



Children's Education Funds Inc. (CEFI) and our Relationship with You

At Children's Education Funds Inc. (**CEFI** or **we**) we don't just sell education savings plans, we build relationships. But relationship building is a two way street. In order to provide you with the best service and the most suitable Plan we need you to do your part. Therefore, we ask all subscribers to remember the following:

- **Keep us up to date** – When we first enter the relationship with you we ask that you provide us with full and accurate information. We also ask that you inform us whenever there has been a change to your information that could affect, in particular, your income, investment objectives, risk profile or net worth and the affordability of your plan option. We also ask that you respond to our periodic outreach to you to determine if there has been a change to your information.
- **Be informed** – Our Dealing Representatives have been trained to deliver the information you need to make your investment decision prior to the time of enrolment. However, we expect that our subscribers will carefully review all literature and legal documents provided to fully understand the Plan and its risks. Where appropriate, we expect that you will seek additional advice from other professionals such as lawyers or accountants as we cannot provide legal or tax advice.
- **Ask questions** - We encourage you to ask questions and request information from us or our Dealing Representatives to resolve questions about your enrolment or your relationship with us or your Dealing Representatives.
- **Stay on top of your investments** – We expect that subscribers will review all documentation we provide and review subscriber statements when they are provided.
- **Invest for the long-term** - There is no active secondary market for education savings plans and you cannot resell your Plan.
- **Contact Us** - If you are unsatisfied with the answers or explanations you receive from your Dealing Representative, contact us at 1-800-246-1203.

Things you should Know

Your Enrolment

CEFI is a Scholarship Plan Dealer and Investment Fund Manager that offers peace of mind by managing the day to day details of investing for your loved one's post-secondary education. Our Dealing Representatives are trained to analyze your investment objectives, your risk profile and your financial constraints to determine whether one of the three Plans we offer would be a suitable fit for your needs. When you agree with your Dealing Representative's recommendations to invest, you enter into an education savings plan agreement with the Children's Educational Foundation of Canada (the **Foundation**). The education savings plan that you set up will be registered by the Foundation as a Registered Education Savings Plan (**RESP**), with the Government of Canada to help save for a child's post-secondary education. As the person who opens the RESP and makes contributions, you are a subscriber. The child you designate to receive proceeds from the RESP is a Beneficiary. You are free to select from our three Plans but bear in mind that the Group Option Plan has a Beneficiary age restriction. Each Plan we offer has different minimum investment requirements. Whichever Plan you choose will be an investment in the Children's Education Trust of Canada (**CETC**).

As a scholarship plan dealer, CEFI and its Dealing Representatives are only permitted to distribute the CETC Plans. We do not market any other security or investment product.

Payment

All payments made by cheque must be payable to "Children's Education Trust".

Cheques should not be made payable directly to your Dealing Representative. Please contact our Head Office at 1-800-246-1203 if you are asked to make a cheque payable to your Dealing Representative or any other person, company or entity other than Children's Education Trust.

We do not accept cash or virtual currencies for enrolment in the Plans. Money orders and bank drafts are only accepted if we are satisfied that the source of funds is your personal bank account.

Joint or Single Subscriber(s)

Your RESP can have single (one) or joint (two) subscribers. You and your spouse or common-law partner can be joint original subscribers under an RESP.

An RESP with joint subscribers allows two subscribers (spouses or common-law partners of one another) to do the following from the same Plan:

- make contributions
- make withdrawals
- request changes to the RESP

As a joint account subscriber, you share access to the RESP and both subscribers have a right to the information on file.

You're also jointly responsible to make up missed contributions (if you are required to make ongoing contributions) and/or fees associated with the RESP.

Before you open a joint RESP, talk about it with your spouse or common-law partner. Make sure you both agree on how you'll manage the RESP. There are possible risks and benefits associated with having your RESP held jointly with your spouse or common-law partner; especially in the event of a separation or divorce. We encourage subscribers to seek independent legal advice on how to handle a CETC RESP in the event of divorce or separation.

In the case of divorce or separation, you can remove a joint subscriber if both subscribers agree to that decision or you can continue to be joint subscribers.

Requests to change the subscriber of your RESP must be made to us in writing and accompanied by the appropriate paperwork.

Borrowing to Invest

Using borrowed money to finance the purchase of our Plans involves greater risk than a purchase using cash resources only. If you borrow money to invest in one of our Plans or use a credit card, your responsibility to repay the loan, including your credit card debt, and pay interest as required by its terms remains the same even if you discontinue investing in our Plans.

Risks you Should Know About

Your RESP is an investment in your chosen CETC Plan. It is therefore subject to the investment and other risks associated with the Plan. These risks are described in the Prospectus for the Plan and in the Plan Summary, which your Dealing Representative will provide to you before you open your Plan. You should read these risks carefully to understand the nature of your investment.

Important matters for you to keep in mind about your RESP when deciding to establish an RESP include:

No Regulatory or Insurance Guarantee

No securities regulatory authority has assessed the merits of any of the Plans. Unlike bank accounts or GIC's, education savings plans are not covered by the Canada Deposit Insurance

Corporation, or any other government deposit insurer. Moneys invested are held in trust by The Bank of Nova Scotia Trust Company.

Educational Assistance Payments and Sales Charge

There are three Plan types available through CEFI, each with different characteristics and risks:

- Group Option Plan
- Self-Initiated Option Plan
- Achievers Plan

Two of the Plans offer a potential return of all or a portion of the Sales Charge. This Sales Charge return is not guaranteed.

Under the Group Option Plan, a student may be eligible to receive part of or an amount equal to the Sales Charge initially paid with the first, second and third Educational Assistance Payments (EAPs). However, these payments are not guaranteed and depend on eligibility of the Beneficiary and what funds are available in the Scholarship Enhancement Fund when your Beneficiary starts receiving payments. The amount of an EAP will depend upon the number of units purchased, the amount of investment income earned and the number of qualified students in any given year as well as the amount available in the Scholarship Enhancement Fund.

Under the Achievers Plan, you may be eligible to receive a rebate of a portion of sales charge paid in the event that you choose to reduce your Plan Contribution Target or you elect to cancel or transfer your plan to another RESP before you have reached your Plan Contribution Target. The amount of an EAP under the Achievers Plan will also depend upon the amount of investment income earned and the amount available in the Enrichment Fund.

If you have chosen the Self-Initiated Option Plan, there is no option for return of your Sales Charge and there are no top-up payments available.

The actual dollar amounts available for EAPs cannot be predicted and past performance is not necessarily an indicator of future investment income or EAP amount available. Payments from the Scholarship Enhancement Fund and Enrichment Fund Accounts are not guaranteed.

In the case of a Group Option Plan, payments from the Scholarship Enhancement Fund Account are not guaranteed. You must not count on you or your Beneficiary receiving a payment from the Scholarship Enhancement Fund Account. Payments will only be made if there is money in the Scholarship Enhancement Fund Account in respect of your Beneficiary Group (as defined in the Prospectus). If there is a payment, you and/or your Beneficiary may get less than what has been paid in the past. We cannot tell you in advance if your Beneficiary will qualify to receive any EAPs, or will receive any EAP 'top-up' payments, or whether you will receive any payments toward a return of the Sales Charge, or how much will be received. We do not guarantee the amount of any payments or that they will cover the cost of your Beneficiary's post-secondary education. Please read CETC Plans' Prospectus

for full details on what can affect Scholarship Enhancement Fund payments.

In the case of an Achievers Plan, payments from the Enrichment Fund Account are not guaranteed. You or your Beneficiary must not count on receiving a payment from the Enrichment Fund Account. Payments will only be made if there are funds in the Enrichment Fund Account in respect of Beneficiaries who are receiving EAPs that year. If there is a payment, your Beneficiary may get less than what has been paid in the past. Your Beneficiary may also get less than what is paid to Beneficiaries in other years. Please read CETC Plans' Prospectus for full details on what can affect Enrichment Fund payments.

Investment Risks

The money you pay into the Plans and income earned on it are mainly invested in conservative, guaranteed fixed interest rate investments, equities and principal-protected variable rate securities. Income can be invested in equities and higher risk corporate debt securities. For these and variable rate securities, the primary risks are:

- interest rate risk,
- credit risk, and
- price risk

A rise in interest rates may lower the value of corporate debt securities, while a decrease in interest rates may raise the value. Credit risk refers to the borrowing company's ability to pay interest and repay principal. With variable rate securities, principal is guaranteed, but the value of the securities and amount of interest payable may fluctuate up or down. There is no way of knowing whether these investments can be sold. These are intended to be for the long term, bought on a "buy and hold" basis. Prices of equities can go up or down and tend to have greater risk and price changes than fixed interest rate investments.

One Time or Large Contribution

Making a one-time or other large contribution may make you ineligible for most of the government grant amount. You may contribute up to \$50,000 in one year, or a lesser amount that will fulfill your contribution schedule and lifetime RESP contribution per Beneficiary limit. While such a contribution may maximize your income potential, you risk not attracting the full amount of government grants otherwise available over the entire eligible contribution period.

Early Withdrawal, Default or Termination of your RESP

Early withdrawal from, termination or a default under your RESP will generally have negative financial consequences for you, unless you cancel under the right to cancel within 60 days of your agreement. If you withdraw, default or terminate your RESP after the expiry of this 60 day right, Contributions less Sales Charge paid up to the date of your withdrawal (in the case of a Group Option Plan or Self-Initiated Option Plan) will be returned to you. In the case of Achievers Plan, you may also receive a portion of the Sales Charge paid. Government grants, fees paid in respect

of your RESP, all income earned on your contributions, and, if applicable, any insurance premiums paid will not be returned. Your child's maximum life time Canada Education Savings Grant (CESG) amount will also be reduced by the amount returned. For the remainder of the calendar year and the following 2 years, you child will not be eligible to receive new Additional CESG but you will still be eligible to receive new Basic CESG.

Group Option Plan Missed Contributions

If you've missed contributions in the Group Option Plan and want to stay in the Plan, you'll have to make up the missed contributions. You'll also have to make up what the contributions would have earned if you had made them on time. This can be costly. If you have difficulty making contributions, you have options that you can choose in order to keep your RESP investment. You can reduce or suspend your contributions, transfer to another RESP or close your Plan. Restrictions and fees apply. Some options will result in a loss of earnings and grants. If you suspend contributions and don't take any action within 36 months, CEFI will automatically transfer your Group Option Plan to the Self-Initiated Option Plan. You will then have the option to transfer back to the Group Option Plan for up to two years after the date of transfer as long as it is prior to the original Maturity Date of the Group Option Plan.

Missing a Deadline

If you or your Beneficiary miss a deadline, this can limit your options later on. You could also lose the earnings on your investment. The three key deadlines are:

- **60 days before Date of Maturity**

You have until 60 days before the Date of Maturity to make certain changes to your Plan. This includes switching a plan, changing the maturity date if your plan Beneficiary wants to start their program sooner or later than expected and transferring to another RESP. Restrictions and fees apply.

- **Date of Maturity**

You have until the Date of Maturity to change the plan Beneficiary. Restrictions and fees apply.

- **August 1 for EAPs**

If your Group Option Plan Beneficiary qualifies for an EAP, they must apply by August 1 before their second, third and fourth years of Eligible Studies to receive a payment for that year. If your Group Option Plan Beneficiary qualifies for EAPs in a one year Eligible Studies program, they must apply by August 1 before their first year of Eligible Studies. Otherwise, your plan Beneficiary may lose this money.

Beneficiary Does Not Attend a Post-Secondary Program

If your Beneficiary does not enrol in Eligible Studies within the necessary time limits or if you terminate the Plan before the date the Beneficiary is due to begin their post-secondary education, the Beneficiary will not receive any EAPs.

However, under the Self-Initiated Option Plan or Achievers Plan you may, subject to the Income Tax Act, be able to transfer some or all of the income earned into an eligible Registered

Retirement Savings Plan (RRSP) or Registered Disability Savings Plan (RDSP) or make a cash withdrawal. Cash withdrawals will be taxed at 20% over and above your regular tax rate. Certain provinces may have additional taxes.

If you are under the Group Option Plan you would first have to transfer to the Self-Initiated Option Plan to become eligible for any of the above options. Such a transfer would result in the termination of any insurance purchased and the loss of all insurance premiums paid.

Under the Group Option Plan, if you don't transfer your plan to the Self-Initiated Plan to transfer the income into an eligible RRSP, RDSP or cash withdrawal, all investment income earned will be deposited to the particular Scholarship Fund and will be added to the amount available for the payment of EAPs to other Beneficiaries with the same Year of Eligibility as your Beneficiary.

For Subscribers under the Self-Initiated Option Plan or Achievers Plan who do not qualify for a return of their investment under the Income Tax Act, all earnings on savings will be lost and paid to a designated educational institution.

Contributions, net of applicable fees, will be returned to the Subscriber in any event.

Beneficiary Does Not Enroll for a Subsequent Academic Year

If your Beneficiary under the Group Option Plan becomes a qualified student but does not enroll for a second academic year of Eligible Studies and does not apply to the Foundation to have EAPs deferred, he or she will lose the EAP payable for that year and all subsequent years. This amount will remain in the Scholarship Enhancement Fund and will increase the amount of EAPs paid to other qualified students with the same Year of Eligibility.

Grant Monies

Under the Group Option Plan, if your Beneficiary is qualified but does not enroll in a Post-Secondary Program at the Date of Maturity, the government grants must be repaid to the applicable government. The remaining investment income earned on the grants can only be paid in certain ways specified under the Income Tax Act or to a designated educational institution.

If you terminate your Group Option Plan for any other reason, the government grants (other than income earned on the government grants) will be repaid to the applicable government. The contributions, less

- Sales Charge paid to the date of your withdrawal,
- government grants,
- fees and any interest deficiency administrative adjustment paid in respect of your RESP,
- all income earned on your contributions, and,
- if applicable, any insurance premiums paid

will be returned to you. The income earned on the contributions will be reallocated among the remaining Beneficiaries in your Beneficiary Group (as defined in the Prospectus).

Under the Self-Initiated Option Plan and Achievers Plan, if your

Beneficiary is not enrolled in a Post-Secondary Program upon maturity, or at the end of the deferral period, contributions, less

- Sales Charge paid to the date of your withdrawal,
- government grants,
- fees paid in respect of your RESP,
- all income earned on your contributions, and,
- if applicable, any insurance premiums paid,

may be returned to you, but government grants (other than investment income earned on the grants, which can only be paid in specified ways under the Income Tax Act or to a designated educational institution) must be repaid to the applicable government.

Generally speaking, when you withdraw contributions from your Plan for non-educational purposes, any government grant monies that those contributions attracted must be repaid to the applicable government, which in some cases could negatively affect your Beneficiary's eligibility for future grants.

Contributions Allocated to Income

Under the following circumstances, a portion of your contributions may be required to be allocated to income:

- a change in your contribution schedule under the Group Option Plan;
- the payment of earnings for the period between the retroactive enrolment date and the application date in the event of retroactive enrolment;
- advancing your Beneficiary's year of eligibility to a date prior to the date of maturity under the Group Option Plan; and
- changing your Beneficiary under your plan to an older Beneficiary.

This allocation may result in certain adverse tax and other financial consequences to you and/or your Beneficiary.

Retroactive Enrolment under Group Option Plan

Subscribers in the Group Option Plan who provide the Beneficiary Social Insurance Number (**SIN**) at the time of enrolment may choose to retroactively date their Plan to a date that is earlier than the application date. If you choose to retroactively date your Group Option Plan, you will be responsible for and will have to make up the contributions that would have been due starting on the retroactive date chosen until the application date. You will also have to pay interest at a rate which is an amount equal to 0.583% per month, compounded monthly (the annual rate of interest for this interest deficiency administrative adjustment is 7%) on the amount that you deposited, net of any Sales Charge, for the period between the retroactive enrolment date and the application date in order to make up for lost interest. This can be costly. Generally, with limited exceptions, retroactive enrolment may not exceed one year.

Unclaimed Amounts

Under the Group Option Plan, any amounts unclaimed by the end of the earlier of six years from the Plan's original Date of Maturity or by the end of the 35th year following the year in which the

Plan became effective will be transferred to the Scholarship Enhancement Fund and not returned to you.

Any amounts in the Self-Initiated Fund or Achievers Fund unclaimed by the end of the 35th year following the year in which the Plan became effective will not be available for the payment of EAPs, and unclaimed amounts attributable to contributions made after the Date of Maturity will be returned to the Subscriber. All other unclaimed amounts in these two Funds will be forfeited and paid to a designated educational institution.

We will make reasonable efforts to locate and return unclaimed amounts owing to Subscribers. In the event that the Subscriber cannot be located, any unclaimed amount will be handled in accordance with applicable legislation. If there is no applicable legislation in the owner's jurisdiction, we will transfer the unclaimed amount to the Scholarship Enhancement Fund (Group Option Plan only) or applied to the objects of the Foundation after a period of three years.

Failure to Provide SIN

If you have not provided the Foundation with your Beneficiary's SIN within 24 months of the acceptance of your Application by the Foundation (or such longer period as may be agreed to by the Foundation), your Contributions (less applicable fees) and any income earned on your Contributions will be returned to you. In these circumstances, any income earned on your Contributions will be taxed in your hands.

Discretion of the Scholarship Committee

The Scholarship Committee has discretion to vary the terms of any plan upon request by the Subscriber or Beneficiary. However, it is possible that the decisions made by the Committee may not be in accord with the desires of the Subscriber or Beneficiary. Further, such discretionary decisions may result in the loss of EAPs and investment income. Decisions of the Scholarship Committee may be appealed to CEFI's board of directors.

Status of the Foundation and Children's Education Trust of Canada (CETC)

Neither the Foundation nor CETC is registered as a trust company in any province or territory of Canada.

Rather, the Foundation sponsors education savings plans to be marketed to the public.

Conflicts of Interest

In the course of providing services to you, there will be situations where a conflict will arise between our interests and yours. These conflicts may be actual conflicts of interest or you may perceive that we have a conflict of interest. Conflicts can give rise to a concern that we or our Dealing Representatives may act or will act with a view to their own business or personal interest which may result in our or our Dealing Representative's financial gain. Conflicts can also arise in circumstances where there are differing interests amongst subscribers, which may lead to a perception that we will be favouring a subscriber or set of subscriber over other subscribers.

Conflicts of interest inherent in our actions as the manager and administrator of the Plans are addressed in the best interests of the Plans. We refer those conflicts of interest and how we address them to the Independent Review Committee (**IRC**) of the Plans. You can access the IRC's annual report to Plan holders at <https://www.cefi.ca/forms/> for a description of the conflicts of interest we have referred to the IRC, in our capacity as the manager and administrator of the Plans.

CEFI only offers Plans issued by the Foundation. This raises a potential conflict of interest that is addressed and managed through CEFI's know your product, know your client and suitability processes; CEFI's ongoing due diligence on available comparable non-proprietary products; and disclosure of the potential conflict of interest to subscribers in the Prospectus and in this document.

We encourage you to review our Conflicts Disclosure in addition to this brochure, which describes the conflicts of interest inherent in our and our Dealing Representatives' activities as the distributor of the Plans. Canadian securities laws require us to take reasonable steps to identify and respond to material conflicts of interest in your best interest and tell you about them. Our Conflicts Disclosure identifies which conflicts of interest we consider are material when we and our Dealing Representatives distribute the Plans to you. We also describe the potential impact on and risk that the conflict could pose to you and how we address the conflict to minimize its impact and risks to you and our other subscribers.

Outside Business Activities

Outside business activities are any business activities that your Dealing Representative conducts that are not the sale and service of a Plan through CEFI. If your Dealing Representative conducts outside business activities with you, you must be aware that such activities are not the business of CEFI. We do not supervise or review these activities to determine their suitability or if they meet your needs or objectives.

If your Dealing Representative recommends any product or service, other than a product or service under a Plan offered by us, this is being offered in their personal capacity or in their capacity as an agent, employee or representative of a company other than CEFI. We are not liable for any losses, expenses, costs, claims, damages or liabilities arising from or resulting from such activities.

Many of our Dealing Representatives are licenced to sell insurance, as well as being registered to sell our Plans. Their activities as an insurance agent are not supervised or reviewed by us, nor is this done through us.

Referral Arrangements

We engage in certain marketing and sales generation practices. For example, we enter into agreements with certain entities that have access to information on families welcoming newborn children into their families. These entities, with or without

additional terms relating to CEFI marketing undertaken through their publication, sell lists of contact information for such individuals or families who may be interested in providing for their new child's post-secondary education through the purchase of an RESP. All subscribers receive full written disclosure of this referral arrangement before or at the time they purchase their Plan.

Dispute Resolution

If you make a complaint to us about Children's Education Funds Inc. or any of our Dealing Representatives and are not satisfied with our resolution of the matter, we will make independent dispute resolution or mediation services available to you at our expense as set out below.

The Ombudsman for Banking Services and Investments (OBSI)

OBSI is an organization independent of government and the financial services industry, which investigates unresolved complaints from individuals and small businesses about financial services firms. OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to clients. The OBSI process is free of charge and is confidential. For more information, OBSI can be contacted by telephone in Toronto at (416) 287-2877, or toll free at 1-888-451-4519 or by email at ombudsman@obsi.ca, or through their website at: www.obsi.ca.

For Quebec Residents

In Québec, the Autorité des marchés financiers (AMF) provides dispute resolution services at no charge to subscribers who reside in Québec. The AMF can be reached toll-free at 1-877-525-0337 or through their website at: www.lautorite.qc.ca.

Costs to You

Compensation Practices and Fees

There are fees associated with all of our Plans. At the time you choose to enrol, you will have received the Plans' Prospectus. Part A of the Plans' Prospectus is a summary of the plan type that applies to you. Together, the Prospectus and the Plan Summary set out in detail what fees and costs are associated with the plan type that applies to you. Please read the Prospectus and your Plan Summary carefully.

- **Fees You Pay**

The Sales Charge and Depository Fee are deducted from your Contributions. They reduce the amount that gets invested in your Plan, which will reduce the amount available for EAPs.

- **Fees the Plans Pay**

The Portfolio Management fee (Group Option Plan and Self-Initiated Option Plan only), Trustee and Custodian Fee (Group Option Plan and Self-Initiated Option Plan only) annual Administration Fee, IRC fees and board of directors fees are each payable from the Plan's Income. You don't pay these fees directly. These fees affect you because

they reduce the Plan's returns which reduces the amount available for EAPs.

- **Transaction Fees**

Depending on your circumstances and/or changes you may request, you may incur Transaction Fees. These fees differ between our Plans. They range from \$18.00 to \$50.00 plus applicable taxes.

In exchange for selling the Plans, we receive a portion of the Sales Charge paid by you. We use this money to pay for our costs of distribution and to pay compensation to our Dealing Representatives for their services in distributing the Plans and, in respect of the Self-Initiated Option Plan, for their ongoing services to you during the life of those Plans. The amount of our Dealing Representatives' compensation depends upon the number of Group Option Plan units you purchase, the Plan Contribution Target of your Achievers Plan or whether you subscribe to the Self-Initiated Option Plan.

The commissions, fees, Sales Charge, management fees and ongoing charges described in this section affect investment returns in your Plan and your RESP, because they reduce the amount of the investment return to you. When considering the fees charged to your Plan and your RESP, you should note that a fee charged to your Plan and RESP will compound over time as a deduction to the overall value of your Plan and RESP. Every dollar taken out to cover fees is one less dollar left to invest in your RESP to compound and grow over time.

Reporting to You

Statements

CEFI will deliver an account statement to you once per year. However, you may contact your CEFI Dealing Representative at any time to learn of the status of your scholarship plan investment.

A CEFI statement includes all of the following information for each transaction during the year:

- (a) the date of the transaction;
- (b) the type of transaction;
- (c) the name of the plan and number of units;
- (d) the frequency of the contribution (e.g. monthly, yearly, single etc.);
- (e) the total estimated cost of contributions to maturity.

A CEFI statement includes all of the following information about the plan balance:

- (a) the current year and life to date amount of contributions made;
- (b) the current year and life to date amount of Sales Charge;
- (c) current year and life to date amount of depository fees;
- (d) current year and life to date amount of administration fees;
- (e) current year and life to date amount of insurance premiums;
- (f) current year and life to date amount of principal invested;

- (g) current year and life to date amount of government grants;
- (h) current year and life to date amount of investment income earned.

Additionally the following disclosure is included as part of the annual subscriber account statement:

- (a) the amount of any referral fee received from a third party (if any) for the current year;
- (b) a definition of who the Children's Educational Foundation of Canada and the Children's Education Trust of Canada are;
- (c) a definition of what a plan, unit and mode is;
- (d) a detailed description of the amounts deducted from subscriber contributions; and,
- (e) total amount returned to the subscriber if the subscriber ceased to make prescribed payments.

Benchmarks

When analyzing how well your investment is performing, you can compare it against an appropriate benchmark. Benchmarks show the performance over time of a select group of securities. We use certain benchmark indexes for comparison against Plan performance in each Plan's Management Report of Fund Performance. This is a document that comments on the Plan's investment performance over the past year and discusses factors that had a major effect on how well the investments performed. Any changes to the risks the Plan is willing to take in investing and any trends that could affect the Plan's performance in the future are also discussed. This document is available at www.sedar.com

The benchmarks used try, as far as possible, to compare apples to apples. In other words, we use the indexes that contain the same or similar investments and investment objectives as those contained in CEFI plans: i.e. the Group Option Plan, the Achievers Plan or the Self-initiated Option Plan - which are generally lower risk investments. Also, benchmarks do not include operating charges, transaction charges or other expenses related to the cost of investing. So it is important for you to consider those as well, as they will affect the bottom line performance of your investment with our Plans. If you have any questions about the benchmarks we use or how benchmarks are used generally, please speak to your CEFI Dealing Representative.

Our Suitability Obligation and the Information we must Collect

CEFI and its Dealing Representatives have an obligation to assess whether a Plan is suitable for you before we recommend enrolment in any Plan. CEFI and our Dealing Representatives

must put your interests first in making any recommendation to you. This requires that we know all relevant information about you, your financial circumstances, employment, net worth, investment objectives, time horizon, risk profile (risk tolerance and risk capacity) and your general knowledge of and experience with investing. It also requires that we and each of our Dealing Representatives understand the Plans we offer to determine whether they fit with your needs and objectives.

To meet this obligation, CEFI and its Dealing Representatives collect the following information from you:

Full Name and Address	Age
Employer	Investment Knowledge
Assets, Liabilities and Net Worth	Spouse and Dependent Information
Annual Income	Time Horizon for Investing
Risk Tolerance	Affordability Calculation (as required)
Expenses (as required)	

Description of some of the terms used above:

Investment knowledge: means a person's general level of understanding about investments. Investment knowledge includes your level of understanding about how investments can make money, the different types of investments and the risks that they carry. We also ask you about your experience in investing.

Risk tolerance: means the degree of variability in investment returns that an investor is willing to withstand. This differs from risk capacity, which is a more objective standard based on your financial circumstances – and generally refers to your financial ability to withstand any downturns in the markets.

Time horizon for investing: means the period for which an investor expects to hold an investment for a specific goal. In the case of a scholarship plan, the time horizon would be the amount of time until the Beneficiary plans to start post-secondary education.

Affordability calculation: One of the first steps in opening a CETC scholarship plan with required ongoing contributions is the affordability calculation. The affordability calculation is useful in making sure that you have the means to make plan contributions for the duration of the plan. The affordability calculation includes your income and expense information in assessing how much you can afford to contribute to a plan with required ongoing future contributions.

Trusted Contact Person (TCP)

We encourage you to provide the name of a TCP and your consent to contact this person in the event we cannot locate you or if we have concerns regarding your vulnerability. Ideally, the TCP should be someone who does not have any financial interest in your personal finances. A TCP is not the same as a power of attorney. A TCP has no authority to make transactions on your account unless otherwise specified by you and should not be involved in any decision-making for you. Unless you

provide different instructions, we will apply the TCP to both subscribers if you have a joint plan. You can add, change or remove a TCP at any time.

If you require any further information relating to your enrolment, your relationship with CEFI or any other matter of concern to you in this relationship, you may contact your Dealing Representative or CEFI Compliance at 1-800-246-1203 or info@cefi.ca.

Subscriber Signature

Date

Subscriber Signature

Date

Dealing Representative Signature

Date

