations for each defined beneficiary age point will not be changed without Subscriber approval.*

*The Plan may invest in equity securities as well as both government and corporate fixed-income securities (as defined in 2f) of Canadian and foreign companies as well as cash. The Plan will seek to achieve its investment objectives by investing in exchange-traded funds which have exposure to these securities, where considered appropriate.*

- b. The target percentage of Plan Assets to be invested in any combination of Equity Securities, and ETFs which invest in equity securities or which track equity market indices (all as defined below), according to any point in the glide path, will not exceed the maximum equity asset allocation for any defined beneficiary age point in the glide path for any reason other than market movements. If Plan Assets are invested beyond the maximum equity asset allocation for any defined beneficiary age point in the glide path due to market movements, the Manager will, as quickly as commercially reasonable, reduce the amount so invested back to or below the maximum equity percentage exposure limit referenced at the applicable point in the glide path.

## **2. Investments**

The Plan will be managed in accordance with the investment restrictions set out in National Policy Statement No 15 Conditions Precedent to Acceptance of a Scholarship or Educational Plan Prospectuses (NP 15), as modified by this Undertaking, and requirements of the Income Tax Act (Canada) as the same applies to registered education savings plans. Plan Assets will at all times be invested in one or more of the following types of securities or cash:

- a. "government securities"
- b. "guaranteed mortgages"
- c. mortgage-backed securities, where all of the underlying mortgages are "guaranteed mortgages";
- d. "cash equivalents";
- e. guaranteed investment certificates (GICs) and other evidences of indebtedness of Canadian financial institutions, where such securities or the financial institution have a "designated rating";
- f. evidences of indebtedness issued by corporations, including financial institutions (Corporate Bonds), provided those Corporate Bonds have a minimum credit rating of BBB (low), as rated by a "designated rating organization" as that term is defined in National Instrument 25-101 Designated Rating Organizations;
- g. equity securities of corporate issuers (Equity Securities) that are listed and traded on a stock exchange in Canada or the United States;
- h. "index participation units" (IPUs, or individually, an IPU) provided that the IPUs are securities of a mutual fund;
- i. securities of a mutual fund that
  - i. is subject to NI 81-102, which offers or has offered securities under a simplified prospectus in accordance with National Instrument 81-101 Mutual Fund Prospectus Disclosure, including mutual funds with a series of securities that trades on a stock exchange in Canada or the United States (ETF Series);; or
  - ii. is subject to NI 81-102, which offers or has offered securities under National Instrument 41-101 General Prospectus Requirements and which securities trade on a stock exchange in Canada or the United States (collectively with ETF Series, ETFs).

## **3. Concentration Restrictions**

- a. The Plan will not purchase a security of an issuer if, immediately after the purchase, more than 10 percent of the net assets of the Plan, taken at market value at the time of the purchase, would be invested in securities of any one issuer.
- b. Paragraph (a) does not apply to the purchase of (i) "government securities" or (ii) of a mutual fund (including exchange traded funds) that is otherwise permitted to be invested in the Plan under this Undertaking.

#### **4. Control Restrictions**

- a. The Plan will not purchase a security of an issuer for the purpose of exercising control over, or management of, the issuer of the security.
- b. The Plan will not purchase a security of an issuer if, immediately after the purchase, the Plan would hold securities representing more than 10 percent of the votes attaching to either the outstanding voting securities or the outstanding equity securities of that issuer.
- c. If the Plan acquires a security of an issuer other than as the result of a "purchase", and the acquisition results in the Plan exceeding the limits provided for in paragraph (a) above, the Plan must, as quickly as is commercially reasonable, and in any event no later than 90 days after the acquisition, reduce its holdings of those securities so that it does not hold securities exceeding those limits.
- d. Paragraph (b) and (c) do not apply to the purchase or acquisition of securities of a mutual fund that is otherwise permitted to be invested in by the Plan under this Undertaking.

#### **5. Restrictions Concerning Types of Investments and Investment Practices**

The Plan will not:

- a. purchase real property or physical commodities,
- b. purchase a mortgage other than a "guaranteed mortgage",
- c. purchase, sell or use a "specified derivative", other than to hedge currency risk,
- d. purchase linked notes, including principal-protected and non-principal protected notes or other similar evidences of indebtedness issued by financial institutions or corporations, or linked GICs,
- e. purchase securities on margin;
- f. sell securities short;
- g. purchase a security that by its terms may require the Plan to make a contribution in addition to the payment of the purchase price;
- h. lend cash or portfolio assets other than cash;
- i. guarantee securities or obligations of a person or company, or
- j. purchase securities other than through market facilities through which these securities are normally bought and sold, unless the purchase price approximates the prevailing market price or the parties are at arm's length in connection with the transaction.

#### **6. Restrictions Concerning Illiquid Assets**

The Plan will not purchase an "illiquid asset", but if any security held by the Plan becomes an "illiquid asset" after its purchase by the Plan, then the Plan will, as quickly as is commercially reasonable, dispose of that "illiquid asset".

#### **7. Investments in Other Investment Funds**

- a. The Plan will not purchase or hold a security of an investment fund, unless
  - i. the other investment fund is one of the types of investment funds permitted under paragraph 2 (h) and (i);
  - ii. at the time of purchase of that security, the other investment fund holds no more than 10 percent of its net asset value in securities of other investment funds;

- iii. no management or incentive fees that are payable by the Plan that, to a reasonable person, would duplicate a fee payable by the other investment fund for the same service;
- iv. no sales fees or redemption fees are payable by the Plan in relation to its purchases or redemptions of securities of the other investment fund that, to a reasonable person, would duplicate a fee payable by an investor in the Plan.
- b. Paragraph (a)(ii) does not apply if the other investment fund purchases or holds securities
  - i. of a "money market fund", or
  - ii. that are IPUs issued by a mutual fund.

## **8. Borrowing Practices**

The Plan will not borrow cash or provide a security interest over any of its assets unless

- a. the transaction is a temporary measure to accommodate requests for repayments of moneys paid to the Plan by subscribers of the Plan while the Plan effects an orderly liquidation of portfolio assets, or to permit the Plan to settle portfolio transactions and, after giving effect to all transactions undertaken under this paragraph 8, the outstanding amount of all borrowings of the Plan does not exceed five percent of its net asset value at the time of the borrowing; or
- b. the security interest secures a claim for the fees and expenses of the custodian or sub-custodian of the Plan for services rendered in that capacity as permitted by subsection 14.5(3) National Instrument 41-101 General Prospectus Requirements.

## **9. Eligibility**

Education assistance payments made by the Plan (EAPs) will be made to beneficiaries of the Plan who enrol in any post-secondary educational program or school that meets the definition of "qualifying educational program" or "specified educational program", as those terms are defined in the *Income Tax Act (Canada)*.

## **10. Distribution by Qualified Representatives**

The Plan will be distributed only by representatives of the Manager who are designated by the Manager as qualified to distribute the Plan and, as such, have the proficiency required by National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations for registered dealing representatives of registered dealers.

## **11. Compliance**

- a. On an annual basis, the Manager will confirm the Plan's compliance with this Undertaking in each Jurisdiction by filing this Undertaking and an Annual Certificate of Compliance with the Undertaking (the Annual Certificate), on SEDAR, no later than the date of the final renewal prospectus filing for the Plan. The Undertaking and the Annual Certificate will each be filed as a "public" document on SEDAR and the Undertaking will be incorporated by reference into the Prospectus and the Prospectus will state this fact.
- b. The Manager represents that the Manager (both in its capacity as a registered investment fund manager of the Plan and as a registered scholarship plan dealer) and the Plan are not in default of any applicable securities regulation in the Jurisdictions.
- c. This Undertaking supersedes any prior agreement or administrative policy of a Jurisdiction concerning applicable investment restrictions for the Plan and to the extent there is any conflict between the terms of this Undertaking or the provisions of NP15, this Undertaking will prevail.
- d. Any security or other asset not specifically permitted by this Undertaking is a prohibited investment of the Plan.

## **12. Termination of this Undertaking**

This Undertaking will terminate on the earlier of:

- a. the Undertaking being superseded or replaced by a new Undertaking, agreed to between the Manager and the Jurisdictions in respect of the same subject matter, and
- b. the coming into force of any rule of the Jurisdictions that regulates the investments of the Plan and other scholarship plans.

This Undertaking is hereby executed by the Chief Executive Office and the Vice President, Finance and Controller of the Manager, in its capacity as investment fund manager of the Plan and as a registered scholarship plan dealer as of this 13 day of December, 2022.

By: \_\_\_\_\_ President and CEO

By: \_\_\_\_\_ Vice President, Finance and Controller