knowledgefirst FINANCIAL

Plan Summary

Family Group Education Savings Plan (the "group plan")

Type of Plan: Group scholarship plan
Investment Fund Manager: Knowledge First Financial Inc.
August 26, 2015

This summary tells you some key things about investing in the group plan. You should read this Plan Summary and the Detailed Plan Disclosure carefully before you decide to invest.

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 the sales charge and fees paid to date. You will lose the earnings on your money. Your government grants will be returned to the government. **Keep in mind that you pay the sales charge up front. If you cancel your plan in the first few years, you could end up with much less than you put in.**

What is a group scholarship plan?

The group plan is a group scholarship plan designed to help you save for a child's post-secondary education. When you open your group plan, we will apply to the Canada Revenue Agency to register the plan as a Registered Education Savings Plan (RESP). This allows your savings to grow tax-free until the child named as the beneficiary of the plan enrols in post-secondary studies. The Government of Canada and some provincial governments offer government grants to help you save even more. To register your plan as an RESP, we need social insurance numbers for yourself and your joint subscriber if there is one, and the child you name as the beneficiary of your plan.

In a group scholarship plan, you are part of a group of investors. Everyone's contributions are invested together. When your plan matures the earnings that have accumulated in your plan are put into a group income pool along with the earnings of the other beneficiaries in your particular group. Your share of those earnings plus your government grant money is paid to your beneficiary as education assistance payments (EAPs). Any post-secondary program that qualifies for an EAP under the Tax Act qualifies for an EAP under your plan.

There are two main exceptions. Your beneficiary will not receive EAPs, and you could lose your earnings to the group pool, and your government grants and grant contribution room if:

- your beneficiary does not enrol in a post-secondary school or program that qualifies under this Plan, or
- you leave the Plan before your plan matures

The group plan offers you the option of transferring your group plan to a family individual plan before your plan matures should you change your mind about pooling your earnings at your plan's maturity date.

If you leave the Plan, your earnings will go to the beneficiaries who receive EAPs from your particular group income pool. However, if you stay in the Plan until it matures, you might share in the earnings of those who left early.

Who is this Plan for?

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

- they can make all of their contributions following their contribution schedule
- they will stay in the Plan until their plan matures
- their child will attend a qualifying post-secondary school and program under the Plan

If this doesn't describe you, you should consider another type of Plan. For example, an individual or family plan has fewer restrictions. See the Plan Summaries for the Flex First Plan or the Family Single Student Plan, or pages 15 and 47 in the Detailed Plan Disclosure for more information.

What does the Plan invest in?

The Plan invests 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. Income earned in the Plan may also be invested in Canadian equities directly, US equities via certain mutual funds (exchange-traded funds or "ETFs") that are traded on a stock exchange in Canada, and 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. All equities and ETFs must be traded on a Canadian stock exchange. The Plan's investments have some risk. Returns will vary from year to year.

How do I make contributions?

You make contributions to your plan based on a contribution schedule. You can choose to make contributions each month, each year or a one-time lump sum. Depending on how much you contribute, how often you contribute and the number of years until your beneficiary starts college or university, your contributions will give you one or more 'units' in the Plan. These units represent your share of the group plan. The more units you have the higher your beneficiary's EAPs will be. You may change the amount of your contribution, or how often you make contributions, as long as you make the minimum contribution permitted under the Plan. A nominal transaction fee applies if you make this change. All of the different contribution options for this Plan are described in the Detailed Plan Disclosure, or you can ask your sales representative for more information. This Plan requires a minimum total investment of $9.90 per month, $110 per year or a $449 lump sum contribution. A minimum total investment of $449 is required.

What can I expect to receive from the Plan?

In your beneficiary's first year of college or university, you'll get back your contributions, less fees. You can have this money paid to you or directly to your beneficiary. Your beneficiary will be eligible for EAPs from your beneficiary group income pool and government grants in his or her second, third and fourth years of post-secondary education. For each of these years, your beneficiary must show proof they are enrolled in a school and program that qualifies under this Plan to get an EAP. Any post-secondary program that would qualify for an EAP under the Tax Act would be considered eligible studies under this Plan.

EAPs are taxed in the beneficiary's hands.

What are the risks?

If you do not meet the terms of the Plan, you could lose some or all of your investment. Your beneficiary may not receive their EAPs.

You should be aware of five things that could result in a loss:

Cancellation Rate

Of the last five matured beneficiary groups, an average of 39% of the plans in each group cancelled before their maturity date was reached.

1. **You leave the Plan before your plan's maturity date.** People leave the Plan for many reasons. For example, their financial situation changes and they need the contributions in their plan for other purposes, so they withdraw them. If your plan is cancelled more than 60 days after signing your contract, you'll lose part or potentially all of your contributions to the sales charge and fees. You'll also lose the earnings on your investment, which will go to the group income pool for your beneficiary group, and your government grants will be returned to the government.

2. **You miss contributions.** To keep the same number of units in your plan, you'll have to make up the missed contributions before your plan matures. You'll also have to make up what the contributions would have earned if you had made them on time. Depending on how many contributions have been missed, and for how long, making them up can become costly.

If you have difficulty making contributions (or making up missed contributions) you have options. You can reduce the number of units in your plan, reduce or suspend your contributions, transfer to another of our Plans that has no contribution schedule or to an RESP offered by a different provider, change your contribution schedule to a 'lump sum' method, or cancel your plan. Restrictions and fees apply. Some options will result in a loss of earnings and/or government grants.

3. **You or your beneficiary misses a deadline.** This can limit your options later on. You could also lose the earnings on your investment. Two of the key deadlines for this Plan are:

   - **Maturity date - the deadline for making changes to your plan.**
     You have until the maturity date to make changes to your plan. This includes switching to a different beneficiary, changing the maturity date if your beneficiary wants to start their post-secondary program sooner or later than expected and transferring to another RESP. Restrictions and fees apply.

   - **November 1 - the EAP application deadline**
     You or your beneficiary must contact us by November 1 in each year following your plan's maturity date to either apply for, or delay, the EAP for that year. Otherwise, your beneficiary may lose this money as it will be shared with the other participants in your beneficiary group income pool.

4. **Your beneficiary doesn't go to a qualifying school or program.** For example, educational institutions that do not qualify as a designated educational institution don't qualify under the Tax Act for an education assistance payment. If your beneficiary will not be going to a school or program that qualifies for EAPs under this Plan's rules, you have the option of naming another child as beneficiary, transferring to one of our individual (non-group) Plans or to an RESP offered by a different provider, or cancelling your plan. Restrictions and fees may apply. Some options may result in a loss of earnings and government grants.

5. **Your beneficiary doesn't complete their post-secondary program.** Your beneficiary may not qualify for some or all of the three educational assistance payments available if he or she does not enrol in eligible studies, does not attend his or her second post-secondary year or program by age 22 or takes more than one year off between the second, third or fourth EAP years. Your beneficiary can defer an EAP for one year. Deferrals of more than one year are at our discretion.

If any of these situations arise with your plan, contact us or speak with your sales representative to better understand your options to reduce your risk of loss.

How much does it cost?

There are costs for joining and participating in the group plan. The following tables show the fees and expenses of the group plan. The fees and expenses of this Plan are similar to the family individual plan but are different than Flex First, the other two Plans we offer.

Fees you pay

These fees are deducted from the money you put in your plan. They reduce the amount of your contributions that get invested in the Plan which reduces the amount available for EAPs.

Paying off the sales charge

If, for example, you buy one unit of the Plan on behalf of your newborn child and you wish to make monthly contributions (208 monthly contributions of $4.86), then all of your contributions will go towards the $100 sales charge for 10 months, and 50% of your next contributions will go towards paying off the remainder of the sales charge for another 21 months. During this time 33% of your contributions will be invested in the Plan.

FEE	WHAT YOU PAY	WHAT THE FEE IS FOR	WHO THE FEE IS PAID TO
Sales Charge	$100 per unit This can be between 2.2% and 22.2% of the contribution per unit depending on how often you contribute and for how long you want to make contributions	This is a commission for selling you your plan All of your contributions go toward this fee until ½ of it has been paid off Then ½ of your next contributions go toward this fee until it has been paid in full	The Distributor Sales representatives receive compensation from the sales charge
Depository Fee (plus GST or HST)	$3.50 each year for a one-time contribution $6.50 each year for annual contributions $10.00 each year for monthly contributions	This is for processing your deposits	The Manager
Insurance Premium (plus applicable provincial sales tax in some provinces)	17 cents for every $10 you deposit to your plan, if you are 64 years of age or younger There is no insurance if you are making a one-time lump sum contribution or are 65 years of age or older	This is for insurance that makes sure your contributions continue if you die or become totally disabled We require all subscribers making monthly or annual contributions to buy this insurance, except those in Quebec who have the option to opt out of this insurance coverage	Sun Life Assurance Company The Manager receives 25% back from the insurance company for administration of the insurance program

Fees the Plan pays

You don't pay these fees directly. They're paid from the Plan's earnings. These fees affect you because they reduce the Plan's returns which reduces the amount available for EAPs.

Other fees

Transaction fees apply if you make certain changes to your plan or if a charge for non-sufficient funds is incurred. See page 33 in the Detailed Plan Disclosure for more information.

FEE	WHAT THE PLAN PAYS	WHAT THE FEE IS FOR	WHO THE FEE IS PAID TO
Management Fee (plus GST or HST)	Currently between 0.6 and 1.1% each year The weighted average in the last year ending April 30, 2015 was 0.7%	This is to pay for Plan administration, portfolio management and for holding your plan's assets in trust	The Manager, the portfolio advisers and the Plan's custodian
Independent Review Committee Fee	For the year ended April 30, 2015 $107,420 was paid, shared by all Plans including the Classic Plan, $102,340 in respect of the group plan. This was paid as follows: Chairperson: $20,000 (plus tax) Each member: $15,000 (plus tax) Secretariat fee: $40,000 (plus tax) Meetings: $5,062 (plus tax)	This is for the services of the Plan's independent review committee as required for all publicly offered investment funds. The committee reviews any conflict of interest matters that might arise between the Manager and the Plan	The Independent Review Committee

Are there any guarantees?

We cannot tell you in advance if your beneficiary will qualify to receive any payments from your plan or how much your beneficiary will receive in education assistance payments. 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.

Unlike bank accounts or GICs, investments such as scholarship plans are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

For more information

The Detailed Plan Disclosure that goes with this Plan Summary contains further details about this Plan, and we recommend you read it. You may also contact Knowledge First Financial Inc. or your sales representative for more information about this Plan. Unless otherwise specified, terms used in this Plan Summary that are defined in the Detailed Plan Disclosure have the meaning as set out in that Detailed Plan Disclosure.

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