embark™

# PROSPECTUS

**Continuous Offering**
**Detailed Plan Disclosure**

May 8, 2023

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

These investment funds are scholarship plans managed by Embark Student Corp.

## Education Savings Plans

**Flex First**

Flex First Plan
($500 total contribution minimum)

**Family Individual Plan**

Family Single Student Education Savings Plan
($449 total contribution minimum)

# 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 Numbers = No government grants, no tax benefits**

We need your social insurance number and the social insurance number of the child named as your 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 social insurance numbers. 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 social insurance number after you have enrolled. If you don't provide the beneficiary's social insurance number when you sign your contract with us, we'll put your contributions into a holding account. The holding account is an unregistered education savings account and is not eligible for the RESP tax benefits or government grants. During the time your contributions are held in the holding account (see "Escrow Account" in the Education Assistance Agreement) we will deduct the sales charge and fees from your contributions as described under "Costs of investing in this Plan" in this prospectus. Any income earned in the holding account will be included in your taxable income in the year it is earned. If we receive your beneficiary's social insurance number within 12 months of your application date we'll transfer your contributions and the income they earned to the RESP savings account. If we do not receive the beneficiary's social insurance number within 12 months of your application date, we'll cancel your plan. You'll get back your contributions and the income earned, less the sales charge and fees paid to date. Since you pay sales charges up front, you could end up with much less than you put in if your plan cancels so soon after enrollment. **If you don't expect to get the social insurance number for your beneficiary within 12 months of your application date, you should not enroll or make contributions at this time, but rather wait until you are sure you can get the beneficiary's social insurance number within the 12-month time period.**

## 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 THE FLEX FIRST PLAN DEPEND ON THESE FACTORS

The amount of the EAPs from a Flex First Plan, which includes income on your contributions, grants and grant income, will depend on how much your plan earns and whether the student attends a qualifying post-secondary education program, which gives the student access to these amounts. Flex First also pays a loyalty bonus at the time the beneficiary starts eligible post-secondary studies, the amount of which will depend on how much loyalty bonus, if any, you have accumulated on behalf of your plan.

## PAYMENTS FROM THE FAMILY INDIVIDUAL PLAN DEPEND ON THESE FACTORS

The amount of the EAPs from the family individual plan, which includes income on your contributions, grants and grant income, will depend solely on how much your plan earns and whether the student attends a qualifying post-secondary education program, which gives the student access to these amounts.

## 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 after signing your contract to withdraw from your plan and get back all of your money. If you (or we) cancel your plan after 60 days, you'll get back your contributions, less some or all of the sales charge and fees paid to date. Under the Flex First Plan you may receive back part of the sales charge you paid up front. See "Return of sales charge" feature in this Detailed Plan Disclosure.

If you or we cancel your plan after the first 60 days in the Flex First and the family individual plan, you might be eligible to receive your earnings on both your contributions and government grants as an accumulated income payment.

When your plan is cancelled and you withdraw your contributions, whether it is before or after the first 60 days:

- any government grants collected will be returned to the government;
- this government grant contribution room will be lost (with the exception of the Canada Learning Bond (CLB) as lifetime CLB entitlement is not affected by a repayment); and
- the withdrawn amount will be included as an RESP contribution when determining whether the $50,000 RESP contribution limit has been exceeded, even though the contributions were withdrawn.

**Keep in mind that you pay the sales charge up front. If you cancel your family individual plan in the first few years, you could end up with much less than you put in. This risk is less in Flex First because of the return of sales charge feature built into that Plan.**

# Table of Contents

# Introduction

This Detailed Plan Disclosure contains information to help you make an informed decision about investing in our scholarship plans and to understand your rights as an investor. It describes the Plans and how they work, including the fees you pay, the risks of investing in each Plan and how to make changes to your plan. It also contains information about our organization. The prospectus comprises both this Detailed Plan Disclosure and each Plan Summary that was delivered to you.

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

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

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 1-800-363-7377 or by contacting us at contact@embark.ca. You'll also find these documents on our website at www.embark.ca. These documents and other information about the Plans are also available at www.sedar.com. Once you are a subscriber in a Plan, these documents will be posted to your electronic account if you chose to set up electronic access to your account. Any documents of the type described above, if filed by the Plans after the date of this prospectus and before its expiration, are also deemed to be incorporated by reference in the prospectus.

Each Plan is required to prepare annual audited financial statements, semi-annual unaudited financial statements and an annual management report of fund performance that comply with applicable laws and accounting standards. Along with this prospectus, the Plans' financial statements and management reports of fund performance provide information that will help you assess the Plan, its past operations, its financial condition, its future prospects and its risks. The financial statements are made up of the statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to subscribers and beneficiaries, statement of cash flows and the notes which include a summary of significant accounting policies.

How the Plans manage the money deposited into them can say much about the Plans' ability to withstand market changes and unexpected events. The Plans' management reports of fund performance are reports written by Embark Student Corp. (the "Manager") explaining the events that have affected the Plans' investment performance. They also describe the investments made by the Plans and how those investments have performed. You can get a list of the investments in each Plan by reviewing the Plan's latest annual management report of fund performance and financial statements.

All National Instruments referenced in this Detailed Plan Disclosure have been established by the Canadian Securities Administrators (CSA).

# Terms used in this Prospectus

In this document, "we", "us" and "our" refer to Embark Student Foundation and Embark Student Corp. "You", "your" and "subscriber" refer to the person or persons who enter into a Plan agreement with us as investors. "Beneficiary", "child" or "student" refer to the person you select to benefit from your plan.

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 opened your plan with us, which is the date you sign your application.

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

***Contract:*** the agreement (the "Education Assistance Agreement") you enter into with us when you open your education savings plan.

***Contribution:*** the amount you contribute to your plan after any insurance premiums, sales charges and transaction fees have been deducted from your deposit.

***EAP:*** see educational assistance payment.

***Earnings:*** any money earned on your (i) contributions and (ii) government grants, such as interest and capital gains.

***Educational assistance payment (EAP):*** is a payment made from the Plan to your Beneficiary for eligible studies. An EAP consists of your Earnings and Government Grants.

***Eligible studies:*** a post-secondary year and educational program that meets that specific 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 (also known as "grant room"):*** the amount of government grant you are eligible for under a federal or provincial government grant program.

***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 enrol in their first year of post-secondary education.

***Net contributions:*** the amount of Contributions, less, in the case of the Family Single Student Education Savings Plan, the enrolment fees paid and in the case of the Flex First Plan, the amount of the sales charges paid.

***Plan(s):*** means the Flex First Plan ("Flex First") and/or the Family Single Student Education Savings Plan ("family individual plan") each a scholarship plan offered by the Foundation that provides funding for a beneficiary's post-secondary education.

***Subscriber:*** the person or persons who enters into a contract with the Foundation to make contributions to a Plan.

***Unit:*** for the family individual plan. Your contributions correspond to units in your plan. The number of units you have in your plan depends on how much, how often, and how many years you contribute to it. The more units you have in your plan, the higher your sales charge will be. The terms of the contract you sign determine the final value of a unit.

Unless otherwise specified in this prospectus, all capitalized terms in this document have the meaning as set out in the Plans' Education Assistance Agreements.

# Overview of our scholarship plans

## 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 contract under a scholarship plan ("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 for you and the person you name in the plan as your beneficiary. You sign a contract when you open your plan with us. You make contributions to your plan. We invest your contributions for you and deduct applicable fees. You will get back your contributions, less fees, whether or not your beneficiary goes on to post-secondary education. The income earned in your plan is used to pay EAPs to the beneficiary. Your beneficiary will receive EAPs from your plan if they enrol in eligible studies and all the terms of the contract are met. Beneficiaries will receive EAPs if they meet the requirements under the *Income Tax Act* (Canada). Please read your Education Assistance Agreement carefully and make sure you understand it before you sign. If you or your beneficiary does not meet the terms of your contract, it could result in a loss and your beneficiary might not receive some or all of their EAPs.

## TYPES OF PLANS WE OFFER

The Foundation sponsors and promotes the two education savings plans offered under this prospectus: the Flex First Plan ("Flex First") and the Family Single Student Education Savings Plan (the "family individual plan"). The enrolment criteria, contribution requirements, fees, eligible studies, payments to beneficiaries, options for receiving EAPs and options if the beneficiary does not pursue eligible studies vary among the Plans offered. EAPs in Flex First and the family individual plan are issued from the income earned on the subscriber's contributions. Under Flex First subscribers can also receive a loyalty bonus. For more details on Flex First see page 16 of this Detailed Plan Disclosure. For more details on the family individual plan see page 29 of this Detailed Plan Disclosure.

There is another Embark Student Corp. plan, but this a separate scholarship plan offered under a separate prospectus: Embark Student Plan.

## HOW OUR PLANS WORK

**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 your plan matures so we can return your contributions and make payments to the beneficiary.

1. **You enrol in a Plan**

   You choose the Plan that best suits you and your beneficiary. You complete enrolment and grant applications and enter into an Education Assistance Agreement with us.

2. **You contribute to your plan**

   You contribute money to your plan in either a lump sum or a series of bi-weekly, semi-monthly, monthly or annual contributions (depending on the Plan type). You can make ad hoc lump-sum contributions as well. The amount of each contribution depends on what you can afford and can be changed if your circumstances change. Grandparents, aunts and uncles, and family friends can also contribute to your plan on your behalf.

3. **You pay fees (plus any applicable taxes)**

   **(a)** under the family individual plan, insurance premiums to cover the cost of group life and total disability insurance that is included as a feature of the Plan are deducted from your contributions. This insurance provides ongoing contribution completion protection in the event of death or total disability;

   **(b)** fees deducted from your contributions to cover the cost of enrolment and processing deposits to the Plans, and for specific transactions in the Plans; and

   **(c)** fees deducted from Plan income to cover the cost of administration, portfolio management, the independent review committee and the custodian for the Plans.

   The Flex First Plan offers subscribers a return of sales charge feature which allows a portion of the sales charge you have paid to be returned to you under certain conditions. See page 20 for more information on the return of sales charge feature for Flex First.

4. **We apply for government grants on your behalf**

   If you ask us to, we will apply for government grants on your behalf. Once your plan is registered, the government grants your beneficiary qualifies for will be contributed to your plan.

5. **In the Flex First Plan, loyalty bonus accumulates for your plan**

   At the end of each calendar month, and if your plan qualifies at that time, we will calculate a loyalty bonus that will accumulate on behalf of your Flex First Plan. The monthly amount of this bonus is based on a percentage of the total amount of net contributions that were in your plan at the beginning of the calendar month (less any contribution withdrawals you may have made during the month).

6. **We invest the money in your plan**

   We invest your contributions, government grants, and the income they earn, mainly in Canadian fixed income securities, such as federal, provincial and/or municipal bonds, mortgage-backed securities, treasury bills and evidence of indebtedness of Canadian financial institutions with a designated rating, as that term is defined in National Instrument 81-102 (“Designated Rating”), as well as corporate bonds with 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 (“BBB Rating”) (the Fixed Income Investments).

   In addition to the Fixed Income Investments, no more than 40% of the contributions, government grants and the income they earn, may also be invested in exchange-traded equity securities listed on a stock exchange in Canada or the U.S. and “Index Participation Units” as that term is defined in National Instrument 81-102 (“NI 81-102”).

   We may also invest in Specified Derivatives (as defined by NI 81-102), but only for the purpose of hedging. We may also lend portfolio assets of the Plan, as contemplated by section 2.12 of NI 81-102. Our goal is to protect the value of your contributions while generating income to help pay for your beneficiary’s post-secondary education.

7. **Your beneficiary is accepted into eligible studies**

   Your beneficiary can study at any post-secondary school that qualifies for an RESP under the *Income Tax Act* (Canada). This can include:

   - Canadian universities, colleges, Collèges d’enseignement général et professionnel (CÉGEPs), other designated post-secondary educational institutions and some occupational training institutions

- Recognized universities, colleges and other educational institutions outside Canada.

Your beneficiary can be registered in any academic or professional program that qualifies for an RESP under the *Income Tax Act* (Canada) and meets your plan's criteria. The program must be at least 10 hours a week for a minimum of three consecutive weeks in Canada or 13 consecutive weeks outside Canada. The program may also be at least 12 hours per month for a minimum of three consecutive weeks in Canada, or 13 consecutive weeks outside Canada if the beneficiary is at least 16 years old.

8. **We make payments**

You get your contributions (less fees) back whether or not your beneficiary goes to school. We use the income your contributions have earned – along with government grants and the income they've earned – to make EAPs to your beneficiary, as long as he or she is accepted into eligible studies.

9. **Educational assistance payments are taxed in the hands of the student**

EAPs are included in the beneficiary's taxable income. Because students usually have lower taxable income than subscribers, students may pay little or no tax on these payments.

## ENROLLING IN A PLAN

You choose the Plan that best suits you and your beneficiary. In order to register your plan as an RESP, your beneficiary must be a Canadian resident and have a valid social insurance number. You complete enrolment and grant applications and enter into an Education Assistance Agreement with us. When you complete your applications, you'll be asking us to register your plan and apply for government grants on your behalf. We'll apply to the Canada Revenue Agency ("CRA") to register your plan as an RESP under the *Income Tax Act* (Canada). Once we have processed your application, you will have entered into an Education Assistance Agreement with us. We'll deliver a copy of this agreement to you as part of your welcome package following enrollment. If you are not the beneficiary's parent or guardian, and the beneficiary is under 19 years old, we'll also send a note to his or her parent(s) or guardian telling them about this plan and giving them your name and address.

## IF YOUR BENEFICIARY DOES NOT HAVE A SOCIAL INSURANCE NUMBER

If you are not able to provide a social insurance number for your beneficiary when you enrol, we will put your contributions in a holding account. The holding account is an unregistered education savings account and is not eligible for the tax benefits or government grants. Any income earned in the holding account will be included in your taxable income in the year it is earned. If we receive your beneficiary's social insurance number within 12 months of the day you opened your plan, we will transfer your contributions and income earned to the RESP savings account. If we have not received the beneficiary's social insurance number within 12 months of the day you opened your plan, we'll cancel your plan. You also have the option to wait until the beneficiary has a social insurance number to enrol in a plan.

## GOVERNMENT GRANTS

We can apply for the following six federal and provincial government grants to help you save for higher education:

| | What it provides |
| --- | --- |
| **Canada Education Savings Grant (CESG)**<br>• Sponsored by the federal government<br>• Annual maximum = $500<br>• Lifetime maximum = $7,200 (including ACESG)<br>• Maximize CESG with a $2,500 contribution each year | • 20% of first $2,500 you contribute each year<br>• Carry forward unclaimed CESG from prior years to a maximum of additional $500 each year |
| **Additional Canada Education Savings Grant (ACESG)**<br>• Sponsored by the federal government<br>• Annual maximum = $100<br>• Maximize ACESG with a $500 contribution each year | • An extra 10% or 20% of the first $500 you contribute every year, depending on your income |
| **Canada Learning Bond (CLB)**<br>• Sponsored by the federal government<br>• Lifetime maximum = $2,000 | • A first payment of $500<br>• Subsequent payments of $100 are available every year after that up to and including the year in which the child turns 15 years old, as long as the child continues to qualify |
| **Quebec Education Savings Incentive (QESI)**<br>• Sponsored by the government of Quebec<br>• Annual maximum = $250<br>• Lifetime maximum = $3,600 (including AQESI)<br>• Maximize QESI with a $2,500 contribution each year | • 10% of first $2,500 you contribute each year<br>• Unused QESI accumulated rights of $250 per year can be claimed going back to January 1, 2008. |
| **Additional Quebec Education Savings Incentive (AQESI)**<br>• Sponsored by the government of Quebec<br>• Annual maximum = $50<br>• Maximize QESI with a $500 contribution each year | • An additional amount of up to $50 per year based on your income and annual contribution |
| **British Columbia Training and Education Savings Grant (BCTESG)**<br>• Sponsored by the government of B.C.<br>• Lifetime maximum = $1,200 | • One-time grant of $1,200 |

| Qualification | Other details |
|---|---|
| • Available to Canadian residents up until the end of the calendar year in which they turn 17 years old<br>• There are special rules for 16 and 17 year-olds<br>• Your application for the CESG must be processed within 3 years of making an eligible contribution | • Unused CESG room can be carried forward for use in future years<br>• There are various situations where CESG must be repaid to the government, including if contributions are withdrawn when the beneficiary is not attending eligible studies, or if the beneficiary is not a resident of Canada when receiving EAPs |
| • Same as the CESG, but family income currently must be under $106,717<br>• Your application for ACESG must be processed within 3 years of making an eligible contribution | • Unused contribution room cannot be carried forward for use in future years<br>• There are various situations where the ACESG must be repaid to the government, including if contributions are withdrawn when the beneficiary is not attending eligible studies, or if the beneficiary is not a resident of Canada when receiving EAPs |
| • Available to children who are Canadian residents born in 2004 or later, whose primary caregiver meets prescribed income limits (depending on the number of qualified dependants) or receives payments under the *Children's Special Allowances Act*.<br>• You can apply for the CLB any time before your child turns 18.<br>• After your child's 18th birthday, he or she will have three years to open an RESP (as the subscriber and beneficiary) and apply for the CLB for themselves. He or she must be under 21 years old at the time of CLB application. | • There are various situations where the CLB must be repaid to the government, including if you transfer the RESP to another child, or if your plan is cancelled<br>• A beneficiary's lifetime CLB entitlement is not affected by a repayment of CLB |
| • Available to children up to the end of the calendar year in which they turn 17 years old who are residents of Quebec<br>• Your application for QESI must be processed within 3 years of making an eligible contribution | • Unused QESI accumulated rights can be carried forward for use in future years<br>• There are various situations where the QESI must be repaid to the government, including if contributions are withdrawn when the beneficiary is not attending eligible studies, or if the beneficiary is not a resident of Quebec when receiving EAPs |
| • Same as the QESI, but family income currently must be under $98,540<br>• Your application for AQESI must be processed within 3 years of making an eligible contribution | • Unused contribution room cannot be carried forward for use in future years<br>• There are various situations where the AQESI must be repaid to the government including if contributions are withdrawn when the beneficiary is not attending eligible studies, or if the beneficiary is not a resident of Quebec when receiving EAPs |
| • Canadian children born on or after January 1, 2006 who are residents of British Columbia (B.C.) and whose parent is a B.C. resident at the time the grant application is made<br>• You are eligible to apply for the BCTESG between the day the child turns 6 and the day before the child reaches their ninth ($9^{th}$) birthday. | • There are various situations where the BCTESG must be repaid to the government including if no EAP is issued to the beneficiary, or if the plan is cancelled. |

Qualifying for the government grants is straightforward, but you need to make sure:

- you've received a social insurance number for your beneficiary. For this you will need to make sure that (i) your beneficiary's birth or adoption is registered and (ii) you have your beneficiary's birth certificate
- there is consistency between the spelling of your beneficiary's name on the social insurance card and on the enrolment application form you fill out
- your application for the CESG/ACESG and QESI/AQESI (as applicable) is processed within three years of making an eligible contribution
- your application for BCTESG is filed before your beneficiary's ninth (9th) birthday.

Once your plan is registered and your grant applications have been successfully processed with the Department of Employment and Social Development (Canada) (or Revenue Quebec, for the QESI and AQESI), the CESG and any other government grants your beneficiary qualifies for will be deposited directly into your plan and invested along with the rest of your plan assets following the investment policies described on page 8. Government grants and the income they earn are held by the Trustee along with other plan assets and paid to beneficiaries who are attending eligible studies. The amount of grant in each payment is based on the ratio of the government grants in your plan to the total money available to be paid out as EAPs. Your government grants and grant income are not pooled with the government grants and grant income of other beneficiaries in either the family individual or Flex First Plan offered in this prospectus. Subscribers may contact their sales representative or the Manager about the grant applications the Manager will make on behalf of the subscriber. See page 5 for more information about government grants.

## CONTRIBUTION LIMITS

Under the *Income Tax Act* (Canada) and the Plan rules you can contribute up to $50,000 for each beneficiary to an RESP (excluding government grants). Contributions can be made monthly, annually, bi-weekly, semi-monthly or in lump sums. The first $2,500 of contributions per year may qualify for government grants. You can't contribute to your plan after the 31st year following the year in which you opened it. You can transfer money into your plan from an RESP with another provider, as long as we approve, and it meets the requirements of your plan agreement. Contributions over $50,000 per beneficiary are subject to a tax penalty that is described on page 12.

## ADDITIONAL SERVICES

We include group life and total disability insurance in the family individual plan. This coverage makes sure your contributions will continue if you die or become totally disabled. Coverage is only for subscribers between 18 and 64 years old and is administered by Sun Life Assurance Company. When you enrol in the family individual plan, we'll give you an insurance certificate that outlines the terms of your coverage, including eligibility, limits of liability, exclusions and conditions for benefit payments. See "Fees for Additional Services" for the family individual plan in this Detailed Plan Disclosure for more information.

Key things to know:

- Coverage is required for the family individual plan, unless you have a one-time plan, or you're 65 years old or older, or you are a resident of Quebec and have specifically opted-out of the insurance program.
- Insurance is not available under Flex First.
- Your insurance coverage begins on the day we process and approve your application or when we receive your initial deposit, whichever is later.
- We deduct a premium of 17 cents (plus taxes in some provinces) for every $10 you deposit to your plan until you and your joint subscriber, if you have one, turns 65 (except for one-time plans). We may change this amount from time to time.
- If you die or become totally disabled before you turn 65 years old, contributions will continue to be made to your plan according to your contribution schedule as long as you meet the terms outlined in your insurance certificate.
- If you have a joint subscriber, he or she will also be covered, and contributions will continue to be made to your plan according to your contribution schedule when the first joint subscriber dies or becomes totally disabled.
- The insurance coverage is there to protect your beneficiary's plan by ensuring contributions continue to be made. If you wish, you may designate an alternate beneficiary.

## FEES AND EXPENSES

There are costs for joining and participating in our Plans. You pay some of these fees and expenses directly from your contributions. The Plans pay some of the fees and expenses, which are deducted from the Plans' earnings. See "Costs of investing in this Plan" in this Detailed Plan Disclosure for a description of the fees and expenses of each of our Plans. Fees and expenses reduce the plan's returns which reduces the amount available for EAPs. The fees and expenses for the family individual plan and Flex First Plan are different. The Plan you choose could affect the amount of compensation paid to the Manager or sales representatives.

## ELIGIBLE STUDIES

EAPs will be paid to your beneficiary only if he or she enrols in eligible studies. For a summary of the educational programs that qualify for EAPs under our Plans, see "Summary of eligible studies" in this Detailed Plan Disclosure. The criteria for receiving EAPs are the same for Flex First and the family individual plan. However, we recommend that you carefully read the "Specific information about the Plan" sections for each Plan in this Detailed Plan Disclosure to better understand the differences among the Plans.

## PAYMENTS FROM THE PLANS

**Return of contributions.**

We always return your contributions (less any fees and withdrawals or adjustments you make) to you or to your beneficiary. Earnings from your plan will generally go to your beneficiary. If your beneficiary does not qualify to receive the earnings from your plan, you may be eligible to get back some of those earnings as an "accumulated income payment" (AIP). See the "Accumulated income payment" section in this Detailed Plan Disclosure for more information about AIPs.

**Educational assistance payments.**

We will pay EAPs to your beneficiary if the terms of your plan are met, and your beneficiary qualifies for the payments under the Plan. The amount of EAPs will depend on the type of Plan you have, how much you contributed to it, 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 EAPs that can be paid out of an RESP at a time. The most your student can receive in EAPs from all RESPs is $5,000, unless he or she has completed 13 consecutive weeks of eligible studies in the 12-month period before the payment is made. If your student's expenses are higher than $5,000 in the first 13 weeks, contact us and we'll apply to the Minister of Employment and Social Development Canada to have the limit increased. For a specified program this limit is $2,500.

## UNCLAIMED FUNDS

Unclaimed funds are monies that belong to the subscriber or beneficiary, but either we can't locate them to send them their money, or they have not cashed a cheque that was issued to them.

Under Flex First and the family individual plan, if you do not or your beneficiary does not cash a cheque, or we can't locate you or your beneficiary to send it, the money will remain in your plan until the earlier of December 31 of the 35th year after the year in which you opened your plan or until you cancel it. At that time, we'll return any government grants remaining in your plan to the appropriate government, return any remaining contributions to the last known address we have on file for you, and donate any income remaining in your plan to a post-secondary institution of our choice that qualifies under the *Income Tax Act* (Canada). For those provinces where legislation regarding unclaimed property is in force, if your contributions are not claimed within the specified period in the respective legislation, such funds will be forwarded to the provincial agency administering such legislation. Unclaimed funds can be obtained by contacting the Manager or your sales representative and requesting these funds.

## HOW WE INVEST YOUR MONEY

**Investment objectives.**

The investment objectives of the Plans are foremost to protect your contributions while maximizing their investment return over the long term, in accordance with the Plans' investment strategy. Each of the Plans invests mainly in Canadian fixed income securities. As of May 2020, the Plans may also invest up to 40% of the net assets in the Plan in equities listed on a stock exchange in Canada or the U.S. and "Index Participation Units" as that term is defined in National Instrument 81-102. The Plans can also purchase specified derivatives for hedging purposes and engage in securities lending, both in accordance with National Instrument 81-102. The Manager can change the investment objectives for a Plan, or a Plan portfolio adviser, at its discretion without subscriber approval.

**Investment strategies.**

We invest your contributions, government grants and the income they earn, mainly in Canadian fixed income securities, such as federal, provincial and/or municipal bonds, mortgage-backed securities, treasury bills and evidence of indebtedness of Canadian financial institutions with a Designated Rating, as well as corporate bonds with a minimum BBB Rating. In addition, no more than 40% of your contributions, government grants, and the income they earn may also be invested in exchange-traded equity securities listed on a stock exchange in Canada or the U.S. and "Index Participation Units" as that term is defined in National Instrument 81-102. Our goal is to protect the value of your contributions while generating income to help pay for your beneficiary's post-secondary education. The Plans' portfolio advisers use a combination of investment strategies to achieve the investment objectives. The principal strategies include:

**Fixed Income**

***Duration management***

Duration is a measure of price volatility of bonds and, in general, the price of longer duration bonds will be more sensitive to changes in interest rates than is the case for the price of shorter duration bonds. The fixed income portfolio advisers change the average duration or term to maturity of the investments based on the outlook for interest rates.

***Yield curve positioning***

The fixed income portfolio advisers invest in different bond maturities based on current and expected interest rates for bonds with different maturities.

***Sector allocation***

The fixed income portfolio advisers invest in different sectors of the bond market (e.g. Government of Canada bonds, provincial bonds) based on the current and expected relationship between interest rates in different sectors. In general, the fixed income portfolio advisers attempt to add value by anticipating changes in the direction of interest rates and by investing in bonds that are mispriced relative to the prices of other bonds.

**Equities**

***Active Managers***

invest in securities of companies that are expected to grow rapidly or are undervalued.

***Passive Manager***

invests in ETFs to replicate the performance of the US equity market.

**Derivatives**

***Hedging***

Hedging is a risk management strategy designed to reduce portfolio risks and offset losses. The Plans may use "Specified Derivatives" as defined by NI 81-102, but only for hedging purposes in accordance with NI 81-102. The value of these derivatives typically move in the opposite direction to the value of the underlying investments being hedged. While this strategy may result in a reduction of possible investment gains, it can also reduce the extent of investment losses. The Plans may also lend portfolio assets, as contemplated under section 2.12 of NI 81-102.

All of the portfolio advisers may, from time to time, temporarily hold cash or cash-equivalent securities for strategic reasons.

## INVESTMENT RESTRICTIONS

We follow the restrictions and practices in CSA National Policy No. 15, except where we have been given permission otherwise by the CSA, as described below, or by virtue of prospectus receipt in prior years. Changes to the investment restrictions require approval of the CSA.

Pursuant to an Undertaking with the Ontario Securities Commission ("OSC") and the other securities regulators in Canada (collectively, the "Jurisdictions") dated May 28, 2020 (the "2020 Undertaking") which is incorporated herein by reference, both the family individual plan and the Flex First Plan may invest the net assets of the Plans in the following types of securities (the Fixed Income Investments) as these securities are defined in NI 81-102:

i. government securities;

ii. guaranteed mortgages;

iii. mortgage-backed securities where the underlying mortgages are Guaranteed Mortgages;

iv. cash equivalents;

v. 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

vi. 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.

In addition to the Fixed Income Investments, both the family individual plan and the Flex First Plan may invest in Permitted Investments (defined below) subject to the condition that no more than 40% of the Net Assets of each Plan may be invested in any of the following additional types of securities (the "Permitted Investments"):

i. Exchange-traded equity securities (Equity Securities) listed on a stock exchange in Canada or the United States;

ii. "Index participation units" as that term is defined in NI 81-102.

The 2020 Undertaking also allows the Plans to:

i. use "Specified Derivatives" as that term is defined in NI 81-102, but only for the purposes of hedging, as defined by NI 81-102;

ii. lend portfolio assets, as contemplated by section 2.12 of NI 81-102.

The 2020 Undertaking will terminate on the earlier of:

i. 365 days from the date of notice from the principal regulator of the Plans to the Manager that the Undertaking may no longer be relied upon;

ii. the Undertaking being superseded or replaced by a new, amended Undertaking, agreed to between the Manager and the Jurisdictions in respect of the same subject matter; and

iii. the coming into force of any rule of the Jurisdictions that regulates the subject matter of this Undertaking.

## INVESTMENTS IN INDEX-LINKED OR OTHER VARIABLE-RATE DEBT SECURITIES.

Pursuant to the Undertakings, the Plans may not 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.

## RISKS OF INVESTING IN A SCHOLARSHIP PLAN

If you do not or your beneficiary does not meet the terms of your contract, it could result in a loss and your beneficiary might not receive some or all of their EAPs. Please read the description of the plan-specific risks under "Risks of investing in this Plan" in this Detailed Plan Disclosure.

### Plan Risks

**We need your beneficiary's social insurance number.** If you don't give us the social insurance number for your beneficiary within 12 months of the day you opened your plan, we'll cancel your plan. The *Income Tax Act* (Canada) will not allow us to register a plan for a beneficiary who doesn't have a valid social insurance number. Your plan has to be registered before it can:

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

If you don't give us the social insurance number for your beneficiary when you enrol, we'll put your contributions into a holding account. Any income your contributions earn in the holding account will be included in your taxable income. The fees described under "Costs of Investing in this Plan" will be charged while your funds are in the holding account. If we haven't received the social insurance number within 12 months of the day you opened your plan, we'll cancel your plan and return the contributions in your holding account, plus income earned, less fees.

**We will need to successfully register your plan as an RESP.** If for any reason the CRA cannot confirm registration of your plan as an RESP, we'll have to cancel your plan. The *Income Tax Act* (Canada) will not allow us to register a plan for a beneficiary who doesn't have a valid social insurance number and all other specified information. If the CRA cannot validate the social insurance number(s) provided, or for any other reason cannot register your plan, we will cancel your plan 60 days after December 31st of the year you enrolled and return the contributions in your plan, plus income earned, less fees.

**Fees are non-refundable after the first 60 days in the Plan.** If your family individual plan is cancelled more than 60 days after you opened it, the fees you've paid to date are not refundable and you could lose the income in your plan. You'll get back the contributions in your plan, less the fees you've already paid. If your Flex First Plan is cancelled more than 60 days after you opened it, some of the fees you have paid might be returned to you under the return of sales charge feature of that Plan. Most of the early contributions to your plan are used to pay the sales charge. If you withdraw RESP contributions, even within the first 60 days following signing the application, these amounts will be included as contributions when determining whether the $50,000 RESP contribution limit has been exceeded, even though the contributions were withdrawn.

**Your beneficiary needs to attend eligible studies.** If your beneficiary doesn't pursue eligible studies, you could lose the income in your plan and your plan will have to repay government grants. Under Flex First and the family individual plan, you may be eligible to withdraw income in your plan as an AIP if your beneficiary does not attend eligible studies.

**Withdrawing contributions from your RESP could affect your government grants.** If you withdraw contributions from your plan at a time when your beneficiary is not attending a post-secondary school and program that would qualify for an EAP under the *Income Tax Act* (Canada), the CESG/ACESG, QESI/AQESI and/or SAGES will have to be returned to the government and this government grant contribution room will be lost. We withdraw contributions from your plan in the following order:

- first, contributions that were matched by government grants (matching government grants returned to government)
- next, contributions you made on or after January 1, 1998 that weren't matched by government grants
- last, contributions you made on or before December 31, 1997.

Special rules prevent subscribers from recycling contributions (withdrawing contributions and then re-depositing them). If you withdraw more than $200 in a calendar year in contributions you made on or before December 31, 1997 any time while your beneficiary is not attending a post-secondary school and program that would qualify for an EAP under the *Income Tax Act* (Canada), your beneficiary won't be eligible for the CESG for the rest of that year, and for the following two calendar years. This contribution room can't be carried forward. If you withdraw contributions that were eligible for the CESG any time while your beneficiary is not attending a post-secondary school and program that would qualify for an EAP under the *Income Tax Act* (Canada), the CESG (and ACESG) related to those contributions will be returned to the government. In addition, your beneficiary won't be eligible for the ACESG for the rest of that year, and for the following two calendar years, which means they'll receive only the 20% rate. The ACESG contribution room can't be carried forward.

**If contributions are higher than the limits allowed by the *Income Tax Act* (Canada), you may have to pay a penalty tax.** The following changes to your plan could result in an over-contribution:

- switching the beneficiary in your plan to a beneficiary who already has an RESP
- transferring the money in your plan to another beneficiary's RESP.

**If you enrol with a temporary social insurance number, when it expires, no more contributions can be made to the plan.** If contributions to your plan stop, your plan might be cancelled by the Manager unless:

- under the family individual plan, you change your contribution schedule to a one-time contribution; or
- under the family individual plan, the sales charge has been paid in full and the plan contributions (after fees) plus the income earned on those contributions together equal at least $350; or
- under Flex First you reduce your total contribution goal. Your total contribution goal must be at least $500.

### Investment risks

The value of the investments held by the Plans can go up or down. Here is a description of some of the risks that can cause the value of the scholarship plans' 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.

We conservatively invest your contributions, government grants and the income they earn, mainly in Canadian fixed income securities, such as federal, provincial and/or municipal bonds, mortgage-backed securities, treasury bills, evidence of indebtedness of Canadian financial institutions with a Designated Rating and corporate bonds with a minimum BBB credit rating.

In addition, no more than 40% of your contributions, government grants and income they earn, may also be invested in exchange-traded equity securities listed on a stock exchange in Canada or the U.S. and "Index Participation Units" as that term is defined in NI 81-102.

*Fixed income securities* are interest-bearing loans to governments and companies. These kinds of securities are affected by interest rate risk and credit risk.

- Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates go up, the value of these securities could fall. The reverse is also true.

- Credit Risk is the ability of the issuer of the debt securities to make interest payments and repay the original amount of the loan.

*Equities* represent an ownership share in a company. The values of equity positions are affected by:

- company specific risk where decisions and performance of a company impact its returns and distribution of wealth.
- for equities that trade on a listed stock change, systematic risk where the value of the equity portfolio is impacted by movements in the overall level of the market. For example, an expanding economy usually leads to increased profits and a higher price for securities while a contracting economy may have the opposite effect.

*Derivatives* are investments whose value is related to another underlying asset. The value of derivatives is affected by the value of the underlying asset. The value of certain derivatives may move in the opposite direction of the value of the underlying asset. Investing in these types of derivatives is part of an investment strategy called hedging and is designed to mitigate risks and losses of the underlying assets.

## HOW TAXES AFFECT YOUR PLAN

The Plans can be registered as RESPs. The CRA has accepted the form of the Plans, and the Plans comply and are expected to continue to comply with the conditions in the *Income Tax Act* (Canada) to qualify as RESPs. This means that when you enrol in a Plan and provide all of the required information, we can apply to the CRA to register it as an RESP.

**How your plan is taxed.**

Once your plan is registered as an RESP the income that your contributions and government grants earn grows tax-deferred as long as it stays in your plan and is invested in qualified investments for RESPs as defined in the *Income Tax Act* (Canada). Your contributions to your plan are not tax-deductible. They are not subject to tax when they are returned to you or your beneficiary.

**How you are taxed.**

(a) **Withdrawing contributions.** Contributions returned to you for any reason (either before or after your plan's maturity date) or paid to your beneficiary are not included in taxable income.

(b) **Return of sales charge.** Contributions returned to you under the Flex First return of sales charge feature are not included in taxable income.

(c) **Loyalty bonus.** Any Flex First loyalty bonus paid to you or your beneficiary is not included in taxable income.

(d) **Over-contributions.** If you contribute more than $50,000 to a plan, or plans, for any beneficiary any amount over the $50,000 limit will be subject to a tax penalty of 1% per month.

**If you receive an accumulated income payment.**

An AIP will be included in your income in the year you receive it. It will also be subject to an additional 20% tax that will be withheld. If you have enough unused contribution room in your RRSP you can transfer up to $50,000 of the AIP directly to your RRSP. This way you do not have to claim this money as taxable income in the year it is withdrawn from your plan and you avoid paying the 20% additional tax.

**How your beneficiary is taxed.**

EAPs are included in the beneficiary's taxable income. Because beneficiaries usually have lower taxable income than subscribers they may pay little or no tax on these payments. Scholarship payments issued to beneficiaries are not included in their taxable income if the beneficiary is a Canadian resident for tax purposes and if the beneficiary is enrolled in a school and program that entitles them to claim the education amount on their tax return.

## WHO IS INVOLVED IN RUNNING THE PLANS

| | |
|---|---|
| **Sponsor and Promoter**<br>Embark Student Foundation<br>50 Burnhamthorpe Road West<br>Suite 1000<br>Mississauga, Ontario<br>L5B 4A5 | • not-for-profit corporation that sponsors and promotes the Plans<br>• has overall responsibility for the Plans<br>• oversees the investment of Plan assets<br>• Parent company of the Manager |
| **Board of Directors of Embark Student Foundation** | • provides overall direction for the administration of the Plans<br>• makes decisions on all matters that are the responsibility of the Foundation |
| **Investment Fund Manager**<br>Embark Student Corp.<br>50 Burnhamthorpe Road West<br>Suite 1000<br>Mississauga, Ontario<br>L5B 4A5 | • a wholly owned subsidiary of the Foundation<br>• maintains all Plan records and fund accounting<br>• provides Plan and educational assistance payment administration<br>• provides customer service<br>• makes decisions on all matters that are the responsibility of the Investment Fund Manager |
| **Scholarship Plan Dealer**<br>Embark Student Corp.<br>Mississauga, Ontario | • sells the Plans through a network of commissioned or salaried sales representatives |
| **Trustee**<br>The Bank of Nova Scotia Trust Company<br>Toronto, Ontario | • the investment fund manager directs the trustee regarding the settlement of investment trades, the payment of fees and payments to and from the Plans |
| **Custodian**<br>The Northern Trust Company<br>Canada Branch<br>Toronto, Ontario | • the custodian holds the assets of the Plans in trust for the Foundation and the Manager |
| **Portfolio Advisers**<br>Guardian Capital LP<br>Toronto, Ontario<br>BMO Global Asset Management<br>Montreal, Quebec<br>Connor, Clark & Lunn Investment Management Inc.<br>Vancouver, British Columbia<br>Fiera Capital Corporation<br>Montreal, Quebec<br>Jarislowsky, Fraser Limited<br>Toronto, Ontario 1832<br>Asset Management<br>Toronto, Ontario | • manages the Plans' assets, including investment analysis and selection<br>• provide portfolio management services<br>• make decisions on all matters that are the responsibility of the portfolio advisers |
| **The Independent Review Committee (IRC)**<br>Toronto, Ontario | • reviews and provides input on the Foundation's written policies and procedures that deal with conflict of interest matters<br>• reviews conflict of interest matters referred to it by the Foundation and makes recommendations to the Foundation<br>• provides a written report to subscribers, no less than annually, available at www.sedar.com or at www.embark.ca<br>• performs other duties as may be required of the IRC under applicable securities laws |
| **Depository**<br>The Bank of Nova Scotia<br>Toronto, Ontario | • receives subscriber deposits |
| **Auditor**<br>KPMG LLP<br>Toronto, Ontario | • audits the annual financial statements of the Plans |

## YOUR RIGHTS AS AN INVESTOR

You have the right to withdraw from an agreement to buy scholarship plan securities and get back all of your money (including any fees or expenses paid), within 60 days of signing the Contract. If your family individual plan is cancelled after 60 days, you will only get back your contributions, less fees and expenses paid to date. If a Flex First Plan is cancelled after 60 days, you will get back your contributions, less some or all of the fees and expenses paid to date. You may be eligible to withdraw income earned as an AIP under the Flex First and family individual plans. When you cancel your plan and withdraw your contributions, whether it is before or after the first 60 days:

- any government grants received will be returned to the government;
- this government grant contribution room will be lost (with the exception of the Canada Learning Bond (CLB) as lifetime CLB entitlement is not affected by a repayment); and
- the withdrawn amount will be included as an RESP contribution when determining whether the $50,000 RESP contribution limit has been exceeded, even though the contributions were withdrawn.

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.

## HOW TO REACH THE INVESTMENT FUND MANAGER

**Flex First**
Flex First Plan

**Family individual plan**
Family Single Student Education

**By phone**
1-800-363-7377 (Customer Service)
1-866-701-7001 (Corporate Office)

**By email**
contact@embark.ca

**At our website**
knowledgefirstfinancial.ca

**By mail**
Embark Student Corp.
50 Burnhamthorpe Road West
Suite 1000
Mississauga, Ontario L5B 4A5

You can find additional information about these Plans in the following documents:

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

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 1-800-363-7377 or by contacting us at contact@embark.ca. You'll also find these documents on our website at www.embark.ca. These documents and other information about the Plans are also available at www.sedar.com.

# Flex First Plan

(Flex First)

# Specific Information About our Plans

## Flex First Plan ("Flex First")

**Type of plan**

| | |
|---|---|
| Individual Plan | first sold as of August 27, 2012 |

### WHO THIS PLAN IS FOR

This Plan is for a person who is planning to attend post-secondary studies. To become a beneficiary under Flex First, the person must be a Canadian resident and have a valid social insurance number ("SIN"). The beneficiary can be you, your child or any other person. He or she does not have to be related to you and can be of any age. If the person is a beneficiary already under an RESP and you are transferring that plan to this Plan for the same beneficiary, he or she does not have to be a Canadian resident and does not need a SIN. However, if this is the case no other contribution can be made except the funds that are being transferred.

A scholarship plan can be a long-term commitment. It is for investors who are planning to save for a person's post-secondary education and are fairly sure that:

- they will stay in their plan until the beneficiary attends a post-secondary program
- their beneficiary will attend eligible studies as defined in the *Income Tax Act* (Canada).

### SUMMARY OF ELIGIBLE STUDIES

The following is a description of the post-secondary programs that are eligible studies and qualify for EAPs under Flex First. Contact the Manager or your sales representative to find out if the educational programs your beneficiary is interested in are eligible studies, or to obtain a list of eligible post-secondary institutions. You will also find a link on our website to the master list of qualifying educational institutions as defined under the *Income Tax Act* (Canada). For more information about receiving EAPs, see "Educational assistance payments" on page 26 of this Detailed Plan Disclosure.

**What's eligible**

Your beneficiary can study at any post-secondary institution that qualifies for an EAP under the *Income Tax Act* (Canada). This can include:

- Canadian universities, colleges, CÉGEPs, other designated post-secondary educational institutions and some occupational training institutions
- universities, colleges and other educational institutions outside Canada.

The post-secondary program must,

In Canada;

- be at least 3 consecutive weeks in length and
- require at least 10 hours per week of instruction time, or
- require at least 12 hours per month of instruction time, provided student is over 16 years old (a "specified program")

Outside of Canada;

- be at least 13 consecutive weeks in length at a university, college or other educational institution, or
- be at least 3 consecutive weeks in length of full-time studies at a university, and
- be at an institution and program that would qualify for an EAP under the *Income Tax Act* (Canada).

Payments are made to the beneficiary when he or she attends eligible studies. You tell us how much each payment should be, based on your beneficiary's educational expenses. The beneficiary must be a Canadian resident to receive the grant portion of an EAP. The beneficiary must be a resident of Quebec to qualify for the QESI portion of an EAP.

**What's not eligible**

Your beneficiary can study at any post-secondary institution or program that qualifies for an EAP under the *Income Tax Act* (Canada).

Programs that are taken at post-secondary institutions which are located in Canada or outside of Canada and do not qualify as a designated educational institution may not qualify for an EAP under the *Income Tax Act* (Canada).

Beneficiaries who do not enrol in eligible studies will not be eligible to receive the government grants collected on their behalf.

### RISKS OF INVESTING IN THIS PLAN

**Plan risks**

In addition to the Plan and investment risks described under "Risk of investing in a scholarship plan" on page 10, the following is a description of the risks of participating in this Plan.

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 do not, or your beneficiary does not, meet the terms of your contract, it could result in a loss and your beneficiary might not qualify for EAPs.

Keep in mind that payments from your plan are not guaranteed. We cannot tell you in advance if your beneficiary will qualify to receive any EAPs from your 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. The amount of the EAPs will depend primarily on the investment performance of the Plan.

**Investment risks**

The value of the investments held by Flex First can go up or down. You can find a list of risks that can cause the value of the Plan's investments to change under "Investment risks" on page 11.

## HOW THE PLAN HAS PERFORMED

The table below shows how the investments in the Flex First Plan performed in the past five fiscal years. On December 31, 2017, the Manager changed the fiscal year-end date of the Flex First Plan from April 30 to December 31. The returns shown below reflect this change. Returns are after fees have been deducted. These fees reduce the returns you get on your investment. It's important to note that this doesn't tell you how the Plan's investments will perform in the future.

| | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|---|---|---|
| Annual Return | -11.7% | 7.5% | 11.0% | 9.6% | -1.2% |

Flex First was started on August 27, 2012 and has existed for six full fiscal years as of the date of this prospectus. The Plan allocates income to each plan monthly as described below.

**Income from fixed income investments**

Interest from fixed income investments is allocated to the Plan as it is earned. Realized and unrealized gains and losses on fixed income investments are allocated monthly.

**Income from equities**

Dividends or distributions from investments in equities are allocated to the Plan in the month in which they are received. Realized and unrealized gains and losses on equity investments are allocated monthly.

## MAKING CONTRIBUTIONS

You can contribute monthly, bi-weekly, semi-monthly, annually or make a one-time lump sum contribution to reach your Total Contribution Goal ("TCG"). Contributions can also be made on an ad hoc basis. The minimum investment in Plan is $500. We will waive the minimum investment for Canada Learning Bond only accounts or if you set up a regular contribution schedule beginning within committing to a minimum of:

Contributions must be at least:

- $12.50 per bi-weekly or semi-monthly period, or
- $25.00 per month, or
- $300.00 per year, or a
- $500.00 one-time lump sum contribution.

The TCG for your plan can be between $500 and $50,000.

You can't contribute to your plan after the 31st year after the year in which you opened it. Your beneficiary must be a Canadian resident to be able to make contributions to your plan.

**Your contribution options**

If you are planning to make regular ongoing contributions to your plan, the maximum TCG that you can choose for your Flex First Plan should be equal to the amount of your regular planned contributions, times the number of expected contributions that will be made, (based on the contribution frequency you have selected), between the date of your first contribution and December 31st of the year in which your beneficiary turns 17 years old.

If you are not planning to make regular ongoing contributions, but are making a one-time lump sum contribution, the TCG for your plan will equal the amount of your lump sum contribution.

If you wish to continue making contributions to your plan after December 31st of the year your beneficiary turns age 17 and after your current TCG has been reached, each subsequent contribution received will automatically increase the TCG by the amount of each contribution.

When your total contributions reach the TCG you have set for your plan, your contributions will stop. In a situation where your next planned contribution would make your total contributions greater than the TCG for your plan, we will automatically reduce your next contribution to the amount that will just reach your TCG.

If you qualify for the Canada Learning Bond or the B.C. Training and Education Savings Grant, you can open a Flex First Plan without making any contributions and just receive these government grants.

You can change the amount and frequency of your contributions at any time as long as they don't exceed the *Income Tax Act* (Canada) RESP contribution limit of $50,000. See page 20 for more information on changing your contributions.

## IF YOU HAVE DIFFICULTY MAKING CONTRIBUTIONS

You have the following options available to you if you are having difficulty maintain your contributions.

**Your options**

**You can stop contributing and resume contributing later if you choose** Note that if you qualify for the ACESG, you can't carry forward any previously unclaimed ACESG amounts your plan didn't receive in the years when you weren't making contributions.

**You can contribute less and/or change the frequency of when you make contributions** You can reduce the amount you contribute to your plan at any time, subject to the minimum contributions corresponding to your chosen contribution frequency. You can also change how frequently you make contributions.

If you contribute less than $2,500 in a year, you won't receive the maximum CESG/ACESG or QESI/AQESI available in that year.

**You can reduce your TCG** You may reduce your TCG at any time to an amount that is equal to or greater than the total contributions you have already made to your plan, as long as the resulting TCG is at least $500.

Note that if you reduce your TCG to less than $2,500 you will not be eligible for the accumulating loyalty bonus feature of the Flex First Plan.

If you stop, or reduce the amount of, your regular ongoing contributions and/or change your contribution frequency for more than 6 months, your TCG may be automatically recalculated. See "Making Changes to Your Plan" on page 20.

## WITHDRAWING YOUR CONTRIBUTIONS

You can withdraw your contributions any time by making this request in writing to the Manager.

How it works:

- We'll return the contributions you have requested as long as they've cleared the banking system. You won't pay tax on this amount.
- If you withdraw your contributions at a time when your beneficiary is not attending a post-secondary school and program that would qualify for an EAP under the *Income Tax Act* (Canada), we will have to return the CESG/ACESG, SAGES and QESI/AQESI to the appropriate government and you'll lose this grant contribution room.
- If you request a withdrawal of contributions after you have had your plan for 60 days, some or all of the sales charge and other fees paid to date will not be refunded to you.

If you withdraw all of the contributions and income in your plan, it will be cancelled. See page 24 for more information about cancelling your plan.

## COSTS OF INVESTING IN THIS PLAN

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

### 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 |
|---|---|---|---|---|
| **Paying off the sales charge**<br>For example, assume that your total contribution goal for your Flex First Plan is $5,400 on behalf of your newborn child, and you will make 216 monthly contributions. All of your first 20.5 contributions go toward the sales charge until it's fully paid off. In this example, altogether, it will take you 21 months to pay off the sales charge. During this time, 100% of your contributions will be used to pay the sales charge and 0% of your contributions will be invested in your plan. | **Sales charge** | Will not exceed 9.5% of your initial total contribution goal, depending on the age of the beneficiary, as follows:<br>• Up to 4 years: 9.5%<br>• 5 years: 5%<br>• 6 years: 4%<br>• 7 years: 3%<br>• 8 years: 2%<br>• 9 years and older: 1.5%<br>Paid from your contributions until the total sales charge has been paid<br>There are no sales charges payable on TCG increases. See 'Increasing your TCG' on page 21. | This is for paying commission to your sales representative and to cover the cost of selling your plan | Paid to Embark Student Corp., as principal distributor |

The sales charge will not be increased without subscriber approval.

### 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 will reduce the amount available for EAPs.

| FEE | WHAT THE PLAN PAYS | WHAT THE FEE IS FOR | WHO THE FEE IS PAID TO |
|---|---|---|---|
| **Management fee** | Between 1.3% and 1.5% per year, plus applicable taxes.<br>• The Management fee weighted average (calculated on a market value basis) for the fiscal year ended December 31, 2022 was 1.3%, plus applicable taxes.<br>• This fee may be modified by the Manager from time to time, but will not exceed 1.5% per year, plus applicable taxes.<br>Calculated based on the total amount of money all subscribers have in Flex First.<br>• Deducted from total income before income is allocated to your plan.<br>• The management fee is not charged on any accumulated loyalty bonus held on behalf of your plan. | Covers ongoing costs of managing the Plan including investment management, administration, and for holding your plan's assets in trust. | Paid to Embark Student Corp., as, or in the capacity of, the investment fund manager of the Plan. |
| **Independent review committee (IRC) fee** | For the fiscal year ended December 31, 2022, $92,700 was paid, shared by all Plans including the Family Single Student Education Savings Plan; $6,429 in respect of Flex First.<br>This was paid as follows:<br>Chairperson - $20,000 (plus GST/HST)<br>Each Member - $15,000 (plus GST/HST)<br>Secretariat fee - $40,000 (plus GST/HST)<br>Meetings - $2,500 (plus GST/HST) | Fee for providing IRC services for subscribers as required for all publicly offered investment funds. | IRC Members and IRC Secretariat |

The management fee will not be increased beyond 1.5% per year without subscriber approval. For existing customers who wish to open a subsequent Flex First agreement, the Manager reserves the right to waive some or all of the initial sales charge for the subsequent agreement.

### Transaction Fees

We will charge the following fees (plus applicable taxes) for the transactions listed below.

| FEE | AMOUNT | HOW THE FEE IS PAID | WHO THE FEE IS PAID TO |
|---|---|---|---|
| • Non-sufficient Funds (NSF) payments<br>• Cheque request<br>• Cheque replacement<br>• Transferring funds to a RESP offered by another provider<br>• Switching beneficiaries<br>• Paper copies of statements of account or trade confirmations | • $25 per item<br>• $10 per cheque<br>• $10 per cheque<br>• $200 per transfer<br>• $20 per change<br>• $5 per item | • One-time fee that is deducted from your contributions.<br>• We'll notify you before we add to or change any transaction fee. | Paid to Embark Student Corp. |

## RETURN OF SALES CHARGE

Our return of sales charge feature offers a return of a portion of the sales charge that you have already paid should you wish to cancel your plan, transfer your plan to another RESP or make a request to reduce your plan's total contribution goal.

In the situations where the TCG is reduced by request the amount of the sales charge return is equal to:

- the amount of the total sales charge that you have paid to date, less
- the sales charge that is applicable to the reduced TCG for your plan.

The new TCG for the plan must be greater than or equal to the total contributions that have been made to date.

In the situations where a plan is cancelled or transferred to another RESP, the amount of the sales charge return is equal to:

- the amount of the total sales charge that you have paid to date, less
- the sales charge that would have been applicable to a TCG that is equal to the total contributions you have made to date.

If the above calculations result in a positive amount, then this represents the sales charge return amount.

The sales charge return calculations are not impacted by any contribution withdrawals you may have already made from your plan since the total contributions in the calculations do not reflect these withdrawals.

You are eligible to receive the return of sales charge paid up until the earlier of:

- the day the total contributions made to your plan equals the total contribution goal, or
- the day payments are received from your plan relating to post-secondary education (such as an EAP or a withdrawal of contributions while your beneficiary is attending eligible studies), or
- the day you receive an AIP from your plan, or
- the day an educational institution payment is made as per the *Income Tax Act* (Canada), or
- December 31st of the year in which your beneficiary turns 17 years of age.

In all cases where a sales charge return amount is payable, the Manager will deposit this amount into your plan directly, rather than issuing them as a direct payment to you. This is to avoid situations where government grants may have to be returned to the government if a sales charge return was paid directly to you instead of remaining in your plan. In situations where your plan is either cancelled or transferred to another RESP, the plan closure or transfer will occur after we have added the sales charge return to the contributions in your plan. The return of sales charge paid will not attract further government grants, is not considered a new contribution to the plan for tax purposes and will not be taxable when returned to you.

The return of sales charge feature of Flex First is part of the Education Assistance Agreement and is not offered at the discretion of the Foundation. If the conditions for qualifying for the return of sales charge are met the Manager will provide it.

## MAKING CHANGES TO YOUR PLAN

### Changing your contributions

You can change the amount and frequency of your contributions at any time as long as they don't exceed the *Income Tax Act* (Canada) RESP contribution limit of $50,000. For example, you could change from monthly or yearly contributions to a one-time, lump sum contribution.

At any time you may increase your TCG. See “Increasing your TCG” on page 21. You may decrease your TCG to an amount that is equal to or greater than the total contributions you have already made to your plan, as long as the resulting TCG is at least $500.

you reduce your regular ongoing contribution amount and/or change your contribution frequency for a period of more than 6 months, and if you have not yet paid the entire sales charge for your agreement, then the maximum TCG pertaining to your agreement will be recalculated. The revised maximum TCG pertaining to your revised regular ongoing contributions will be recalculated as the greater of amounts A and B shown below:

Amount A: The TCG that corresponds to the amount of the sales charge collected to date divided by the sales charge rate for your plan, or

Amount B: The TCG that corresponds to the total amount of contributions made to date plus the total amount of future anticipated contributions that could be achieved up until December 31st of the year in which your beneficiary turns 17 years old.

If the current TCG you have set for your plan is higher than the revised maximum TCG, then your TCG will be automatically lowered to equal the revised maximum TCG. The amount of sales charge due for your plan will also be lowered to equal your revised TCG multiplied by the sales charge rate for your plan.

**Contact us if you wish to if you wish to increase or change your contributions and we will send you the appropriate paperwork.**

**Increasing your TCG**

You can increase your TCG at any time. **There are no additional sales charges payable for increasing your TCG.** You can choose to fund the TCG increase units through regular TCG contributions or “annual automatic” contribution increases. See “Regular or Annual Automatic Contribution Increases” for TCG on page 21 for more information.

**Regular or Annual Automatic Contribution Increase for TCG Increases**

You can fund your TCG increase using regular TCG contributions or annual automatic contribution increase contributions.

Regular TCG contributions are determined by dividing the amount of the TCG increase by the contribution periods remaining until December 31st of the year your beneficiary turns 17. For example, if you increase your TCG by $5,000 and there are sixty (60) months remaining until December 31st of the year your beneficiary turns 17, the regular TCG contribution to fund this TCG increase would be $83.33 per month.

Annual automatic contribution increases are TCG contributions that are automatically increased each year by anywhere from 1% to 5%. Annual automatic contribution increases allow you to pay for your TCG increase sooner than by regular TCG contributions. Annual automatic contribution increases also make it easier for your education savings to keep pace with the ever-increasing costs of post-secondary education.

When you contact us to add additional contributions to your existing plan, you can choose between regular TCG contributions and annual automatic contribution increases and if annual automatic contributions increases, it is an annual percentage increase. We will ensure this percentage increase is suitable for you and consistent with your financial means and personal circumstances. Once your annual percentage increase is set, your contributions to fund your TCG increase will automatically increase by this percentage each year until December 31st of the year your beneficiary turns 17, or unless you tell us otherwise.

Using the same example as the regular TCG contributions, choosing annual automatic contribution increase with a 4% annual percentage increase will allow you to achieve the same $5,000 TCG increase **five months sooner** that with regular TCG contributions.

With Annual Automatic Contribution Increases, you can change your annual percentage increase at any time. However, if you want to increase your annual percentage increase, we need to ensure this is suitable for you and consistent with your financial means and personal circumstances. It is important that you let us know if there are any significant changes in your personal or financial circumstances, whether you have selected regular or annual automatic contribution increases.

**There are no additional sales charges payable for increasing your TCG, whether you choose regular TCG contributions or annual automatic contribution increases.**

Whether you choose to increase your TCG with regular or annual automatic contribution increases, your increased contributions will first go towards paying any original sales charges outstanding. When the balance of the outstanding sales charges is fully paid, your increased contributions will accumulate as principal within your plan.

See the following examples of TCG increases with both regular and annual automatic contribution increases;

| | Regular Contributions | Annual Automatic Contribution Increase |
|---|---|---|
| **TCG increase with sales charges outstanding** | You open a plan for your newborn son in January 2021 with a $10,000 Total Contribution Goal (TCG) contributing at $50/month. The expected sales charges are calculated at 9.5% = $950. By the end of December 2021, you have contributed $50 x 12 months = $600.<br>In January 2022, you receive a promotion and increase your monthly contributions to $75/month resulting a revised TCG of $15,000; however, since there are no additional sales charges for an increase in TCG, the expected sales charges will remain at $950.<br>Since sales charges are paid from the contributions until the sales charges are fully paid, the additional $25/month you will contribute will go towards the expected sales charge at $950. The sales charges will be fully paid by May 2022 instead of July 2022. | You have a plan for your son with a $15,000 TCG contributing at $75/month. The expected sales charges at 9.5% is $1,425. You have contributed $900 in the first year which have all been allocated to sales charges.<br>You decide to turn on the Automated Annual Contribution Increase feature at 5% which will result in a 5% increase in the contribution amount each year (i.e., in Year 2, you will contribute $78.75/month, in Year 3, you will contribute $82.69/month, etc.). The TCG will be increased to $23,200, but since there are no additional sales charges for an increase in TCG, the sales charges will remain at $1,425.<br>With the Automated Annual Contribution Increase, you will contribute an extra $3.75 per month next year and the outstanding sales charges will be paid by July next year instead of August. |
| **TCG increase with no sales charges outstanding** | You have a plan for your daughter with an $8,000 TCG contributing at $25/month. The expected sales charges are calculated at 9.5% = $760. You have already contributed $800 into the plan so the sales charges are fully paid and have $40 in net contributions.<br>You later increase your contributions to $35/month resulting in a new TCG of $10,000. Since there are no additional sales charges for an increase in TCG, the expected sales charges will remain at $760.<br>Your next contribution of $35 will be allocated directly to net contributions ($40 + $35 = $75) since all the sales charges are already fully paid. | You have a plan for your daughter with a $20,000 TCG contributing $100/month. The expected sales charges at 9.5% is $1,900.<br>Three years later, you decide to turn on the Annual Automatic Contribution Increase feature at 3% which will result in a 3% increase in the contribution amount each year (i.e., next year, she will contribute $103/month, in the following year, she will contribute $106.09/month, etc.). This results in a new TCG of $25,000, but since there are no additional sales charges for an increase in TCG, the sales charges will remain at $1,900.<br>You have already contributed $3,600 so your sales charges are already paid, and you have $1,700 in net contributions. Your next contribution and any future contributions at the 3% increase will be allocated directly to net contributions. |

### Changing the subscriber

Under the *Income Tax Act* (Canada), the subscriber of an RESP can be changed if you die or your marriage breaks down. Under these circumstances, your spouse or common-law partner can become the subscriber of your plan. If the subscriber to the plan is a public primary caregiver, then another person or another public primary caregiver can replace this subscriber with appropriate written agreement between them.

The request to change the subscriber must be made to us in writing. We will also need appropriate paperwork to verify that the conditions under the *Income Tax Act* (Canada) relating to a subscriber replacement have been met.

If the person who becomes the subscriber is not your spouse or common-law partner, any income he or she receives from the plan (other than as a part of an EAP) will be included in his or her taxable income in the year it's received. In this case, all income received from the plan as an AIP — whether it's contributed to an RRSP or not — will be subject to an additional 20% tax which will be withheld.

You can also add a joint subscriber to your plan but he or she must be your spouse or common-law partner.

### Changing your beneficiary

You are able to switch the beneficiary in your plan. For example, if the original beneficiary in your plan won't be eligible for EAPs, switching the beneficiary is an option. You can switch the beneficiary in your plan any number of times during the life of the plan. You can even choose to be the beneficiary of your own plan if you're thinking of going back to school.

You will need to give us a valid SIN for the new beneficiary, and proof that he or she is a Canadian resident.

You will have to repay all of the Canada Learning Bond that might have been collected for the original beneficiary if you switch the beneficiary in the plan. You may have to repay all or some of the other government grants as well. Some government grants can be kept in the plan if:

- the new beneficiary is under 21 years old at the time of the switch, and both beneficiaries have at least one parent in common, or
- both beneficiaries are under 21 years old at the time of the switch and are related to an original subscriber of your plan (by blood or adoption).

If the new beneficiary already has a RESP or contributions have already been made to the plan for the new beneficiary, total contributions for the new beneficiary may be higher than the maximum allowed by the *Income Tax Act* (Canada), and you may have to pay a penalty tax. See page 11 for more information. The plan will still cancel no later than December 31st of the 35th year following the year in which you opened it.

**Death or disability of the beneficiary**

If your beneficiary will not attend eligible studies and not qualify for EAPs under Flex First as a result of a disability or death you have the option of requesting an AIP for income earned in your plan or switching the beneficiary on your plan (See "Changing your beneficiary"). Both of these options are available to you any time prior to the day your plan cancels or expires provided you qualify for an AIP under the *Income Tax Act* (Canada). If you do not qualify for an AIP, we'll request a waiver of the qualification conditions on your behalf. If the waiver is granted by the Minister of National Revenue and you qualify to receive an AIP, it is included in income and subject to an additional 20% tax that will be withheld.

In determining the disability of a beneficiary, the beneficiary must have a severe and prolonged mental impairment that has lasted or is reasonably expected to last at least 12 months and because of the impairment it is reasonable to expect that the beneficiary will not be able to pursue post-secondary education. Further, the impairment and the resulting inability to pursue post-secondary education must be confirmed in writing by a medical doctor or psychologist who by his/her training or practice is able to attest to these conditions. A death certificate must be provided in the event of the beneficiary's death. Contact us to discuss these options and make appropriate arrangements.

## TRANSFERRING YOUR PLAN

**Transferring to another Embark Student Corp. Plan or another RESP Provider**

You have the flexibility to transfer from the Flex First Plan to another Embark Student Plan or to another RESP provider, as long as it's allowed by the *Income Tax Act* (Canada).

How it works:

- you complete a plan transfer form and an application for the new RESP
- we'll transfer the contributions in your plan (net of paid and applicable fees) and the income they've earned to the new RESP
- we'll calculate the return of the sales charge you have paid, according to "Return of Sales Charge" provisions on page 20
- the loyalty bonus you accumulated in your Flex First plan will not be transferred to the new RESP
- we'll transfer the income the government grants have earned to the new RESP
- we'll transfer all or some of the government grants if:
  - the new RESP meets the requirements of the *Income Tax Act* (Canada) and the government grants act, and
  - for the Canada Learning Bond the same beneficiary is in both plans.

For all other government grants,

- either the beneficiary in the new plan is under 21 years old when the new Plan is entered into and has at least one parent in common with the beneficiary in the plan you're transferring from, or
- the same beneficiary is in both plans.

Otherwise, you may have to repay all or some of the government grants. There are special rules if the new RESP has more than one beneficiary, for example every beneficiary must be a brother or sister of every other beneficiary in the plan.

If the plan is not for the same beneficiary and the new beneficiary already has an RESP, or contributions have already been made to the plan for the new beneficiary, total contributions for the new beneficiary may be higher than the maximum allowed by the *Income Tax Act* (Canada), and you may have to pay a penalty tax. Turn to page 11 for more information.

There is a $200 transaction fee (plus tax) when transferring your plan to another RESP provider. There is no fee if you choose to transfer to another Embark Student Corp. Plan.

**Transferring to this Plan from another RESP Provider**

You can transfer another RESP into the Flex First Plan, as long as it's allowed by the *Income Tax Act* (Canada).

How it works:

- you make a request to transfer your RESP and complete an application for Flex First
- your beneficiary must be a Canadian resident
- plan assets are transferred from the other RESP promoter into Flex First
- if the same beneficiary is on both Plans, he or she does not have to be a Canadian resident or have a SIN, however, if this is the case no other contribution can be made to the plan (except the funds that are being transferred).

Government grants will be transferred if:

- Flex First offers those government grants, and
- for the Canada Learning Bond, the same beneficiary is in both plans.

For all other government grants:

- either the beneficiary in Flex First is under 21 years old when the new Plan is entered into and has at least one parent in common with the beneficiary in the plan you're transferring from, or
- the same beneficiary is in both plans.

Otherwise, you may have to repay all or some of the government grants.

If Flex First is not for the same beneficiary, and the new beneficiary already has an RESP, or contributions have already been made to the plan for the new beneficiary, total contributions for the new beneficiary may be higher than the maximum allowed by the *Income Tax Act* (Canada), and you may have to pay a penalty tax. Turn to page 11 for more information.

## WITHDRAWAL OR CANCELLATION

**If you withdraw from or cancel your plan**

You have the right to withdraw from your plan and get back all of your money (including any fees or expenses paid) if you make this request to us, in writing, within 60 days of signing the application form for your plan.

When you cancel your plan and withdraw your contributions, whether it is before or after the first 60 days of enrolment:

- any government grants received will be returned to the government;
- this government grant contribution room will be lost (with the exception of the CLB as lifetime CLB entitlement is not affected by a repayment); and
- the withdrawn amount will still be included as an RESP contribution when determining the $50,000 RESP contribution limit, even though the contributions were withdrawn.

You can cancel your plan by:

- telling us in writing within 60 days from your application date that you wish to cancel your plan
- withdrawing all of your contributions within 60 days from your application date
- withdrawing all of the contributions and income in your plan
- transferring your plan to another RESP.

**If we cancel your plan**

We can cancel your plan:

- if you do not make a contribution that has cleared the banking system within the first 60 days after you opened your plan. This does not apply to plans that are intended to only receive the Canada Learning Bond or the BCTESG, where subscriber contributions are not required.
- if after three years in the Plan the sum of Contributions (less any fees or withdrawals) and income earned in your plan is less than $350
- if you withdraw income from your plan that isn't part of an EAP, we'll cancel your plan on the last day of February in the year after you make the withdrawal.

**If your plan expires**

Your plan will expire on December 31 of the 35$^{th}$ year after the year in which you opened your plan. Once your plan is expired we will be unable to reinstate this plan.

**Once your plan is cancelled or expired, it can never be reactivated.**

How it works:

- Your plan will no longer be an RESP. We'll terminate your plan with the CRA.
- You will get your contributions back. We'll return the net contributions in your plan when your plan is cancelled as long as they've cleared the banking system. You won't pay tax on this amount.

- The sales charge paid on that part of your TCG that you have contributed as of the date your plan is cancelled is non-refundable.
- If your plan is cancelled on or before December 31st of the year the beneficiary turns 17, you'll get back the sales charge that you paid for that part of the TCG that has not been contributed yet.
- Government grants in your plan will be returned to the appropriate government.
- Any accumulated loyalty bonus in your plan will be forfeited.
- You might be able receive the income your contributions and government grants have earned as an AIP. See page 26.

If you don't qualify for the income or you don't withdraw it before your plan is cancelled, under the *Income Tax Act* (Canada) we will be required to donate it to an educational institution of our choice.

## IF YOUR BENEFICIARY DOES NOT ENROL IN ELIGIBLE STUDIES

A beneficiary who does not enrol in eligible studies will not receive EAPs from your plan.

**You can switch the beneficiary in your plan**

If it does not appear as though the original beneficiary in your plan will qualify for EAPs, switching the beneficiary in your plan is an option. See "Changing your beneficiary" on page 22 for more information on this option.

**You can cancel your plan**

You also have the option of cancelling your plan if your beneficiary does not enrol in eligible studies. See "Withdrawal or cancellation" on page 24.

## RECEIVING PAYMENTS FROM YOUR PLAN

**Return of contributions**

You are entitled to a return of your contributions (less fees and withdrawals you make) at any time by writing to us. You can have this money paid to you or directly to your beneficiary.

We generally return your contributions (less fees and withdrawals or adjustments you make) to you or pay them to your beneficiary when, or any time after, your beneficiary enrols in eligible studies. You, or your beneficiary, are also eligible to receive the loyalty bonus that has accumulated on your beneficiary's behalf when he or she has enrolled in eligible studies. See below for details about the loyalty bonus. You can request any amount equal to or less than the total amount of contributions and loyalty bonus in your plan at that time. We will return these contributions and any loyalty bonus you are eligible for when you ask us to in writing (as long as your contributions have cleared the banking system).

If you withdraw contributions from your RESP while your beneficiary is not attending eligible studies, we will have to return any CESG/ACESG, QESI/AQESI and/or SAGES in your plan to the appropriate government.

**Accumulating Loyalty Bonus**

At the end of each calendar month, provided that it is before August 31st of the year your beneficiary turns 18 years old and if your plan qualifies at that time, we will calculate a loyalty bonus which will accumulate on behalf of your plan. The calculation of this bonus is based on a percentage of the total amount of net contributions that were in your plan at the beginning of the calendar month less any contribution withdrawals you may have made during that month. The loyalty bonus percentage will be no less than 0.66%, per year, expressed as a monthly nominal annualized rate, or 0.66% divided by 12, per month.

Any accumulated loyalty bonus credits missed due to not meeting eligibility requirements at the time of the monthly calculations will not be carried forward and credited retroactively if eligibility requirements are met later on.

Loyalty bonus payments are not eligible to attract grants from the CESG or QESI programs. The loyalty bonus credited to your plan will not count towards the maximum RESP contribution limit for your plan.

The loyalty bonus can be paid to you or your beneficiary when your beneficiary enrols in eligible studies.

The loyalty bonus payments are considered a partial return of the sales charge paid by the subscriber and can be received tax-free by you or your beneficiary.

A plan's eligibility to accumulate a loyalty bonus is assessed at the end of each calendar month and must meet all of the following requirements:

- your plan is registered and open
- your beneficiary has not begun receiving EAPs, nor have post-secondary education contribution withdrawals been made from your plan
- the calendar month being considered is not after August of the year that your beneficiary turns 18
- you have not received an AIP

- the current total contribution goal you have set for your plan is not less than $2,500, and
- the total loyalty bonus amount you have accumulated does not exceed the total sales charge you have paid into your plan.

**Educational assistance payments**

Beneficiaries must attend a post-secondary institution and program that qualifies for an EAP under the *Income Tax Act* (Canada). See "Summary of Eligible Studies" on page 17 of this Detailed Plan Disclosure.

EAPs can be made to your beneficiary any time up until December 31 of the 35th year after the year in which you opened your plan.

EAPs can be issued any time of the year depending on the beneficiary's post-secondary schedule. Under the *Income Tax Act* (Canada), beneficiaries are eligible to receive EAPs up to six months after they have stopped attending a program, provided that they would have otherwise qualified for that payment.

Please call us at 1-800-363-7377 if you have questions about qualifying for EAPs.

**How we determine educational assistance payment amounts**

We use the income earned on the contributions in your plan, along with any government grants and the income they've earned, to make EAPs to your beneficiary if he or she qualifies. We use the Canadian Education Savings Regulations EAP formulas to ensure the same proportion of each component is available for an EAP. The amount of income earned depends on the performance of the invested securities in the Plan.

You tell us how much each EAP should be, based on your beneficiary's expenses. If you, or your beneficiary, request an EAP in excess of $26,860 for 2022, under the *Income Tax Act* (Canada) we will need to see receipts that show the cost of education.

Each payment will include:

- part or all of the income in your plan

***plus***

- part or all of the government grants in your plan

***plus***

- part or all of the grant income in your plan.

The most your beneficiary can receive in EAPs from all Plans is $5,000, unless he or she has completed 13 consecutive weeks of eligible studies in the 12-month period before the payment is made. If your beneficiary's expenses are higher than $5,000 in the first 13 weeks, contact us and we'll apply to the Minister of Employment and Social Development Canada to have the limit increased. This maximum amount is $2,500 for a specified program as noted on page 8 of this Detailed Plan Disclosure.

**Accumulated income payments**

You may be able to receive the income your contributions and government grants earned if you're a Canadian resident and:

- your plan is at least 10 years old, *and*
- every beneficiary who has been a beneficiary of your plan is at least 21 years old and not eligible for an EAP,

  *or*
- it's the end of the 35th year after the year in which you opened your plan,

  *or*
- every beneficiary who has been a beneficiary of your plan has died.

The Minister of National Revenue may allow us to waive some of these conditions if the beneficiary is suffering from a severe and prolonged mental impairment.

Any AIP you receive from your plan will be taxed as income in the year you receive it and may be subject to an additional tax of 20%, or you might be able to transfer up to $50,000 of this income to your RRSP or a spousal or common-law partner RRSP as long as you have enough unused contribution room. If you don't qualify for the income in your plan or you don't withdraw it, we'll donate it to an educational institution of our choice as required under the *Income Tax Act* (Canada).

## FLEX FIRST IS A SPECIFIED PLAN

Further to the Flex First disclosure about when contributions to a plan must cease and rules around changing the plan beneficiary, if the beneficiary is entitled to a disability tax credit for the beneficiary's tax year that includes the 31st anniversary of the plan, contributions may continue to be made to the plan until the end of the year that includes the 40th anniversary of the plan, subject to the following restrictions:

- the only contribution that may be made after the end of the year that includes the 35th anniversary of the plan are transfers from another RESP; and
- no other individual can be designated as beneficiary under the plan at any time after the end of the year that includes the 35th anniversary of the plan.

A plan that meets these conditions is known as "specified plan" in accordance with the *Income Tax Act* (Canada).

# Family Single Student Education Savings Plan

(Family Individual Plan)

## FAMILY SINGLE STUDENT EDUCATION SAVINGS PLAN (Family Individual Plan)

**Type of plan**

| | |
|---|---|
| Individual Plan | first sold as of December 9, 1994 |

## WHO THIS PLAN IS FOR

This Plan is for a person who is planning to attend post-secondary studies. To become a beneficiary under the family individual plan, the person must be a Canadian resident and have a valid social insurance number ("SIN"). The beneficiary can be you, your child or any other person. He or she does not have to be related to you and can be of any age. If the person is a beneficiary already under an RESP and you are transferring that plan to this Plan for the same beneficiary, he or she does not have to be a Canadian resident and do not need a SIN. However, if this is the case no other contribution can be made except the funds that are being transferred.

A scholarship plan can be a long-term commitment. It is for investors who are planning to save for a person's post-secondary education and are fairly sure that:

- they can make all of their contributions following their contribution schedule for at least the first three years of their plan
- they will stay in their plan until it matures
- their beneficiary will attend eligible studies as defined in the *Income Tax Act* (Canada).

## SUMMARY OF ELIGIBLE STUDIES

The following is a description of the post-secondary programs that are eligible studies and qualify for EAPs under the family individual plan. Contact the Manager or your sales representative to find out if the educational programs your beneficiary is interested in are eligible studies, or to obtain a list of eligible post-secondary institutions. You will also find a link on our website to the master list of qualifying educational institutions as defined under the *Income Tax Act* (Canada). For more information about receiving EAPs, see "Educational assistance payments" on page 39.

**What's eligible**

Your beneficiary can study at any post-secondary institution that qualifies for an EAP under the *Income Tax Act* (Canada). This can include:

- Canadian universities, colleges, CÉGEPs, other designated post-secondary educational institutions and some occupational training institutions
- universities, colleges and other educational institutions outside Canada.

The post-secondary program must:

In Canada:

- be at least 3 consecutive weeks in length and
- require at least 10 hours per week of instruction time, or
- require at least 12 hours per month of instruction time, provided student is over 16 years old (a "specified program").

Outside Canada:

- be at least 13 consecutive weeks in length at a university, college or other educational institution, or
- be at least 3 consecutive weeks in length of full time studies at a university, and
- be at an institute and program that would qualify for an EAP under the *Income Tax Act* (Canada).

Payments are made to the beneficiary upon their enrollment in eligible studies. You tell us how much each payment should be, based on your beneficiary's educational expenses. The beneficiary must be a Canadian resident to receive the grant portion of an EAP. The beneficiary must be a resident of Quebec to qualify for the QESI portion of an EAP.

**What's not eligible**

Your beneficiary can study at any post-secondary institution or program that qualifies for an EAP under the *Income Tax Act* (Canada).

Programs that are taken at post-secondary institutions which are located in Canada or outside of Canada and do not qualify as a designated educational institution may not qualify for an EAP under the *Income Tax Act* (Canada).

Beneficiaries who do not enrol in eligible studies will not be eligible to receive the government grants collected on their behalf.

## RISKS OF INVESTING IN THIS PLAN

### Plan risks

In addition to the Plan and investment risks described under “Risks of investing in a scholarship plan” on page 10, the following is a description of the risks of participating in this Plan.

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 do not, or your beneficiary does not, meet the terms of your contract, it could result in a loss and your beneficiary might not qualify for EAPs.

Keep in mind that payments from your plan are not guaranteed. We cannot tell you in advance if your beneficiary will qualify to receive any EAPs from your 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. The amount of the EAPs will depend primarily on the investment performance of the Plan.

### Investment risks

The value of the investments held by the family individual plan can go up or down. You can find a list of risks that can cause the value of the Plan’s investments to change under “Investment risks” on page 11.

## HOW THE PLAN HAS PERFORMED

The table below shows how the investments in the family individual plan performed in each of the past five financial years. On December 31, 2017, the Manager changed the fiscal year-end date of the family individual plan from April 30 to December 31. The returns shown below reflect this change. Returns are after fees have been deducted. These fees reduce the returns you get on your investment. It’s important to note that this doesn’t tell you how the Plan’s investments will perform in the future.

| | Fiscal Years Ending | | | | |
|---|---|---|---|---|---|
| | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 | Dec. 31, 2019 | Dec. 31, 2018 |
| Annual return | -12.0% | 7.8% | 10.6% | 11% | -1.3% |

The Plan allocates income to each plan monthly as described below.

### Income from fixed income investments

Interest from fixed income investments is allocated to the Plan as it is earned. Realized and unrealized gains and losses on fixed income investments are allocated monthly.

### Income from equities

Dividends or distributions from investments in equities are allocated to the Plan in the month in which they are received. Realized and unrealized gains and losses on equity investments are allocated monthly.

## MAKING CONTRIBUTIONS

You can make one-time, monthly or annual contributions, following the contribution schedule on page 31.

Contributions must be at least:

- $9.72 per month, or
- $108.12 per year, or
- a lump sum of $449.

You can contribute up to a maximum of $50,000 per beneficiary to an RESP. You can’t contribute to your plan after the 31st year after the year in which you opened it. Your beneficiary must be a Canadian resident to be able to make contributions to your plan.

If you qualify for the Canada Learning Bond or the B.C. Training and Education Savings Grant, you can open a family individual plan without making any deposits and just receive the government grants. The contribution schedule on page 31 has an option for this type of plan.

### What is a unit?

Your contributions correspond to units in your plan. The number of units you will have in your plan depends on how much you contribute, how often you want to contribute, and how many years until your beneficiary starts college or university. The sales charge for your plan is calculated based on how many units you have in your plan.

### Your contribution options

You have seven options for making contributions, including lump sum, annual or monthly contributions. You can change your contribution option at any time. See page 32 below for more information on changing your contribution schedule.

### Contribution schedule

The contribution schedule below shows how much you have to contribute per unit. The contribution amount you make depends on the how long you wish to invest for and whether you will make a one-time contribution to your plan or make periodic monthly or annual contributions.

Certain fees are deducted from your contributions. For more information, please see “Fees you pay” on page 33. The contribution schedule was prepared with the assistance of RSM Canada Consulting LP, Toronto, Ontario.

### How to use the contribution schedule table:

For example, let’s assume your beneficiary is a newborn. If you want to make monthly contributions for the full term of the contribution schedule (17.3 years), you will contribute $4.86 each month for each unit in your plan. You would make 208 contributions over the life of your plan, for a total investment of $1,010.88 per unit.

If your beneficiary is five years old and you want to make annual contributions for the full term of the contribution schedule (13 years), you will contribute $104.19 each year for each unit in your plan. You would have to make 13 contributions over the life of your plan, for a total investment of $1,354.47 per unit.

The contribution schedule has been designed so that all of the options are expected to generate approximately the same amount of income per unit by each plan’s maturity date as based on various assumptions including Plan performance. These assumptions were selected by the Foundation for the purpose of determining the contribution amounts so that the expected income per unit at maturity will be approximately equal. The schedule is reviewed regularly to ensure that it continues to be reflective of current conditions and circumstances. The actual annual interest rates experienced in the future may be lower or higher than the rate assumed for this schedule. The amounts shown include the sales charge of $100 per unit.

### If you have difficulty making contributions

You have the following options available to you if you are having difficulty maintaining your contribution schedule.

### Your options

#### You can temporarily stop contributing

During the first three years of your plan you should follow the contribution schedule to ensure your enrolment fees are fully paid. After you've had your plan for three years, you can choose how often you want to contribute to the plan, or stop making contributions altogether, provided at that time your enrolment fees are fully paid and the contributions in your plan (not including fees deducted) plus the income earned on contributions equals at least $350.

If, after three years, your contributions (not including the fees deducted) plus the income earned on your contributions is less than $350, we will discontinue your plan. You can re-activate your discontinued units by bringing your contributions and contribution income up to $350. See "Re-activating Discontinued Units" on page 36.

If you temporarily stop making contributions your plan's insurance coverage will be suspended. Once you've started contributing regularly again, your insurance coverage will resume.

Note that if you qualify for the ACESG, you can't carry forward the ACESG your plan didn't receive while you stopped making contributions.

| Years until your beneficiary goes to college or university<br>Contribution options | 18 | 17 | 16 | 15 | 14 |
|---|---|---|---|---|---|
| Monthly contribution | D-18 | D-17 | D-16 | D-15 | D-14 |
| Contribution amount per unit | $4.86 | $5.55 | $6.24 | $7.22 | $8.35 |
| Total number of contributions | 208 | 196 | 184 | 172 | 160 |
| Total amount of contributions per unit | $1,010.88 | $1,087.80 | $1,148.16 | $1,241.84 | $1,336.00 |
| Annual contribution | B-18 | B-17 | B-16 | B-15 | B-14 |
| Contribution amount per unit | $54.06 | $60.94 | $69.30 | $77.65 | $89.45 |
| Total number of contributions | 18 | 17 | 16 | 15 | 14 |
| Total amount of contributions per unit | $973.08 | $1,035.98 | $1,108.80 | $1,164.75 | $1,252.30 |
| One-time contribution | F-18 | F-17 | F-16 | F-15 | F-14 |
| Contribution amount per unit | $449.00 | $480.00 | $515.00 | $555.00 | $602.00 |
| Total number of contributions | 1 | 1 | 1 | 1 | 1 |
| Total amount of contributions per unit | $449.00 | $480.00 | $515.00 | $555.00 | $602.00 |
| Monthly contribution for 5 years | E-18 | E-17 | E-16 | E-15 | E-14 |
| Contribution amount per unit | $9.24 | $9.97 | $10.81 | $11.79 | $13.27 |
| Total number of contributions | 60 | 60 | 60 | 60 | 60 |
| Total amount of contributions per unit | $554.40 | $598.20 | $648.60 | $707.40 | $796.20 |
| Annual contribution for 5 years | C-18 | C-17 | C-16 | C-15 | C-14 |
| Contribution amount per unit | $106.16 | $114.02 | $123.85 | $135.16 | $147.94 |
| Total number of contributions | 5 | 5 | 5 | 5 | 5 |
| Total amount of contributions per unit | $530.80 | $570.10 | $619.25 | $675.80 | $739.70 |
| Monthly maximizer | J-18 | J-17 | J-16 | J-15 | J-14 |
| Contribution amount per unit | $5.89 | $6.29 | $6.88 | $7.86 | $8.84 |
| Total number of contributions | 126 | 126 | 126 | 126 | 126 |
| Total amount of contributions per unit | $742.14 | $792.54 | $866.88 | $990.36 | $1,113.84 |
| Annual maximizer | G-18 | G-17 | G-16 | G-15 | G-14 |
| Contribution amount per unit | $66.84 | $72.74 | $78.64 | $88.47 | $96.33 |
| Total number of contributions | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 |
| Total amount of contributions per unit | $701.82 | $763.77 | $825.72 | $928.94 | $1,011.47 |
| Grant only plan with CLB and BCTES grants | Z-18 | Z-17 | Z-16 | Z-15 | Z-14 |
| Contribution amount per unit | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Total number of contributions | 0 | 0 | 0 | 0 | 0 |
| Total amount of contributions per unit | 0 | 0 | 0 | 0 | 0 |

**You can contribute less**

If you have not had your plan for at least three years, you might choose to reduce the amount you contribute to your plan by discontinuing full or partial units. You must continue to make contributions of at least $9.72 per month or $108.12 per year.

If you decide to discontinue units, we'll:

- return the amount of your contributions related to these units, less any fees that you paid
- calculate the applicable reduction in sales charges, which you can apply towards the purchase of additional units for up to two years
- return the CESG/ACESG, QESI/AQESI and/or SAGES relating to the withdrawn contributions to the applicable government. You will lose this grant contribution room.

If you contribute less than $2,500 a year, you won't receive the maximum CESG or QESI.

**You can change your contribution schedule**

You can change your contribution schedule at any time, for example from monthly or yearly contributions to a one-time, paid-up contribution. After this, no more contributions are required. Note that if contributions stop, so does any further CESG/ACESG, QESI/AQESI and/or SAGES you may be collecting.

There is no fee for this change.

| | 13 | 12 | 11 | 10 | 9 | 8 | 7 | 6 | 5 | 4 |
|---|---|---|---|---|---|---|---|---|---|---|
| | D-13 | D-12 | D-11 | D-10 | D-09 | D-08 | D-07 | D-06 | D-05 | D-04 |
| | $9.87 | $11.79 | $14.25 | $17.44 | $20.64 | $27.52 | $36.37 | $49.15 | $71.75 | $113.04 |
| | 148 | 136 | 124 | 112 | 100 | 88 | 76 | 64 | 52 | 40 |
| | $1,460.76 | $1,603.44 | $1,767.00 | $1,953.28 | $2,064.00 | $2,421.76 | $2,764.12 | $3,145.60 | $3,731.00 | $4,521.60 |
| | B-13 | B-12 | B-11 | B-10 | B-09 | B-08 | B-07 | B-06 | B-05 | B-04 |
| | $104.19 | $122.87 | $147.45 | $179.88 | $224.12 | $286.05 | $379.43 | $511.16 | $717.59 | $1,081.30 |
| | 13 | 12 | 11 | 10 | 9 | 8 | 7 | 6 | 5 | 4 |
| | $1,354.47 | $1,474.44 | $1,621.95 | $1,798.80 | $2,017.08 | $2,288.40 | $2,656.01 | $3,066.96 | $3,587.95 | $4,325.20 |
| | F-13 | F-12 | F-11 | F-10 | F-09 | F-08 | F-07 | F-06 | F-05 | F-04 |
| | $655.00 | $718.00 | $793.00 | $883.00 | $1,020.00 | $1,145.00 | $1,350.00 | $1,650.00 | $1,980.00 | $2,520.00 |
| | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | $655.00 | $718.00 | $793.00 | $883.00 | $1,020.00 | $1,145.00 | $1,350.00 | $1,650.00 | $1,980.00 | $2,520.00 |
| | E-13 | E-12 | E-11 | E-10 | E-09 | E-08 | E-07 | E-06 | | |
| | $14.74 | $16.71 | $18.67 | $22.11 | $26.04 | $30.96 | $38.33 | $50.13 | | |
| | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | | |
| | $884.40 | $1,002.60 | $1,120.20 | $1,326.60 | $1,562.40 | $1,857.60 | $2,299.80 | $3,007.80 | | |
| | C-13 | C-12 | C-11 | C-10 | C-09 | C-08 | C-07 | C-06 | | |
| | $164.16 | $183.82 | $209.37 | $243.78 | $287.03 | $337.16 | $412.86 | $526.88 | | |
| | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | | |
| | $820.80 | $919.10 | $1,046.85 | $1,218.90 | $1,435.15 | $1,685.80 | $2,064.30 | $2,634.40 | | |
| | J-13 | J-12 | J-11 | | | | | | | |
| | $10.32 | $12.09 | $14.15 | | | | | | | |
| | 126 | 126 | 126 | | | | | | | |
| | $1,300.32 | $1,523.34 | $1,782.90 | | | | | | | |
| | G-13 | G-12 | G-11 | | | | | | | |
| | $109.11 | $125.82 | $149.41 | | | | | | | |
| | 10.5 | 10.5 | 10.5 | | | | | | | |
| | $1,145.66 | $1,321.11 | $1,568.81 | | | | | | | |
| | Z-13 | Z-12 | Z-11 | Z-10 | Z-09 | Z-08 | Z-07 | Z-06 | Z-05 | Z-04 |
| | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## WITHDRAWING YOUR CONTRIBUTIONS

You can withdraw your contributions any time before your plan's maturity date by making this request in writing to the Manager.

How it works:

- We'll return the contributions you have requested as long as they've cleared the banking system. You won't pay tax on this amount.
- If you withdraw your contributions at a time when your beneficiary is not attending a post-secondary school and program that would qualify for an EAP under the *Income Tax Act* (Canada), we will have to return the CESG/ACESG, QESI/AQESI and/or SAGES to the appropriate government and you'll lose this grant contribution room.
- If you withdraw contributions after you have had your plan for 60 days, the sales charge and other fees paid to date will not be refunded to you.
- If you withdraw all of the contributions and income in your plan, it will be cancelled.

## COSTS OF INVESTING IN THIS PLAN

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

### 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 |
|---|---|---|---|---|
| **Paying off the sales charge**<br>For example, assume that you buy one unit of the family individual plan on behalf of your newborn child, and you will make 208 monthly contributions. All of your first 10 contributions go toward the sales charge until half of the sales charge is paid off. Then after that half of your next 21 contributions go toward the sales charge until it's fully paid off. In this example, altogether, it will take you 31 months to pay off the sales charge. During this time, 67% of your contributions will be used to pay the sales charge and 33% of your contributions will be invested in your plan. | **Sales charge** | • \$100 per unit on initial contributions only<br>Paid from your first contributions:<br>• 100% of each contribution until half of the total fee has been paid, then<br>• 50% of each contribution until the fee is paid in full.<br>The percentage of the sales charge as compared to total contributions will vary between 2.2% and 22.2% depending on the contribution option selected – which will depend on the age of the beneficiary at enrolment and how frequently you wish to make contributions to your plan.<br>There are no sales charges payable when you add additional units to your plan. See "Changing your contributions" on page 35. | This is for paying commission to your sales representative and to cover the cost of selling your plan | Paid to Embark Student Corp., as principal distributor<br>Sales representatives receive compensation from the sales charge. |

The sales charge will not be increased without subscriber approval.

### 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 will reduce the amount available for EAPs.

| FEE | WHAT THE PLAN PAYS | WHAT THE FEE IS FOR | WHO THE FEE IS PAID TO |
|---|---|---|---|
| **Management fee** | • An all-in, consolidated Management Fee of no greater than 1% per year.<br>• This fee is calculated monthly, based on the market value of total assets held in the Plan and deducted from the Plan assets before income is allocated to customers<br>• The Management fee weighted average (calculated on a market value basis) for the fiscal year ended December 31, 2022 was 0.89% plus applicable taxes. | Covers ongoing costs of supporting the Plan including portfolio management, administration and for holding your plan's assets in trust. | Paid to Embark Student Corp., as, or in the capacity of, the investment fund manager of the Plan. |
| **Independent review committee (IRC) fee** | For the fiscal year ended December 31, 2022 $92,700 was paid, shared by all Plans including the Flex First Plans; $86,271 in respect of the family individual plan.<br>This was paid as follows:<br>Chairperson - $20,000 (plus GST/HST)<br>Each Member - $15,000 (plus GST/HST)<br>Secretariat fee - $40,000 (plus GST/HST)<br>Meetings - $2,500 (plus GST/HST) | Fee for providing IRC services for subscribers as required for all publicly offered investment funds. | IRC Members and IRC Secretariat |

### Transaction Fees

We will charge the following fees (plus applicable taxes) for the transactions listed below.

| FEE | AMOUNT | HOW THE FEE IS PAID | WHO THE FEE IS PAID TO |
|---|---|---|---|
| • Non-Sufficient Funds (NSF) payments<br>• Cheque request<br>• Cheque replacement<br>• Transferring funds to an RESP offered by another provider<br>• Switching a beneficiary<br>• Paper copies of statements of account or trade confirmations | • $25 per item<br>• $10 per cheque<br>• $10 per cheque<br>• $200 per transfer<br>• $20 per change<br>• $5 per item | One-time fee for specific transactions or administration that is deducted from your contributions | Paid to Embark Student Corp. |

We will notify you before we add to or change any transaction fee.

### Fees for additional services

The following fee is payable for the additional services listed below:

| FEE | WHAT YOU PAY | HOW THE FEE IS PAID | WHO THE FEE IS PAID TO |
|---|---|---|---|
| Insurance premium | • 17 cents for every $10 you contribute (plus the applicable provincial sales tax in some provinces)<br>Not charged:<br>• on one-time contribution plans<br>• if all subscribers to your plan are under 18 or over 64<br>• if subscriber resides in the province of Quebec and has opted-out of insurance | An insurance premium for group life and total disability insurance is deducted from each of your deposits | Paid to Canadian Premier Life Insurance Company.<br>Embark Student Corp. receives 25% of the premiums from the insurance company. |

## MAKING CHANGES TO YOUR PLAN

### Changing your contributions

You can change your contribution amount and frequency at any time. For example, you could change from monthly or yearly contributions to a one-time, lump sum contribution. Choosing to change your contribution schedule will not change the number of units in your plan.

You can choose to increase or decrease your contribution amount without changing your contribution frequency. To increase your contribution amount, you can either add units or partial units to your existing plan or open a new plan. **There are no additional sales charges payable for adding units or partial units to your existing plan.** You can choose to fund the additional units through regular contributions or "annual automatic contribution increase". See "Regular or Annual Automatic Contribution Increase" on page 35 for more information. The contributions expected under your new contribution schedule cannot exceed the lifetime RESP contribution limit of $50,000 per beneficiary. Your beneficiary must be a Canadian resident to add units to your plan.

For more details on reducing your contribution amount see "You can contribute less" on page 32.

There is no fee for changing the contribution frequency. Just contact us if you wish to change your contributions and we will send you the appropriate paperwork for your review and signature.

### Regular or Annual Automatic Contribution Increases

You can add units or partial units to your existing plan using regular or annual automatic contribution increases.

Regular contributions are per unit contributions made following the contribution schedule on page 31.

Annual automatic contribution increases are per unit contributions that are automatically increased each year by anywhere from 1% to 5%. Annual automatic contribution increases allow you to pay for your additional units sooner than by regular contributions. Annual automatic contribution increases also make it easier for your education savings to keep pace with the ever-increasing costs of post-secondary education.

When you contact us to add additional units to your existing plan, you can choose between regular and annual automatic contribution increases, and if an annual automatic contribution increase, the annual percentage increase. We will ensure this percentage increase is suitable for you and consistent with your financial means and personal circumstances. Once your annual percentage increase is set, your contributions will automatically increase by this percentage each year until your beneficiary is ready to attend eligible studies, or unless you tell us otherwise.

With annual automatic contribution increases, you can change your annual percentage increase at any time. However, if you want to increase your annual percentage increase, we need to ensure this is suitable for you and consistent with your financial means and personal circumstances. It is important that you let us know if there are any significant changes in your personal or financial circumstances, whether you have selected regular or annual automatic contribution increases.

**There are no additional sales charges payable for adding units or partial units to your existing plan, whether you choose regular or annual automatic contribution increases.**

Whether you choose to fund your additional units with regular or annual automatic contribution increases, your increased contributions will first go towards paying any outstanding original sales charges. When the balance of any outstanding sales charges is fully paid, your increased contributions will accumulate as principal within your plan.

See the following examples of increases in units, funded with both regular and annual automatic contribution increases:

| Example | Regular Contributions | Annual Automatic Contribution Increase |
|---|---|---|
| **Increase in units, no sales charges outstanding** | You opened a plan for your newborn child to contribute $50 monthly for the full term of the contribution schedule (208 contributions) resulting in 10.28807 units and expected sales charges of $1,028.81.<br>You have contributed for 36 months so far for a total of $1,800 which means the sales charges are fully paid. You decide to increase your contributions to $100/month for the remainder of the term which results in adding 8.50744 units for a total of 18.79550. | You opened a plan for your newborn child to contribute $50 monthly for the full term of the contribution schedule (208 contributions) resulting in 10.28807 units and expected sales charges of $1,028.81. You have contributed for 36 months so far for a total of $1,800 which means the sales charges are fully paid.<br>You enable the Annual Automatic Contribution Increase feature at 3%. With 172 contributions remaining, the next 12 contributions will continue at $50 and starting the following year, the following 12 contributions will increase by |

| Example | Regular Contributions | Annual Automatic Contribution Increase |
|---|---|---|
| | Since there are no additional sales charges for an increase in units, the expected sales charges will remain at $1,028.81. Your next contribution of $100 will be allocated directly to net contributions since all the sales charges are fully paid. | 3% to $51.50, the following 12 contributions will increase by 3% to $53.05, and so on. This results in adding 2.24651 units for a total of 12.53457 units.<br>Since there are no additional sales charges for an increase in units, the expected sales charges will remain at $1,028.81 and all future contributions will be allocated directly to net contributions since all the sales charges are fully paid. |
| **Increase in units with sales charge outstanding** | In January 2021, you opened a plan for your newborn child to contribute $50 monthly for the full term of the contribution schedule (208 contributions) resulting in 10.28807 units and expected sales charges of $1,028.81. You have contributed for 12 months so far for a total of $600 which means the sales charges are not yet fully paid.<br>You decide to increase your contributions to $100/month for the remaining 196 contributions which results in adding 9.69453 units for a total of 19.98259.<br>Since there are no additional sales charges for an increase in units, the expected sales charges will remain at $1,028.81.<br>Your next contribution of $100 will be allocated at 50% towards the sales charges until it is paid in full meaning that the sales charges will be fully paid by October 2022 instead of July 2023. | In January 2021, you opened a plan for your newborn child to contribute $50 monthly for the full term of the contribution schedule (208 contributions) resulting in 10.28806 units and expected sales charges of $1,028.81. You have contributed for 12 months so far for a total of $600 which means the sales charges are not yet fully paid.<br>You enable the Annual Automatic Contribution Increase feature at 3%. With 196 contributions remaining, the next 12 contributions will continue at $50 and starting the following year, the following 12 contributions will increase by 3% to $51.50, the following 12 contributions will increase by 3% to $53.05, and so on. This results in adding 2.5869 units for a total of 12.87499 units.<br>Since there are no additional sales charges for an increase in units, the expected sales charges will remain at $1,028.81 and all future contributions will be allocated at 50% towards the sales charges until it is paid in full meaning that the sales charges will be fully paid by June 2023 instead of July 2023. |

### Re-activating discontinued units

We'll keep the sales charge paid to date and income related to the discontinued units in your plan as a future credit to you. You have two years to reactivate discontinued units. If you only reactivate some of the units, you will receive the sales charge credit only for the units you reactivate. The income that was earned on the units you don't reactivate will stay in the plan.

If you had your plan for less than three years before discontinuing the units, you'll need to make a lump sum deposit equal to:

- the contributions returned to you when you discontinued the units
- the contributions you missed (plus any insurance premiums and taxes) that relate to the discontinued units.

Your make-up deposit, plus contributions expected under your current contribution schedule, cannot exceed the RESP lifetime contribution limit of $50,000.

If you had your plan for three years or more before discontinuing the units, you can reactivate them by making a lump sum deposit as above, or by making a minimum deposit of:

- $9.72 per month, or
- $108.12 per year, or
- a lump sum of $449.

### Changing the maturity date

If your beneficiary is going to college or university sooner or later than expected, the maturity date of your plan may remain as is. You can withdraw your net contributions whenever your student enrolls in eligible studies as long as it is prior to your plan's expiry date. To do so, simply contact us or log in to your secure subscriber account on our website at www.embark.ca. You or your student can also apply for an educational assistance payment, through your secure subscriber account.

### Changing the subscriber

Under the *Income Tax Act* (Canada), the subscriber of an RESP can be changed if you die or your marriage breaks down. Under these circumstances, your spouse or common-law partner can become the subscriber of your plan. If the subscriber to the plan is a public primary caregiver, then another person or another public primary caregiver can replace this subscriber with appropriate written agreement between them.

The request to change the subscriber must be made to us in writing. We will also need appropriate paperwork to verify that the conditions under the *Income Tax Act* (Canada) relating to a subscriber replacement have been met.

If the person who becomes the subscriber is not your spouse or common-law partner, any income he or she receives from the plan (other than as a part of an EAP) will be included in his or her taxable income in the year it's received. In this case, all income received from the plan as an AIP — whether it's contributed to an RRSP or not — will be subject to an additional 20% tax which will be withheld.

You can also add a joint subscriber to your plan but he or she must be your spouse or common-law partner.

**Changing your beneficiary**

You are able to switch the beneficiary in your plan. For example, if the original beneficiary in your plan won't be eligible for EAPs, switching the beneficiary is an option. You can switch the beneficiary in your plan any number of times during the life of the plan. You can even choose to be the beneficiary of your own plan if you're thinking of going back to school.

You will need to give us a valid SIN for the new beneficiary, and proof that he or she is a Canadian resident.

You will have to repay all of the Canada Learning Bond that might have been collected for the original beneficiary if you switch the beneficiary in the plan. You may have to repay all or some of the other government grants as well. Some government grants can be kept in the plan if:

- the new beneficiary is under 21 years old at the time of the switch, and both beneficiaries have at least one parent in common, or
- both beneficiaries are under 21 years old at the time of the switch and are related to an original subscriber of your plan (by blood or adoption).

If the new beneficiary already has an RESP or contributions have already been made to the plan for the new beneficiary, total contributions for the new beneficiary may be higher than the maximum allowed by the *Income Tax Act* (Canada), and you may have to pay a penalty tax. See page 11 for more information.

The plan will still expire no later than 35 years from the year you originally opened it.

There is a $20 fee (plus taxes) for this change.

**Death or disability of the beneficiary**

If your beneficiary will not attend eligible studies and not qualify for EAPs under the family individual plan as a result of a disability or death, you have the option of requesting an AIP for income earned in your plan, or switching the beneficiary on your plan (See "Changing your beneficiary"). Both of these options are available to you any time prior to the day your plan cancels or expires provided you qualify for an AIP under the *Income Tax Act* (Canada). If you do not qualify for an AIP, we'll request a waiver of the qualification conditions on your behalf. If the waiver is granted by the Minister of National Revenue and you qualify to receive an AIP, it is included in income and is subject to an additional 20% tax which will be withheld.

Our current policy is to reimburse the subscriber an amount equal to the sales charge paid if the beneficiary will not attend eligible studies and will not qualify for EAPs under the plan as a result of a disability or death, and a switch of beneficiary has not been exercised. In determining the disability of a beneficiary, the beneficiary must have a severe and prolonged mental impairment that has lasted or is reasonably expected to last at least 12 months and because of the impairment, it is reasonable to expect that the beneficiary will not be able to pursue post-secondary education. Further, the impairment and the resulting inability to pursue post-secondary education must be confirmed in writing by a medical doctor or psychologist who by his/her training or practice is able to attest to these conditions. A death certificate must be provided in the event of beneficiary death. Contact us to discuss these options and make appropriate arrangements.

## TRANSFERRING YOUR PLAN

**Transferring to another Embark Student Corp. plan or another RESP Provider**

You have the flexibility to transfer to another Embark Student Corp. plan or another RESP provider at any time, as long as it's allowed by the *Income Tax Act* (Canada).

How it works:

- you complete a plan transfer form and an application for the new RESP,
- we'll transfer the contributions in your plan (less fees paid to date) and the income they've earned to the new RESP,
- we'll transfer the income the government grants have earned to the new RESP and

- we'll transfer all or some of the government grants if:
  - the new RESP meets the requirements of the *Income Tax Act* (Canada) and the government grants act, and
  - for the Canada Learning Bond, the same beneficiary is in both plans.

For all other government grants,

- either the beneficiary in the new plan is under 21 years old when the new Plan is entered into and has at least one parent in common with the beneficiary in the plan you're transferring from, or
- the same beneficiary is in both plans.

Otherwise, you may have to repay all or some of the government grants. There are special rules if the new RESP has more than one beneficiary, for example every beneficiary must be a brother or sister of every other beneficiary in the plan.

If the plan is not for the same beneficiary and the new beneficiary already has an RESP, or contributions have already been made to the plan for the new beneficiary, total contributions for the new beneficiary may be higher than the maximum allowed by the *Income Tax Act* (Canada), and you may have to pay a penalty tax. Turn to page 11 for more information.

There is a $200 transaction fee (plus tax) when transferring your plan to another RESP provider. There is no fee if you choose to transfer to another Embark Student Corp. Plan.

**Transferring to this Plan from another RESP Provider**

You can transfer another RESP into the family individual plan, as long as it's allowed by the *Income Tax Act* (Canada).

How it works:

- you make a request to transfer your RESP and complete an application for the family individual plan
- your beneficiary must be a Canadian resident
- plan assets are transferred from the other RESP promoter into the family individual plan
- if the same beneficiary is on both Plans, he or she does not have to be a Canadian resident or have a SIN, however, if this is the case no other contribution can be made (except the funds that are being transferred).

Government grants will be transferred if:

- the family individual plan offers those government grants, and
- for the Canada Learning Bond, the same beneficiary is in both plans.

For all other government grants:

- either the beneficiary in the family individual plan is under 21 years old when the new Plan is entered into and has at least one parent in common with the beneficiary in the plan you're transferring from, or
- the same beneficiary is in both plans.

Otherwise, you may have to repay all or some of the government grants.

If the family individual plan is not for the same beneficiary, and the new beneficiary already has an RESP, or contributions have already been made to the plan for the new beneficiary, total contributions for the new beneficiary may be higher than the maximum allowed by the *Income Tax Act* (Canada), and you may have to pay a penalty tax. Turn to page 11 for more information.

## WITHDRAWAL OR CANCELLATION

**If you withdraw from or cancel your plan**

You have the right to withdraw from your plan and get back all of your money (including any fees or expenses paid) if you make this request to us, in writing, within 60 days of signing the application form for your plan.

You can cancel your plan by:

- telling us in writing within 60 days from your application date that you wish to cancel your plan
- withdrawing all of your contributions within 60 days from your application date
- withdrawing all of the contributions and income in your plan
- transferring your plan to another RESP.

When you cancel your plan and withdraw your contributions, whether it is before or after the first 60 days of enrolment:

- any government grants received will be returned to the government;
- this government grant contribution room will be lost (with the exception of the CLB as lifetime CLB entitlement is not affected by a repayment); and
- the withdrawn amount will still be included as an RESP contribution when determining the $50,000 RESP contribution limit, even though the contributions were withdrawn.

**If we cancel your plan**

We can cancel your plan if you withdraw income from your plan that isn't part of an EAP. This cancellation will take place on the last day of February in the year after you make the withdrawal.

**If your plan expires**

Your plan will expire on December 31st of the 35th year after the year in which you opened your plan. Once your plan is expired we will be unable to reactivate this plan.

**Once your plan is cancelled or expired, it can never be reactivated.**

How it works:

- your insurance coverage will end
- your plan will no longer be an RESP
- we'll terminate your plan with the CRA
- you will get your contributions back (less fees) when your plan is cancelled as long as they've cleared the banking system. You won't pay tax on this amount
- government grants in your plan will be returned to the appropriate government
- you might be able receive the income your contributions and government grants have earned as an AIP. See page 40 for more details.

If you don't qualify for the income or you don't withdraw it before your plan is cancelled, under the *Income Tax Act* (Canada) we will be required to donate it to an educational institution of our choice.

**What happens when your plan matures**

At your plan's maturity date, the income earned in your plan, your government grants and income earned on government grants will become available to be issued as EAPs to your beneficiary.

When your plan matures, you can choose to:

- request a return of some or all of your net contributions,
- request some or all of the grants and income accumulated in your plan as an EAP
- request the income accumulated in your plan as an AIP, or
- retain your net contributions, grants and income accumulated in your plan for as long as you wish up to the date your plan expires, which is the 35th year after it was opened.

## IF YOUR BENEFICIARY DOES NOT ENROL IN ELIGIBLE STUDIES

A beneficiary who does not enrol in eligible studies will not receive EAPs from the Plan.

**You can switch the beneficiary in your plan**

If it does not appear as though the original beneficiary in your plan will qualify for EAPs, switching the beneficiary in your plan is an option.

See "Changing your beneficiary" on page 37 for more information on this option.

**You can cancel your plan**

You also have the option of canceling your plan if your beneficiary does not enrol in eligible studies.

See "If you withdraw from or cancel your plan" on page 38.

## RECEIVING PAYMENTS FROM YOUR PLAN

**Return of contributions**

You are entitled to a return of your contributions (less fees and withdrawals you make) at any time by writing to us. You can have this money paid to you or directly to your beneficiary.

If there are government grants in your plan, we will send you a notice before your plan's maturity date that you can use to provide us with your instructions regarding return of your contributions. If your beneficiary is not attending post-secondary studies in your maturity year, you may apply at a later date. If you withdraw contributions from your RESP while your beneficiary is not attending eligible studies, we will have to return any CESG/ ACESG, QESI/AQESI and/or SAGES in your plan to the appropriate government.

See "What happens when your plan matures" on page 39 for more information on receiving your contributions after your plan's scheduled maturity date.

**Educational assistance payments**

Beneficiaries must attend a post-secondary institution and program that qualifies for an EAP under the *Income Tax Act* (Canada). See Summary of Eligible Studies on page 28.

EAPs can be made to your beneficiary any time after your plan's maturity date, up until December 31 of the 35th year after the year in which you opened your plan.

EAPs can be issued at any time of the year depending on the beneficiary's post-secondary schedule. Under the *Income Tax Act* (Canada), beneficiaries are eligible to receive EAPs up to six months after they have stopped attending eligible studies, provided that they would have otherwise qualified for that payment.

Please call us at 1-800-363-7377 If you have questions about qualifying for EAPs

**How we determine educational assistance payment amounts**

We use the income earned on the contributions in your plan, along with any government grants and the income they've earned, to make EAPs to your beneficiary if he or she qualifies. We use the Canadian Education Savings Regulations EAP formulas to ensure the same proportion of each component is available for an EAP. The amount of income earned depends on the performance of the investments in the Plan.

You tell us how much each EAP should be, based on your beneficiary's expenses. If you, or your beneficiary, request an EAP in excess of $26,860 for 2022, under the *Income Tax Act* (Canada) we will need to see receipts that show the cost of education.

Each payment will include:

- part or all of the income in your plan

***plus***

- part or all of the government grants in your plan

***plus***

- part or all of the grant income in your plan.

The *Income Tax Act* (Canada) provides limits on EAPs depending upon whether the EAP is for a recognized program or a specified program. For a recognized program, an EAP may not exceed $5,000 if the beneficiary has not completed 13 consecutive weeks of eligible studies in the 12 months before the payment is scheduled to be made. If your beneficiary is enrolled in a recognized program and their EAP will be more than $5,000 and he or she hasn't completed 13 consecutive weeks of eligible studies in the 12 months before the payment is scheduled to be made, we will pay $5,000 first, and then pay the balance after the beneficiary has completed 13 weeks of study.

For a specified program, EAPs may not exceed a total of $2,500 for any 13-week period. If your beneficiary is enrolled in a specified program and their EAPs over a 13-week period will be more than $2,500, we will pay the balance up to $2,500 first, and then pay the remaining balance of the requested EAP upon the start of a new 13-week period.

If you wish to request an increase to these limits, please contact us and we will apply to the Minister of Employment and Social Development, on your behalf, to request an increase in the limits.

**Accumulated income payments**

You may be able to receive the income on your contributions and government grants earned if you're a Canadian resident and:

- your plan is at least 10 years old, and
- every beneficiary who has been a beneficiary of your plan is at least 21 years old and not eligible for an EAP,

  *or*

- it's the 35th year after the year in which you opened your plan,

  *or*

- every beneficiary who has been a beneficiary of your plan has died.

The Minister of National Revenue may allow us to waive some of these conditions if the beneficiary is suffering from a severe and prolonged mental impairment.

Any income you receive from your plan will be taxed as income in the year you receive it and may be subject to an additional 20% tax which will be withheld, or you might be able to transfer up to $50,000 of this income to your RRSP or a spousal or common-law partner RRSP as long as you have enough unused contribution room. If you don't qualify for the income in your plan or you don't withdraw it, we'll donate it to an educational institution of our choice as required under the *Income Tax Act* (Canada).

**Family Single Student Education Savings is a Specified Plan**

Further to the disclosure about when contributions to a plan must cease and rules around changing the plan beneficiary, if the beneficiary is entitled to a disability tax credit for the beneficiary's tax year that includes the 31st anniversary of the plan, contributions may continue to be made to the plan until the end of the year that includes the 40th anniversary of the plan, subject to the following restrictions:

- the only contribution that may be made after the end of the year that includes the 35th anniversary of the plan are transfers from another RESP; and
- no other individual can be designated as beneficiary under the plan at any time after the end of the year that includes the 35th anniversary of the plan.

A plan that meets these conditions is known as "specified plan" in accordance with the Income Tax Act (Canada).

# About the Foundation

# About the Foundation

## AN OVERVIEW OF THE STRUCTURE OF OUR PLANS

The Foundation is the sponsor and promoter of the Plans in this prospectus:

- Flex First Plan
- Family Single Student Education Savings Plan

The Plans are trusts established under the laws of Ontario and the laws of Canada applicable therein pursuant to their respective amended and restated trust agreements between The Bank of Nova Scotia Trust Company and the Foundation. The head office and principal place of business of the Plans is: 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B 4A5.

The CRA has accepted the form of Plans and they comply, and are expected to continue to comply, with all of the conditions in the *Income Tax Act* (Canada). This means that when you enrol in a Plan and give us all of the information we need, we'll apply to the CRA to register it as an RESP on your behalf.

### Investment Fund Manager of the Plans

Embark Student Corp.
50 Burnhamthorpe Road West
Suite 1000
Mississauga, Ontario L5B 4A5
Tel: 1-800-363-7377
E-Mail: contact@embark.ca
Website: www.embark.ca

Embark Student Corp. is registered as the investment fund manager with the provincial and territorial securities commissions across Canada and is a wholly owned subsidiary of the Foundation. The company has been an administrator and/or distributor of scholarship plans since 1965.

### Duties and services to be provided by the Manager

The Manager is responsible for directing Plan affairs and maintaining all Plan records, including:

- total contributions to, and deductions from, the savings accounts
- income earned on contributions and government grants
- deposits of CESG and other government grants in the plans
- investment fund management
- legal and regulatory affairs
- Plan administration.

### 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 Embark Student Corp. Embark Student Corp. 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. Embark Student Corp. will make dividend payments to the Foundation as declared by the directors in accordance with policy and as per assessments on an annual basis.

### Directors and officers of the Manager

The table below lists the directors and executive officers of Embark Student Corp., their municipality of residence and principal occupations in the past five years. Directors are appointed annually for one-year terms.

| NAME AND MUNICIPALITY OF RESIDENCE | POSITION HELD WITH EMBARK STUDENT CORP. | PRINCIPAL OCCUPATION DURING THE LAST FIVE YEARS |
|---|---|---|
| Andrea Bolger, B.Com., M.B.A.<br>Toronto, Ontario | Chair since March 2022<br>Director since May 2015 | Vice-Chair & Director, Embark Student Corp., Embark Student Foundation, and Heritage Educational Foundation; prior to October 2021, Vice-Chair & Director, Embark Student Corp., Embark Student Foundation; Director, Knowledge First International Inc., Heritage Educational Foundation, Heritage International Scholarship Trust Plan, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to July 2021, Director, Embark Student Corp., Embark Student Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage International Scholarship Trust Plan, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to September 2018, Director, Embark Student Corp., Embark Student Foundation, Heritage Education Funds Inc., Heritage Educational Foundation, Heritage International Scholarship Trust Plan, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to January 2018, Director, Embark Student Corp. and Embark Student Foundation |
| Josée Morin Eng., MBA, C.Dir.<br>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<br>Toronto, Ontario | Director since December 2015 | Partner, Babin, Bessner, Spry LLP |
| Ian Tudhope, C. Dir.<br>Toronto, Ontario | Director since December 2015 | Founder & Partner, Wessex Capital Partners;<br>Owner & Sole Proprietor, Axia Capital Limited |
| David Forster, FCPA, FCA, ICD.D<br>Toronto, Ontario | Director since July 2016 | Director, Embark Student Corp., Embark Student Foundation and Heritage Educational Foundation; prior to October 2021, Director, Embark Student Corp., Embark Student Foundation, Heritage Educational Foundation, Knowledge First International Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to September 2018 Director, Embark Student Corp. Inc, Embark Student Foundation, Heritage Education Funds Inc., Heritage Educational Foundation, Heritage International Scholarship Trust Plan, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to January 2018, Director, Embark Student Corp. and Embark Student Foundation |
| Rubina Salim Havlin, ICD.D<br>Toronto, Ontario | Director since March 2022 | Chief Executive Officer (Interim), PACE Credit Union (January 2019 to June 2020) prior to 2018, President and Chief Executive Officer (Interim 2017), Founding Board Member, Wealth One Bank of Canada |

| NAME AND MUNICIPALITY OF RESIDENCE | POSITION HELD WITH EMBARK STUDENT CORP. | PRINCIPAL OCCUPATION DURING THE LAST FIVE YEARS |
|---|---|---|
| Alice Keung, BA, MBA, ICD.D<br>Toronto, Ontario | Director since March 2022 | Senior Vice President and Chief Transformation Officer, Economical Insurance (May 2017 to October 2020) prior to May 2017, Senior Vice President and Chief Information Officer, Economical Insurance (January 2016 to May 2017) |
| Andrew Lo, BASc., P.Eng.<br>Etobicoke, Ontario | Director, President and Chief Executive Officer since January 2023 | President and Chief Executive Officer, Embark Student Corp.; President and Chief Executive Officer, Embark Student Foundation and Heritage Educational Foundation;<br>Prior to January 2023, President, Financeit Canada Inc; Prior to May 2020, Principal Consultant, Andrew Lo Digital Inc.; Prior to December 2018, President & CEO, Kanetix Ltd.; |
| Richard Kenney, CFA, CIM, FCSI<br>Mississauga, Ontario | Chief Risk & Compliance Officer since November 2022 | Chief Risk & Compliance Officer Embark Student Corp. Inc., Embark Student Foundation; prior to November 2022, Director, Corporate Compliance; Embark Student Corp. Inc.; prior to June 2021, Chief Compliance Office, Forest Gate Financial Inc., prior to February 2020, AVP, Compliance, Laurentian Bank of Canada Financial Group; prior to November 2017, Chief Compliance Officer, UBS Bank (Canada). |
| Greg Doufas<br>Toronto, Ontario | Chief Technology & Digital Officer since January 2022 | Chief Technology & Digital Officer, Embark Student Corp., Embark Student Foundation prior to January 2022, Chief Technology & Digital Officer, The Global and Mail |
| Angela Lin, B.Sc., M.Sc., LLB<br>Toronto, Ontario | General Counsel, Corporate Secretary & Chief Privacy Officer since January 2020 | General Counsel, Corporate Secretary and Chief Privacy Officer for Embark Student Corp., Embark Student Foundation, Heritage Educational Foundation prior to October 2021, General Counsel, Corporate Secretary and Chief Privacy Officer for Embark Student Corp., Embark Student Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Limited; prior to January 2020, General Counsel and Corporate Secretary for Embark Student Corp., Embark Student Foundation, Knowledge First International Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to January 2018, General Counsel and Corporate Secretary, Heritage Education Funds Inc. |
| Eric Jodoin, BBA<br>Oakville, Ontario | Vice President, Plan Administration and Customer Contact Centres since October 14, 2021 | Vice President, Plan Administration and Customer Contact Centres for Embark Student Corp.; prior to October 2021, Vice President, Transformation and Operations, Embark Student Corp.; prior to March 2021, Vice-President, Customer Experience and Innovation, Embark Student Corp. |
| Carma Lecuyer, B.A.<br>Oakville, Ontario | Vice-President, People & Culture since July 2021 | Vice-President, People & Culture for Embark Student Corp.; prior to July 2021, Vice-President, Human Resources and Administration, Embark Student Corp. |

| NAME AND MUNICIPALITY OF RESIDENCE | POSITION HELD WITH EMBARK STUDENT CORP. | PRINCIPAL OCCUPATION DURING THE LAST FIVE YEARS |
|---|---|---|
| Gorkem Gurgun, BBA, CPA<br>Etobicoke, Ontario | Vice-President, Finance and Controller since August 2021 | Vice President, Finance and Controller, Embark Student Corp., Embark Student Foundation, Heritage Educational Foundation, Heritage Education Funds (International) Inc. prior to October 2021, Vice President, Finance and Controller, Embark Student Corp., Embark Student Foundation, Heritage Educational Foundation, Heritage Education Funds (International) Inc.; prior to Aug, 2021, Controller and Treasurer, Embark Student Corp., Embark Student Foundation, Heritage Educational Foundation, Heritage Education Funds (International) Inc., Heritage International Scholarship Trust Foundation; prior to February 2020, Controller, Alignvest Capital Management; prior to June 2019, Chief Financial Officer, Global RESP Corporation, prior to December 2018, Chief Financial Officer, Manulife Asset Management Limited, Management Asset Management Investments Inc. |
| Krista Vriend, B. Comm<br>Toronto, Ontario | Vice-President, Marketing and Communications since January, 2020 | Vice-President, Marketing and Communications for Embark Student Corp.; prior to January 2020, Senior Director Marketing & Stakeholder Relations, CAPREIT; prior to February 2019, Vice President Marketing and Customer Experience, The Stronach Group; prior to April 2018, Director Marketing, Global Insurance, Asset Management and International Wealth, Scotiabank. |
| Lydia Way<br>Collingwood, Ontario | Senior Vice-President, Sales & Distribution since August 2022. | Senior Vice-President, Sales & Distribution Prior to August 2022, Vice President, Residential Markets, Wyth Financial (Concentra Bank) Prior to June 2021, Director, Operations and Strategy, Global Risk Management, ACE, Scotiabank |
| Yaniv Nathan, MBA, B.Sc<br>Toronto, Ontario | Vice-President, Product Management & Solution Strategy since March, 2021 | Vice-President, Product Management & Solution Strategy for Embark Student Corp.; prior to March 2021, Director Investments & Deposits Scotiabank; prior to May 2016, Senior Manager Payments & Innovation at TD Canada Trust |

**Trustee and Custodian**

*Trustee*

The Bank of Nova Scotia Trust Company
40 King Street W., 52nd Floor
Toronto, Ontario
M5H 1H1

*Custodian*

The Northern Trust Company, Canada Branch
145 King Street West, Suite 1910
Toronto, Ontario
M5H 1J8

The Plans are trusts. The Bank of Nova Scotia Trust Company is the Trustee of the Plans. The Manager directs the Trustee regarding the settlement of investment trades, the payment of fees and payments to and from the Plans. The Northern Trust Company, Canada Branch is the Custodian for the Plans' assets. The Custodian holds all Plan assets in trust.

The Trustee and the Custodian charge fees for their services, which are deducted from the income earned on contributions and government grants held in the Plans. 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 Plans, the Trustee and Custodian would continue in their respective roles and would act pursuant to their standards of care and instructions from the Court-appointed receiver or other entity charged with dealing with the Plans.

**The Foundation**

Embark Student Foundation
50 Burnhamthorpe Road West
Suite 1000
Mississauga, Ontario L5B 4A5
Tel: 1-800-363-7377
E-Mail: contact@embark.ca
Website: www.embark.ca

Embark Student Foundation was founded in Alberta in 1965 and incorporated federally as a not-for-profit corporation in 1990 without share capital. The Foundation's mission is to encourage and assist Canadians to obtain a post-secondary education by providing peace of mind savings solutions.

We offer families an affordable, disciplined way to save, individually or by pooling their money. The Foundation is a not-for-profit corporation and it has no shareholders. The Foundation is therefore in a position to share its available excess revenue with beneficiaries in the family individual plan and the Flex First Plan by supplementing their EAPs.

The Foundation sponsors and promotes the Plans and has overall responsibility for the Plans including overseeing the investment of all Plan assets.

### Directors and officers of the Foundation

The table below lists the directors and executive officers of Embark Student Foundation, their municipality of residence and principal occupations in the past five years. Directors are appointed annually for one-year terms.

| NAME AND MUNICIPALITY OF RESIDENCE | POSITION HELD WITH THE FOUNDATION | PRINCIPAL OCCUPATION DURING THE LAST FIVE YEARS |
|---|---|---|
| Andrea Bolger, B.Com., M.B.A. [1, 4]<br>Toronto, Ontario | Chair since March 2022 Vice-Chair since July 2021 Director since May 2015 Chair, Human Resources Committee | Director, Embark Student Corp., Embark Student Foundation and Heritage Educational Foundation; Prior to March 2022, Vice-Chair & Director, Embark Student Corp., Embark Student Foundation and Heritage Educational Foundation; prior to October 2021, Vice-Chair & Director, Embark Student Corp., Embark Student Foundation; Director, Knowledge First International Inc., Heritage Educational Foundation, Heritage International Scholarship Trust Plan, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to July 2021, Director, Embark Student Corp., Embark Student Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage International Scholarship Trust Plan, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to September 2018, Director, Embark Student Corp., Embark Student Foundation, Heritage Education Funds Inc., Heritage Educational Foundation, Heritage International Scholarship Trust Plan, Heritage Education Funds(International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to January 2018, Director, Embark Student Corp. and Embark Student Foundation |
| Josée Morin Eng., MBA, C.Dir.<br>Quebec City, Quebec [2, 3] | Director since December 2017 | Since June 2018, Director, MILA (Quebec Institute for Artificial Intelligence, Principal, SCJM Consulting; prior to June 2018, Principal, SCJM Consulting |
| David Forster, FCPA, FCA, ICD.D [1, 2]<br>Toronto, Ontario | Director since July 2016<br>Chair, Audit, Finance & Risk Management Committee | Director, Embark Student Corp., Embark Student Foundation and Heritage Educational Foundation; prior to October 2021, Director, Embark Student Corp., Embark Student Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to September 2018 Director, Embark Student Corp. Inc, Embark Student Foundation, Heritage Education Funds Inc., Heritage Educational Foundation, Heritage International Scholarship Trust Plan, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to January 2018, Director, Embark Student Corp. and Embark Student Foundation |
| Ellen Bessner, L.L.B., B.Com [2, 3]<br>Toronto, Ontario | Director since December 2015, Chair, Governance Committee | Partner, Babin, Bessner, Spry LLP |
| Ian Tudhope, C. Dir. [3. 4]<br>Toronto, Ontario | Director since December 2015<br>Chair, Investment Committee | Founder & Partner, Wessex Capital Partners; Owner & Sole Proprietor, Axia Capital Limited |

| NAME AND MUNICIPALITY OF RESIDENCE | POSITION HELD WITH THE FOUNDATION | PRINCIPAL OCCUPATION DURING THE LAST FIVE YEARS |
|---|---|---|
| Andrew Lo, BASc., P.Eng.<br>Etobicoke, Ontario | Director, President and Chief Executive Officer since January 2023 | President and Chief Executive Officer, Embark Student Corp.; President and Chief Executive Officer, Embark Student Foundation and Heritage Educational Foundation;<br>Prior to January 2023, President, Financeit Canada Inc; Prior to May 2020, Principal Consultant, Andrew Lo Digital Inc.; Prior to December 2018, President & CEO, Kanetix Ltd.; |
| Richard Kenney, CFA, CIM, FCSI<br>Mississauga, Ontario | Chief Risk & Compliance Officer since November 2022 | Chief Risk & Compliance Officer Embark Student Corp. Inc., Embark Student Foundation; prior to November 2022, Director, Corporate Compliance; Embark Student Corp. Inc.; prior to June 2021, Chief Compliance Office, Forest Gate Financial Inc., prior to February 2020, AVP, Compliance, Laurentian Bank of Canada Financial Group; prior to November 2017, Chief Compliance Officer, UBS Bank (Canada). |
| Angela Lin, B.Sc., M.Sc., LLB<br>Toronto, Ontario | General Counsel, Corporate Secretary and Chief Privacy Officer since January 2020 | General Counsel, Corporate Secretary and Chief Privacy Officer for Embark Student Corp., Embark Student Foundation, Heritage Educational Foundation; prior to October 2021, General Counsel, Corporate Secretary and Chief Privacy Officer for Embark Student Corp., Embark Student Foundation, Knowledge First International Inc., Heritage Educational Foundation, Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Limited; prior to January 2020, General Counsel and Corporate Secretary for Embark Student Corp., Embark Student 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.; prior to January 2018, General Counsel and Corporate Secretary for Heritage Education Funds Inc. |
| Greg Doufas<br>Toronto, Ontario | Chief Technology & Digital Officer since January 2022 | Chief Technology & Digital Officer, Embark Student Corp., Embark Student Foundation Prior to January 2022, Chief Technology & Digital Officer, The Global and Mail |

| NAME AND MUNICIPALITY OF RESIDENCE | POSITION HELD WITH THE FOUNDATION | PRINCIPAL OCCUPATION DURING THE LAST FIVE YEARS |
|---|---|---|
| Gorkem Gurgun, BBA, CPA<br>Etobicoke, Ontario | Vice-President, Finance and Controller since August 2021 | Vice President, Finance and Controller, Embark Student Corp., Embark Student Foundation, Heritage Educational Foundation, Heritage Education Funds (International) Inc.; Prior to October 2021, Vice President, Finance and Controller, Embark Student Corp., Embark Student Foundation, Heritage Educational Foundation, Heritage Education Funds (International) Inc., Heritage International Scholarship Trust Foundation; prior to August, 2021, Controller and Treasurer, Embark Student Corp., Embark Student Foundation, Heritage Educational Foundation, Heritage Education Funds (International) Inc., Heritage International Scholarship Trust Foundation; prior to February 2020, Controller, Alignvest Capital Management; Prior to June 2019, Chief Financial Officer, Global RESP Corporation, prior to December 2018, Chief Financial Officer, Manulife Asset Management Limited, Management Asset Management Investments Inc. |
| Rubina Salim Havlin, ICD.D<br>Toronto, Ontario | Director since March 2022 | Chief Executive Officer (Interim), PACE Credit Union (January 2019 to June 2020) prior to 2018, President and Chief Executive Officer (Interim 2017), Founding Board Member, Wealth One Bank of Canada |
| Alice Keung, BA, MBA, ICD.D<br>Toronto, Ontario | Director since March 2022 | Senior Vice President and Chief Transformation Officer, Economical Insurance (November 2015 to October 2020) |

1 *Member of the audit, finance and risk management committee.*

2 *Member of the governance committee.*

3 *Member of the investment committee.*

4 *Member of the human resources committee.*

**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.

The members of the IRC are Don Hathaway, Audrey Robinson and Ann Harris. Don Hathaway and Ann Harris were appointed on August 28, 2018. Audrey Robinson was appointed on October 1, 2022.

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 www.embark.ca, or at the subscriber's request at no cost, by contacting Embark Student Corp. by e-mail at contact@embark.ca, or by regular mail at 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B 4A5 or by telephone: 1-800-363-7377.

## COMMITTEES OF THE FOUNDATION'S BOARD OF DIRECTORS

**Audit, finance and risk management committee**

This sub-committee of the Foundation is responsible for reviewing the accounting, financial reporting, audit control and risk management responsibilities of the Manager. It reviews the independence, qualifications and effectiveness of the external auditors. It also provides oversight of the Foundation's financial affairs and activities.

### Governance committee

This sub-committee of the Foundation is responsible for governance and stewardship for the Board including Board structure, function, training, and director assessment, compensation, nomination, succession, ethics and compliance.

### 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.

### Human resources committee

This sub-committee of the Foundation is responsible for the human resource strategy, policies and organizational structure of the Manager. This includes recruitment, selection and hiring of the President and Chief Executive Officer (CEO) and the executives who report directly to the CEO. This committee conducts an annual performance review of the President and CEO and develops and approves compensation strategy and policies.

The members of all of the above sub-committees of the Foundation are independent of the Manager.

## COMPENSATION OF DIRECTORS, OFFICERS, TRUSTEES AND INDEPENDENT REVIEW COMMITTEE MEMBERS

The Manager pays the Foundation's directors annual directors' fees, meeting attendance fees and meeting expenses which totalled $558,000 for the fiscal year ending December 31, 2022. The Foundation's directors do not receive any payment from the Plans' funds held by the Foundation or the trustee on behalf of subscribers and beneficiaries. Except where noted, no director or officer of the Foundation has any financial interest in Embark Student Corp. or in any other company connected in any way with a Plan.

The Plans will pay expenses to the IRC directly and without reimbursement from the Manager with respect to all of the Education Savings Plans sponsored by the Foundation. The Plans have paid the following for IRC expenses: chairperson - $20,000, each member - $15,000, secretariat fee - $40,000, meetings - $2,500.

For the fiscal year ended December 31, 2021, $92,700 (inclusive of GST/HST) was paid to the IRC by all Plans including the Flex First Plan and the Family Single Student Education Savings Plan.

For the period from January 1 to December 31, 2023, the Plans will continue to pay for the IRC's expenses, which based on our arrangement with them will be approximately $90,000, plus applicable taxes.

### Trustee & Custodial Fees

The Plans pay 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 Plans, 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.

During the fiscal year ending December 31, 2022 the total amount paid to the Trustee and Custodian for these services was $649,871.

## PORTFOLIO ADVISERS

As of the date of this prospectus, we have retained the services of various portfolio advisers to manage the assets of the Plans. The Manager monitors the investment management of the Plans and oversees the activities of the portfolio adviser. The Foundation's Investment committee monitors the portfolio adviser's performance on a quarterly basis. Fees associated with portfolio adviser services are included as part of the management fee.

The Manager can change the investment objectives for a Plan, or a Plan portfolio adviser, at its discretion without subscriber approval.

### Guardian Capital LP (Toronto, Ontario)

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

The investment decisions made by the portfolio managers appointed by Guardian Capital to manage Plan assets are not subject to the approval or ratification of a committee. 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.

The person principally responsible for the management of a portion of the fixed income portfolio of the family individual plan and Flex First is:

| NAME AND TITLE | LENGTH OF SERVICE WITH THE PORTFOLIO ADVISOR | PRINCIPAL OCCUPATION IN THE LAST FIVE YEARS |
|---|---|---|
| Aubrey Basdeo<br>Head of Canadian Fixed Income | 2 Years | Managing Director, Fixed Income Strategist – Blackrock |
| Domenic Gallelli<br>Portfolio Manager, Fixed Income | 26 Years | Portfolio Manager, Fixed Income |

The person principally responsible for the management of a portion of the equity portfolio of Flex First is:

| NAME AND TITLE | LENGTH OF SERVICE WITH THE PORTFOLIO ADVISOR | PRINCIPAL OCCUPATION IN THE LAST FIVE YEARS |
|---|---|---|
| Ted Macklin<br>Managing Director, Canadian Equity | 22 years | Managing Director, Canadian Equity |

**BMO Global Asset Management (Toronto, Ontario)**

BMO Global Asset Management (BMO GAM) is a multi-asset management business focused on meeting the needs of Canadian investors. BMO Asset Management Inc. (BMO AM) is the operating legal entity in Canada and is a 100% wholly owned subsidiary of BMO Financial Group. BMO AM manages passive U.S. stocks for the Plan through the BMO MSCI USA ESG Leaders Index ETF. The portfolio is managed on a team basis overseen by Rob Bechard, Managing Director & Head of ETF Portfolio Management.

The people principally responsible for the management of a portion of the equity portfolio of the family individual plan are:

| NAME AND TITLE | LENGTH OF SERVICE WITH THE PORTFOLIO ADVISOR | PRINCIPAL OCCUPATION IN THE LAST FIVE YEARS |
|---|---|---|
| Rob Bechard<br>Managing Director & Head of ETF Portfolio Management, Exchange Traded Funds, BMO Asset Management Inc. | 14 years | 2009 – 2013<br>Vice President, Global Structured Investment, BMO Asset Management Inc.<br>2013 – 2017<br>Senior Vice President, Global Structured Investments, BMO Asset Management Inc.<br>2017 – Present<br>Managing Director & Head of ETF Portfolio Management, Exchange Traded Funds, BMO Asset Management Inc. |
| Chris Heakes<br>Director & Portfolio Manager, Exchange Traded Funds, BMO Asset Management Inc. | 12 years | 2011 – Present<br>Director & Portfolio Manager, Exchange Traded Funds, BMO Asset Management Inc. |

**Connor, Clark & Lunn Investment Management Ltd. (Vancouver, BC)**

Connor, Clark and Lunn Investment Management Ltd. is a partnership of investment professionals and employs a team approach to the management of portfolios. The investment decisions made by the portfolio manager(s) appointed by Connor, Clark and Lunn to manage Plan assets are not subject to the approval or ratification of a committee. In addition to the oversight of the Foundation and Manager noted above, they are subject to the investment objectives and restrictions in place under the agreement between Connor, Clark & Lunn Investment Management and the Manager.

The people principally responsible for the management of a portion of the Canadian equity portfolio of the family individual plan are:

| NAME AND TITLE | LENGTH OF SERVICE WITH THE PORTFOLIO ADVISOR | PRINCIPAL OCCUPATION IN THE LAST FIVE YEARS |
|---|---|---|
| Jennifer Drake<br>Director & Portfolio Manager, Co-head, Quantitative Equity | 16 years | 2022-Present<br>Co-Head of Quantitative Equity - Connor, Clark & Lunn Investment Management Ltd.<br>2019 - present<br>Director - Connor, Clark & Lunn Investment Management Ltd.<br>2018 - present<br>Portfolio Manager, Quantitative Equity<br>2015 – Present<br>Product Specialist, Quantitative Equities |
| Steven Huang<br>Director and Portfolio Manager, Co-Head of Quantitative Equity | 28 years | 2022 – Present<br>Co-head of Quantitative Equity Team, Clark & Lunn Investment Management Ltd.<br>2014 - present<br>Director - Connor, Clark & Lunn Investment Management Ltd. |

**Fiera Capital Corporation (Montréal, Québec)**

Fiera Capital Corporation is an independent asset management firm delivering customized multi-asset solutions across public and private market asset classes to institutional, financial intermediary and private wealth clients.

The portfolio is managed by the Active & Strategic Fixed Income team and investment decisions are made by three lead portfolio managers. In addition to the oversight by the Foundation and Manager as noted above, these decisions are subject to the investment objectives and restrictions in place under the agreement between the Portfolio Adviser and the Manager.

The people principally responsible for the management of a portion of the fixed income portfolio of the family individual plan are:

| NAME AND TITLE | LENGTH OF SERVICE WITH THE PORTFOLIO ADVISOR | PRINCIPAL OCCUPATION IN THE LAST FIVE YEARS |
|---|---|---|
| Alex Cousineau, MSc, CFA, CAIA, Portfolio Manager | 10 years | Portfolio Manager |
| Sapan Sheth, MBA, CFA, Senior Analyst | 2 years | Portfolio Manager |

**Jarislowsky, Fraser Limited**

Jarislowsky, Fraser Limited ("JFL") is a registered investment management firm adhering to the investment philosophy that superior long-term performance is achieved by investing in quality businesses with attractive earnings prospects and reasonable valuations. 1832 Asset Management L.P. ("1832") is one of Canada's largest asset managers on behalf of retail, institutional and private client investors. Both JFL and 1832 are subsidiaries of Scotiabank.

Pursuant to a sub-advisory agreement between JFL and 1832, 1832 acts as sub-adviser for the Plan's assets designed thereunder. JFL monitors and oversees of 1832's sub-advisory activity, while 1832's advisory responsibilities include making investment related decisions, in accordance with the Plan's stated investment objectives, policies and restrictions. Investment decisions for fixed income are the responsibility of the portfolio manager(s) appointed by 1832 to sub-advise Plan assets and are not subject to the approval or ratification of a committee.

The following table sets out the name, title and the length of service of persons principally responsible for the day-to-day management or oversight of a material portion of the portfolio of the Plan's assets on behalf of JFL and 1832 and each person's business experience in the last five years.

| NAME AND TITLE | LENGTH OF SERVICE WITH THE PORTFOLIO ADVISOR | PRINCIPAL OCCUPATION IN THE LAST FIVE YEARS |
|---|---|---|
| Ed Calicchia,<br>Vice President & Institutional Portfolio Manager | 2 Years at JFL<br>29 Years at 1832 | Vice President & Institutional Portfolio Manager |
| Trevor Boose,<br>Institutional Portfolio Manager | 2 Years at JFL<br>9 years at 1832 | Institutional Portfolio Manager |

1832 Asset Management L.P.

| NAME AND TITLE | LENGTH OF SERVICE WITH THE PORTFOLIO ADVISOR | PRINCIPAL OCCUPATION IN THE LAST FIVE YEARS |
|---|---|---|
| Bill Girard,<br>Vice President and Portfolio Manager | 35 Years | Vice President and Portfolio Manager |
| David DiDonato,<br>Associate Portfolio Manager | 26 Years | Associate Portfolio Manager |

**Details of the portfolio advisory agreements**

We have entered into the following portfolio management agreements on behalf of the Plans.

- Investment management agreement between Fiera Capital Corporation and the Manager (this is for Embark Student Corp.) dated as of July 10, 2008, as amended January 1, 2018, August 13, 2019 and further amended February 4, 2021, providing for investment management services on a discretionary basis for the family individual plan. This agreement can be terminated by either party upon 30 days' prior written notice.
- Investment management agreement between Guardian Capital LP and the Manager dated as of May 2, 1997, as amended and restated on April 2, 2012, December 14, 2017, January 31, 2019 and further amended on February 22, 2021 for the family individual plan. This agreement can be terminated by either party upon 30 days' written notice to the other party.
- Investment management agreement between Guardian Capital LP and the Manager dated as of December 1, 2011 as amended and restated on April 30, 2015, October 30, 2015, March 28, 2018, February 14, 2019 and further amended on February 22, 2021, providing for investment management services on a discretionary basis by Guardian Capital LP for Flex First. This agreement can be terminated by either party immediately upon written notice to the other party.
- Investment management agreement between Connor Clark & Lunn Investment Management Ltd. and the Manager dated as of June 20, 2014, as amended January 1, 2018, April 15, 2019, and further amended on March 1, 2021, providing for investment management services on a discretionary basis for the family individual plan. This agreement can be terminated by either party upon 30 days' prior written notice.
- Investment management agreement between BMO Global Asset Management and the Manager dated as of June 9, 2014, December 20, 2017, March 22, 2019, April 24, 2019, March 1, 2021 and further amended on April 30, 2021 providing for investment management services on a discretionary basis for the family individual plan. This agreement can be terminated by either party upon 30 days' prior written notice by BMO Global Asset Management, or 60 days' prior written notice by the Manager.
- Investment management agreement between Jarislowsky, Fraser Limited and the Manager dated as of February 28, 2022, as amended March 1, 2022, providing for investment management services on a discretionary basis for the family individual plan. This agreement can be terminated at any time by either party upon a written notice.

## PRINCIPAL DISTRIBUTOR

Embark Student Corp.
50 Burnhamthorpe Road West
Suite 1000
Mississauga, Ontario L5B 4A5
Tel: 1-800-363-7377
E-Mail: contact@embark.ca
Website: www.embark.ca

There is a distribution agreement between the Foundation and the Manager dated May 1, 2008, providing for distribution services for the family individual plan. In addition, there is an amended distribution agreement between the Foundation and the Manager dated November 10, 2011 providing for services as distributor for the Plans. The amended distribution agreement can be terminated by either party by giving six months' notice prior to the relevant anniversary date.

**Dealer compensation**

The Manager is responsible for selling the Plans through a network of sales representatives who are registered to distribute the Plans. For this service the Manager receives:

- a sales charge of $100 for each unit or partial unit sold under the family individual plan
- a sales charge of no greater than 9.5% of the total contribution goal for each plan sold under Flex First.

As part of their compensation, some distribution branches can receive funds to support marketing initiatives and sales representatives can earn awards based on the number of units sold and retained, and skills development programs completed. These awards can include trophies or an annual trip to attend the Business Excellence Conference. The main criteria to qualify is a qualitative examination of a sales representative's business, as measured by the percentage of sales retention. Qualifying sales representatives are then assessed by looking at (1) the number of units sold, and sales credits sold in respect of Flex First and retained, (2) the successful completion of RESP proficiency courses, and (3) recruitment and branch development activities.

The distributor and registered sales representatives follow the sales practices as specified in the Embark Student Corp. Compliance Policies and Procedures Manual.

**Dealer compensation from the sales charge**

For the fiscal year ended December 31, 2022, approximately 83.9% of the sales charge received by the Manager went towards commissions to registered sales representatives, branch management or other promotional activities associated with distributing the Plans.

## AUDITOR

KPMG LLP
333 Bay St, Suite 4600
Toronto, Ontario M5H 2S5

## OTHER SERVICE PROVIDERS

**Depository**

The Bank of Nova Scotia
Toronto, Ontario

The Bank of Nova Scotia offers personal and business financial services and products. It has been retained by us to act as the depository for the Plans. The depository receives the deposits you and other subscribers make to your plan. Contributions are sent to the trustee on a regular basis. Funds with the depository (not including the amounts to be paid as insurance premiums) are included in the calculation of savings account balances.

**Securities Lending Agent**

The Northern Trust Company, Canada Branch
145 King Street West, Suite 1910
Toronto, Ontario
M5H 1J8

The Northern Trust Company, Canada Branch is not an affiliate or associate of the Manager. Presently, the Manager does not have a securities lending agreement in place. The Manager will not engage in securities lending until a securities lending agreement is executed and the Manager has policies and procedures in place for this activity.

**Group life and total disability insurance**

Canadian Premier Life Insurance Company offers insurance products and services. They have been retained by us to administer the group life and total disability insurance coverage included with the family individual plan.

Canadian Premier Life Insurance Company, which operates under the brand name S a, is the insurer of this product. To contact, call 1-877-271-8713 or visit www.securiancanada.ca

**Ownership of the Manager and other service providers**

To the knowledge of the Plans, the Foundation, or the Manager no person or company owns beneficially, directly or indirectly, more than 10% of the total value of the Plans.

**Experts who contributed to this prospectus**

The Plans' auditor is KPMG LLP, who has prepared independent auditor's reports dated March 30, 2023, in respect of each of the Plans' financial statements for the year ended December 31, 2022. KPMG LLP has advised that they are independent with respect to the Plans within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The matters referred to under "How taxes affect your plan" and certain other legal matters relating to the Plans have been reviewed by Wildeboer Dellelce, LLP.

**Interests of Experts**

To the knowledge of the Plans, the Foundation, or the Manager no expert referenced in this prospectus owns beneficially, directly or indirectly, more than 1% of the units of any of the Plans.

## SUBSCRIBER MATTERS

**Meetings of subscribers**

The Foundation, with the consent of the Trustee, shall have the power at any time to call meetings of the subscribers of a Plan at such time and place as directed by the Foundation for purpose of approving amendments to a trust agreement or any other matter determined by the Foundation to be submitted to the subscribers.

Notice of all meetings of the subscribers of a Plan shall be mailed or delivered by the Foundation to each subscriber of a Plan at his or her address appearing in the register not less than 10 or more than 35 business days before the meeting. Notice of any meeting of subscribers of a Plan shall state the purposes of the meeting.

At least three subscribers shall constitute a quorum for such meeting. If a quorum is present at the opening of a meeting of subscribers, the subscribers may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of a meeting of subscribers, the subscribers present may adjourn the meeting to a fixed time and place but may not transact any other business. Notice of the adjourned meeting shall be mailed or delivered by the Foundation to each subscriber at his address appearing in the register not less than 5 or more than 20 business days before the adjourned meeting and the notice shall state that the subscribers present at the adjourned meeting, whatever their number, will form a quorum. The Chair of the meeting of subscribers shall be an officer of the Foundation.

Whenever the vote or consent of subscribers is required or permitted under the relevant trust agreement, a subscriber entitled to vote at a meeting of subscribers may by means of a proxy appoint a proxy holder or one or more alternate proxy holders, who are not required to be subscribers, to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy.

Whenever the vote or consent of subscribers is required or permitted under the relevant trust agreement, a resolution approved in one or more counterparts by a majority of the votes cast by the subscribers with respect to the resolution (a "Resolution of Subscribers") is as valid as if it had been passed at a meeting of subscribers. Each subscriber shall be entitled to one vote for each whole unit held. A Resolution of Subscribers shall be conducted by the solicitation of written voting instruments, which shall be counted by the Trustee no sooner than 15 business days and no later than 20 business days after such written voting instruments are mailed to subscribers. Such written voting instruments shall be in such form as the Trustee and the Foundation shall approve and shall be mailed by the Foundation by ordinary prepaid mail to each subscriber at his last known address as shown on the records of the Foundation. The Foundation and Trustee may jointly determine all rules of procedure in connection with the administration of a Resolution of Subscribers.

**Matters requiring subscriber approval**

Where, in the opinion of the Trustee on the advice of counsel to the Foundation, an amendment, modification, alteration or addition to a trust agreement and/or the Education Assistance Agreement would not be permitted without the approval of subscribers, the relevant trust agreement and the Education Assistance Agreement may be so amended, modified, altered or added to only by the vote of a majority of the votes cast at a meeting of subscribers duly called for that purpose.

**Amendments to trust agreement**

The Foundation may, with the approval of the Trustee, but without the approval of subscribers: (a) amend, modify, alter or add to the provisions of a trust agreement and/or the Education Savings Plans for the purpose of adapting a Plan to any change in the *Income Tax Act* (Canada) or Part III.1 of the *Department of Employment and Social Development Act* (Canada) ("HRD Act"), the *Canada Education Savings Act* (CESA) or any similar act governing a designated provincial program established under the laws of a province to encourage the financing of children's post-secondary education through savings in registered education savings plans, or ensuring continuing compliance with the applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustee or over a Plan, including for the purpose of maintaining the status of a Plan as an education savings plan registered under the *Income Tax Act* (Canada) and their ability to qualify for government grants; or (b) amend, modify, alter or add to the provisions of the relevant trust agreement and/or the Education Savings Plans for any other purpose provided that, in the opinion of the Foundation, such amendment, modification, alteration or addition is necessary or desirable and, in the opinion of the Trustee on the advice of counsel to the Foundation, is not prejudicial to the subscribers or any person named by a subscriber as a beneficiary under an Education Savings Plan, or any person duly substituted for such beneficiary. Notice of any such material amendment shall be given by the Foundation in writing to the subscribers and shall take effect on a date to be specified therein. The date shall be not less than 30 days after notice of the amendment is given to subscribers.

Notice of any other amendment shall be given by the Foundation in writing to the subscribers which notice may be provided at any time within 15 months of the effective date of such amendment.

**Reporting to subscribers and beneficiaries**

Every year, we will send to you:

- an account statement
- the audited annual financial statements for the Plan to which you have subscribed, if you ask us to
- the unaudited semi-annual interim financial statements for the Plan to which you have subscribed, if you ask us to
- the annual management report on fund performance for the Plan to which you have subscribed, if you ask us to.

The annual IRC report is posted on our website at www.embark.ca.

## BUSINESS PRACTICES

**Our policies**

The following policies, practices and guidelines of the Manager relate to business practices, sales practices, risk management controls and internal conflicts of interest.

- Compliance Policies and Procedures Manual, which provides policies and procedures respecting the distribution of the Plans including: know your client practices, policies regarding conflicts of interest and risk management and regulatory compliance.
- Standard Operating Procedures Manual, which provides policies and procedures respecting the administration of the Plans.

**Valuation of portfolio investments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on a measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. To establish the fair value of equities, the Plan uses the last traded market price where the last traded price falls between that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. To establish the fair value of bonds, the Plan uses mid prices.

**Policies related to the use of derivatives**

Although not currently used, the Plans may use derivatives in the future. For details about how the Plans may use derivatives, see "How we invest your money – Derivatives". The Plans may use derivatives only as permitted under securities law.

Derivatives would be used by the Plans only as permitted by applicable securities legislation and by discretionary exemptions given to them. Presently, the Manager is not using derivatives and is not engaged in derivative transactions on behalf of the Plans. The Manager will not engage in using derivatives for the Plans until it has policies and procedures in place for these activities.

**Policies related to securities lending**

Although not currently used, the Plans may enter into securities lending transactions in the future. For details about how the Plans may engage in these transactions, see "How we invest your money – Derivatives." The Plans may enter into these transactions only as permitted under securities law.

Presently, the Manager is not engaged in securities lending on behalf of the Plans. The Manager will not engage in securities lending for the Plans until it has policies and procedures in place for these activities.

**Proxy voting disclosure for portfolio securities held**

Primarily, the Plans' investments are limited to government bonds, guaranteed investment certificates, cash and short-term investments, mortgages, mortgage backed securities, other debt securities, variable rate securities and corporate bonds. None of these securities require the issuer to call meetings of holders or carry a right to vote.

The exercise of proxy voting rights relative to equity securities is delegated by the Manager to the equity portfolio adviser(s) who perform this responsibility consistent with the Foundation's investment policy objectives. The Foundation's investment committee reserves the right to personally exercise its voting rights by giving the equity portfolio adviser(s) reasonable notice of its intention to do so. The portfolio advisers will take reasonable steps to ensure that proxies are received and voted in accordance with the best interests of the Plans. The financial interest of the Plans is the primary consideration in determining how proxies should be voted. The portfolio advisers generally do not vote proxies when the cost of voting on a particular proxy proposal could exceed the expected benefit to the Plan.

The portfolio advisers, the Manager and the Foundation are committed to resolving all conflicts in the Plans' best interests. Possible resolutions of conflicts may include: (i) voting in accordance with the guidance of an independent consultant or outside counsel; (ii) erecting information barriers around the person or persons making voting decisions; and (iii) voting in other ways that are consistent with the Plans' best interests.

The policies and procedures that the Plans follow when voting proxies relating to portfolio securities are available on request, at no cost, by calling 1-800-363-7377 or by writing to 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B 4A5. The Plans' proxy voting record for the most recent period ended June 30 of each year is available free of charge to any security holder of the Plans upon request at any time after August 31 of that year. The proxy voting record is available on the Plans' website www.embark.ca.

**Conflicts of interest**

The Foundation sponsors and promotes the Plans and has overall responsibility for the Plans including overseeing the investment of Plan assets. The Manager is responsible for directing Plan affairs and maintaining all Plan records and receives fees from all Plans including any special processing fees and Canada Learning Bond fees it receives. As of the date of this prospectus, all the officers and directors of the Foundation are also officers and directors of the Manager.

Guardian Capital is a holder of preferred shares of Embark Student Corp. Embark Student Corp. also controls the Heritage Educational Foundation. An affiliate of Guardian Capital, Guardian Capital LP, is a portfolio adviser to the family individual plan and the Flex First Plan. Guardian Capital LP is also a portfolio adviser to the Heritage Plans. The Heritage Plans is distributed and administered by Embark Student Corp. and is sponsored by the Heritage Educational Foundation. While there may be a perceived conflict of interest as a result of this relationship, the Embark Student Foundation does not believe that this relationship will result in any actual conflicts of interest.

These relationships may create potential conflicts of interest. In accordance with the provisions of NI 81-107, the Foundation has established an Independent Review Committee to which conflict of interest matters are referred.

**Interests of Management and Others in Material Transactions**

No director or officer of the Foundation or Embark Student Corp. has a material interest that has materially affected or is reasonably expected to materially affect the Plans.

**Key business documents**

1. Education assistance agreement with respect to Flex First detailing the terms and conditions of the Flex First Plan.
2. Education assistance agreement with respect to the family individual plan detailing the terms and conditions of the Family Single Student Education Savings Plan.
3. Amended and restated trust agreement between The Bank of Nova Scotia Trust Company and the Foundation dated as of November 1, 2018 providing for the offering of education savings plans under the Flex First Plan. See "About the Foundation".
4. Amended and restated trust agreement between The Bank of Nova Scotia Trust Company and the Foundation dated as of November 1, 2018 providing for the offering of education savings plans under the family individual plan. See "About the Foundation".
5. Investment management agreement between Guardian Capital LP and Embark Student Corp. dated as of December 1, 2011, as amended and restated April 30, 2015, October 30, 2015, March 28, 2018 and February 14, 2019, and

further amended February 22, 2021 providing for investment management services on a discretionary basis by Guardian Capital LP regarding the Flex First plan. See "Details of the portfolio advisory agreements".

6. Corporate Services Agreement between the Foundation and the Manager dated May 1, 2013 providing for Plan administration, governance and other corporate services. See "Details of the management agreement".
7. Fund Management Agreement between the Foundation and the Manager dated May 1, 2013 providing for services as investment fund manager for the Plans.
8. Amended Distribution agreement dated November 10, 2011 as amended between the Foundation and the Manager providing for services as distributor of the Plans. See "Principal distributor".
9. Administrative service agreement with Sun Life Assurance Company dated December 1, 1997, as amended, providing for group life and total disability insurance coverage. See "Other Service Providers".
10. Promoter Agreement for the delivery of the Canada Education Savings Grant, Canada Learning Bond and federally administered provincial incentives between the Minister of Employment and Social Development (Canada) and the Foundation, dated April 1, 2016. See "Overview of our scholarship plans".
11. Quebec Education Savings Incentive Agreement between Revenue Quebec and the Foundation dated December 1, 2008. See "Overview of our scholarship plans".
12. Amended and restated administration agency agreement between The Bank of Nova Scotia Trust Company and the Foundation dated November 1, 2018 appointing the Foundation as the Trustee's agent for the delivery of the CESG and other federal and provincial grants. See "About the Foundation".
13. Amended and Restated Master Custody Agreement between The Northern Trust Company and the Foundation dated February 13, 2020, providing for custodian services related to the offering of the family individual plan and Flex First. See "About the Foundation".
14. Investment management agreement between Guardian Capital LP and Embark Student Corp. dated as of May 2, 1997, as amended and restated on April 2, 2012, December 14, 2017, January 31, 2019 and further amended February 22, 2021 providing for investment management services on a discretionary basis by Guardian Capital LP regarding the family individual plan. See "Details of the portfolio advisory agreements".
15. Investment management agreement between Fiera Capital Corporation and the Manager (this is for Knowledge First) dated as of July 10, 2008, as amended January 1, 2018, August 13, 2019 and further amended February 4, 2021, providing for investment management services on a discretionary basis for the family individual plan. See "Details of the portfolio advisory agreements".
16. Investment management agreement between Connor Clark & Lunn Investment Management Ltd. and the Manager dated as of June 20, 2014, as amended January 1, 2018, April 15, 2019 and March 1, 2021, providing for investment management services on a discretionary basis for the family individual plan. See "Details of the portfolio advisory agreements".
17. Investment management agreement between BMO Global Asset Management and the Manager dated as of June 9, 2014, December 20, 2017 and March 22, 2019, and March 1, 2021 providing for investment management services on a discretionary basis for the family individual plan. See "Details of the portfolio advisory agreements".

You can view copies of the plan documents and other of these key business documents during normal business hours at the Foundation office: 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B 4A5.

## LEGAL MATTERS

### Exemptions and Approvals under securities laws

In 2011, the OSC on behalf of the other securities regulators in Canada, granted us relief from the requirement to include the audited financial statements and management reports of fund performance for each Plan in the prospectus of the Plans sponsored by the Foundation. This relief was granted on the condition that the audited financial statements and management reports of fund performance be incorporated by reference into the Plans' prospectus with an explanation in plain language of the importance of these documents and the reasons why you may wish to read them before purchasing a plan. We will also remind you about the importance of these documents on the trade confirmation and on our website where these documents are posted. You may ask for copies of these documents which we will send to you at no cost within two business days of receiving your request.

**Legal and Administrative Proceedings**

(i) In 2012, the OSC completed a compliance review of the Manager which is registered as a scholarship plan dealer and investment fund manager with the OSC and other members of the Canadian Securities Administrators. As a result of that review, on August 10, 2012, the OSC, with the consent of the Manager, issued a Temporary Order (the "Order") which imposed certain terms and conditions on the Manager's registration (the "Terms"). The Terms required Knowledge First to retain an independent compliance consultant (the "Consultant") to assist it in examining and improving its compliance system, retain an independent monitor to review applications from new clients to ensure they contained adequate "know your client" information in order to determine the suitability of the investment, and to refrain from opening new sales offices or hiring net new sales representatives.

The Terms were removed from the Manager's registration on October 23, 2013, a Settlement Agreement was signed March 5, 2014, an order was issued on March 7, 2014 and the Manager provided the OSC with a report from the Consultant on May 7, 2015 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.

(ii) On July 17, 2015, a legal proceeding under the Class Proceedings Act, 1992 was commenced in the Ontario Superior Court of Justice against certain former employees of the Rouge Valley Health System, former sales representatives of certain RESP providers and certain RESP providers, including the Manager, Embark Student Corp. The Plans were not named as defendants in the action. On April 19, 2016, that proceeding was consolidated with a separate proposed class action commenced on June 24, 2014, in which Rouge Valley Health System has been the only named defendant. In the consolidated proceeding, the plaintiffs claimed damages of $352 million arising out of alleged privacy breaches at the Rouge Valley Health System in 2013 and 2014, disgorgement by the RESP providers of profits and fees charged in respect of RESP sales to members of the proposed class, interest and costs.

A motion to certify the proceeding as a class action and to amend the consolidated statement of claim was heard October 1-5, 2018. The proposed amended statement of claim substituted certain of the representative plaintiffs and claimed general damages of $332 million plus unquantified special damages for credit monitoring, identity theft insurance, damages related to fraud and identity theft prevention, and other out-of-pocket losses; $80 million in exemplary, punitive, and/or aggravated damages; disgorgement of the RESP providers' profits and fees, interest, and costs. The proposed amendments also more fulsomely particularized allegations of negligence against the RESP providers and updated the pleadings for certain events that had occurred since the pleading was last amended, in particular, the criminal convictions of a number of the individual defendants. On October 25, 2018, the Court issued a decision allowing the proposed amendments to the statement of claim but denying the plaintiffs' certification motion.

On November 26, 2018, the plaintiffs served a notice of appeal to the Ontario Divisional Court in respect of the denial of certification. On February 6, 2019, the Manager, the other RESP providers and the Rouge Valley Health System served notices of cross-appeal in respect of the motion judge's decision to award no costs to these defendants in respect of the plaintiffs' unsuccessful certification motion. The cross-appeals as to costs by the RESP providers and the Rouge Valley Health System were resolved on the basis that the cross-appeals be abandoned on a without costs basis. The main appeal was heard on November 14 and 15, 2022. On January 20, 2023, the Divisional Court issued a decision dismissing the plaintiffs' appeal and upholding the motion judge's decision denying certification. On consent of all the parties, each RESP provider was awarded $20,000 in costs (all-inclusive) for the appeal.

On February 6, 2023, the plaintiffs served a motion for leave to appeal to the Ontario Court of Appeal. On April 4, 2023 the RESP providers (including Knowledge First) reached a resolution of the action with the plaintiffs. The agreement is that the plaintiffs will abandon their motion for leave to appeal as against the RESP providers in exchange for the RESP providers' agreement not to seek any further costs of the leave motion or the action against the plaintiffs. Subject to the plaintiffs filing the required notice of abandonment with the Court of Appeal, this resolution will effectively end the litigation as against Knowledge First.

(iii) On June 15, 2018, a legal proceeding was commenced before the Superior Court of Quebec to authorize a class action against all registered scholarship plan dealers in Canada, inclusive of Embark Student Corp., and Embark Student 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 a judgment dismissing a similar proceeding commenced on July 19, 2016. On March 31, 2021, the proceeding was authorized to proceed as a class action. Management cannot predict the final outcome or timing of the pending legal proceeding. Based on the information currently available and management's assessment of the legal proceeding, management believes that Embark Student Corp., and the Foundation have strong defenses regarding the merits of the proceeding and management intends to vigorously defend the positions of Embark Student Corp., and the Foundation.

# Certificate of the Plans and the Promoter, Embark Student Foundation

May 8, 2023

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) *Andrew Lo* | (Signed) Gorkem Gurgun |
| *Andrew Lo*<br>President and Chief Executive Officer | *Gorkem Gurgun*<br>Vice-President, Finance and Controller |

On behalf of the Board of Directors of the Embark Student Foundation and on behalf of the Plans

| | |
|---|---|
| (Signed) *Andrea Bolger* | (Signed) *David Forster* |
| *Andrea Bolger*<br>Director | *David Forster*<br>Director |

# Certificate of the Investment Fund Manager

May 8, 2023

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 Embark Student Corp.

(Signed) *Andrew Lo*

*Andrew Lo*
President and Chief Executive Officer

(Signed) *Gorkem Gurgun*

*Gorkem Gurgun*
Vice-President, Finance and Controller

On behalf of the Board of Directors of Embark Student Corp.

(Signed) *Andrea Bolger*

*Andrea Bolger*
Director

(Signed) *David Forster*

*David Forster*
Director

# Certificate of the Principal Distributor

May 8, 2023

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 Embark Student Corp.

(Signed) *Andrea Bolger*

*Andrea Bolger*
Chair and Director

embark™
Create *your* tomorrow.

For general inquiries about our Company,
please contact our corporate office:

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