

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

Detailed Plan Disclosure

# Prospectus

**Continuous offering**

December 1, 2020

## Group and Individual Scholarship Plans

### REFLEX Plan

(Group scholarship plan)

Minimum subscription of \$10.50 per month

### INDIVIDUAL Plan

(Individual scholarship plan)

Minimum subscription of \$25

These investment funds are scholarship plans managed and invested by Kaleido Growth Inc.

## Important information to know before investing

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

### No social insurance number = no government grants, no tax benefits

You must provide your social insurance number (SIN) and the SIN of each child named as a beneficiary under a plan before we can register your plan as a Registered Education Savings Plan (RESP). The *Income Tax Act* (Canada) does not allow us to register your plan as an RESP without these 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 the plan is opened. If you do not provide it when signing the contract, your contributions will be paid into an unregistered education savings account. While your contributions are held in this account, we will deduct the sales charges listed under "Costs of Investing in this Plan" on pages 27 and 40 of the prospectus. No income or grants will accumulate in your plan until the missing information is provided.

If we receive the beneficiary's social insurance number within 24 months after your application date, we will transfer your contributions to your registered plan.

If we do not receive the beneficiary's social insurance number within 24 months after your application date, we will cancel your plan. Your contributions will be refunded less the sales charges already paid. Since you pay sales charges up front, you could end up with much less than you invested.

**If you do not expect to get the social insurance number for your beneficiary within 24 months following your application date, you should not enrol or make contributions to the plan.**

## Educational assistance payments not guaranteed

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

### Payments from group plans depend on several factors

The amount of the EAPs from a group plan will depend on how much the Plan earns and the number of beneficiaries in the same beneficiary group who qualify for EAPs.

## Understand the risks

**If you withdraw your contributions early or fail to meet the terms of your plan, you could lose some or all of your money. Before investing, make sure you understand the risks associated with this type of investment. Carefully read the information provided under "Risks of Investing in a Scholarship Plan" on page 16 and "Risks of Investing in this Scholarship Plan" on pages 23 and 39 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 will get back your contributions, less the sales charges already paid. You will lose the earnings on your money. Your government grants will be returned to the government. **Remember that you pay sales charges up front. If you cancel your plan in the first few years, you could end up with much less than you put in.**

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# Introduction



The 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 each of the scholarship plans and how they work, including the fees you pay, the risks of investing and how to make changes to your plan. It also contains information about our organization. The prospectus consists of this Detailed Plan Disclosure and of each Plan Summary delivered with it.

You can find additional information about the Plan that interests you in the following documents:

- the most recently filed (audited) annual financial statements;
- the interim financial reports (unaudited) filed after the annual financial statements; and
- the most recently filed annual Management Report of Fund Performance for each Plan.

These documents are incorporated by reference into the prospectus, meaning they legally form part of it, as if they were printed with it. They contain a wealth of information to help you understand how our scholarship plans work, including past transactions, the current financial situation, future prospects and the risks inherent in each scholarship plan. All documents filed by the Plan between the date of the prospectus and the maturity date of the plan in question is deemed incorporated by reference to the prospectus.

The annual audited financial statements and the interim unaudited financial statements of each Plan comply with the applicable Canadian accounting standards, and were prepared in accordance with International Financial Reporting Standards (IFRS).

The statements present the statements of financial position, the statements of net and comprehensive income, the statements of changes in net assets attributable to contracts, the statements of cash flows and the accompanying notes. The notes provide additional information to help you understand the financial statements and the management of each scholarship plan's assets.

The management report of fund performance, on the other hand, presents the financial highlights of the year that influenced plan performance. This report is produced by Kaleido Growth Inc. and presents a detailed economic outlook for the coming year and the company's investment objectives and strategies. It also provides a comprehensive analysis of the latest fund performance.

All these documents contribute to assisting you in selecting the type of plan best suited to your situation. We encourage you to read them before investing in one of our scholarship plans.

You can get a free copy of these documents by calling 1-877-710-RESP (7377), by writing to us at Kaleido Growth Inc., 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec (Quebec) G1W 0C5 or by email at [info@kaleido.ca](mailto:info@kaleido.ca).

You can consult these documents on our website ([kaleido.ca](http://kaleido.ca)) and existing subscribers may access them via the Client Space.

These documents and other information about our scholarship plans are also available at [sedar.com](http://sedar.com)—the official site that provides access to most public documents and information filed by issuers with the provincial and territorial securities regulators using the SEDAR filing system.

# Terms used in this prospectus

In this document, the words “we”, “us” and “our” refer to the Kaleido Foundation (the Foundation), Kaleido Growth Inc. or to the scholarship plans. The words “you” and “your” refer to potential investors, subscribers and beneficiaries.

Here are the definitions of some key terms used in this prospectus:

**Accumulated income payment (AIP):** income on your contributions and government grants that you may receive from your plan if your beneficiary does not pursue eligible studies, provided the conditions stipulated in this Detailed Plan Disclosure, the *Income Tax Act* (Canada) and the *Taxation Act* (Quebec) have been respected, and the amount exceeds the fair market value of any contribution and government grant paid into the plan for refund of the amount.

**AIP:** see **Accumulated income payment**.

**Application date:** date on which you opened your plan, which is the date you signed your contract.

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

**Beneficiary:** person on behalf of whom one or several EAPs are paid under your plan.

**Beneficiary group:** beneficiaries of a group plan with the same year of eligibility. They are generally born in the same calendar year.

**Contract:** the scholarship plan agreement entered into by the subscriber and the Foundation when opening an education savings plan.

**Contribution:** the amount paid into the plan by the subscriber. The sales charges are deducted from your contributions and the remaining amount is invested in the plan.

A contribution to an education savings plan does not include an amount paid into the plan under or because of the *Canada Education Savings Act* or a designated provincial program, or any other program that has a purpose similar to a designated provincial program and that is funded, directly or indirectly, by a province (other than an amount paid into the plan by a public primary caregiver in his or her capacity as subscriber of the plan).

**EAP:** see **Educational Assistance Payment**.

**EAP account:** for the group plan, the account that holds the income earned on contributions made by subscribers. There is a separate EAP account for each beneficiary group. This account also includes income earned on contributions from subscribers who cancelled their plan or whose plan we cancelled. These funds are redistributed to the remaining beneficiaries in the beneficiary group as part of their EAPs. For the INDIVIDUAL Plan, the account holds the income from contributions made by subscribers.

**Earnings:** any money earned on your (i) contributions (excluding sales charges) and (ii) government grants, such as interest and capital gains. For the group plan, income earned after the maturity date is not included in the EAP account of the beneficiary group.

**Educational assistance payment (EAP):** an EAP is made to or on behalf of your beneficiary after the eligibility date for eligible studies. The EAP consists of your accumulated income and your government grants. For group scholarship plans, the EAP consists of your government grants, the income earned on grants and your beneficiary’s share in the EAP account. EAPs do not include the sales charges, which are refunded to the subscriber.

**Eligible studies:** a post-secondary educational program that qualifies under the *Income Tax Act* (Canada) for the beneficiary to receive EAPs, namely, a qualifying educational program or specified educational program. For more information, see “Eligible Studies” and “Summary of Eligible Studies” on pages 13, 21 and 39 of this Detailed Plan Disclosure.

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

**Grant contribution room:** amount of the government grants for which you qualify under a federal or provincial government grant program (also known as grant room).

**Income:** has the same meaning as **Earnings**.

**Maturity date:** the date on which the plan matures. Generally, it falls after the end of the contribution schedule, in the calendar year your beneficiary is expected to begin his or her first year of post-secondary education.

**Plan(s):** means the REFLEX Plan and/or the INDIVIDUAL Plan, each a scholarship plan that provides funding for a beneficiary’s post-secondary education.

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

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

**Subscriber:** the person who enters into a contract with the Kaleido Foundation to make contributions under the terms of a plan.

**Unit:** under a group plan, a unit is your beneficiary’s proportionate share of the EAP account. The contribution amount per unit is determined by the terms of the contract you sign and the applicable contribution schedule.

**Year of eligibility:** year in which a beneficiary has the right to receive EAPs for the first time under the terms of a plan. For a group plan, it is usually the year the beneficiary undertakes his or her first academic year of eligible studies. In general, the year of eligibility is the same year as the maturity date.

For other types of plans, the year of eligibility occurs when the beneficiary enrolls in an eligible program of study.

# Overview of our scholarship plans



## What is a scholarship plan?

A scholarship plan is an investment fund designed to help you save for a beneficiary's post-secondary education. To be eligible for government grants and tax benefits, your plan must be registered as a Registered Education Savings Plan ("RESP"). To do this, we need your Social Insurance Number ("SIN") and the SIN of the beneficiary.

You sign a contract when you open a plan with us. When you make contributions to your plan, we invest these on your behalf, after deducting the applicable fees. You get back your contributions whether or not your beneficiary undertakes a post-secondary education. We will make educational assistance payments (EAPs) to or on behalf of your beneficiary if he or she enrolls in eligible studies and all the terms of the contract are met.

Before signing, please read the contract closely and make sure you understand it. If you or your beneficiary does not comply with the terms of the contract, a loss may ensue and your beneficiary could lose some or all of his or her EAPs.

If you are not the beneficiary's parent, we are under the legal obligation to inform, in writing, such beneficiary's guardian (or public primary caregiver) of the existence of the plan, and to disclose your name and address. This requirement must be carried out within 90 days following the application date.

## Type of plans offered

The Foundation promotes two types of scholarship plans: the REFLEX Plan is a group education savings plan and the INDIVIDUAL Plan is an individual education savings plan.

Our plans have differences, specifically in terms of contribution requirements and options. Therefore, we encourage you to read the plan-specific disclosure for each plan in the sections "REFLEX Plan" on page 21 and "INDIVIDUAL Plan" on page 39. This will allow you to highlight the specifics of each plan.

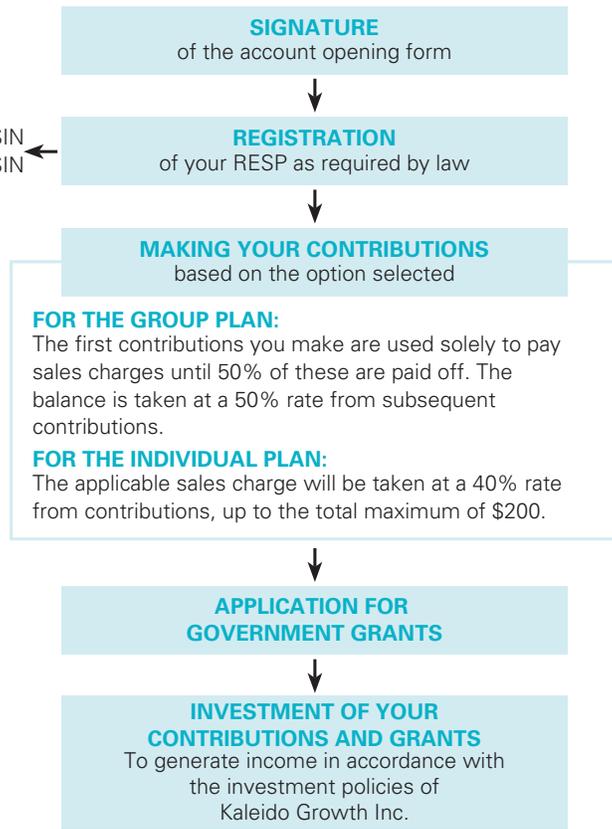
# General information

## How our plans work

### MAKE SURE YOUR CONTACT INFORMATION IS UP TO DATE!

It is important that you inform us of any changes to your address and contact details. We will need to send you important information throughout the life of your plan.

You must provide your SIN and the beneficiary's SIN



**FOR THE GROUP PLAN:**  
The first contributions you make are used solely to pay sales charges until 50% of these are paid off. The balance is taken at a 50% rate from subsequent contributions.

**FOR THE INDIVIDUAL PLAN:**  
The applicable sales charge will be taken at a 40% rate from contributions, up to the total maximum of \$200.

**CANCELLATION OF YOUR PLAN**  
POSSIBLE AT ANY TIME  
We retain the sales charges unless the cancellation takes place within 60 days of signing the contract.



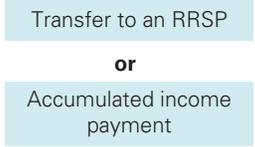
**EAPs FROM THE INDIVIDUAL PLAN**

You decide the amount of the EAPs paid to or on behalf of your beneficiary, subject to the limits set by law. EAP amounts include the beneficiary's share of the EAP account, the government grants and their earnings.

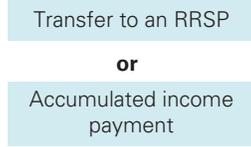
**EAPs FROM THE GROUP PLAN**

You decide the amount of the EAPs paid to or on behalf of your beneficiary, subject to the limits set by law. EAP amounts include the beneficiary's share of the EAP account, the government grants and their earnings.

### IF YOUR CHILD DOES NOT PURSUE ELIGIBLE STUDIES



### IF YOUR CHILD DOES NOT PURSUE ELIGIBLE STUDIES



Funds may be used until December 31<sup>st</sup> of the 35<sup>th</sup> year following the year of your application date.



## Enrolling in a plan

To enrol in one of our scholarship plans, you must meet with one of our authorized representatives, who will explain to you the operation, advantages and disadvantages of each Plan promoted by the Foundation.

Thereafter, you can subscribe by completing the account opening form with the help of your representative. We recommend that you have your social insurance number (SIN) and that of the beneficiary or beneficiaries for whom you wish to subscribe, as well as your banking information for the pre-authorized debits from your bank account.

Your beneficiary must be a Canadian resident for the entire period you contribute to the plan.

You will also need to complete the grant application form so we can apply for these grants to the government for you.

Under the plan to which you subscribe, you agree to make a single payment or multiple periodic payments. These payments are your contributions. These contributions are recorded and maintained by the custodian. Accordingly, they represent a cash amount that you save until it is reimbursed to you.

If your beneficiary is eligible for the Canada Learning Bond (CLB), you can open an INDIVIDUAL Plan with no sales charge and no obligation to make contributions. Please refer to the terms and conditions set forth under “Your Contribution Options” on page 40.

If you are not the beneficiary’s parent, we are under the legal obligation to inform, in writing, such beneficiary’s guardian (or public primary caregiver) of the existence of the plan, and to disclose your name and address. This requirement must be carried out within 90 days following the application date.

As investment fund manager, Kaleido Growth Inc. receives your contributions and transfers them to the custodian after deducting the applicable sales charges. The custodian deposits these amounts into your subscriber account and ensures their safekeeping and preservation. The contributions are part of the assets of the scholarship plans.

To obtain the registration of an Education Savings Plan (ESP) established by a Plan promoted by the Foundation, Section 146.1 of the *Income Tax Act* (Canada) requires the SIN of the designated beneficiary as well as the SIN of the subscriber. Obtaining this information is a prerequisite for the registration of the RESP and eligibility for government grants.

## If your beneficiary does not have a social insurance number

You can make contributions on behalf of a beneficiary whose SIN has not yet been provided. However, pending our receipt of the missing SIN, these contributions are paid into an unregistered education savings account that does not entitle you to interest or government grants for your plan. If the missing SIN is not provided within 24 months of signing the contract, all contributions made to the suspense account are refunded to you, less the sales charges already paid. The contract is thus terminated and the plan closed. This refund of contributions is not taxable.

## Government grants

The Government of Canada and the Government of Quebec have both introduced measures to support education savings. The Canada Education Savings Grant (CESG) and the Canada Learning Bond (CLB) are offered by the Government of Canada. The Government of Quebec, meanwhile, introduced the Quebec Education Savings Incentive (QESI) for beneficiaries who reside in the province of Quebec.

The government grants and their earnings are added to the income from your contributions for the calculation of the EAPs that a beneficiary may receive when he or she pursues eligible studies.

The government grants received belong exclusively to your beneficiary and are invested separately from your contributions. Under the group plan, these grant amounts are pooled and invested together with those of other beneficiaries.

## Canada Education Savings Grant (CESG)

To be eligible for the basic CESG, your beneficiary must be a resident of Canada. The CESG is paid into the plan on the beneficiary’s behalf until the end of the calendar year during which he or she reaches the age of 17. Regardless of your family income, the basic grant is equal to 20% for every dollar invested until your contributions reach \$2,500 per year. You can make contributions to your plan exceeding the amount eligible for the maximum annual amount in government grants. However, contributions exceeding \$2,500 will not attract CESG unless you have unused grant room.

The contributions you make to your RESP during the year in which your beneficiary turns 16 or 17 years old may be eligible for the CESG if at least one of the following conditions is met:

- a minimum amount of \$2,000 was contributed to (and not withdrawn from) the beneficiary’s RESP(s) before the end of the calendar year in which he or she turned 15 years old; or
- a minimum amount of \$100 was contributed annually to (and not withdrawn from) the beneficiary’s RESP(s) in any four or more years before the end of the calendar year in which he or she turned 15 years old.

Based on the adjusted family net income of the beneficiary’s primary caregiver, your beneficiary could be eligible for the additional CESG and receive extra grants equal to 10% or 20% of the first \$500 contributed each year.

The lifetime CESG amount granted to a beneficiary may not exceed \$7,200 for all the beneficiary’s plans combined, and for their entire duration.

## Canada Learning Bond (CLB)

The CLB grant offered by the is equal to \$500 the first year of eligibility for this grant. Thereafter, your beneficiary could receive \$100 for each subsequent year until the year of his or her 15<sup>th</sup> birthday inclusive, for a lifetime total of \$2,000.

## General information

To be eligible, the beneficiary's family must meet the financial criteria established by the Government of Canada. In addition, the beneficiary must:

- be born after December 31, 2003;
- have a SIN;
- be the beneficiary of an RESP; and
- reside in Canada.

At the time the first CLB grant is paid into a plan, the Government of Canada may add \$25 to cover part of the administration fees. This sum is paid directly to Kaleido Growth Inc.

### Quebec Education Savings Incentive (QESI)

To be eligible for the basic QESI, your beneficiary must have a SIN, be a resident of Quebec on December 31<sup>st</sup> of the tax year and be the beneficiary of an RESP. The QESI may be paid until the end of the calendar year during which the beneficiary reaches the age of 17.

Regardless of your family income, the basic QESI is equal to 10% of the first \$2,500 contributed into an RESP during a given tax year.

Contributions made after December 31, 2008, for a beneficiary 16 or 17 years of age may be eligible for the Quebec Education Savings Incentive if a Canada Education Savings Grant was paid into an RESP for the beneficiary the same year.

Based on the adjusted family net income of the beneficiary's primary caregiver, your beneficiary could be eligible for the additional QESI and receive extra grants equal to 5% or 10% of the first \$500 contributed each year.

The lifetime QESI amount granted to a beneficiary may not exceed \$3,600 for all the beneficiary's plans combined, and for their entire duration.

### Reimbursement of government grants

There are various situations where the CESG must be returned to the Government of Canada, including when:

- a) a partial or total withdrawal of contributions is made before the beneficiary is enrolled full-time in a qualifying educational program or part-time in a specified educational program;
- b) you cancel your contract;
- c) the registered education savings plan is terminated or its registration is revoked;
- d) the beneficiary passes away or becomes totally and permanently disabled, and no other beneficiary is designated;
- e) an ineligible transfer is made;
- f) a payment is made to a designated educational institution in Canada pursuant to the terms of the *Income Tax Act* (Canada);
- g) accumulated income payments (AIPs) are made.

The entire CESG and additional CESG must also be returned to the Government of Canada when a change of beneficiary is made and the following condition is not met:

- the new beneficiary is the former beneficiary's sibling and younger than 21 years of age at the time of the change.

If only the basic CESG was received for the former beneficiary, the grant amounts must be returned to the Government of Canada unless one of the two following conditions is met:

- i. the new and former beneficiaries are siblings and the new beneficiary had not reached the age of 21 at the time of the change; or
- ii. the new and former beneficiaries are related by blood or adoption to the original subscriber of the contract and neither of them had reached the age of 21 at the time of the change.

We are also obligated to reimburse the QESI and additional QESI, if any, to the Government of Quebec unless at least one of the conditions indicated in the above points (i) and (ii) is met.

There are various situations where the CLB must be returned to the Government of Canada, including when:

- a) you cancel your contract;
- b) the registered education savings plan is terminated or its registration is revoked;
- c) a change of beneficiary occurs;
- d) accumulated income payments (AIPs) are made;
- e) a payment is made to a designated educational institution in Canada;
- f) an ineligible transfer is made;
- g) the beneficiary passes away.

Any CLB returned to the Government of Canada for one of the reasons stipulated above can be paid again in favour of the same beneficiary if the CLB eligibility criteria are met once more.

To learn more about the CESG and the CLB, visit [canada.ca/education-savings](http://canada.ca/education-savings); for information about the QESI, visit [revenuquebec.ca](http://revenuquebec.ca). You can also contact your representative or our customer service at any time regarding the grant applications Kaleido Growth Inc. submits on your behalf.

### Contribution limits

The maximum lifetime contribution limit for RESPs is set at \$50,000 per beneficiary for all plans opened on his or her behalf, in accordance with the *Income Tax Act* (Canada). Government grants are not included in the calculation of this limit. Should the contributions made exceed this limit, tax penalties will apply. Please refer to the section "How You Are Taxed," on page 17.

You can make contributions to your plan exceeding the amount eligible for the maximum annual grant amounts. However, these contributions will not attract government grants unless you have unused grant room. All contributions you make are invested in your plan the same way.



## Additional service

### Life and disability insurance (only available to REFLEX Plan subscribers)

As a subscriber, you can purchase the life and disability insurance offered by Humania Assurance Inc. if you are less than 60 years of age on the date the insurance comes into effect. To be eligible for this coverage, you must select a contribution option other than “single” or “annual over two years” for your contract.

Since the insurance offered is a combined product, you may not purchase the life insurance or disability insurance coverage separately. The insurance offered is optional.

If you die or become totally and permanently disabled before you finish paying the contributions under your plan, the remaining payments will be covered by Humania Assurance Inc. The total amount payable in case of death or total and permanent disability may not exceed \$60,000 regardless of the number of plans in the subscriber’s name.

For more information about the life and disability insurance, see the Summary of Group Life and Disability Insurance provided at the time this product is offered to you. Also see “Fees for Additional Services” on page 30 of this Detailed Plan Disclosure.

## Fees and expenses

There are costs for joining and participating in our Plans. You pay a portion of these fees and expenses directly from your contributions. The Plan pays part of the fees and expenses, which are deducted from the Plan’s earnings. See “Costs of Investing in This Plan” on pages 27 and 40 of this Detailed Plan Disclosure for a description of the fees and expenses specific to each of our Plans. Fees and expenses reduce the plan’s returns, which reduces the amount available for EAPs.

If your beneficiary is eligible for the Canada Learning Bond (CLB), you can open an INDIVIDUAL Plan with no sales charge and no obligation to make contributions. Please refer to the terms and conditions set forth under “Your Contribution Options” on page 40.

The fees and expenses of the REFLEX Plan and those of an INDIVIDUAL Plan are not the same and your choice of plan will affect the compensation Kaleido Growth pays Inc. its representatives.

## Eligible studies

EAPs will be made to or on behalf of your beneficiary only if he or she pursues eligible studies within the meaning of the *Income Tax Act* (Canada). A summary of the educational programs that qualify for EAPs under our plans is presented under “Summary of Eligible Studies” on pages 21 and 39 of this Detailed Plan Disclosure. We recommend that you carefully read the “Specific Information about Our Plans” sections on pages 21 and 39 to better understand the differences between the Plans.

## Payments from the plan

### Return of contributions

Your contributions, less the sales charges, are always returned to you or paid to your beneficiary in one or more instalments, at your discretion. In addition, a sum equal to the sales charges paid under a REFLEX Plan is reimbursed to you in full at maturity. The income from the Plan is usually paid to or on behalf of your beneficiary. If he or she is not entitled to it, you may receive a portion of the income as an accumulated income payment (AIP). See “Accumulated Income Payments” on pages 35 and 45 of this Detailed Plan Disclosure for more information.

### Educational assistance payments (EAPs)

Your beneficiary will receive EAPs if he or she qualifies and meets the terms of the *Income Tax Act* (Canada). The amount of the EAPs depends on the type of plan chosen, the amount of your contributions, the government grants received and the performance of the Plan’s investments.

You should be aware that the *Income Tax Act* (Canada) has restrictions on the EAP amount that can be paid out of an RESP at a time.

The total EAP amount a qualified beneficiary may receive is limited to the following:

- for studies in a qualifying educational program (full-time), the beneficiary can receive up to \$5,000 for the first 13 consecutive weeks. After the beneficiary has completed the 13 consecutive weeks, there is no limit on the amount of EAPs that can be made if the beneficiary continues to qualify to receive them, subject to the annual maximum set by the Government of Canada. If, during a 12-month period, the beneficiary is not enrolled in a qualifying program of study for 13 consecutive weeks, the \$5,000 limit will apply once again; or
- for studies in a specified educational program (part-time), the beneficiary can receive up to \$2,500 for each 13-week period of the program.

Under exceptional circumstances, the beneficiary can receive more than \$5,000 when the Minister responsible for enforcing the *Canada Education Savings Act* has approved such an amount, in writing, following an application for exemption.

Note that the Government of Canada has established a maximum annual EAP amount a beneficiary can receive. The 2020 amount was \$24,432; it is indexed each year based on the consumer price index.

The beneficiary may claim EAPs provided that he or she satisfies the requirements of the *Income Tax Act* (Canada). Studies need not take place in consecutive years, as long as the plan has not reached its cut-off date.

As of eligibility for EAPs under the REFLEX Plan or an INDIVIDUAL Plan, your beneficiary will also be able to receive earnings generated after plan maturity from your contributions (net of sales charges) still held at Kaleido Growth Inc., and for which the competitive rate of return is determined by Kaleido Growth Inc.

# General information

## Unclaimed accounts

If you are a subscriber to a REFLEX Plan and we are unable to contact you at your last known details on file and you have ceased to make your contributions and do not claim the refund of your contributions, we will carry out a partial cancellation provided the sums paid into the plan are sufficient to reduce your financial commitment to the amount already accumulated in your account. When you opened your plan, you agreed to pay a certain amount in contributions over an established time frame; this commitment entitled you to a given number of units. A partial cancellation implies we will reduce these units so you no longer need to contribute.

This approach allows us to ensure your beneficiary's entitlement to EAPs is maintained. However, EAP funds will be reduced proportionately to the number of cancelled units and therefore be lower than the original amounts to which your beneficiary would have been entitled had you made all the contributions under your contract, and you will lose the right to the refund, at plan maturity, of an amount equal to the sales charges paid on the cancelled units.

It is understood that we will analyze each file before applying this measure. If this alternative is not possible, we will cancel your plan.

If you are a subscriber to a REFLEX Plan or an INDIVIDUAL Plan, you can obtain payment of unclaimed amounts by contacting us. However, three years after a plan expires, Kaleido Growth Inc. will dispose of the money in accordance with the requirements of the *Unclaimed Property Act* (Quebec). We will try to contact you by sending a notice of termination prior to such date.

## How we invest your money

This section describes the investment objectives and strategies of the REFLEX and INDIVIDUAL Plans.

### Investment objectives

The main investment objectives of the REFLEX and INDIVIDUAL Plans are:

- to protect the contributions received from subscribers and the government grants;
- to maximize long-term returns and ensure investment liquidity;
- to offer a growth potential of investment value based on prudent risk tolerance.

As investment fund manager, Kaleido Growth Inc. gives the portfolio managers their mandates and ensures compliance with the investment policies outlined in the "Investment Strategies" section, in the interest of subscribers and beneficiaries.

The Investment Committee is responsible for developing the investment policies, including those pertaining to sustainable investing, and the mandates of the portfolio managers in collaboration with these firms, and to recommend the approval of these investment policies to the Board of Directors of Kaleido Growth Inc. Any change to the investment objectives must be recommended by the Investment Committee and approved by the Board of Directors of Kaleido Growth Inc.

The management mandates are divided among five portfolio managers based on their respective areas of expertise. In the opinion of Kaleido Growth Inc., this sharing of mandates best accommodates asset growth and Kaleido Growth Inc.'s purpose to ensure a better risk diversification strategy. The portfolio managers are:

- Fiera Capital Corporation
- AlphaFixe Capital Inc.
- Jarislowsky Fraser Limited
- Montrusco Bolton Investments Inc.
- State Street Global Advisors Ltd.

The portfolio managers perform their duties and take measures to satisfy their mandates by maximizing returns while protecting the invested capital. Investments must comply at all times with the applicable laws and investment policies. The investment policies are consistent with the provisions of securities legislation and the regulatory approvals (Decision No. 2019-FI-0071) granted in 2019 by the *Autorité des marchés financiers* (AMF). Kaleido Growth Inc. only does business with portfolio managers that are signatories to the United Nations-supported Principles for Responsible Investment (PRI).

## Sustainable investing

Kaleido Growth Inc. believes that organizations whose management decisions take environmental, social and governance (ESG) factors and related risks into account tend to be well positioned to create value in the long term and remain resilient in a time of crisis. As a long-term investor, Kaleido Growth Inc. considers approaches that promote sustainable investing to be consistent with its investment horizon and objectives.

Sustainable investing is a key pillar of the asset management strategy Kaleido Growth Inc. follows in order to ensure sound risk management and remain focused on returns. The goal is to select securities of issuers most likely to create long-term value for portfolios by factoring in the analysis of additional risks—specifically, ESG risks.

In December 2020, the Board of Directors of Kaleido Growth Inc. adopted a sustainable investment policy in order to formalize Kaleido Growth Inc.'s commitment to incorporating sustainable investing considerations into the investment methods applied to all assets under management as well as the process used to select portfolio managers. The implementation of this policy is intended to ensure better assessment of the risks and environment, social, and governance (ESG) opportunities represented by securities considered for selection, to build the most resilient portfolios possible in a time of crisis, and, ultimately, to make better investment decisions for our clients.

ESG factors come into play in many ways during the decision-making process and throughout the investment holding period. First and foremost, Kaleido Growth Inc. only does business with portfolio managers that are signatories to the United Nations-supported Principles for Responsible Investment (PRI). ESG factors are considered in all investment strategies implemented by portfolio managers. This approach is conducive to a more informed analysis of



the risks and opportunities involved in investment decisions. Furthermore, by determining objectives with a view to increasing the proportion of green bonds held in the Plans' portfolios to a target of 10%, naturally in accordance with emissions opportunities on the market, Kaleido Growth Inc. contributes to a lower-carbon economy. Engaging in dialogue with the various stakeholders and promoting active shareholding practices by the portfolio managers it does business with is Kaleido Growth Inc.'s way of exerting a positive influence—one that goes beyond the investments it makes by supporting the initiatives of industries that foster the development of exemplary practices. In accordance with sustainable investment considerations, exclusion filters are applied to ensure the Plans do not hold securities of companies that operate directly or indirectly in certain industries or whose activities, products, or services are deemed harmful to humans. Companies may be deemed ineligible if they derive more than 15% of their earnings from the following industries:

- 1) Tobacco;
- 2) Weapons\*

\* Military or offensive weapons, i.e., those primarily designed to cause human injury.

## Investment strategies

In 2019, the AMF issued Decision No. 2019-FI-0071 granting Kaleido Growth Inc. and the Kaleido Foundation relief from Section 4 of *Regulation No. 15 respecting Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses*. This exemption allows for greater portfolio diversification of the REFLEX and INDIVIDUAL Plans. Accordingly, plan assets are invested in one or several of the following securities:

1. government securities;
2. guaranteed mortgages;
3. mortgage-backed securities;
4. cash and cash equivalents;
5. guaranteed investment certificates (GICs) and other evidences of indebtedness issued by a Canadian financial institution, when such securities or the financial institution have a designated rating;
6. corporate bonds, provided those have a minimum credit rating of BBB or equivalent, as rated by a designated rating organization.

Assets of REFLEX and INDIVIDUAL Plans that constitute earnings are invested in one or several of the following securities:

1. exchange-traded equity securities listed on a stock exchange in Canada or in the United States of America;
2. index participation units.

To achieve the investment objectives, Kaleido Growth Inc., with the help of the portfolio managers, has adopted three distinct investment policies according to the source of the funds.

The sums invested are divided into six funds (hereinafter numbered in the following sections) in order to facilitate compliance with the laws regarding the types of investments authorized, and to allow greater flexibility in the implementation of investment strategies.

It should be noted that funds with the same investment policy were grouped in order to simplify the following presentation.

### Policy No. 1 – Contributions before plan maturity and government grants

The contributions received from subscribers before plan maturity (Fund No. 1) and the government grants (Fund No. 2) are invested in fixed-income securities guaranteed by a Canadian government or municipality, and in corporate bonds.

Three portfolio managers oversee these investments using different strategies, as shown in the chart hereunder:

Investment policy		
Portfolio manager	Asset category	Investment strategy
AlphaFixe Capital Inc.	Fixed-income securities guaranteed by a Canadian government or municipality	Indexing
Fiera Capital Corporation		Active bond strategy
Monrusco Bolton Investments Inc.		Indexing
AlphaFixe Capital Inc.	Corporate bonds	Active bond strategy
Fiera Capital Corporation		Active bond strategy

The portfolio's investment strategies are divided between indexing (passive management) and active management. Indexing aims to reproduce the performance of market benchmarks and offers the advantage of generally lower management fees. As for active management, some strategies are preferred by the portfolio manager to compensate for the risks inherent in the ownership of bonds. These strategies primarily include sector allocation, security selection, duration management, credit analysis, anticipation of interest rates, portfolio positioning on the curve and fundamental analysis. The portfolio management strategies used mainly focus on the protection of the invested capital.

### Policy No. 2 – Contributions and sales charges after plan maturity

The contributions of subscribers whose plans have reached maturity and the refundable sales charges (Fund No. 3) are invested in money-market securities guaranteed by a Canadian government or held as cash and cash equivalents. This investment strategy protects the amounts that must be refunded at plan maturity, since the subscriber may withdraw these at any time after such date. By investing this way, we achieve our main goal to preserve capital, since money-market securities guaranteed by a Canadian government, or held as cash and cash equivalents, are considered a highly liquid, low-risk investment.

Some active management strategies are preferred in order to generate added value, including the anticipation of interest rates based on fundamental analysis of the economic environment. The

## General information

strategy aims to provide liquidity and preserve the invested capital through a prudent and disciplined approach.

### Policy No. 3 – Other funds

The Other Funds comprise the portion of income from the contributions and grants earmarked for the refund of sales charges to the subscriber at maturity (Fund No. 4), as well as income earned on contributions (EAP account) (Fund No. 5) and on grants (Fund No. 6) (Funds 4, 5, and 6 hereinafter collectively referred to as the “Other Funds”). These funds are invested in Canadian and U.S. equities. Where appropriate, the balance is invested in bonds.

Three portfolio managers oversee these investments using different strategies, as shown in the chart hereunder:

Investment policy		
Portfolio manager	Asset category	Investment strategy
Montrusco Bolton Investments Inc.	Canadian equities	Value strategy
Jarislowsky Fraser Limited		Value strategy
State Street Global Advisors Ltd.		Indexing strategy with high Canadian dividend equities and low volatility
Montrusco Bolton Investments Inc.	U.S. equities	Value strategy
State Street Global Advisors Ltd.		Indexing strategy with high U.S. dividend equities and low volatility

Two strategies have been adopted to manage the investment portfolio: high dividend with low volatility and value investing. The low-volatility strategy aims to invest in dividend growth stocks while using an optimization process to reduce overall portfolio volatility. The value strategy aims to invest in undervalued Canadian and U.S. equities, with a focus on large-capitalization companies distributing significant dividends.

Certain strategies are preferred to others to compensate for the risks inherent in holding equity investments. These strategies include sector allocation, security selection and fundamental analysis.

### Investment restrictions

All types of investments made in compliance with Kaleido Growth Inc.’s investment policies must also satisfy the criteria and conditions required to qualify as eligible RESP investments pursuant to tax legislation.

The REFLEX and INDIVIDUAL Plans’ investment and portfolio management activities are subject to restrictions under their investment policies and Decision No. 2019-FI-0071 issued by the AMF in 2019; these aim to ensure the diversification of fund assets and their sufficient liquidity:

→ A plan must not purchase a security of an issuer if, immediately after the transaction, more than 10% of its net assets, at market

value at the time of the transaction, would be invested in securities of any one issuer. This restriction does not apply to government securities.

- A plan must not purchase a security of an issuer if, immediately after the purchase, the plan would hold securities representing more than 10% of:
  - (i) the votes attaching to the outstanding voting securities of the issuer;
  - (ii) the outstanding equity securities of the issuer.
- A plan must not purchase a security of an issuer for the purpose of exercising control over or management of, the issuer.
- A plan must not purchase real property or a physical commodity; it must not purchase an illiquid asset; it must not borrow cash or provide a security interest over any of its portfolio assets; it must not purchase securities on margin; it cannot sell securities short; it cannot purchase a security that, by its terms, may require the plan to make a contribution in addition to the payment of the purchase price; it must not lend cash or portfolio assets; it must not guarantee securities or obligations of a person; it must not purchase securities other than through market facilities through which these securities are normally bought and sold unless the purchase price approximates the prevailing market price or the parties are at arm’s length in connection with the transaction; and it must not invest in a security, derivative or equity that is not explicitly permitted under the Decision No. 2019-FI-0071.

Restrictions on investments may be changed without subscriber approval.

## Risks of investing in a scholarship plan

If you or your beneficiary does not meet the terms of your contract, a loss may ensue and your beneficiary could lose some or all of his or her EAPs. Please read the description of plan-specific risks under “Risks of Investing in this Scholarship Plan” in this Detailed Plan Disclosure.

### Investment risks

The prices of investments held by the scholarship plan may fluctuate. See “Risks of Investing in this Scholarship Plan” on pages 22 and 39 of this Detailed Plan Disclosure for a description of the risks that may affect the value of the scholarship plan’s investments, and thereby the amount of the EAPs available to beneficiaries. Unlike bank accounts or Guaranteed Investment Certificates (GICs), investments in scholarship plans are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

### Interest rate risk

Investments in fixed-income securities are, for the most part, mainly affected by interest rate variations. Usually, an increase in interest rates will cause the value of fixed-income securities to drop. Conversely, a decrease in interest rates will generally increase the value of the securities held in the investment portfolio. Investments



in fixed-income securities made by a portfolio manager will typically include securities from highly rated Crown corporations and corporate bonds with a minimum BBB rating (or equivalent) to enhance relative protection, a strategy that can reduce the risk of losses during periods of volatile interest rates.

### Credit risk

This risk corresponds to the possibility of incurring financial losses resulting from the inability of a company, an issuer or counterparty to meet its financial commitments to the Plans. Through its investment policies, Kaleido Growth Inc. has established quantitative criteria for the selection of investments in order to limit this risk. Namely, the plans invest mainly in fixed-income securities issued and guaranteed by a government, and in highly rated corporations.

### Foreign exchange risk

Investments in securities denominated in foreign currency are exposed to foreign exchange risk. The value of securities denominated in foreign currency may fall if the Canadian dollar increases in value against the currency in question.

### Risks of equity investments

Largely because the EAP account is invested mainly in equities, the investment policy for the EAP account portion of the Plan's assets has a slightly higher risk factor than the investment policy for the assets corresponding to subscriber contributions. The same is true of the fund for the income accumulated on government grants and the fund for the income earned on contributions, earmarked for the sales charge refund obligation at maturity. The value of these investments may vary from day to day, depending on interest rate variations, financial and business markets, and the economy.

### No guarantee of achieving the investment objectives

There is no guarantee that we will be able to achieve our investment objectives. The amounts of the EAPs available for distribution to beneficiaries may vary depending on, essentially, the interest and dividends earned by the portfolio securities and the gain or loss in market value of those securities. There is no guarantee that a portfolio entrusted to portfolio managers will produce a positive return. There is no guarantee regarding the amount available for EAPs in future years.

### Amendment to legislation

The provisions of a Plan are established under the terms of the type of RESP it constitutes and the payment of government grants. The provisions incorporate these terms such as they may be defined from time to time pursuant to tax legislation for the duration of the plan. Nothing guarantees that the tax, securities or other legislation, or their official interpretations, will not be changed in a manner that could have an unfavourable effect on the plans promoted by the Foundation or on the Foundation itself, Kaleido Growth Inc., or another participant in their administration or management.

### Nature of plans

The Plans are neither fixed-income nor participating securities such as corporate bonds and equities. Plan subscribers do not enjoy the rights normally associated with the ownership of such securities, including the right to file lawsuits "in case of abuse" or "indirect actions".

### Potential conflicts of interest

Any or all of the following persons or entities have the right to conduct promotional, administrative or portfolio management operations for other accounts, investment organizations or investment trusts that invest in securities held by one or other of the plans:

- a portfolio manager;
- a member of the portfolio manager's group in its capacity as investment fund manager or portfolio manager, or a person associated to both; and
- a director or officer of any of the above-mentioned entities.

Although a portfolio manager's officers, directors and staff will devote as much time as they deem appropriate to the exercise of their functions, the portfolio manager's staff may have conflicts in allocating their time and services between the Foundation and other portfolios managed for persons other than the Foundation.

### How taxes affect your plan

Here is a brief summary of the fiscal aspects pursuant to the *Income Tax Act* (Canada) and the *Taxation Act* (Quebec) for the following entities:

- the scholarship plans;
- the subscribers;
- the Registered Education Savings Plans promoted by the Foundation; and
- the beneficiaries.

In the opinion of Lavery, de Billy, LLP, external legal counsel for the Plans, this summary is an adequate presentation, assuming that the contracts between subscribers and the Foundation, the current provisions of the *Income Tax Act* (Canada), and the regulations in force at the date of this prospectus are not amended.

This summary is of a general nature only; it does not represent a legal or tax opinion. The subscriber and the beneficiary would be well-advised to consult their own tax advisor regarding their personal situations in terms of income tax.

### How the plan is taxed

The contributions the Plan receives are not taxable. Furthermore, the Plans offered qualify as RESPs after registration, and as long as this status is maintained, no tax is payable on the plans' income under tax legislation.

# General information

## How you are taxed

### Contributions to the plan

The contributions you make are not deductible for tax purposes.

### Return of contributions at the maturity date

The contributions you make to your plan are not taxable when they are refunded to you since they did not entitle you to a tax deduction.

### Withdrawal of contributions before the maturity date

Contributions withdrawn before the maturity date are not taxable income.

### Refund of sales charges and other fees

The refund of sales charges or other fees is not taxable income.

### Partial cancellation prior to the maturity date

The refund of a portion of your contributions in the event of a partial cancellation is not taxable income.

### Purchase of additional units to your plan

Contributions made to purchase additional units are not tax deductible for income tax purposes.

### Transfer between scholarship plans

Amounts transferred between scholarship plans are not taxable income.

### Additional contributions made to address backdating of a plan or to remedy defaults under a plan

The interest paid on additional contributions made to your plan to account for backdating or to remedy defaults under your plan is not tax deductible.

### Any contribution exceeding the limits established by the *Income Tax Act (Canada)*

If the lifetime contribution limit of \$50,000 per beneficiary is exceeded, the subscriber must pay a penalty tax equal to 1% of the excess contributions every month, unless he or she withdraws this excess from the RESP before the end of a given month.

### If you receive an Accumulated Income Payment (AIP)

You must include in your income, for tax purposes, any AIP made to you. This payment will be subject to an additional 20% tax, unless it is transferred to an RRSP.

When transferred to an RRSP, the accumulated income is tax deductible, like any other amount invested in this type of savings plan. You can transfer up to \$50,000 in AIPs to your RRSP if your unused contribution room allows it. The transfer can also be made to a spousal RRSP under certain conditions.

## How your beneficiary is taxed

Based on current legislation, the EAP amounts made to or on behalf of a beneficiary are taxable income and must be declared on the tax return corresponding to the year the EAP was made.

The *Income Tax Act* (Canada) stipulates that the EAPs made to or on behalf of a beneficiary must be used to help such beneficiary pursue post-secondary education.

# Who is involved in running the plans?



<p><b>The Promoter</b></p>	<p><b>The Kaleido Foundation</b> Quebec (Quebec)</p> <ul style="list-style-type: none"> <li>→ Oversees the execution of its mission and vision, as well as the related activities and operations;</li> <li>→ Is responsible for promoting the scholarship plans and related RESPs;</li> <li>→ Acts on behalf of the Plans to enter into contracts with subscribers;</li> <li>→ Oversees the direction and management of the Plans by Kaleido Growth Inc.</li> </ul>
<p><b>The Investment Fund Manager</b></p>	<p><b>Kaleido Growth Inc.</b> 1035 Wilfrid-Pelletier Avenue, Suite 500 Quebec (Quebec) G1W 0C5</p> <ul style="list-style-type: none"> <li>→ Generally oversees the business, operations and affairs of the scholarship plans;</li> <li>→ After consultation with the Foundation, retains the services of the trustee, custodian, portfolio managers, auditors and external actuary;</li> <li>→ Receives contributions from each subscriber and the government grants, and promptly submits them for deposit to the relevant subscriber account;</li> <li>→ Through the Investment Committee, develops the investment policies;</li> <li>→ Mandates the portfolio managers and determines the proportion of assets they are respectively responsible for investing and managing;</li> <li>→ Oversees the investment decisions of the portfolio managers and, more specifically, ensures they comply with the investment policies;</li> <li>→ When the Foundation requests it, gives the custodian the appropriate instructions to make EAPs in accordance with the plan's provisions.</li> </ul>
<p><b>The Trustee</b></p>	<p><b>Eterna Trust Inc.</b> Quebec (Quebec)</p> <ul style="list-style-type: none"> <li>→ Is the trustee of the Plans and, in this capacity, assumes the safeguarding and conservation of assets transferred, contributed or paid to it for payment into the assets of a Plan, including contributions and government grants;</li> <li>→ Oversees the investment and asset management activities as instructed by Kaleido Growth Inc.;</li> <li>→ Assumes control and acts in place of Kaleido Growth Inc. and the Foundation, for which it undertakes the responsibilities with the necessary adjustments, should one or the other refuse or find itself unable to act.</li> </ul>

## Who is involved in running the plans?

<p><b>The Custodian</b></p>	<p><b>CIBC Mellon Trust Company</b> Toronto, (Ontario)</p> <ul style="list-style-type: none"> <li>→ Receives contributions for deposit to the subscriber accounts;</li> <li>→ Receives government grants and revenues from earnings on assets for deposit to the appropriate accounts;</li> <li>→ Interacts with the portfolio managers for the transfer of amounts to invest that originate from subscriber accounts and the EAP account;</li> <li>→ Is the custodian of securities and other types of investments in which these funds are invested by the portfolio managers;</li> <li>→ Offers portfolio security valuation services;</li> <li>→ At plan maturity, on the instructions of Kaleido Growth Inc., reimburses the subscriber the total amount of his or her contributions to the plan, including a sum equal to the sales charges. When required by legislation, the custodian reimburses the government grants to the government.</li> </ul>
<p><b>The Distributor</b></p>	<p><b>Kaleido Growth Inc.</b> Quebec, (Quebec)</p> <ul style="list-style-type: none"> <li>→ By delegation of the Foundation, ensures the promotion of the Plans;</li> <li>→ Is responsible for the offering and distribution of Plans through its duly authorized representatives;</li> <li>→ Agrees with the Foundation on its responsibilities and duties as the distributor of plans to subscribers;</li> <li>→ Represents the Foundation (acting as promoter of the Plans in question) for the conclusion of contracts with subscribers.</li> </ul>
<p><b>The Portfolio managers</b></p>	<p><b>Fiera Capital Corporation</b> Montreal (Quebec)</p> <p><b>AlphaFixe Capital Inc.</b> Montreal (Quebec)</p> <p><b>Jarislowsky Fraser Limited</b> Montreal (Quebec)</p> <p><b>Montrusco Bolton Investments Inc.</b> Montreal (Quebec)</p> <p><b>State Street Global Advisors Ltd.</b> Montreal (Quebec)</p> <ul style="list-style-type: none"> <li>→ Invest and manage the assets of the Plans as determined by Kaleido Growth Inc. in compliance with the investment policies and applicable legislation;</li> <li>→ By delegation of Kaleido Growth Inc. and on the instructions of the latter, as applicable, exercise the voting rights relating to the investments thus made.</li> </ul>



<b>The Auditors</b>	<b>Deloitte LLP</b> Quebec (Quebec) → Is responsible for auditing the annual financial statements of each Plan.
<b>The External actuary</b>	<b>Eckler Ltd.</b> Montreal (Quebec) → Verifies the methods and assumptions used for the group plans in the preparation of the following four items: → the contribution schedules; → the annual breakdown of income and expenses between the beneficiary groups of the group plan; → calculation of the EAP value per unit payable to or on behalf of beneficiaries; → the valuation of the sales charge refund obligation when the contract matures.
<b>The Registrar</b>	<b>Kaleido Growth Inc.</b> Quebec (Quebec) → Provides administrative services, specifically with regard to the keeping of books and records of account, and the maintaining of files; → Keeps separate accounting of the subscribers' accounts and provides the custodian with access to this compiled data to enable reconciliation with the accounting of the subscribers' accounts maintained by the custodian.
<b>The Independent Review Committee (IRC)</b>	<b>IRC</b> Quebec (Quebec) → The IRC reviews and takes position on conflict of interest issues that are submitted for decision and approval, and performs such other duties pursuant to securities legislation.

## Your rights as an investor

You have the right to withdraw from an agreement to purchase scholarship plan securities and recover the full amount invested (including the sales charges) within 60 days after signing the contract. After that, you will only recover your contributions, less the sales charges paid. You may be credited an amount equal to the sales charges under certain conditions. See "Default, Withdrawal and Cancellation."

Any government grants you've received will be returned to the government.

In many provinces and territories, securities legislation also allows you to withdraw from a purchase and recover the full amount invested, or in some cases, to claim for damages if the prospectus or any amendment thereto contains false or misleading information, or is not delivered to you. This right must be exercised within the time limit prescribed by the securities legislation in your province.

For more information on these rights, please refer to the securities legislation of your province or consult a lawyer.

# REFLEX Plan

## Specific information about our plans – REFLEX Plan

### Type of plan

Type of scholarship plan	Date of creation
Group scholarship plan	1998

### Who this plan is for

The REFLEX Plan is for beneficiaries aged 0 to 16 years inclusive who are Canadian residents within the meaning of the *Income Tax Act* (Canada).

This plan is recommended if you want to discipline yourself into saving and you are ready to make a long-term commitment and pay the contributions as described in your contract. The contribution options available to subscribe to a REFLEX Plan (single, monthly, annual) are described under “Your Contribution Options.”

When you choose to invest in the REFLEX Plan, you reasonably expect that your designated beneficiary will pursue post-secondary studies in a qualifying or specified educational program under the *Income Tax Act* (Canada).

If this description does not seem like a fit for you, you should consider another type of plan. For example, our INDIVIDUAL Plan has fewer restrictions. For more information, see “Specific Information About our Plans – INDIVIDUAL Plan” on page 40.

### Your beneficiary group

A beneficiary group is a group of REFLEX Plan beneficiaries who were born the same year. The beneficiary group’s year of eligibility is the calendar year (January 1<sup>st</sup> to December 31<sup>st</sup>) during which the beneficiaries turn 17 years of age.

The maturity date is after the end of the contribution schedule and is determined at the time of contract signature. The maturity date may be changed with your consent for readjustment purposes in case of additional unit purchases.

Subject to the manager’s approval, you may request to bring forward your plan’s maturity date. In this case, interest at an annual rate of 4% will apply to offset the loss of earned income. This amount will be deducted from the contributions refunded at plan maturity. The remaining contributions under your contract will not attract government grants since you will not make these given your plan’s earlier maturity date.

Beneficiaries in the same beneficiary group share the income earned on the contributions of all the subscribers contributing on their behalf. These subscribers waive the earnings on their contributions in favour of the REFLEX Plan and thus contribute to increasing the value of the EAPs that will be made to or on behalf of the qualified beneficiaries in the same group.

If you leave the plan before maturity, you will lose the income earned on your contributions until the cancellation of the plan; this sum will be paid into the EAP account and redistributed in the form of EAPs to the other qualified beneficiaries in the group.

If a beneficiary does not pursue or does not complete eligible studies, the income earned on the subscriber’s contributions will not be paid to the beneficiary. If beneficiaries are not entitled to some or all of their EAPs, the amount available for payment of the EAPs will be divided among the qualified beneficiaries.

The table below can help you determine the beneficiary group of your beneficiary. As a general rule, beneficiary groups are determined based on the beneficiary’s age at the time the contract is signed.

Beneficiary’s age as at December 31, 2020	Beneficiary Group
16	2021
15	2022
14	2023
13	2024
12	2025
11	2026
10	2027
9	2028
8	2029
7	2030
6	2031
5	2032
4	2033
3	2034
2	2035
1	2036
Newborn	2037

### Summary of eligible studies

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

Contact us or your representative to find out if the program of study your beneficiary is interested in qualifies as eligible studies.

For more information about obtaining an EAP, see “Educational Assistance Payments (EAPs)” on page 35 of this Detailed Plan Disclosure.

### What’s eligible

Eligible studies are general or technical, full-time or part-time (college, community college or university) post-secondary educational programs offered in Canada or the foreign equivalent. Programs



offered by designated educational institutions in Canada to provide a person with or improve the skills required in the exercise of a professional activity are also eligible. In all cases, these programs must have a minimum duration of three consecutive weeks, comprising at least 10 hours of courses or schoolwork per week.

Specified educational programs are also eligible; they are post-secondary programs of study with a minimum duration of three consecutive weeks and to which a student must dedicate a minimum of 12 hours per month on courses.

When a beneficiary is registered in a distance learning program for such studies, they are also considered eligible. To be sure an educational program or school is eligible, we recommend you contact us in advance.

Eligible studies do not necessarily require a high school diploma as a prerequisite. For your beneficiary to qualify for EAPs, he or she must enrol in eligible studies. See “Educational Assistance Payments (EAPs)” on page 34.

### What’s not eligible

Beneficiaries will not receive EAPs if they are not enrolled in a qualifying or specified educational program under the *Income Tax Act* (Canada).

## Risks of investing in this scholarship plan

### Plan risks

You sign a contract when you open a scholarship plan with us. Before signing, please read it closely and make sure you understand it. If you or your beneficiary does not meet the terms of the contract, a loss may ensue and your beneficiary could lose some or all of his or her EAPs.

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

In addition to the investment risks described under “Investment Risks” on page 16 of the prospectus, the following is a list of the risks of participating in this plan:

### Eligible studies

To qualify for EAPs payable by the REFLEX Plan, the beneficiary must pursue eligible studies. If you cancel your plan before maturity or if the beneficiary does not pursue eligible studies within the prescribed period, the beneficiary will not be entitled to any EAPs.

In this case, the income earned on your contributions is redistributed among the other qualified beneficiaries of the group to which your beneficiary belongs.

### Attrition

There is a risk that a change in the rate of attrition before or after maturity will have an impact on the EAP amounts that may be paid to or on behalf of beneficiaries.

On one hand, if the proportion of plans cancelled before maturity decreases, this will have a downward effect on the amount of the EAPs that may be paid to or on behalf of the beneficiaries. An increase in the proportion of plans cancelled before maturity will have the opposite effect.

On the other hand, if the proportion of beneficiaries who qualify for EAPs increases, this will also have a downward effect on the amount of the EAPs that may be paid to or on behalf of the beneficiaries. A decrease in the proportion of qualified beneficiaries will have the opposite effect.

### EAP amounts

We cannot predict the EAP amounts that may be payable by the Plan. We have no discretionary power in determining the EAP amounts. Past performance is not a guarantee of future returns. The EAP amounts depend primarily on the amount of your contributions, investment performance, and on the number of qualified beneficiaries in the same beneficiary group.

### Investment risks

The prices of the securities held by the scholarship Plan may fluctuate. The risks that could trigger variations in the value of the Plan’s investments are presented under “Investment risks” on page 16 of this Detailed Plan Disclosure.

## How the plan has performed

The table below shows the performance of investments in the REFLEX Plan over the past five years ended December 31<sup>st</sup>. The returns are presented after deduction of management and administrative fees. These expenses reduce the return on your investment.

It is important to note that the Plan’s past performance is not indicative of future returns.

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Annual net return	5.73%	-0.30%	0.90%	3.28%	0.68%

# REFLEX Plan

## Making contributions

### What is a unit?

When you subscribe to a REFLEX Plan, you purchase one or more units or fractional units (expressed as thousandths of a unit) based on the subscribed amount.

A unit represents the beneficiary's proportionate share of the EAP account of the beneficiary group to which he or she belongs. The share of the EAP account paid to each qualified beneficiary is directly proportional to the number of units your plan holds.

Each whole unit enables the beneficiary to qualify for EAPs depending on the eligible studies criteria, and entitles the beneficiary to EAPs of the same unit value as those of all qualified beneficiaries in the same group.

### Your contribution options

The REFLEX Plan offers the following contribution options:

- Monthly contributions
- Monthly contributions over 10 years
- Monthly contributions over 5 years
- Annual contributions
- Annual contributions over 10 years
- Annual contributions over 5 years
- Annual contributions over 2 years
- Single contribution

To open a REFLEX Plan, you must make:

- a) a minimum contribution of \$10.50 per month when you opt for the monthly contribution option;
- b) a minimum contribution of \$118.40 per year when you opt for the annual contribution option; or
- c) a minimum contribution of \$250 when you opt for the single contribution option.

Thereafter, any additional contribution agreed in your contract must total at least \$50.

Contributions may be made for no more than 17 years.

Total contributions may not exceed the RESP lifetime limit set forth in the *Income Tax Act* (Canada) of \$50,000 per beneficiary.

When the beneficiary is eligible for the CLB, the grant amounts received are not included in the calculation of the minimum RESP contributions required to keep a plan in force.

The contributions you make under the Plan, excluding the sales charges, remain your property.

## Contribution schedule

The contribution schedule on the next two pages shows how much you have to contribute to purchase a unit. The amount you pay depends on the age of the beneficiary at the time your plan is opened and on whether you pay for your units all at once (single contribution) or make periodic contributions. Amounts are calculated so that each subscriber's contributions generate the same income per unit at maturity.

Some fees and expenses are deducted from your contributions. Refer to "Fees You Pay" on page 27 for more information.

The contribution schedule was established by Kaleido Growth Inc., in its capacity as investment fund manager.

### How to use this table

For example, let's assume your beneficiary is a newborn. If you want to make monthly contributions until maturity, it will cost \$10.50 per month for each unit you purchase. You would have to make 204 contributions over the life of your plan, for a total investment of \$2,142.

If your beneficiary is five years old and you want to make annual contributions until maturity, it will cost \$240.10 per year for each unit you purchase. You would have to make 12 contributions over the life of your plan, for a total investment of \$2,881.20.



Contribution options for a whole unit*	Newborn	1 year	2 years	3 years	4 years	5 years	6 years	7 years
<b>Monthly contributions</b>								
Amount of each contribution	\$10.50	\$11.90	\$13.60	\$15.80	\$18.40	\$21.80	\$26.00	\$31.70
Number of contributions	204	192	180	168	156	144	132	120
Total contribution	\$2,142.00	\$2,284.80	\$2,448.00	\$2,654.40	\$2,870.40	\$3,139.20	\$3,432.00	\$3,804.00
<b>Monthly contributions over 10 years</b>								
Amount of each contribution	\$12.20	\$13.50	\$15.10	\$17.00	\$19.40	\$22.40	\$26.30	\$31.70
Number of contributions	120	120	120	120	120	120	120	120
Total contribution	1,464.00	\$1,620.00	\$1,812.00	\$2,040.00	\$2,328.00	\$2,688.00	\$3,156.00	\$3,804.00
<b>Monthly contributions over 5 years</b>								
Amount of each contribution	\$19.00	\$20.80	\$22.80	\$25.20	\$28.10	\$31.60	\$36.00	\$41.50
Number of contributions	60	60	60	60	60	60	60	60
Total contribution	\$1,140.00	\$1,248.00	\$1,368.00	\$1,512.00	\$1,686.00	\$1,896.00	\$2,160.00	\$2,490.00
<b>Annual contributions</b>								
Amount of each contribution	\$118.40	\$134.10	\$153.00	\$176.00	\$204.50	\$240.10	\$286.20	\$346.70
Number of contributions	17	16	15	14	13	12	11	10
Total contribution	\$2,012.80	\$2,145.60	\$2,295.00	\$2,464.00	\$2,658.50	\$2,881.20	\$3,148.20	\$3,467.00
<b>Annual contributions over 10 years</b>								
Amount of each contribution	\$139.30	\$153.60	\$170.50	\$191.10	\$216.30	\$248.10	\$289.30	\$346.70
Number of contributions	10	10	10	10	10	10	10	10
Total contribution	\$1,393.00	\$1,536.00	\$1,705.00	\$1,911.00	\$2,163.00	\$2,481.00	\$2,893.00	\$3,467.00
<b>Annual contributions over 5 years</b>								
Amount of each contribution	\$217.60	\$237.20	\$259.90	\$286.80	\$318.50	\$356.50	\$403.30	\$462.60
Number of contributions	5	5	5	5	5	5	5	5
Total contribution	\$1,088.00	\$1,186.00	\$1,299.50	\$1,434.00	\$1,592.50	\$1,782.50	\$2,016.50	\$2,313.00
<b>Annual contributions over 2 years</b>								
Amount of each contribution	\$465.00	\$504.00	\$548.00	\$599.00	\$659.00	\$730.00	\$816.00	\$921.00
Number of contributions	2	2	2	2	2	2	2	2
Total contribution	\$930.00	\$1,008.00	\$1,096.00	\$1,198.00	\$1,318.00	\$1,460.00	\$1,632.00	\$1,842.00
<b>Single contribution</b>								
Amount of each contribution	\$875.00	\$946.00	\$1,027.00	\$1,121.00	\$1,230.00	\$1,358.00	\$1,511.00	\$1,699.00
Number of contributions	1	1	1	1	1	1	1	1
Total contribution	\$875.00	\$946.00	\$1,027.00	\$1,121.00	\$1,230.00	\$1,358.00	\$1,511.00	\$1,699.00

\* Contributions for a unit fraction (1/1000) are proportional to the contributions for a whole unit.

# REFLEX Plan

Contribution options for a whole unit*	8 years	9 years	10 years	11 years	12 years	13 years	14 years	15 years	16 years***
<b>Monthly contributions</b>									
Amount of each contribution	\$39.50	\$50.50	\$66.70	\$92.00	\$134.50	\$213.80	\$387.80	\$888.60	
Number of contributions	108	96	84	72	60	48	36	24	
Total contribution	\$4,266.00	\$4,848.00	\$5,602.80	\$6,624.00	\$8,070.00	\$10,262.40	\$13,960.80	\$21,326.40	
<b>Monthly contributions over 10 years</b>									
Amount of each contribution									
Number of contributions									
Total contribution									
<b>Monthly contributions over 5 years</b>									
Amount of each contribution	\$48.70	\$58.60	\$72.90	\$95.20	\$134.50				
Number of contributions	60	60	60	60	60				
Total contribution	\$2,922.00	\$3,516.00	\$4,374.00	\$5,712.00	\$8,070.00				
<b>Annual contributions</b>									
Amount of each contribution	\$427.70	\$541.10	\$705.10	\$955.60	\$1,363.50	\$2,092.00	\$3,562.20	\$7,304.00	
Number of contributions	9	8	7	6	5	4	3	2	
Total contribution	\$3,849.30	\$4,328.80	\$4,935.70	\$5,733.60	\$6,817.50	\$8,368.00	\$10,686.60	\$14,608.00	
<b>Annual contributions over 10 years</b>									
Amount of each contribution									
Number of contributions									
Total contribution									
<b>Annual contributions over 5 years</b>									
Amount of each contribution	\$539.10	\$642.00	\$786.50	\$1,003.90	\$1,363.50				
Number of contributions	5	5	5	5	5				
Total contribution	\$2,695.50	\$3,210.00	\$3,932.50	\$5,019.50	\$6,817.50				
<b>Annual contributions over 2 years</b>									
Amount of each contribution	\$1,052.00	\$1,220.00	\$1,443.00	\$1,751.00	\$2,202.00	\$2,921.00	\$4,228.00	\$7,304.00	
Number of contributions	2	2	2	2	2	2	2	2	
Total contribution	\$2,104.00	\$2,440.00	\$2,886.00	\$3,502.00	\$4,404.00	\$5,842.00	\$8,456.00	\$14,608.00	
<b>Single contribution</b>									
Amount of each contribution	\$1,930.00	\$2,224.00	\$2,606.00	\$3,123.00	\$3,859.00	\$4,981.00	\$6,869.00	\$10,760.00	\$22,965.00
Number of contributions	1	1	1	1	1	1	1	1	1
Total contribution	\$1,930.00	\$2,224.00	\$2,606.00	\$3,123.00	\$3,859.00	\$4,981.00	\$6,869.00	\$10,760.00	\$22,965.00

\* Contributions for a unit fraction (1/1000) are proportional to the contributions for a whole unit.

\*\* In order for contributions made for a 16-year-old beneficiary to be eligible for government grants, one of the following conditions must be met:

- a minimum amount of \$2,000 was contributed to (and not withdrawn from) the beneficiary's RESP(s) before the end of the calendar year in which he or she turned 15 years old;
- or
- a minimum amount of \$100 was contributed annually to (and not withdrawn from) the beneficiary's RESP(s) in any four or more years before the end of the calendar year in which he or she turned 15 years old.

## Assumptions used

The amount of income accumulated by a given beneficiary group depends on investment returns, fees and expenses, pre-maturity attrition and post-maturity attrition. The interest rates, net of all fees and expenses, considered are the following: 1.6% for bonds and 5.1% for equities. These assumptions are based on and always correspond to current economic conditions and circumstances.



## If you have difficulty making contributions

If you miss one or more contributions, you may be in default of your plan. To stay in the plan, you will have to make up the contributions you missed. You will also have to pay an amount equal to the income that your contributions would have earned had they been made on time. This can be costly. The amount charged will correspond to interest at an annual rate of 4%, applicable to every late contribution.

If you fail to make a contribution on the date stated in your contract, a written notice will be sent to you within a period of two weeks. You then have 45 days to make the late contributions or choose one of the options listed below.

For more information on the steps to take to stay in the plan after missing contributions, refer to “Default, Withdrawal or Cancellation” on page 33.

### Your options

#### 1. Postpone your contributions

If your contribution schedule allows it and under certain conditions, you can postpone your contributions; up to 11 months can be carried over to the end of your schedule. The number of months for which you can postpone your contributions depends on factors such as your beneficiary’s date of birth.

#### 2. Reduce the number of units

You can reduce your number of subscribed units at any time. However, reducing the contributions initially agreed will result in a partial cancellation. You can keep your plan in force as long as you maintain the commitment to make the minimum monthly or annual contributions required. The sales charges applicable to the cancelled units will not be refunded.

#### 3. Stop your contributions and only use the amount already accumulated in your plan

Upon written request, you can stop your contributions if the sums paid into your plan are sufficient to reduce your financial commitment to the amount already accumulated in your account. Based on your situation, one of the solutions set out below will apply. The first would allow your beneficiary to retain his or her entitlement to EAPs and no further contributions will be required from you. However, this amendment also implies that interest will have to be paid to offset the income that your contributions would have earned if your financial commitment had not been changed. If you do not wish to pay an amount in interest, the second solution involves us proceeding to a partial cancellation to cover the necessary interest. This will eliminate the need to pay interest, provided that the sums paid into the plan are sufficient to reduce your commitment to the amount already accumulated in your plan.

When you opened your plan, you agreed to pay a certain amount in contributions over an established period of time; this commitment entitled you to a given number of units. Partial cancellation implies we will reduce these units so you no longer need to contribute. These two approaches enable us to ensure your beneficiary’s

entitlement to EAPs is maintained. However, EAP funds will be reduced proportionately to the number of cancelled units and therefore be lower than the original amounts to which the beneficiary would have been entitled if you had made all the contributions provided for under the contract, and you will lose the right to the refund, at plan maturity, of an amount equal to the sales charges paid on the cancelled units.

In the case of the third solution, the amounts accumulated in the plan will be used to convert your contract to a single contribution option, while considering the current age of the designated beneficiary, so that he or she retains their right to EAPs. However, this solution represents a partial cancellation of your plan and you will lose the sales charges proportional to the number of units cancelled as a result of the conversion to a single contribution option.

#### 4. Suspend your contributions

Upon written request and under certain conditions, we may allow you to suspend your contributions for a maximum period of 24 months. During that period, government grants received do not have to be reimbursed. The suspended contributions may be brought current by paying the arrears and interest at an annual rate of 4% before the end of the 24-month period.

#### 5. Transfer to an INDIVIDUAL Plan

You may request, in writing, to transfer your plan to the INDIVIDUAL Plan under the conditions set forth in “Transferring to the INDIVIDUAL Plan” on page 32.

#### 6. Cancel your plan

Any failure or delay of payment exceeding 60 days may result in the cancellation of your contract. When we cancel your plan, the sales charges are not refunded.

You can also request, in writing, that your plan be cancelled under the conditions set forth in “Default, Withdrawal or Cancellation” on page 33.

## Withdrawing your contributions

You can withdraw all of your contributions at any time before your plan’s maturity date, which will result in the full cancellation of your contract. See “Default, Withdrawal or Cancellation” on page 33.

A partial withdrawal of your contributions is also permitted by way of a partial cancellation. This occurs when the contribution amount initially agreed is reduced. Your plan will remain in effect if you maintain the commitment to pay the minimum monthly or annual contributions required. When the cancellation is partial, we only keep the amount of sales charges paid that is proportional to the number of cancelled units.

In the case of a full cancellation, we will keep all sales charges, unless the contract is cancelled within 60 days of signing, in which case the sales charges will be refunded in full.

## REFLEX Plan

If the partial or full cancellation occurs after the 60-day period mentioned above, you may be credited an amount equal to the sales charges you paid if you subscribe to another of our plans or add units in one of your existing plans. The amount credited will depend on the number of new units subscribed.

Government grants will be reimbursed to the government and income earned on the grants will be paid to a designated educational institution in Canada or to a trust in favour of such an institution, as required by law.

If a plan is cancelled within 60 days of signing, the scholarship plan representative must refund all commissions received. However, if a plan is cancelled after 60 days of signing and the subscriber has not paid off all the sales charges owed under the contract, the representative must refund the distributor the surplus commissions received on the sales charges paid by the subscriber.

Moreover, instead of cancelling your plan, you can also request a transfer to the INDIVIDUAL Plan. Certain conditions apply; see the section "Transferring to the INDIVIDUAL Plan" on page 32 of this Detailed Plan Disclosure.

## Costs of investing in this plan

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

### Fees you pay

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

Fee	What you pay	What the fee is for	Who the fee is paid to
Sales charges <i>Note: A sum equal to the sales charges paid is refunded in full at maturity or in the event of cancellation within 60 days of signing the contract. After this 60-day period, the sales charges are not refunded if the plan is cancelled, but these may be credited under certain conditions. See "Default, Withdrawal and Cancellation"</i>	Flat fee of \$200 per whole unit Per unit fraction: fee is proportional to that of a whole unit The exact percentage of sales charges depends on the contribution option selected and the age of the beneficiary at the time the plan is opened. This percentage usually ranges from 0.9% to 22.9% of the contributions	This is a commission for selling you the plan	The Distributor (Kaleido Growth Inc.)

\* The fees listed in this table may be increased without subscriber approval.

#### Paying off the sales charges

For example, if you subscribe to a REFLEX Plan unit for a newborn and opted for monthly contributions until the maturity date, 100% of your initial contributions are used to pay sales charges until 50% of these are paid off; 50% of the subsequent contributions are used to pay the remaining sales charges until payment in full. In total, it will take 29 months to pay off the sales charges. During that period, 66% of your contributions will be used to pay sales charges and 34% will be invested in your plan.



## Fees the plan pays

The following fees are payable from the Plan's earnings. You do not pay these fees directly. However, they affect you because they reduce the Plan's returns and, consequently, the amount available for EAPs.

Fee	What the Plan pays	What the fee is for	Who the fee is paid to
Administration fee	<p>The administration fee paid to the promoter and to the manager may not exceed 1.18% (excluding applicable taxes) of the assets under management</p> <p>Any proportion of this fee that is not required to maintain and develop Kaleido Growth Inc. is deducted from any excess revenues over the company's expenditures in order to return any surplus to the plans by reducing the rate of the administration fee, if applicable</p> <p>Fee subject to applicable taxes</p>	Covers the administration expenses of the Plan as well as the trailing commissions paid to the representatives of Kaleido Growth Inc.	The investment fund manager (Kaleido Growth Inc.)
Portfolio management fees	<p>A declining percentage established by the portfolio manager based on the average value of the total assets invested under its management</p> <p>As at December 31, 2019, these fees represented 0.09% of the average value of assets under management</p> <p>Fees subject to applicable taxes</p>	Covers the management of the Plan's investments	<p>The portfolio managers:</p> <p>Fiera Capital Corporation AlphaFixe Capital Inc. Jarislowsky Fraser Limited Montrusco Bolton Investments Inc. State Street Global Advisors Ltd.</p>
Trustee fee	<p>Flat fee of \$30,000 per year for all scholarship plans promoted by the Foundation</p> <p>Fee subject to applicable taxes</p> <p>This fee is invoiced to the different Plans and prorated to the average value of each Plan's assets under management. For the year ended December 31, 2018, the fee for the REFLEX Plan was \$19,547 (including applicable taxes)</p>	Covers the costs to hold the Plan's investments in trust	The trustee (Eterna Trust Inc.)

## REFLEX Plan

Fee	What the Plan pays	What the fee is for	Who the fee is paid to
Custodian fee	<ul style="list-style-type: none"> <li>→ 0.009% of average annual assets under management</li> <li>→ Flat fee of \$8 per transaction on Canadian securities</li> <li>→ Flat fee of \$15 per electronic transfer</li> </ul> <p>Fees subject to applicable taxes</p>	This is for the safeguard of the securities and other forms of investment in the Plan	The Custodian (CIBC Mellon Trust Company)
Independent Review Committee fee	<p>The remuneration of the IRC members for meeting attendance and any special assignment consists of the following:</p> <ul style="list-style-type: none"> <li>→ Annual retainer of \$3,500 for members and \$6,000 for the chairman</li> <li>→ Set attendance fee of \$1,500 for members and \$1,750 for the chairman per meeting</li> </ul> <p>The reimbursement of housing, meals and transport expenses incurred to attend meetings</p> <p>This fee is invoiced to the different scholarship Plans and prorated to the average value of their assets under management. For the year ended December 31, 2019, the fee for the REFLEX Plan, was \$21,281 (including applicable taxes)</p>	Covers the services of the Plan's IRC. The IRC reviews conflict of interest issues between the investment fund manager and the Plan	IRC members

\* The fees listed in this table may be increased without subscriber approval.



## Transaction fees

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

Fee	Amount	How the fee is paid	Who the fee is paid to
Contributions made by REFLEX Plan subscribers for beneficiaries 16 or 17 years old	REFLEX Plan subscribers who make a contribution to an INDIVIDUAL Plan only when the beneficiary is 16 or 17 years old → Flat fee of \$10 per contribution Fee subject to applicable taxes	Payable by the subscriber directly	Kaleido Growth Inc.
Archive search request	→ Flat fee of \$50 per request Fee subject to applicable taxes	Payable by the subscriber directly	Kaleido Growth Inc.

## Fees for additional services

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

Fee	What you pay	How the fee is paid	Who the fees is paid to
Optional life and disability insurance	Premiums per whole unit vary according to the beneficiary's age and the contribution option; from \$0.35 to \$14.77 per contribution  Premiums subject to applicable taxes	Premiums are added to the contributions made by the subscriber, in accordance with the contribution schedule	Humania Assurance Inc.

# REFLEX Plan

## Refund of sales charges

We will refund you a sum equal to the sales charges paid if you maintain your plan in effect until maturity. This refund is paid from the income accumulated on subscriber contributions and on the government grants.

Every year, we calculate the current value of the sales charge refund obligation at maturity. To do this, we use the total value of the sales charges as our basis. The net earnings from contributions and grants are first used to refund sales charges. The net surplus earnings generated by the contributions are then transferred to the beneficiary group's EAP account.

The amount refunded will not be considered a contribution to the plan for tax purposes. The refund is not taxable for either the subscriber or the beneficiary.

## Making changes to your plan

### Changing your contributions

You can make changes to your contributions at any time. No fees will be charged to do this.

### Changing the frequency of contributions

You can change the frequency of your contributions by contacting us. We will then inform you of the options available. In order to maintain the same number of units in your plan, you must match the amount of the contributions corresponding to the new option selected.

### Making additional contributions

If you wish to add units or fractional units to your plan, you can increase the amount of your periodic contributions or make additional one-time contributions of at least \$50, provided no EAP has been withdrawn from the plan in question. If an EAP has already been paid under a contract for a REFLEX Plan, it's possible to contribute to an INDIVIDUAL Plan.

### Reducing contributions and the number of units

You may reduce the amount of your contributions and the number of subscribed units at any time. However, by doing so, a partial cancellation occurs.

In the event of a partial cancellation, we will only keep part of the sales charges; these will be proportional to the number of units cancelled. This portion will therefore not be refunded to you.

### Changing the maturity date

The maximum period for contributing to this plan is 17 years; your contribution schedule comes to term at that time. This is when we refund, if applicable, your contributions and a sum matching the sales charges paid.

Subject to the manager's approval, you may request to bring forward your plan's maturity date. In this case, interest at an annual rate of 4% will apply to offset the loss of earned income. This amount will be deducted from the contributions refunded at plan maturity. The remaining contributions under your contract will not attract government grants since you will not make these given your plan's earlier maturity date.

## Changing the beneficiary's year of eligibility

The beneficiary is eligible for an EAP on January 15<sup>th</sup> of the calendar year he or she turns 17 years of age. Your beneficiary may then qualify for EAPs when he or she meets the criteria established under the *Income Tax Act* (Canada).

Before plan maturity, Kaleido Growth Inc. may grant an EAP to a beneficiary before his or her year of eligibility (January 15<sup>th</sup> of the year he or she turns 17 years of age). The situation and file must first be analyzed by Kaleido Growth Inc. The EAP granted will be proportional to the contributions already made to the plan at the time of application or, depending on the beneficiary's situation, interest might have to be paid into the group's EAP account.

If and as long as the beneficiary does not claim an EAP, we will automatically defer his or her year of eligibility to the following year, provided it is still possible to make EAPs before the plan expires, which is known as the cut-off date. To receive all EAPs, these sums must all be requested before the cut-off date. The law does not allow EAPs to be made after this date.

We change the year of eligibility, as applicable, on January 15<sup>th</sup> of each year. The income accumulated in your plan on this date is transferred to the next beneficiary group to reach its year of eligibility.

If the beneficiary is entitled to the CESG and you have not requested the withdrawal of your contributions, the CESG received is kept in the beneficiary's name until the cut-off date is reached. The CLB is also kept for the beneficiary. For beneficiaries who reside in the province of Quebec, the same principle applies to the QESI.

The cut-off date of a plan is December 31<sup>st</sup> of the 35<sup>th</sup> year after the RESP came into force.

## Changing the subscriber

The *Income Tax Act* (Canada) stipulates that it is possible to replace the subscriber of your plan in the following situations:

- In the event of separation or divorce, the subscriber may be replaced by his or her former spouse (or common-law partner) under a court order or decision, or a written agreement for the purpose of dividing property between the spouses (or common-law partners).
- In the event of the subscriber's death, he or she may be replaced by the estate trustee, the person who inherits the RESP, the individual who acquires the subscriber's rights, or the person who makes the contributions in the beneficiary's name.
- If the subscriber is a public primary caregiver, the latter can be replaced by an individual or by another public primary caregiver pursuant to a written agreement.

## Changing your beneficiary

Beneficiary changes are permitted and there is no limit on the number of changes that may be made. There is no fee to exercise this option.



A change of beneficiary is possible as long as the new beneficiary is younger than 21 years at the time such change is made. However, in a case of death or total and permanent disability of the beneficiary, it is possible to change the beneficiary at any time before the plan expires.

A change of beneficiary does not have the effect of extending the life of a plan, which cannot exceed the last day of the 35<sup>th</sup> year following the year in which the RESP took effect.

You must notify us in writing of any change of beneficiary.

Under the REFLEX Plan, if the new beneficiary is older than the former beneficiary and contributions remain to be made according to the agreed schedule, your remaining contributions will be increased to offset the difference in age, in accordance with the amount and terms determined by Kaleido Growth Inc. Interest at an annual rate of 4% applies to arrears.

When changing beneficiaries, the contributions, the CESG and the QESI (if applicable) received for the former beneficiary—as well as the income from the CESG, QESI (if applicable) and CLB—are deemed to have been paid in favour of the new beneficiary, provided the conditions regarding the transfer of government grants are respected.

The entire CESG and additional CESG must be returned to the Government of Canada when a change of beneficiary is made and the following condition is not met:

→ the new beneficiary is the former beneficiary's sibling and younger than 21 years of age at the time of the change.

If only the basic CESG was received for the former beneficiary, the grant amounts must be returned to the Government of Canada unless one of the two following conditions is met:

- iii. the new and former beneficiaries are siblings and the new beneficiary had not reached the age of 21 at the time of the change; or
- iv. the new and former beneficiaries are related by blood or adoption to the original subscriber of the contract and neither of them had reached the age of 21 at the time of the change.

We are also obligated to reimburse the QESI and additional QESI, if any, to the Government of Quebec unless at least one of the conditions indicated in the above points (i) and (ii) is met.

In all cases, a change of beneficiary will result in the CLB being reimbursed to the Government of Canada.

A change of beneficiary may have tax consequences in terms of the cumulative contribution limit for the new beneficiary.

## Death or disability of the beneficiary

In the event of the death or disability of your plan's designated beneficiary, you must notify us in writing within 90 days following the event.

In such case, you may choose to either:

→ keep your current contract and designate another beneficiary by informing us in writing;

- cancel your contract and receive a refund of your contributions, including the sales charges; or
- transfer to an INDIVIDUAL Plan (disability only).

Disability refers to a serious medical condition certified by a practicing physician which would prevent your beneficiary from pursuing eligible studies.

If you cancel your contract by withdrawing your contributions, the total government grants received for the beneficiary will be refunded to the government. The income earned on the government grants and the post-maturity earnings from contributions may be paid as an accumulated income payment (AIP), or as applicable, may be paid to a designated educational institution in Canada or to a trust established in favour of such institutions. You will lose the income earned on your contributions before plan maturity.

## Transferring your plan

### Transferring to the INDIVIDUAL Plan

Before plan maturity:

Transferring from a REFLEX Plan to an INDIVIDUAL Plan is possible before your contract reaches maturity.

The request must be made after a minimum period of three years following the opening of your plan. You can then transfer your contributions, the government grants and the income earned on all of these amounts. Accumulated income from contributions can be transferred to the INDIVIDUAL Plan as long as the contributions remain an asset under management at Kaleido Growth Inc.

It will then be impossible for your beneficiary to exercise his or her right to EAPs from the REFLEX Plan because of the transfer of the earnings to the INDIVIDUAL Plan and the closing of the REFLEX Plan.

The sales charges applicable to the REFLEX Plan will not be reimbursed. However, if the sales charges paid under your REFLEX Plan have reached the maximum \$200 sales charge applicable to the INDIVIDUAL Plan, there will be no additional fees to open the latter. Otherwise, the terms of payment for sales charges under the INDIVIDUAL Plan will apply to the additional sums transferred to this plan.

The sum transferred as accumulated income on contributions will be based on the lower of the following amounts: the INDIVIDUAL Plan's investment return or that of the REFLEX Plan during the period income accumulated under the latter, or 95% of the beneficiary's share of the EAP account for the year in progress.

The transfer from the REFLEX Plan to the INDIVIDUAL Plan before a three-year period following the opening of your REFLEX Plan is possible. The sales charges applicable to the REFLEX Plan will not be reimbursed. However, if the sales charges paid under your REFLEX Plan have reached the maximum \$200 sales charge applicable to the INDIVIDUAL Plan, there will be no additional fees to open the latter. Otherwise, the terms of payment for sales charges under the INDIVIDUAL Plan will apply to the additional sums transferred to this plan.

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The income earned on the contributions will not be transferred and will be kept in the REFLEX Plan for the other beneficiaries of the beneficiary group.

At plan maturity:

Once your REFLEX Plan reaches maturity, you can request to transfer to the INDIVIDUAL Plan. This is possible as long as no EAPs have been paid. This transfer includes the contributions, the accumulated income on contributions, the government grants and the income on the grants amounts.

There are no extra fees to process this transfer and the sales charges paid under the REFLEX Plan are also transferred.

The sum transferred as accumulated income on contributions will be based on the lower of the following amounts: the INDIVIDUAL Plan's investment return or that of the REFLEX Plan during the period income accumulated under the latter, or 95% of the beneficiary's share of the EAP account for the year in progress.

Once the REFLEX Plan is transferred to the INDIVIDUAL Plan, transferring back to the group plan is impossible and we close it.

## Transferring to another RESP provider

The transfer of the REFLEX Plan to another RESP provider is permitted, provided that only contributions (net of sales charges) government grants and income earned on the grants are transferred to the new RESP. Accordingly, the sales charges and the income earned on the contributions will not be transferred.

In the event of a transfer, rest assured that we will provide your new RESP provider with sufficient information to ensure the continued administration of the transferred funds.

This transfer does not have the effect of extending the life of the RESP, which cannot exceed its cut-off date.

## Transfer to this plan from another RESP provider

You can transfer an RESP you have with another provider to a REFLEX Plan. However, your beneficiary must be under 17 years of age and no EAPs may have been made to or on his or her behalf.

You need to consider that sales charges will apply to the units purchased and it is possible that you will have to pay penalties to your former RESP provider, which could hold, at the time of transfer, the sales charges you paid as well as the income earned on your contributions. We strongly recommend that you consult your current RESP provider to understand the consequences before making a transfer.

This transfer does not have the effect of extending the life of the RESP, which cannot exceed its cut-off date.

## Default, withdrawal or cancellation

### If you withdraw from or cancel your plan

You can cancel your plan in full or in part by sending us a 30-day written notice. The withdrawal of your contributions, less the sales

charges, is possible at any time before the maturity date and cancels your plan completely.

A partial cancellation occurs when the amount of the contributions initially agreed is reduced. However, you must maintain the commitment to make the minimum monthly or annual contributions required, as indicated in "Contribution Schedule" on page 23, for the remaining duration of your contract.

In the event of a complete cancellation, we will keep all sales charges, unless the cancellation of the contract takes place within 60 days of signing, in which case the sales charges will be refunded in full. If the cancellation is partial, we will only keep the sales charges proportional to the number of remaining units.

If the partial or full cancellation occurs after the 60-day period mentioned above, you may be credited an amount equal to the sales charges you paid if you subscribe to another of our scholarship plans or add units to one of your existing plans. The amount credited will depend on the number of new units subscribed.

When a contract is cancelled within 60 days after it is signed, the representative must refund all commissions received. However, when a contract is cancelled more than 60 days after it is signed, and if the subscriber has not paid off all of the sales charges owed under the Plan, the representative must refund to the distributor the surplus commissions received on the sales charges paid by the subscriber.

Moreover, instead of requesting the cancellation of your plan, you may transfer to the INDIVIDUAL Plan according to the conditions set forth under "Transferring to the INDIVIDUAL Plan" on page 32.

Your plan is automatically cancelled if:

- the beneficiary can no longer qualify under the conditions stipulated in the section "Educational Assistance Payments (EAPs)" on page 34;
- you make a transfer between two RESPs promoted by the Foundation in accordance with the conditions set forth in "Transferring to the INDIVIDUAL Plan" on page 32;
- you decide to withdraw all your contributions (e.g., in the event of your beneficiary's death or disability);
- your SIN or the SIN of the beneficiary is not submitted within 24 months of signing the contract.

Unless transferred to another plan, the total CESG and the CLB amounts received must be returned to the Government of Canada in the event of a total cancellation. The QESI, if applicable, will be reimbursed to the Government of Quebec. Income earned on the grants are then paid to a designated educational institution in Canada or to a trust established for such institutions, in accordance with the law.

Income earned on the contributions remains in the Plan and will be paid to the other qualified beneficiaries in the beneficiary group.

### If your plan goes into default

If you fail to make a contribution on the date established in the contribution schedule applicable to your plan, you will be sent a written notice within two weeks following the default. You will then



have 45 days to make the late contributions or choose one of the options listed under “If You Have Difficulty Making Contributions” on page 27. Interest at the annual rate of 4% applies to any late contribution. Any default or late contribution exceeding 60 days may result in the cancellation of your plan.

## If we cancel your plan

If we are forced to cancel your plan because you have not sent us your SIN or the beneficiary’s SIN, we will refund your contributions, less the sales charges. See “Return of Contributions” on page 34.

## Re-activating your plan

If you open a new REFLEX Plan after a cancellation and designate a beneficiary less than 17 years of age, an amount equal to the sales charges already paid is credited to you for sales charges to be paid, depending on the number of new units purchased. The terms of the new Plan determine the payments to which you and your beneficiary are entitled.

However, this option only applies if the cancellation takes place more than 60 days following the signing of the contract, since sales charges are refunded when a withdrawal occurs within this time frame.

## If your plan expires

We are required to close your plan when the cut-off date is reached, i.e. when your plan expires.

The cut-off date is December 31<sup>st</sup> of the 35<sup>th</sup> year after the plan took effect. Accordingly, the beneficiary may no longer receive EAPs after this date.

The sums held in the scholarship plan at such time must be used for one of the following purposes:

- the return of contributions to the subscriber if this hasn’t already been done;
- the distribution of income from contributions as EAPs to the other beneficiaries of the beneficiary group;
- the refund of a sum equal to the sales charges to the subscriber, if this has not already been done;
- the refund of the government grants to the applicable government; or
- the income earned on government grants will be paid to a designated educational institution in Canada covered under paragraph a)(i) of the definition of this term in subsection 118.6(1) of the *Income Tax Act* (Canada), or to a trust in favour of such institutions.

## What happens when your plan matures?

We recommend that you wait until your beneficiary is enrolled in eligible post-secondary studies before you request a refund of your contributions and a sum equivalent to your sales charges. You will

thus avoid having to refund the government grants before your beneficiary can use them. Once the grants have been reimbursed, it may not be possible for your beneficiary to recover these.

## If your beneficiary does not enrol in eligible studies

If the beneficiary does not qualify for EAPs, the income earned on contributions made on his or her behalf are then redistributed among the qualified beneficiaries of his or her beneficiary group. If the beneficiary does not pursue eligible studies, he or she will not receive EAPs. For more information, see “Changing Your Beneficiary” and “Transferring to the INDIVIDUAL Plan” on page 33 of this Detailed Plan Disclosure.

The CESG and CLB received for beneficiaries who do not qualify for an EAP will be returned to the government. The QESI, if applicable, will be returned to the Government of Quebec. The income earned on government grants will be paid to a designated educational institution in Canada covered under paragraph a)(i) of the definition of this term in subsection 118.6(1) of the *Income Tax Act* (Canada), or to a trust in favour of such institutions.

## Receiving payments from the plan

### Return of contributions

You recover your contributions in full whether the beneficiary pursues eligible studies or not. An amount equal to the sales charges is also refunded in full to you at contract maturity. These sums are paid by direct deposit into the bank account you provide, in one or more instalments as per your instructions.

When signing the contract, a date is established for the return of contributions. This date may be changed with your consent for readjustment purposes in case of additional unit purchases. As of this date, the refund may be made at any time at your request, in one or more instalments. Your plan will not be closed as long as your account holds a minimum balance of \$100 (excluding sales charges), regardless of whether this amount is a combination of contributions, government grants or accumulated income on all these sums.

If your beneficiary is not yet enrolled in eligible studies, you can ask to keep your contributions in the plan until your beneficiary enrolls in eligible studies in order to avoid any government grants being returned.

### Educational assistance payments (EAPs)

You must submit an EAP request for your eligible beneficiary via the Client Space on the Kaleido Foundation website or, if you do not have Internet access, by contacting our customer service so the appropriate form can be sent to you.

You may request an EAP at any time on or after the eligibility date, which is January 15<sup>th</sup> of the year your beneficiary turns 17 years of age. The request must be submitted to us by the last day of the life of the plan and must be supported by proof that the beneficiary is enrolled in eligible studies. An EAP can be made no later than 6 months following the date on which the beneficiary ceases to be enrolled for eligible studies.

# REFLEX Plan

The EAP is then made to or on behalf of the beneficiary according to your request. However, the investment fund manager reserves the right to set a maximum number of EAPs per year.

The terms and restrictions set out under the “Payments from the plan” section apply to the payment of EAP amounts.

## How we determine EAP amounts

EAPs consist of government grants, of the income on those grants and of your beneficiary’s share of the EAP account maintained for his or her beneficiary group.

Kaleido Growth Inc. calculates the value per unit of the EAP account that can be paid to or on behalf of the beneficiaries in the eligible beneficiary group.

This calculation is made on January 1<sup>st</sup>. The amounts obtained are applied to the EAPs that will be made between January 15<sup>th</sup> of the current year and December 31<sup>st</sup> of the following year. The external actuary verifies and approves the calculation methodology and the assumptions used. The trustee has no discretion in the calculation, which is determined solely by application of the methodology approved by the external actuary.

At the end of each fiscal year ending December 31<sup>st</sup>, the net income generated during the period is divided among beneficiary groups based on the value of the investments associated with each of these groups. The income from cancelled units is returned to the EAP account from which these cancelled units originated. Based on this accumulated income distributed by beneficiary group, the adjusted fair market value (AFMV) is calculated for each group by spreading investment gains and losses over a six-year period, which reduces the impact of significant market fluctuations on the unit value of the EAP account.

In addition, the AFMV is distributed among the units held by the beneficiaries of the eligible beneficiary group who will potentially qualify for EAPs by applying claims assumptions. Accordingly, only a portion of the eligible units is considered and not the totality, since some beneficiaries will not meet the requirements for EAPs to be made. The accumulated income is therefore paid in the form of EAPs to a smaller number of beneficiaries.

When government grants have been received by Kaleido Growth Inc. for a beneficiary, these amounts and their earned income are added to the share of the EAP account paid to the beneficiary. Attrition does not apply to grant amounts and their earnings.

## Accumulated income payments

If your beneficiary chooses not to pursue eligible studies, you may obtain payment of some or all of the earnings from grants and from your contributions after your REFLEX Plan has matured, if one of the following conditions is met:

- the payment is made during the 35<sup>th</sup> year following the year your plan took effect;
- your plan has been in effect for at least 10 years and the beneficiary (past or current) has reached 21 years of age and is not entitled to an EAP (at the time the AIP is made) under the terms of the plan; or
- the beneficiary has passed away.

However, it is possible to waive these conditions with permission granted by the Minister responsible for enforcing the *Income Tax Act (ITA)* if your beneficiary suffers from severe and prolonged mental impairment which prevents or will likely prevent him or her from pursuing eligible studies.

An AIP from a REFLEX Plan can only be made to one person, namely, the subscriber. In all cases, you must be a Canadian resident to receive an AIP.

Your plan must end before March of the year following this payment.

To learn more about the tax implications of an accumulated income payment, please refer to “How You Are Taxed” on page 17.

You can transfer up to \$50,000 in accumulated income from an RESP to your registered retirement savings plan (RRSP) or to a spousal RRSP under certain conditions, up to the amount of unused contribution room in the RRSP at the time of the transfer. The total amount of the AIP requested must be invested in an RRSP.

## Payments from the EAP account

A portion of each EAP represents the beneficiary’s share of the EAP account of his or her beneficiary group. The rest of the EAP consists of the beneficiary’s government grants and the earnings on those grants.

The EAP account is used to hold the income generated by subscriber contributions. This includes the income earned on the contributions of subscribers who have cancelled their plan or whose plan we cancelled. Each beneficiary group has its own EAP account.

## Past breakdown of the income in the EAP account

The following table shows the breakdown of the income in the EAP account at the maturity date for the five beneficiary groups that most recently reached their year of eligibility.



The breakdown of income may vary from one beneficiary group to another. The amount of the income earned on contributions depends on the performance of the Plan's investments. The amount of the

income from cancelled plans depends on how many plans were cancelled as well as the investment performance of these funds.

	Beneficiary group				
	2020	2019	2018	2017	2016
Income from contributions	93.3%	91.5%	91.2%	92.9%	93.1%
Income from cancelled plans	6.7%	8.5%	8.8%	7.1%	6.9%
Total of the EAP account	100%	100%	100%	100%	100%

### Past payments from the EAP account

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

Keep in mind that scholarship plans are normally long-term investments. The payments shown are generally representative of the investments made in past years. It is important to note that the

qualification criteria for EAPs that applied to beneficiaries in the past were relaxed in 2017. The following tables should therefore not be considered indicative of the payments your beneficiary will receive. The new EAP unit value is calculated on January 15<sup>th</sup> each year. However, as the three-payment structure for EAPs was abolished further to the aforementioned easing of criteria, the unit value is no longer calculated for 2<sup>nd</sup> and 3<sup>rd</sup> EAPs.

### Payments until December 31, 2017

Year of studies	Payments from EAP account by beneficiary group	
	2017	2016
1 <sup>st</sup> EAP	\$ 174	\$ 170
2 <sup>nd</sup> EAP	Note 1	\$ 173
3 <sup>rd</sup> EAP	Note 1	Note 1
<b>Total EAPs</b>		
1 <sup>st</sup> insurance experience refund <sup>Note 2</sup>	\$ 25	\$ 25
2 <sup>nd</sup> insurance experience refund <sup>Note 2</sup>	Note 1	\$ 25
3 <sup>rd</sup> insurance experience refund <sup>Note 2</sup>	Note 1	Note 1
<b>Total insurance experience refund</b> <sup>Note 2</sup>		
Conversion factor <sup>Note 3</sup>	1.6	1.6
1 <sup>st</sup> payment with experience refund	\$ 318	\$ 312
2 <sup>nd</sup> payment with experience refund	Note 1	\$ 317
3 <sup>rd</sup> payment with experience refund	Note 1	Note 1
<b>Total of the payments with experience refund</b>		

### Payments as of January 15, 2018

	2020	2019	2018
EAP	\$ 390	\$ 370	\$ 359
Insurance experience refund <sup>Note 2</sup>	\$87.5	\$56.3	\$65.6
Conversion factor <sup>Note 3</sup>	1.6	1.6	1.6
Converted EAP with experience refund	\$ 764	\$ 682	\$ 679

**Note 1:** No amount is presented given that, following the easing of EAP qualification criteria in 2017, the three-payment structure for EAPs was abolished.

**Note 2:** The experience refund is only payable for units purchased before December 8, 2009, for which the subscriber contributed to the mandatory life and disability insurance.

**Note 3:** The conversion factor only applies to units purchased before December 8, 2009.

# REFLEX Plan

## Attrition

You and your beneficiary must meet the terms of the plan for the beneficiary to be entitled to EAPs under the plan. If beneficiaries are not entitled to their EAPs, the amount available for payment of the EAPs will be divided among a smaller number of beneficiaries in the beneficiary group. This is “attrition”.

Your beneficiary may not qualify for EAPs if:

- before the plan’s maturity date, you cancel your plan or transfer to another RESP, or if we cancel your plan because you failed to make your contributions on time and have not taken action to maintain your plan. This is a case of “pre-maturity attrition”;
- after the plan’s maturity date, your beneficiary decides not to pursue post-secondary studies or ceases to be enrolled in eligible studies before the end of the minimum period prescribed by the *Income Tax Act* (Canada). This is a case of “post-maturity attrition.”

## Pre-maturity attrition

If you leave the plan before maturity, you will get back your contributions, less the sales charges. You will not receive the income earned by your contributions up to the plan’s cancellation. It will be kept in the EAP account and distributed as part of the EAPs to the remaining beneficiaries in your beneficiary group.

## Income from cancelled units

The following table shows the current value of income from cancelled units by beneficiary group. The amount of the income from cancelled plans available to the beneficiaries after maturity depends on the number of subscribers who cancel their plans, the number of beneficiaries entitled to EAPs, and the investment performance of the scholarship plan.

Beneficiary group	Percentage of units that have been cancelled <sup>1</sup>	Total income (or losses) from cancelled units available to remaining units	Income from cancelled units available to each remaining unit
2021	26.2%	\$606,978	\$53
2022	26.0%	\$709,137	\$49
2023	25.7%	\$812,220	\$42
2024	25.2%	\$757,414	\$32
2025	23.7%	\$640,762	\$22
2026	21.0%	\$382,530	\$11
2027	18.8%	\$199,938	\$ 5
2028	17.7%	\$158,482	\$ 3
2029	16.5%	\$104,364	\$ 2
2030	14.8%	\$ 75,120	\$ 1
2031	13.2%	\$ 40,629	\$ 1
2032	12.2%	\$ 26,049	\$ 1
2033	9.7%	\$ 18,594	\$ 0
2034	6.5%	\$ 6,607	\$ 0
2035	0.9%	\$ 27	\$ 0
2036	-0.2%	\$ 0	\$ 0

**Note 1:** This calculation does not take into account cancelled units that accumulated income to be shared among the remaining beneficiaries of the beneficiary group.



### Plans that did not reach maturity

The following table shows the percentage of plans that did not reach maturity for each of the five beneficiary groups indicated below. The most common reasons why plans did not reach maturity were: the subscriber cancelled the plan, we cancelled the plan due to a default,

the subscriber transferred to another Plan we offer, or the subscriber transferred to another RESP provider.

For the five most recent beneficiary groups of the REFLEX Plan, an average of 25.3% of plans for each beneficiary group were cancelled before their maturity date.

Maturity date of beneficiary group	Percentage of plans that did not reach maturity
2020	25.5%
2019	24.9%
2018	25.0%
2017	25.8%
2016	25.4%

### Post-Maturity Attrition

If your beneficiary does not pursue eligible studies, your contributions will be returned to you in full at plan maturity, as well as a sum equal to the sales charges paid. You will not receive the earnings on your contributions. The beneficiary may lose EAPs if he or she does not qualify under the *Income Tax Act* (Canada).

### Past EAPs

The table below shows the percentage of beneficiaries who received some or all three EAPs under the plan's former qualification criteria, and those who received no EAPs for each of the five beneficiary groups that have most recently completed their eligible studies. It is important to note that this table refers to EAPs that were made under the Plan's former qualification criteria—requiring that the beneficiary qualify for each of his or her EAPs—that were amended in 2017. **The table is therefore not indicative of the percentage of beneficiaries who will receive the full amount of EAPs they could be entitled to in the future.**

	Beneficiary group				
	2013	2012	2011	2010	2009
Beneficiaries who received EAPs	85.2%	84.0%	87.3%	87.1%	90.7%
Beneficiaries who received no EAPs	14.8%	16.0%	12.7%	12.9%	9.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Note:** The calculation assumption is based on beneficiaries who have reached the age of 25, since several beneficiaries don't claim their EAPs at the ages of 17, 18 and 19, and the information would therefore be incomplete. We allow our beneficiaries to claim their EAPs without limit until the plan expires (December 31<sup>st</sup> of the 35<sup>th</sup> year following the year the contract is signed).

# The INDIVIDUAL Plan

## Specific information about our plans – INDIVIDUAL Plan

### Type of plan

Type of scholarship plan	Date of creation
Individual scholarship plan	1998

### Who this plan is for

The INDIVIDUAL Plan is intended for beneficiaries of all ages.

This plan is recommended if you do not want to discipline yourself into saving and/or you are not ready to make a long-term commitment. When you choose to invest in the INDIVIDUAL Plan, you reasonably expect that your designated beneficiary will pursue post-secondary studies in a qualifying or specified educational program, as defined under the *Income Tax Act* (Canada).

This plan can also be for investors who wish to open a plan for a beneficiary born after December 31, 2003, from a family eligible to the Canada Learning Bond (CLB). In this case, a plan can be opened with no obligation to make contributions and the \$200 sales charge does not apply.

### Summary of eligible studies

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

Contact us or your representative to find out if the program of study your beneficiary is interested in qualifies as eligible studies.

For more information about obtaining an EAP, see “Educational Assistance Payments (EAPs)” on page 45 of this Detailed Plan Disclosure.

### What’s eligible

Eligible studies are general or technical, full-time or part-time (college, community college or university) post-secondary educational programs offered in Canada or the foreign equivalent. Programs offered in a designated educational institution in Canada that are intended to provide a person with or improve the skills required in the exercise of a professional activity are also eligible. In all cases, these programs must have a minimum duration of three consecutive weeks, comprising at least 10 hours of courses or schoolwork per week.

Specified educational programs are also eligible; they are post-secondary programs of study with a minimum duration of three consecutive weeks, and to which a student must dedicate a minimum of 12 hours per month on courses.

When a beneficiary is enrolled in a distance learning program for such studies, the latter are also considered eligible. To ensure the eligibility of a program of study or school, we recommend that you contact us in advance.

Eligible studies do not necessarily require a high school diploma as a prerequisite.

## Risks of investing in this scholarship plan

### Plan risks

You sign a contract when you open a scholarship plan with us. Before signing, please read it closely and make sure you understand it. If you or your beneficiary does not meet the terms of the contract, a loss may ensue and your beneficiary could lose some or all of his or her EAPs.

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

In addition to the investment risks described under “Investment Risks” on page 16 of the prospectus, the following is a list of risks of participating in this plan:

### EAP amounts

We cannot predict the amount of the EAPs that may be payable by the plan. We have no discretionary power in determining the EAP amounts. Past performance is not a guarantee of future returns. The EAP amounts mainly depend on the amount of your contributions and investment performance.

### Eligible studies

If your beneficiary does not pursue eligible studies within the prescribed time frame, he or she will not be entitled to any EAPs. In such cases, you could receive an accumulated income payment (AIP) if the applicable criteria are met. You may also, subject to certain conditions, request a transfer to an RRSP. However, we will be obligated to refund your grants to the government in this case.

### Investment risks

The prices of the securities held by the scholarship plan may fluctuate. The risks that may trigger variations in the value of the Plan’s investments are presented under “Investment Risks” on page 16 in this Detailed Plan Disclosure.



## How the plan has performed

The table below shows the performance of investments in the INDIVIDUAL Plan over the past five years ended December 31<sup>st</sup>. The returns are indicated after deduction of management and administration fees. These expenses will reduce the return on your investment.

It is important to note that the Plan's past performance is not indicative of future returns.

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
<b>Annual net return</b>	7.75%	-1.58%	2.31%	2.26%	-0.88%

## Making contributions

### Your contribution options

You determine the amount of the contributions you make, provided these total at least \$25. The applicable sales charge will be taken at a 40% rate from contributions, up to the total maximum of \$200. This sales charge is included in the RESP lifetime limit set by your plan and is eligible for government grants. You can make single or periodic payments. These contributions can be debited automatically from your bank account.

You can no longer make contributions after December 31<sup>st</sup> of the 31<sup>st</sup> year following the year in which your plan took effect. Total contributions may not exceed the RESP lifetime limit set forth in the *Income Tax Act* (Canada) of \$50,000 per beneficiary.

An INDIVIDUAL Plan can be opened at no cost for a beneficiary whose family is eligible for the Canada Learning Bond (CLB). In this case, the you are not required to make an initial \$25 contribution or pay the sales charge described above. The sales charge will only apply to additional contributions to the plan, if applicable, and be paid off according to the aforementioned terms.

### 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 paid is to
Sales charge <i>Note: Sales charges are refunded to the subscriber in the event of cancellation within 60 days of signing the contract. After this 60-day period, the sales charges are not refunded. However, they can be credited to you under certain conditions. See "Default, Withdrawal and Cancellation"</i>	Flat non-refundable fee of \$200 per plan or No sales charge if the plan's beneficiary qualifies for the CLB, unless additional contributions are made to the plan. In this case, the applicable sales charge will be taken at a 40% rate from contributions, up to the total maximum of \$200 per plan	This is the commission for selling you the plan	The Distributor (Kaleido Growth Inc.)

\* These fees may be increased without subscriber approval.

## Withdrawing your contributions

The contributions you make, less the sales charges, remain your property.

You can withdraw some or all of your contributions without cancelling your contract, provided that there is a minimum balance of \$100 (excluding sales charges) accumulated in your plan, whether it consists of contributions, government grants or of income earned on all these sums.

## Costs of investing in this plan

There are costs for joining and participating in the INDIVIDUAL Plan. The following tables list the fees and expenses of this plan. You pay a portion of these fees directly from your contributions, if applicable. The Plan pays part of the fees, which are deducted from the Plan's earnings.

# The INDIVIDUAL Plan

## Fees the plan pays

The following fees are payable from the Plan's earnings. You do not pay these fees directly. However, they affect you because they reduce the Plan's returns and, consequently, the amount available for EAPs.

Fee	What the Plan pays	What the fee is for	Who the fee is paid to
Administration fee	<p>The administration fee paid to the promoter and to the manager may not exceed 1.18% (excluding applicable taxes) of the assets under management</p> <p>Any proportion of this fee that is not required to maintain and develop Kaleido Growth Inc. is deducted from any excess revenues over the company's expenditures in order to return any surplus to the Plans by reducing the rate of the administration fee, if applicable</p> <p>Fee subject to applicable taxes</p>	Covers the administration expenses of the Plan as well as the trailing commissions paid to the representatives of Kaleido Growth Inc.	The investment fund manager (Kaleido Growth Inc.)
Portfolio management fees	<p>A declining percentage established by the portfolio manager based on the average total assets invested under its management</p> <p>As at December 31, 2019, represented 0.09% of the average value of assets under management</p> <p>Fees subject to applicable taxes</p>	Covers the management of the Plan's investments	The portfolio managers: AlphaFixe Capital Inc. Montrusco Bolton Investments Inc.
Trustee fee	<p>Flat fee of \$30,000 per year for all scholarship plans promoted by the Foundation</p> <p>Fee subject to applicable taxes</p> <p>This fee is invoiced to the different Plans and prorated to the average value of each Plan's assets under management. For the year ended December 31, 2019, the fee for the INDIVIDUAL Plan was \$317 (including applicable taxes)</p>	Covers the costs to hold the Plan's investments in trust	The trustee (Eterna Trust Inc.)



Fee	What the Plan pays	What the fee is for	Who the fee is paid to
Custodian fee	<ul style="list-style-type: none"> <li>→ 0.009% of the average annual assets under management</li> <li>→ Flat fee of \$8 per transaction on Canadian securities</li> <li>→ Flat fee of \$15 per electronic transfer</li> </ul> <p>Fee subject to the applicable taxes</p>	This is for holding the securities and other investments of the Plan	The custodian (CIBC Mellon Trust Company)
Independent Review Committee fee	<p>The remuneration of the IRC members for meeting attendance and any special assignment consists of the following:</p> <ul style="list-style-type: none"> <li>→ Annual retainer of \$3,500 for members and \$6,000 for the chairman</li> <li>→ Set attendance fee of \$1,500 for members and \$1,750 for the chairman per meeting</li> </ul> <p>The reimbursement of housing, meals and transport expenses incurred to attend meetings</p> <p>This fee is invoiced to the different Plans and prorated to the average value of each Plan's assets under management. For the year ended December 31, 2019, the fee for the INDIVIDUAL Plan was \$558 (including applicable taxes)</p>	This is for the services of the Plan's IRC. The IRC reviews conflicts of interest issues between the investment fund manager and the Plan	The IRC members

\* The fees listed in this table may be increased without subscriber approval.

## Transaction fees

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

Fee	Amount	How the fee is paid	Who the fee is paid to
Archive search request	<p>Flat fee of \$50 per request</p> <p>Fee subject to the applicable taxes</p>	Payable by the subscriber directly	The investment fund manager (Kaleido Growth Inc.)

# The INDIVIDUAL Plan

## Refund of sales charges

The sales charge to open an INDIVIDUAL Plan will not be refunded to you unless you cancel your contract within 60 days of signing it (this does not apply to a plan with no sales charge opened for the sole purpose of receiving the CLB).

## Making changes to your plan

### Changing your contributions

You can contribute to your INDIVIDUAL Plan at any time and determine the frequency and amount of these contributions, provided they total at least \$25. No fee will be charged to exercise this option.

### Changing the subscriber

The *Income Tax Act* (Canada) stipulates that it is possible to replace the subscriber to your plan:

- in the event of separation or divorce, the subscriber may be replaced by his or her former spouse (or common-law partner) in accordance with a court order or decision, or a written agreement for the purpose of dividing property between the spouses (or common-law partners);
- if the subscriber dies, he or she may be replaced by the executor of the estate, the person who inherits the RESP, the individual who acquires the subscriber's rights, or the person who makes the contributions in the beneficiary's name;
- if the subscriber is a public primary caregiver, the latter can be replaced by an individual or by another public primary caregiver pursuant to a written agreement.

### Changing your beneficiary

Beneficiary changes are permitted at any time on written request, but the changes may not have the effect of extending the life of the plan, which may not exceed the cut-off date, i.e. December 31<sup>st</sup> of the 35<sup>th</sup> year after it took effect. There is no fee to exercise this option.

When changing beneficiaries, the contributions, the CESG and the QESI (if applicable) received for the former beneficiary—as well as the income from the CESG, QESI (if applicable) and CLB—are deemed to have been paid in favour of the new beneficiary, provided the conditions regarding the transfer of government grants are respected.

The entire CESG and additional CESG must be returned to the Government of Canada when a change of beneficiary is made and the following condition is not met:

- the new beneficiary is the former beneficiary's sibling and younger than 21 years of age at the time of the change.

If only the basic CESG was received for the former beneficiary, the grant amounts must be returned to the Government unless one of the two following conditions is met:

- i. the new and former beneficiaries are siblings and the new beneficiary had not reached the age of 21 at the time of the change; or
- ii. the new and former beneficiaries are related by blood or adoption to the original subscriber of the contract and neither of them had reached the age of 21 at the time of the change.

We are also obligated to reimburse the QESI and additional QESI, if any, to the Government of Quebec unless at least one of the conditions indicated in the above points (i) and (ii) is met.

In all cases, a change of beneficiary will result in the CLB being returned to the Government of Canada.

A change of beneficiary may have income tax consequences in terms of the cumulative contribution limit for the new beneficiary.

## Death or disability of the beneficiary

If the beneficiary dies or becomes disabled before she or he qualifies for an EAP, you must notify us in writing within 90 days following the event.

In such case, you may choose to either:

- keep your current contract and designate another beneficiary; or
- cancel your contract by withdrawing your contributions and the accumulated income under the conditions set forth in the "Accumulated Income Payments" section.

If you cancel your contract by withdrawing your contributions and the accumulated income, the total grants received for the beneficiary will be returned to the government. The income earned on the government grants and on contributions may be paid as accumulated income payments (AIPs) or, as applicable, paid to a designated educational institution in Canada or to a trust established in favour of such institutions.

## Transferring your plan

### Transferring to the REFLEX Plan

You can transfer the money from an INDIVIDUAL Plan to a REFLEX Plan before your beneficiary reaches the age of 17. In such case, you must meet the requirements of the REFLEX Plan set forth on pages 21 and following.

At the time of the transfer, the contributions, the government grants received, if any, as well as the income earned on all these amounts may be transferred to the new plan.

The sales charge already paid (if applicable) will be credited to the new plan if the latter holds at least one unit. If the contributions equal less than one whole unit, the sales charges will be credited to the new plan in proportion to the unit fraction.



## Transferring to another RESP provider

Transferring to another RESP provider is possible. At the time of this transfer, the contributions (net of sales charges), the government grants received, if any, and the accumulated income may be transferred to the new plan.

The sales charge paid, if applicable, will not be reimbursed.

In the event of a transfer, rest assured that we will provide your new RESP provider with sufficient information to ensure the continued administration of the transferred funds.

This transfer does not have the effect of extending the life of an RESP, which cannot exceed its cut-off date.

## Transferring to this plan from another RESP provider

You can transfer an RESP that you have with another provider to an INDIVIDUAL Plan. EAPs cannot have been paid on behalf of the beneficiary, and the subscriber cannot have received an AIP from the plan with the former provider before making the transfer.

However, you must consider that it is possible you will have to pay penalties to your former RESP provider, which could hold, at the time of the transfer, the sales charges you paid as well as the income earned on your contributions. We recommend that you consider this information and consult your current RESP provider to understand the consequences before making a transfer.

This transfer does not have the effect of extending the life of the plan, which cannot exceed its cut-off date.

## Default, withdrawal or cancellation

### If you withdraw from or cancel your plan

You can cancel your plan and recover the entire amount invested (if applicable) within 60 days following the signing of your contract.

You can also cancel your plan in full or in part by sending us a 30-day written notice. You retain the right to withdraw your contributions (net of sales charge, if applicable) and the accumulated income under the conditions stipulated below.

It is possible to withdraw part or all of your contributions without ending your contract, provided there is a minimum balance of \$100 (excluding sales charges) accumulated in your plan, whether it consists of contributions, government grants or of income earned on all these sums.

### If we cancel your plan

If we are forced to cancel your plan because you have not sent us your SIN or the beneficiary's SIN, we will refund your contributions, less the sales charge. Please refer to section "If Your Beneficiary Does Not Have a Social Insurance Number" on page 11.

### If your plan expires

We are required to close your plan when the cut-off date is reached, i.e. when the plan expires.

The cut-off date is December 31<sup>st</sup> of the 35<sup>th</sup> year following the year the plan took effect. The beneficiary may no longer receive EAPs after this date.

The sums held at such time in the scholarship plan must be used for one of the following purposes:

- the return of contributions to the subscriber;
- the refund of the government grants to the government;
- the payment of accumulated income to the subscriber in the form of an AIP if the subscriber meets the requirements. See "Accumulated Income Payments" on page 45 of this Detailed Plan Disclosure;
- a payment to a designated educational institution in Canada and covered under paragraph a)(i) of the definition of this term in subsection 118.6(1) of the *Income Tax Act* (Canada), or to a trust in favour of such institutions.

In the event this situation arises, you may be credited a sum equal to the sales charges paid if you subscribe to another of our Plans or make an additional contribution to another of your existing plans. The amount credited will depend on the number of new units purchased.

## What happens when your plan matures?

You will find all the information you need in the account statement you receive annually on the options available to you regarding the management of your INDIVIDUAL Plan.

## If your beneficiary does not pursue eligible studies

An EAP may only be paid to a qualified beneficiary. If the beneficiary does not qualify by the cut-off date, we must return the government grants received for your beneficiary to the government. You may, however, receive the income earned on your contributions and the income earned on the government grants under the conditions set forth in section "Accumulated Income Payments" on page 45.

## Receiving payments from the plan

### Return of contributions

The contributions you pay, less the sales charge, remain your property (this does not apply to a plan with no sales charge opened for the sole purpose of receiving the CLB).

Your contributions may be reimbursed to you at any time without ending your plan, provided that there is a minimum balance of \$100 (excluding sales charges) accumulated in your plan, whether it consists of contributions, government grants or of income earned on all these sums. However, your beneficiary must be enrolled in an eligible educational program before the withdrawal of contributions to maintain his or her entitlement to the government grants.

## Educational Assistance Payments (EAPs)

You must submit an EAP request for your eligible beneficiary via the Client Space on the Kaleido Foundation website or, if you do not have Internet access, by contacting our customer service so the appropriate form can be sent to you.

# The INDIVIDUAL Plan

Any EAP application must be submitted to us no later than the last day of the plan's life since we are required to close the plan at this time. See "If Your Plan Expires" on page 44 of this Detailed Plan Disclosure.

All EAP requests must be supported by evidence that the beneficiary is enrolled for eligible studies. An EAP can be made no later than 6 months following the date on which the beneficiary ceases to be enrolled for eligible studies.

The EAPs are then made to or on behalf of the beneficiary under the terms of your request. However, the investment fund manager reserves the right to set a maximum number of EAPs per year.

The terms and restrictions set out under the "Payments from the plan" section apply to the payment of EAP amounts.

## How we determine EAP amounts

You decide the amount of the EAP made to or on behalf of the beneficiary, subject to the limits described in "Educational Assistance Payments (EAPs)" on page 13.

The EAPs the beneficiary may receive depend on the earnings from the contributions (if any) and government grants invested by the portfolio managers.

## Accumulated income payments

You may obtain payment of some or all of the income accumulated in your INDIVIDUAL Plan if one of the following conditions is met:

- the payment is made during the 35<sup>th</sup> year following the year your plan took effect;
- your plan has been in effect for at least 10 years and the beneficiary (past or current) has reached 21 years of age and is not entitled to an EAP (at the time the AIP is made) under the terms of the plan; or
- the beneficiary has passed away.

However, it is possible to waive these conditions with permission granted by the Minister responsible for enforcing the *Income Tax Act (ITA)* if your beneficiary suffers from severe and prolonged mental impairment which prevents or will likely prevent him or her from pursuing eligible studies.

An accumulated income payment (AIP) from an INDIVIDUAL Plan can only be made to one person, namely, the subscriber. In all cases, you must be a Canadian resident to receive an AIP.

Your plan must end before March of the year following this payment.

To learn more about the tax implications of an accumulated income payment, please refer to "How You Are Taxed" on page 17.

You can transfer up to \$50,000 in accumulated income from an RESP to your registered retirement savings plan (RRSP) or to a spousal RRSP under certain conditions, up to the amount of unused contribution room in the RRSP at the time of the transfer. The total amount of the AIP requested must be invested in an RRSP.

# Information on the scholarship plans



## An overview of the structure of our plans

The REFLEX Plan and the INDIVIDUAL Plan are trusts maintained on July 9, 2010, by declarations of trust under an agreement between the Foundation, Eterna Trust Inc. (the “trustee”) and Kaleido Growth Inc. (either the “manager” or the “distributor” depending on the context).

The signing of this trust agreement was an important change because it marked the creation of two separate trusts for each of the Plans, whereas the latter were previously integrated into the structure of the Foundation. The primary purpose of this change was to improve the segregation of duties and accounting tracking of contributions, and to make adjustments to the management process to better ensure compliance with the rules.

An amendment to the trust agreement came into effect on November 12, 2013, changing the names of the trusts to “REFLEX Plan” and “INDIVIDUAL Plan”.

The assets in each trust are separate from those of the Foundation, the trustee and the individuals who benefit from the Trust, i.e. the plan subscribers. The assets may only be disposed of in accordance with the provisions of the trust agreement, the Plans, the related registered education savings plans and applicable laws. Therefore, from this standpoint, the structure of the trust offers transparency and security for the custody, conservation and use of subscriber contributions in the execution of the contracts’ provisions.

Under the terms of the trust agreement and separate agreements with the Foundation and Kaleido Growth Inc., several participants are involved in the management or execution of the plans, as well as in activities related to the distribution and implementation of the plans described in this prospectus.

These participants are the trustee, the Foundation, the manager, the distributor, the portfolio managers, the custodian, the external actuary and the auditors.

Over the past five years, the majority of the directors have held the same position. However, the main functions of certain directors changed, including Albert Caponi, who held the position of Vice-President, Finance and Administration and Chief Financial Officer, Aéroports de Montréal; Isabelle Grenier, who successively held the positions of Vice-President, Corporate Affairs and Executive Vice-President at Kaleido Growth Inc.; François Lavoie, who held the position of Senior Vice-President, Wealth Management at Professionals’ Financial; and Geneviève Verrier who held the position of President and CEO of Alpha Assurances.

Directors of the Foundation receive no remuneration other than an annual retainer, meeting attendance fees, and reimbursement of meeting expenses.

## Manager of the plans

Kaleido Growth Inc.  
1035 Wilfrid-Pelletier Avenue  
Suite 500  
Quebec (Quebec) G1W 0C5  
(418) 651-8975  
Email: [info@kaleido.ca](mailto:info@kaleido.ca)  
Website: [kaleido.ca](http://kaleido.ca)

Kaleido Growth Inc. acts as the investment fund manager and plan distributor. Since 1997, Kaleido Growth Inc. has been a wholly-owned subsidiary of the Foundation. Kaleido Growth Inc. is registered as an investment fund manager and scholarship plan dealer pursuant to applicable securities legislation.

Kaleido Growth Inc. is a resulting joint stock company governed by the *Business Corporations Act* (Quebec).

## Duties and services to be provided by the manager

In its capacity as manager, the main responsibility of Kaleido Growth Inc. is to manage the activities, operations and business of the Plans. Specifically, Kaleido Growth Inc., under the supervision of the Foundation, selects and retains the services of most of the other participants involved in the Plans’ management and operational structure, i.e. the trustee, custodian, portfolio managers, external actuary and auditors.

## Details of the management agreement

As manager, Kaleido Growth Inc. provides the administrative services necessary for the Foundation’s activities. The manager is also responsible for accounting operations, establishing internal controls, and for keeping subscriber records.

Kaleido Growth Inc. keeps separate accounting records for each account held by a subscriber who signed a contract. It keeps the subscribers’ files up-to-date and records therein the subscribers’ personal information, such as name and address. These records are kept at the manager’s head office and the custodian may access them at any time in order to reconcile the subscribers’ accounting data with the transactions kept in its own books.

The manager is responsible for the Plans’ cash management operations and the inherent banking transactions. Among other things, the manager receives the contributions from subscribers and deposits them in trust. It sends the net contributions (after deduction of the sales charges) to the custodian as quickly as possible so these can be credited to the subscriber accounts and to ensure they are invested promptly by the portfolio managers.

Kaleido Growth Inc. is responsible for appointing and mandating the Plans’ portfolio managers. The manager ensures, under the supervision of the Investment Committee, that the decisions made in the performance of their duties comply with the provisions of the investment policies.

It is responsible for giving instructions to the custodian and to the portfolio managers so that EAPs are made pursuant to the applicable Plans.

# Information on the scholarship plans

## Officers and directors of the manager

The members of the manager's Board of Directors are also directors of the Foundation. Their remuneration is paid exclusively by Kaleido Growth Inc. Please refer to the table of directors in section "Directors and Officers of the Foundation" on page 48 for the names of the members of the Board of Directors.

### Officers of Kaleido Growth Inc.

Name and city of residence	Primary office
<b>Isabelle Grenier, LL.B.</b> Saint-Augustin-de-Desmaures (Quebec)	President and CEO Ultimate Designated Person
<b>Josiane Rivard, CPA, CA</b> Quebec (Quebec)	Vice-President, Finance and Corporate Services Chief Compliance Officer
<b>Julie Cyr, MBA, FCIP</b> Quebec (Quebec)	Vice-President, Customer Experience and Marketing
<b>Martin Mercier</b> Saint-Augustin-de-Desmaures (Quebec)	Vice-President, Business Development

## Cease trade orders and bankruptcies

To the knowledge of Kaleido Growth Inc., no director or senior executive of Kaleido Growth Inc., the Foundation or the Plans is, as of the date of this prospectus, or has been, during the ten years prior to the date of this prospectus, a board member, executive or head of the finance department of another issuer which, (i) while this person held that position, was the subject of a ban on transactions or a similar order or was refused the right to claim any exemption stipulated by the laws on securities for more than 30 consecutive days, or, (ii) after leaving such a position as a result of an event that occurred when he or she held office, was subject to a ban on transactions or a similar order or was refused the right to claim an exemption provided for by the laws on securities for more than 30 consecutive days.

To the knowledge of Kaleido Growth Inc., no board member or senior executive of Kaleido Growth Inc., the Foundation or the Plans is, on the date of this prospectus, or has been during the ten years prior to the date of this prospectus, a director or executive of an issuer which, when this person held this office or during the year after this person left office, declared bankruptcy, issued a settlement proposal under bankruptcy or insolvency laws, was the target of or initiated a legal proceeding, an arrangement with creditors, or a settlement with creditors, or for which a receiver, a managing receiver or a bankruptcy trustee was appointed in order to hold the assets.

Moreover, to the knowledge of Kaleido Growth Inc., no director or senior executive of Kaleido Growth Inc., the Foundation or the Plans, during the ten years prior to the date of this prospectus, filed for bankruptcy, issued a settlement proposal under bankruptcy or insolvency laws, was the target of or initiated a legal proceeding, an arrangement with creditors or a settlement with creditors, or for

which a receiver, a receivership manager or a bankruptcy trustee was named in order to hold the assets.

## Trustee

Eterna Trust Inc.  
801 Grande Allée Ouest  
Suite 210  
Quebec (Quebec) G1S 1C1

Under the terms of the Trust Agreement, it is normally the responsibility of Kaleido Growth Inc. to select the trustee. However, this choice must be made in the best interest of subscribers and beneficiaries, while acting in line with the Foundation's mission and general strategy. Furthermore, the trustee selected must reside in Canada and hold a permit authorizing it, pursuant to Canadian or Quebec laws, to offer its services to the public.

Under the terms and conditions of an agreement signed on July 9, 2010, between Kaleido Growth Inc., the Foundation and Eterna Trust Inc., the latter has been given the responsibility to act as trustee for each of the Plans. Eterna Trust Inc. is a trust company holding a permit pursuant to the *Trust and Savings Company Act* (Quebec).

In its capacity and for the benefit of the persons with rights thereto under the Plans, the trustee safeguards and keeps in trust the Plan's assets, transferred, contributed, paid or entrusted thereto, to constitute the issuing Plan's assets to be invested and managed, including the contributions and the income on the contributions, until these amounts are reimbursed or paid to those entitled thereto in compliance with the terms governing these Plans and RESPs. In addition, the trustee oversees the asset investment and management activities of the Plans, according to the instructions of Kaleido Growth Inc. Some of these functions may be delegated to Kaleido Growth Inc. and to the custodian.

In the event that Kaleido Growth Inc. refuses or is unable to act under an applicable law or regulation or pursuant to an order, judgment, decision, decree or directive issued by a court or a government, or an administrative, judicial, quasi-administrative or quasi-judicial authority, the trustee has agreed to act on behalf of the manager. It then fulfills the responsibilities of the stakeholder it replaces and, in this regard, the provisions of the Plans (and the RESPs they constitute) governing the replaced participant then apply to the trustee, with the necessary adjustments.

Pursuant to the terms of the Trust Agreement, the trustee receives an annual fee of \$30,000 for the performance of its duties for the Plans promoted by the Foundation, which is paid from the investment income on the Plans' assets corresponding to the accumulated balances in their subscriber accounts. The trustee may resign and the manager may relieve the trustee of its duties by giving the other party a 90-day written notice.

Whenever it deems it timely to do so and in the best interest of the subscribers, beneficiaries, or the Foundation's mission and general strategy, Kaleido Growth Inc. may, by separate agreement with the trustee, replace the trustee or add one or more trustees for any of the Plans without having to obtain prior consent from the subscribers.



## Foundation

The Kaleido Foundation  
1035 Wilfrid-Pelletier Avenue  
Suite 500  
Quebec (Quebec) G1W 0C5

The Kaleido Foundation (the “Foundation”) is a non-profit organization constituted in 1964. The Foundation’s mission statement is: “Support the fulfillment of each child’s potential in building tomorrow’s society.”

The Foundation oversees the administration and management of each plan by Kaleido Growth Inc.. This oversight can be exercised under the authority of the Trust Agreement and separate agreements reached for this purpose by the Foundation and Kaleido Growth Inc. It may, for example, take the form of consultations prior to retaining the services of the trustee, custodian, portfolio managers, auditors and external actuary of each plan, or the Foundation exercising its right to require that Kaleido Growth Inc. give appropriate instructions to the custodian to ensure that it makes the payments required at maturity of the plans, including EAPs.

## Directors and officers of the Foundation

The directors and officers of the Foundation are the following (in alphabetical order by surname):

Name and city of residence	Primary office
<b>Albert Caponi, CPA, CA</b> <sup>(1) (2) (5)</sup> Montreal (Quebec)  Director of the Foundation since 2011	Chief Financial Officer scale ai
<b>André Caron, ASC</b> <sup>(4)</sup> Quebec (Quebec)  Director of the Foundation since 2009	Corporate Director
<b>François Ducharme</b> <sup>(5)</sup> Quebec (Quebec)  Director of the Foundation since 2020	Founding Partner and General Manager, Quebec City Office TACT Intelligence-conseil
<b>Isabelle Grenier, LL.B</b> <sup>(5)</sup> Saint-Augustin-de-Desmaures (Quebec)  Director of the Foundation since 2018	President and CEO Kaleido Growth Inc. (Investment fund manager and scholarship plan dealer)
<b>Yves Lacasse, LL.B., LL.B. (Common Law), MBA, ASC</b> <sup>(1) (4) (5)</sup> Quebec (Quebec)  Chairman of the Board, Director of the Foundation since 2003	Partner Therrien, Couture, Joli-Cœur, attorneys (Law firm)

Name and city of residence	Primary office
<b>Julie Lalonde, ASC, C.Dir, CFA</b> <sup>(3) (5)</sup> Kirkland (Québec)  Director of the Foundation since 2020	Managing Partner, Walter Global Asset Management
<b>François Lavoie, B.Com., B.A., Adm.A.</b> <sup>(2) (3) (5)</sup> Quebec (Quebec)  Director of the Foundation since 2016	Corporate Director
<b>Jean Marchand, B.Com., M.Sc.</b> <sup>(2) (5)</sup> Quebec (Quebec)  Former Chairman of the Board, Director of the Foundation since 1964	Founder and Director Kaleido Foundation
<b>Paule-Anne Morin, Adm.A., CMC, ASC, C.Dir.</b> <sup>(1) (5)</sup> Quebec (Quebec)  Director of the Foundation since 2020	Corporate Director
<b>Jacques Topping, CPA, CA, MBA, ASC</b> <sup>(1) (5)</sup> Quebec (Quebec)  Director of the Foundation since 2013	President MissionBis Inc. (Holding company)
<b>Geneviève Verrier, MBA, DESS, ASC</b> <sup>(2) (4) (5)</sup> Ste-Julie (Quebec)  Director of the Foundation since 2019	Founding President Blue Horizon Investments

1. Audit and Risk Management Committee of the Foundation
2. Audit and Human Resources Committee of Kaleido Growth Inc.
3. Investment Committee of Kaleido Growth Inc.
4. Governance Committee of the Foundation
5. Board of Directors of Kaleido Growth Inc.

## Independent Review Committee

Pursuant to the requirements of *Regulation 81-107 on the Independent Review Committee for Investment Funds*, the manager has appointed an Independent Review Committee (hereinafter the “IRC”) composed of three persons who have no significant relationship with the Foundation, Kaleido Growth Inc. or any entity affiliated to them. The IRC acts for each of the Plans promoted by the Foundation.

With regard to conflict of interest issues, the provisions of *Regulation 81-107* stipulate that, as an investment fund manager, and based on its obligations under securities legislation, the manager

# Information on the scholarship plans

of each Plan must perform the following for each issue it is required to submit to the IRC:

- establish written policies and procedures, either to oversee the management of such an issue or to prevent potentially damaging effects for subscribers;
- submit these policies and procedures to the IRC.

The IRC is an independent body integrated to the governance structure of the Plans, with the mandate to improve the quality of management through the supervision of conflict of interest issues that may arise in the administration, asset management or operations of the Plans.

In this context, a “conflict of interest issue” is:

- a situation in which a reasonable person would consider that Kaleido Growth Inc. or an entity affiliated to Kaleido, has an interest that might conflict with its ability to act in good faith in the interest of the Plans; or
- a provision relating to conflicts of interest or related operations that prohibits a Plan, Kaleido Growth Inc., or an entity related to the latter, from executing a planned transaction or which imposes a restriction in this respect.

The primary role of the IRC is to review and take a position on the conflict of interest issues submitted by Kaleido Growth Inc. for decision or approval, as applicable, and to perform other functions prescribed by securities legislation, the IRC Charter or the policies and procedures of the Foundation.

The IRC members are:

Roger Demers, ASC, FCPA, FCA	Chairman of the committee and member since 2013
Jacques Jobin, LL.B., ASC	Member since 2020
Pierre Lapointe, FCPA, FCA, ASC	Member since 2018

The IRC is required to prepare, for each fiscal year of the Plans, and no later than the date on which they file their annual financial statements, a report to subscribers describing the IRC’s composition and activities. This report is available on the Foundation’s website at [kaleido.ca](http://kaleido.ca). You can also obtain a copy on request, free of charge, by contacting us at [info@kaleido.ca](mailto:info@kaleido.ca).

## Governance Committee of the Foundation

The Governance Committee is a committee of the Foundation’s Board of Directors. Its mandate is to ensure the quality of the Foundation’s governance structures and mechanisms and that of its subsidiary, Kaleido Growth Inc., and to make appropriate recommendations in terms of governance, if applicable. The Committee keeps watch of governance and is knowledgeable of the latest developments regarding the best industry practices. It handles ethical cases that may be submitted to it, as well as conflict of interest issues that are not under the IRC’s responsibility.

This Committee is currently comprised of three members, the majority of which are independent, unrelated directors: André Caron, Yves Lacasse, and Geneviève Verrier.

## Audit and Risk Management Committee of the Foundation

The Audit and Risk Management Committee is a committee of the Foundation’s Board of Directors. Its mandate is to ensure the integrity of the Foundation’s and the Plans’ financial reporting, to represent the Foundation in matters with the external auditors, and to oversee the organization’s risk management.

This committee is currently comprised of four independent, unrelated directors: Albert Caponi, Yves Lacasse, Paule-Anne Morin, and Jacques Topping.

## Human Resources and Audit Committee of Kaleido Growth Inc.

The Human Resources and Audit Committee is a committee of the Board of Directors of Kaleido Growth Inc. Its mandate is to examine the policies, practices and organizational structures in terms of human resources and remuneration, and to ensure the integrity of Kaleido Growth Inc.’s financial reporting.

This committee is currently comprised of four independent, unrelated directors: Albert Caponi, François Lavoie, Jean Marchand, and Geneviève Verrier.

## Investment Committee of Kaleido Growth Inc.

The Investment Committee is a committee of the Board of Directors of Kaleido Growth Inc. Its mandate is to develop and adopt investment policies relevant to the Plans promoted by the Foundation, including the Sustainable Investment Policy. It is responsible for making recommendations to Kaleido Growth Inc. regarding the appointing or, if necessary, dismissal of portfolio managers as well as for their performance review. The Investment Committee also ensures compliance with its policies, including the Sustainable Investment Policy, in the interest of Plan subscribers and beneficiaries.

This committee is currently comprised of two independent, unrelated directors: François Lavoie and Julie Lalonde; and one independent outside member: Gilles Bernier.

## Compensation of Directors, Officers, Trustees and Independent Review Committee Members

The Plans have no Board of Directors, officers or employees.

The Foundation directors receive an attendance fee for Board meetings or for any other committee meeting, as well as an annual retainer. In 2018, the fees for Foundation meetings totalled \$201,900. This amount was paid from the administration fee.

The remuneration of the IRC members for attending meetings or for any other special assignment is paid by the plans. Regular IRC members each receive an attendance fee of \$1,500 per meeting and an annual retainer of \$3,500. The chairman of the committee receives an attendance fee of \$1,750 per meeting, as well as an annual retainer of \$6,000.

Eterna Trust is the trustee of the scholarship plans promoted by the Foundation. It receives a flat fee of \$30,000 per year for its services for all scholarship plans combined.



This fee is invoiced to the scholarship plans and prorated to the average value of each plan’s assets under management.

## The portfolio managers

To implement the investment policies for the Plans’ assets and manage the resulting investment portfolios, Kaleido Growth Inc. has retained the services of securities advisors registered as portfolio managers pursuant to securities legislation. These are Fiera Capital Corporation, AlphaFixe Capital, Inc., Jarislowsky Fraser Limited, Monrusco Bolton Investments Inc., and State Street Global Advisors Ltd. The portfolio managers are not entities related to Kaleido Growth Inc. or the Foundation.

Management of fixed-income securities is entrusted to Fiera Capital Corporation, AlphaFixe Capital Inc. and Monrusco Bolton Investments Inc. Management of equity investments is entrusted to Jarislowsky Fraser Limited, Monrusco Bolton Investments Inc., and State Street Global Advisors Ltd.

The portfolio managers are responsible for conducting research and making investment decisions, and for purchasing and selling securities in compliance with the qualitative and quantitative limits established under the investment policies. They may enter into brokerage agreements in managing their portfolio. By delegation of Kaleido Growth Inc. and in compliance with its instructions, as applicable, they exercise the voting rights on the investments thus made within their respective mandate, in accordance with the objectives of the Foundation’s investment policies. The proxy voting reports prepared by the portfolio managers are available on our website at [kaleido.ca](http://kaleido.ca).

However, Kaleido Growth Inc., on recommendation of its Investment Committee, reserves the privilege to exercise part or all of the voting rights by communicating its intent to do so to the securities advisors within a reasonable period.

### Fiera Capital Corporation

Fiera Capital Corporation (“Fiera Capital”) is a global independent asset management firm with approximately C\$171 billion in assets under management as at June 30, 2020. Fiera Capital delivers customized multi-asset solutions across traditional and alternative asset classes to institutional, retail, and private wealth clients across North America, Europe, and key markets in Asia. Fiera Capital strives to be at the forefront of investment-management science and is passionate about creating sustainable wealth for clients.

Fiera Capital recognizes that the investment landscape is constantly evolving. Its teams collaborate and seek to draw on the global industry’s most innovative and diverse offerings to craft strategies that meet the needs of any client, anywhere they are located. Fiera Capital has the ambition to extend its reach globally and the determination to provide the best solutions with excellence.

As a public company, Fiera Capital seeks to adhere to the highest governance and risk management standards and operate with transparency and integrity to create value for its customers and shareholders over the long term. Fiera Capital trades under the ticker FSZ on the Toronto Stock Exchange.

Fiera Capital’s mandate is to invest the assets of the Plan in fixed-income securities in accordance with the objectives given by Kaleido

Growth Inc. in line with its investment policies. With a focus on yield enhancement and capital preservation, Fiera Capital’s active management approach aims to maximize the return per unit of risk with a low level of volatility (information ratio equal or greater than 0.50). This manager uses four potential value-added sources and employs four types of analysis (fundamental, technical, sentiment and seasonality) around a well disciplined and structured process that invests in high quality securities. Specific risk metrics are calculated periodically to minimize the default risk, and to maintain the calibration of each strategy within the overall risk budget of the portfolio.

ESG analysis is an integral part of the corporate and government securities selection process. The integration of ESG factors takes place essentially on two levels. First, negative filters are applied by eliminating from the investable universe all issuers that fail to meet a minimum ESG assessment threshold. Second, positive filters are applied by using an internal scoring system based on various ESG metrics to promote the inclusion of issuers showing a positive ESG bias in comparison to their industry. Fiera Capital also promotes the inclusion of green bonds in its investment portfolios when the risk/return profile is appropriate for the objectives of its mandate.

The individuals in this firm primarily responsible for providing portfolio management services are:

Name and position	Length of service with the portfolio advisor	Experience in the business sector
<b>Christopher Laurie, MBA, CFA</b> Vice-President and Senior Portfolio Manager, Fixed Income	26 years	34 years
<b>Charles Lefebvre</b> Vice President and Senior Portfolio Manager, Fixed Income	3 years	27 years

The services rendered are provided mainly in Montreal, Quebec and in Toronto, Ontario.

### AlphaFixe Capital Inc.

Founded in 2008 by seasoned managers, AlphaFixe Capital is an investment management firm specializing in fixed income. From its office in Montreal, AlphaFixe Capital primarily serves institutional clients which consist of pension funds, insurance companies, religious communities and foundations. AlphaFixe Capital offers a full range of strategies specific to the bond market.

Its mandate is to invest the assets of the Plans in fixed-income securities in accordance with the directives of Kaleido Growth Inc. and in line with its investment policies. The investment philosophy is based on a rigorous risk management process. The concepts of capital preservation and flexibility in implementing different strategies are transposed into the company’s internal models that are both sophisticated and accessible. Bond investment strategy decisions are team-based and reflect a fundamental long-term view.

## Information on the scholarship plans

AlphaFixe Capital's mission is to create consistent added value by recommending a fundamental approach based on the intrinsic value of the assets and a limited risk tolerance model. To achieve this, AlphaFixe Capital uses five distinct sources of added value, which can be deployed according to different market opportunities. In addition, an internal bond model of bond issuers incorporates non-financial risks (environmental, social and governance).

While all employees are involved in the ESG integration process at AlphaFixe Capital, this manager also has a dedicated responsible investment team, whose two members personally gather data and analyze ESG factors. AlphaFixe Capital believes this strengthens its position when it comes to understanding the issues and engaging in dialogue with issuers. The designated investment resources are based on the trading floor and work as an integral part of the investment team. Credit specialists also have a hand in developing ESG assessment methodologies, allowing the approach to be tailored to the reality of the fixed-income market.

The manager's methodology draws inspiration from the Global Reporting Initiative (GRI) and other well-established accountability practices, based on industry-specific materiality and other concepts in accordance with the principles put forward by the Sustainability Accounting Standards Board (SASB). Issuers' ESG ratings are factored into an internal credit rating system—or quality rating—and have a significant impact on investment decisions, representing a ten-to-fifteen percent weighting. In order to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), AlphaFixe Capital has introduced a climate risk rating system to assess the physical and transition risks (exposure rating) as well as the efforts made by companies to manage these risks (mitigation rating). Furthermore, all AlphaFixe Capital mandates and funds are divested from fossil fuels.

The individuals in this firm primarily responsible for providing portfolio management services are:

Name and position	Length of service with the portfolio advisor	Experience in the business sector
<b>Stéphane Corriveau, ASA</b> President and Managing Director	12 years	29 years
<b>Sébastien Rhéaume, CA, CFA</b> Managing Director	12 years	29 years

The services rendered are provided exclusively in Montreal, Quebec.

### Jarislowsky Fraser Limited

Jarislowsky Fraser Limited is a registered investment consulting firm, managing pension funds, endowment funds and corporate and private portfolios for clients in North America and internationally. The company was founded in 1955 as an investment research firm. In the early 1960s, the firm began to use its research material to counsel private investors and, shortly after, pension funds. Today the firm offers portfolio management services to government bodies,

corporations, universities, labour unions, religious organisms and individuals. Headquartered in Montreal, the company has offices in Toronto, Calgary, Vancouver and New York (through its wholly-owned subsidiary, Jarislowsky, Fraser USA, Inc.)

Since May 1, 2018, Jarislowsky Fraser is a wholly-owned subsidiary of The Bank of Nova Scotia ("Scotiabank") and operates as a distinct business division. Its investment management approach and decision-making process are independent from Scotiabank and its other asset management businesses.

The firm's primary objective is the growth of its clients' capital while maintaining a low level of risk. The firm's philosophy is founded on time-proven conservative principles of investment management based on fundamental research. The firm constructs diversified high-quality portfolios that are designed to protect existing investments and achieve long-term growth for its clients.

Its mandate is to invest the assets of the plans in quality Canadian equities in accordance with the directives of Kaleido Growth Inc. and in line with its investment policies. The decision-making process is based on a team approach and a disciplined investment process. Its investment strategy committee, comprised of experienced investment professionals, is a central oversight group responsible for ensuring that all portfolios follow the firm's philosophy and fundamental investment process. Although this committee sets the investment boundaries and structure, the portfolio managers are directly responsible for investing all the securities in each client's portfolio and for continuous monitoring and rebalancing of the asset allocation and the weighting of sectors and individual securities, to ensure that each account complies with its specific investment policy.

Consistent with its investment philosophy as a long-term investor in high-quality businesses, Jarislowsky Fraser Limited integrates ESG factors into fundamental investment analysis. This manager believes a company's ESG policies and track record are likely to be a helpful lens through which to gauge quality, furthering the manager's ability to invest in the most sound companies.

The individuals in this firm primarily responsible for providing the portfolio management services are:

Name and position	Length of service with the portfolio advisor	Experience in the business sector
<b>Jacques Nolin, B.Sc., MBA</b> Senior Director and Portfolio Manager	32 years	34 years
<b>Éric N. Desbiens, CFA</b> Director and Portfolio Manager	20 years	21 years

The services rendered are provided mainly in Montreal, Quebec.

### State Street Global Advisors Ltd.

State Street Global Advisors Ltd. (SSGA Canada) is the asset management business of State Street Corporation, one of the



world's leading providers of financial services to institutional investors. SSGA strives to be the premier global asset manager that clients trust for investment insight, solutions and results. SSGA has the ability to combine a disciplined, precise investment process with a global investment platform that provides clients access to every major asset class, capitalisation range and style. The firm is recognized for its indexing leadership and for its capacity to generate added value over the benchmark.

State Street Global Advisors Ltd. (SSGA Canada), the Canadian office of State Street Global Advisors (SSGA), was established in 1991, with offices in Montreal and Toronto. SSGA Canada ranks as one of the major investment managers in Canada. The firm has a diverse client base that includes defined benefit and defined contribution pension funds, insurance companies, official institutions, foundations, charities, local authorities, family offices and intermediaries.

Its mandate is to invest the assets of the scholarship plans promoted by the Foundation in Canadian and U.S. equities, in accordance with the directives of Kaleido Growth Inc. and in line with its investment policies. The investment philosophy is based on a systematic approach seeking to provide exposure to high dividend securities and low expected volatility relative to the benchmark index, a combination of the S&P/TSX Composite Index and S&P 500 Index.

SSGA Canada pursues a strategy to achieve long-term capital growth through a portfolio of U.S. and Canadian securities, assembled so as to mitigate the effect of volatility on the overall portfolio while taking ESG factors into account, using a systematic and standards-based investment approach. The primary objective of the strategy consists of reducing overall portfolio risk while accommodating diversification constraints such as exposure limits by country and maximum weightings for individual stocks and sectors. SSGA Canada has implemented a further constraint intended to maintain the portfolio's ESG profile above the ESG profile of the benchmark index. To determine the ESG score of the benchmark index and the Plan portfolio, SSGA Canada uses a unique ESG scoring system it calls R-Factor™. Furthermore, certain securities are excluded from the investment universe, specifically those of companies in the tobacco industry and manufacturers and distributors of military-grade weapons.

The individual in this firm primarily responsible for providing the portfolio management services is:

Name and position	Length of service with the portfolio advisor	Experience in the business sector
<b>Emiliano Rabinovich, B.Sc., M.A., CFA</b> Vice-President and Senior Portfolio Manager	14 years	17 years

The services rendered are provided mainly in Montreal, Quebec.

#### Montrusco Bolton Investments Inc.

Montrusco Bolton Investments Inc. (MBII) is a portfolio management firm that serves institutional clients, including pension funds, foundations, insurance companies and mutual funds. The firm dates

back to 1946. Its head office is in Montreal, where all assets are managed, and the firm has other offices in Montreal and Toronto. MBII is a private company whose shares are owned by key employees and two strategic partners: Affiliated Managers Group Inc. and the *Fonds de solidarité* FTQ (labour-sponsored fund).

MBII's investment philosophy is to achieve long-term growth of assets while preserving capital. MBII's involvement in responsible investment began over 15 years ago when it made the decision to integrate ESG considerations at the fundamental research stage of its investment process, to apply exclusionary screens, and to adopt a proxy voting policy. MBII became a UN Principles for Sustainable Investment (UNPRI) signatory in 2011 and applies ESG principles to all of its fundamentally-managed investment strategies.

Its mandate is to invest the assets of the plans in Canadian and U.S. equities, in accordance with the directives of Kaleido Growth Inc. and in line with its investment policies.

The firm's bond management philosophy is based on prudence, income and capital protection. The bond portion of a balanced portfolio must not put capital at risk and, therefore, must be managed with prudence and discipline. Furthermore, in the context of the investment process and an optimal strategic management, MBII analyzes the following: management of weightings by asset class, credit quality analysis, management of sector weightings, and management of the term and yield curve.

For Canadian equities, MBII's strategy focuses on companies with a combination of high dividend yield and high dividend growth emphasizing downside risk protection. The net result is an equity strategy with lower beta and lower volatility than the benchmark and good downside protection in market corrections.

For U.S. equities, MBII favours high conviction quality growth strategies anchored in fundamental, bottom-up analysis, relying on independent thinking to seek out questions of substance. These help forecast inflection points, errors of perception and catalysts through a repeatable process that promotes consistency and sustainability of alpha in various market conditions.

The individuals in this firm primarily responsible for providing the portfolio management services are:

Name and position	Length of service with the portfolio advisor	Experience in the business sector
<b>Richard Guay, MBA, CFA</b> Senior Vice-President	20 years	27 years
<b>John Goldsmith, MBA, CFA</b> Head of Canadian Equities	16 years	23 years
<b>Olivier Barres, B.Com., CIM</b> Vice-President, Fixed Income	14 years	15 years
<b>Jean-David Meloche, CFA</b> Head of Global Equities	15 years	15 years

The services rendered are provided mainly in Montreal, Quebec.

# Information on the scholarship plans

## Details of the portfolio management contract

The portfolio advisors manage the plan assets pursuant to the mandates they signed with Kaleido Growth Inc., and in accordance with their specific respective directives. The mandates included the obligation to comply with the investment policies and the limits established by those policies, and the obligation to comply with the legal requirements imposed by securities legislation. The managers have a duty to analyze, recommend and make investment decisions. The portfolio management contracts may be terminated at any time with a written notice to the other party.

## Principal distributor

Kaleido Growth Inc.  
1035 Wilfrid-Pelletier Avenue  
Suite 500  
Quebec (Quebec) G1W 0C5

Through its sales force of nearly 105 scholarship plan representatives and its administrative personnel, Kaleido Growth Inc. also acts as principal distributor of the plans, in compliance with current securities legislation and tax laws. Kaleido Growth Inc. has been involved in this type of activity since March 2, 1964, and has done so for the Plans pursuant to an agreement dated July 9, 2010.

Since Kaleido Growth Inc. is the distributor and manager of the plans, these are considered "connected issuers" with respect to Kaleido Growth Inc. as defined by *Regulation 33-105 respecting conflicts of interest for distributors*.

The Foundation may terminate its contract for the sale and distribution of scholarship plans with Kaleido Growth in the event of the latter's serious failure to meet its obligations.

## Dealer compensation

The Plans pay an annual administration fee to the Foundation, as the plan promoter, and to Kaleido Growth, as the scholarship plan dealer, investment fund manager and distributor. These fees are drawn from each Plan's assets and are used to pay for the duties executed by the Foundation and Kaleido Growth Inc.

The annual administration fee corresponds to 1.18% (excluding all applicable taxes) of the assets under management, and is used to pay for the administration costs of each Plan, with the exception of the fees for the IRC which are taken directly from the Plans' assets pursuant to securities legislation.

Moreover, any portion of the administration fee that is not required for the maintenance or development of the organization is returned to the Plans for the educational assistance payments.

Kaleido Growth Inc. is compensated on the basis of the number or the value of the scholarship plans subscribed. The sales charges paid by the subscriber pursuant to the plan subscribed are paid to Kaleido Growth Inc. in order to pay commissions to the representatives and other distribution costs. The representatives are compensated through commissions calculated according to the number of units sold and, in certain cases, the savings invested. They may also receive, as applicable, additional compensation based on the number of net units sold over the previous 12 months, and receive a bonus

for INDIVIDUAL Plans opened on behalf of a beneficiary from a family eligible for the Canada Learning Bond. As applicable, the representatives' compensation is paid by Kaleido Growth Inc. primarily from the sales charges, and partly from the administration fee. In 2019, 3.08% of the administration fee received from the Plans was paid to representatives as trailing commissions.

As compensation, representatives may also win prizes, participate in contests or receive awards during the annual convention. All the expenses paid by Kaleido Growth Inc. for these incentives are taken from its own funds and are not charged to subscribers, beneficiaries or Plans.

## Custodian

CIBC Mellon Trust Company  
320 Bay Street, P.O. Box 1  
Toronto (Ontario) M5H 4A6

Under the terms of the trust agreement, Kaleido Growth Inc. may retain the services of the custodian it deems competent, at its discretion.

Pursuant to the terms and conditions of an agreement entered into on October 17, 2016, between Kaleido Growth Inc. and CIBC Mellon Trust Company, the latter acts as custodian for each Plan.

In this capacity, the custodian receives the contributions for crediting to subscriber accounts as well as the government grants, income earned on the plan's assets and the net gains transferred to Kaleido Growth Inc. by subscribers to be deposited to their account.

The custodian acts as custodian of securities and other forms of investments in which these sums are invested, and as agent for the registers of the Plan in question.

At maturity of a plan or when it expires, the custodian reimburses the subscriber, from the assets of this plan, the full amount of his or her contributions, including the sales charges that must be refunded to him or her, according to the instructions given by Kaleido Growth Inc. on behalf of the trustee. It also reimburses, from the assets of the relevant Plan, the grants paid by the government of Canada or Quebec, as applicable, under the conditions stipulated by the tax laws governing the Plan in question.

The custodian's fee is paid directly from the investment income on assets in the subscriber accounts. It has been established by applying the following rates: 0.009% of the average annual assets under management, \$8 per transaction and \$15 per electronic transfer.

The services agreement between Kaleido Growth Inc. and the custodian is currently in effect for five years, but either party may terminate it at an earlier date by giving a 90-day written notice to the other party. At the end of the five-year period, the agreement is automatically renewed for a further five-year term, unless the parties agree otherwise in writing.

## Auditor

Deloitte, LLP  
801 Grande Allée Ouest  
Quebec (Quebec) G1S 4Z4



## Transfer agent and registrar

Kaleido Growth Inc.  
1035 Wilfrid-Pelletier Avenue Suite 500  
Quebec (Quebec) G1W 0C5

Kaleido Growth Inc. provides administrative services, specifically with regard to the keeping of books and records of account, and the maintaining of files. It keeps separate accounting records of the subscriber accounts and provides the custodian with access to this accounting data it compiles to allow reconciliation with the accounting of subscribers' accounts maintained by the custodian.

## Promoter

Kaleido Foundation  
1035 Wilfrid-Pelletier Avenue  
Suite 500  
Quebec (Quebec) G1W 0C5

The Foundation, a Canadian resident, promotes the REFLEX Plan and the INDIVIDUAL Plan.

## Other service providers

Eckler Ltd.  
800 René-Lévesque Boulevard West, Suite 2200  
Montreal (Quebec) H3B 1X9

Eckler Ltd. is the external actuary for each Plan. The actuary assists in determining the contribution amount payable per whole unit purchased under a contract. For this purpose, it validates the valuations used to establish this measurement unit.

Another of its responsibilities is to approve the methodology used to calculate and determine the unit value of the EAPs payable to qualified beneficiaries. This methodology is described in the accompanying notes of the Plan's annual financial statements, incorporated by reference in this prospectus.

In addition, Kaleido Growth Inc. annually calculates the current value of its obligation to refund sales charges at maturity. To do so, it uses the cash flow projections made by the external actuary.

## Ownership of the investment fund manager and other service providers

Kaleido Growth Inc. is a wholly-owned subsidiary of the Kaleido Foundation.

## Experts who contributed to this prospectus

The contribution schedules presented in this prospectus were prepared in collaboration with the external actuary of the Plans.

The issues addressed in "How Taxes Affect your Plan" on page 17 and other legal issues concerning the plans have been reviewed by Lavery, de Billy, LLP

The financial statements of the plans were audited by Deloitte, LLP.

The personnel associated with these experts hold an interest of less than 1% in the Plans and no stake in Kaleido Growth Inc.

Deloitte LLP is independent from the Plan and Kaleido Growth Inc., in accordance with Quebec's Code of Ethics of Chartered Professional Accountants.

## Subscriber matters

### Meetings of subscribers

Any request for a change to the contract must be signed by the subscriber and sent in writing to Kaleido Growth Inc.

Kaleido Growth Inc. and the trustee may also agree, without consulting the beneficiary or the subscriber, to modify or amend the provisions of the contract if, in the opinion of Kaleido Growth Inc. and the trustee, such modification or amendment:

- is made for the purpose of complying with a federal law or law of a Canadian province or an order, rule or regulation adopted pursuant to such law; or
- is necessary to overcome administrative difficulties to the extent that they do not adversely affect the subscribers and beneficiaries.

Other changes affecting the rights of subscribers or beneficiaries may be made only with the consent of Kaleido Growth Inc., the trustee and the subscribers. This is also true for changes that might cause a drop in the unit value of the EAPs and which, in the opinion of the external actuary, prevent the issuance of the actuary's certificate. This certificate, issued annually and posted on our website, certifies the fair and accurate nature of the distribution of income and expenses (by beneficiary group and by Plan) and the calculation of the unit value of the EAPs.

As necessary, Kaleido Growth Inc. or the trustee calls a meeting of subscribers with a notice of at least 21 days in order to review and approve all other changes. A resolution of the subscribers may be adopted by simple majority of the votes cast by the subscribers at a meeting or represented by proxy. Each subscriber is entitled to one vote per type of Plan held, regardless of the number of contracts in his or her name or the number of units held. For the purposes of this paragraph, it is possible to be the subscriber of three types of Plans: the REFLEX Plan, the INDIVIDUAL Plan and the UNIVERSITAS Plan.

### Matters requiring subscriber approval

Only changes to the trust agreement and the contracts require subscriber approval.

Any change made to the contracts by Kaleido Growth Inc. and the trustee must first be recommended by a committee appointed specifically for this purpose. Such recommendation is then submitted for approval to the Board of Directors and, as necessary, to the external actuary for the issuance of a certificate.

### Amendments to the trust agreement

The Foundation and the trustee may act jointly, without requiring approval from the subscribers, to make any amendment to the trust agreement and the trust declarations covering:

- the management of the plans or any administrative change, provided that such changes are not likely to affect subscribers and beneficiaries adversely;

# Information on the scholarship plans

- the addition of a protection or an additional benefit to subscribers or beneficiaries; and
- the maintenance of the status of each plan pursuant to tax laws.

However, amendments to the provisions of the trust agreement or trust declaration intended to resolve a reasonably important issue for subscribers and beneficiaries—other than a question described in the preceding paragraph—may only be made with the consent of subscribers in the form of a resolution obtained in a meeting in accordance with the procedure stipulated in the trust agreement. For example, a modification to the components of a Plan would require the approval of subscribers in the form of a resolution.

## Reporting to subscribers and beneficiaries

In March of each year, the Management Report of Fund Performance and the annual audited financial statements as at December 31<sup>st</sup> are sent to subscribers who request these in writing, along with their account statements. The interim financial statements as at June 30<sup>th</sup> are also sent to any subscriber on written request.

For this purpose, we send a letter each year to all subscribers asking them to confirm if they wish to receive the printed annual and interim financial statements. These financial statements are available on the website of the Canadian Securities Administrators at [sedar.com](http://sedar.com) and on our website at [kaleido.ca](http://kaleido.ca).

## Business practices

### Our policies

We have implemented policies and procedures to ensure the sound management of the scholarship plans promoted by the Foundation pursuant to securities regulations and the applicable laws.

We have developed a manual of practices and procedures in order to monitor business practices and the compliance of all sectors of the organization, including the sales sector.

Moreover, in collaboration with the IRC and the Audit and Risk Management Committee, we conduct regular monitoring to ensure compliance with policies and procedures, as well as with investment policy restrictions.

### Valuation of portfolio investments

The plans qualify, under IFRS, as investment entities since they oversee the management of the funds from investors (subscribers) with the aim of achieving returns by way of capital appreciation and investment income. Additionally, the scholarship plans assess the performance of these investments based on fair value. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability for a transaction carried out between market participants at the measurement date, regardless of whether this price is directly observable or estimated using a valuation technique. When the scholarship plans estimate the fair value of a financial asset or a financial liability, they take into account the characteristics of the assets and liabilities if such is what market participants would do to determine the price of an asset or liability as at the measurement date.

The fair value of cash, sales pending settlement, dividends receivable, interest receivable, CESG receivable, QESI receivable, experience refunds receivable, other accounts receivable, purchases pending settlement, QESI refundable and accounts payable and related approximates their carrying amounts, due to their short-term maturities.

The fair value of security investments is established from the bid price values. If quoted prices in active markets are unavailable, the fair value of short-term investments as well as bonds is, for its part, determined through the use of current industry-specific valuation methods, such as a model whose application is based on discounting the expected future cash flows or similar techniques. These methods take account of current observable data on the market for financial instruments with a similar risk profile and comparable terms. The important data used in these models include, but are not limited to, yield curves and credit risks. The custodian confirms that it takes on the responsibility to provide valuation of the portfolio's assets since 2008, and has not altered the valuation methods described herein.

The fair value of the net assets attributable to contracts corresponds to its carrying amount, given that it is the residual amount allocated to contract holders and beneficiaries at the reporting date.

### Proxy voting

The exercise of proxy voting rights on portfolio securities is delegated to portfolio managers, who perform this responsibility in compliance with the objectives of the investment policies.

Upon request, you may obtain (at no cost) the proxy materials of the Plan for the most recent period (ended on June 30<sup>th</sup>) after August 31<sup>st</sup> of the same year on the Foundation's website at [kaleido.ca](http://kaleido.ca).

Fiera Capital Corporation and AlphaFixe Capital Inc. do not manage any investment for the Plans that carries a voting right. Jarislowsky Fraser Limited, Montrusco Bolton Investments Inc., and Street State Global Advisors Ltd. implement policies and procedures for proxy voting, designed to create or increase the economic value of their client's portfolio. This implies voting with members of the Board of Directors of the companies seeking the proxies who, as representatives of the Plans, must act in the best interest of the plans.

On the other hand, if the portfolio managers believe that a proposal will unduly increase the risk or reduce the economic value of the plans, or that it is not in the interest of the Plans, their vote will go against that of the Board of Directors.

They may also refuse to participate in a vote if they believe it is in the best interest of the plans.

However, Kaleido Growth Inc., on recommendation from the Investment Committee, reserves the right to exercise its voting rights by giving the portfolio managers reasonable notice of its intention to do so.

It is possible to obtain on request, free of charge, the policies and procedures followed by the scholarship plan in the exercise of the voting rights granted by proxy with respect to the portfolio securities



by calling toll-free 1-877-710-RESP (7377) or by writing to Kaleido Growth at 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec (Quebec) G1W 0C5.

## Conflicts of interest

Kaleido Growth Inc. is a wholly-owned subsidiary of the Foundation, the promoter of the Plans. The Foundation's purpose is to oversee the administration and management of the plans. It is therefore possible that situations may arise in which conflicts of interest exist in the relations between the Foundation and Kaleido Growth Inc. For more detailed information on this subject, see "Manager of the Plans" on page 46 and "Independent Review Committee" on page 49.

## Key business documents

The Foundation and Kaleido Growth Inc. are parties to the following key contracts:

- 1) Scholarship Plan Agreements of the REFLEX Plan and the INDIVIDUAL Plan between the subscribers and the Kaleido Foundation dated December 18, 2019. They define all the terms of the Plans, as well as the duties and responsibilities of the parties when a Plan is opened.
- 2) Agreement between the Foundation and Kaleido Growth Inc., Manager-Distributor, dated January 20, 1998. This agreement defines the responsibilities of Kaleido Growth Inc. for the plans that it issues, which has been delegated certain tasks and responsibilities as investment fund manager for the Foundation and as distributor. This contract was extended and split in two on December 23, 2010, so as to clearly define the two roles of Kaleido Growth Inc. An amendment to one of the above contracts, i.e., that which pertains to the exclusive management of business, was signed on April 9, 2014. A second amendment to this same contract was signed on September 7, 2017.
- 3) Trust agreement between the Foundation and the trustee dated July 8, 2010, and restated on December 23, 2010. This agreement defines the responsibilities of Eterna Trust Inc. in the administration of the plans promoted by the Foundation. Amendments to this agreement were made on November 12, 2013, and May 17, 2017, and additional amendments to the agreement were signed on January 1, 2016, and November 30, 2018.
- 4) Agreement between the Foundation and the custodian dated October 17, 2016. This agreement defined the responsibilities of the custodian charged with keeping the registers, CIBC Mellon Trust Company, in the management of the assets of the Plans. An amendment to this agreement was signed on October 17, 2019.
- 5) Agreement between Kaleido Growth Inc. and Fiera Capital Corporation on April 1, 2011. The agreement sets forth the powers and responsibilities of this portfolio manager. An amendment to this agreement was signed on March 19, 2014.
- 6) Agreement between Kaleido Growth Inc. and AlphaFixe Capital Inc. dated July 1, 2011. The agreement sets forth the powers and responsibilities of this portfolio manager. Amendments to this agreement were signed on August 31, 2015, and January 15, 2020.
- 7) Agreement between the Foundation and Jarislowsky Fraser Limited signed on December 20, 2011. The agreement defines the powers and responsibilities of this portfolio manager. Amendments to this agreement were signed on March 24, 2014, and on November 21, 2016.
- 8) Agreement between the Foundation and Montrusco Bolton Investments Inc. dated February 1, 2014. The agreement defines the powers and responsibilities of this portfolio manager. Amendments to this agreement were signed on March 21, 2014, November 28, 2016, and January 31, 2020.
- 9) Agreement between Kaleido Growth and State Street Global Advisors Ltd. dated August 30, 2016. This agreement sets forth the powers and responsibilities of this portfolio manager. Amendments to this agreement were signed on February 10, 2017, June 16, 2017, and January 30, 2020.
- 10) Administration agreement between Eterna Trust Inc., the UNIVERSITAS, REFLEX and INDIVIDUAL Plans, the Foundation and Kaleido Growth Inc. dated December 23, 2010. This contract establishes the services rendered by the Foundation to the Plans. Renewed agreements were signed by the parties on December 23, 2015, and on November 30, 2018.
- 11) The group insurance policy agreement between the Foundation and Humania Assurance Inc. dated September 29, 2017, regarding the optional life and disability insurance offered to subscribers pursuant to the conditions described in the Summary of Group Life and Disability Insurance. This agreement came into effect on October 1, 2017.
- 12) Agreement between the Foundation and Employment and Social Development Canada dated February 12, 2016. This agreement defines the conditions governing receipt and administration of the Canada Education Savings Grant or the Canada Learning Bond, or both, as applicable. An amendment to this agreement was signed on August 21, 2019.
- 13) Agreement between Kaleido Growth Inc. and the Quebec Revenue Ministry (QESI) dated June 30, 2008. This agreement defines the conditions for the implementation and administration of the Quebec Educational Savings Incentive.
- 14) Agreement between Kaleido Growth Inc. and Kaleido Financial Services Inc. dated November 29, 2018. Kaleido Financial Services is a firm wholly owned by Kaleido Growth Inc.; its activities consist in the distribution of insurance products. The agreement describes the services rendered to the firm by Kaleido Growth Inc. as manager of Kaleido Financial Services Inc., as well as the remuneration received in return.
- 15) Partnership agreement between Kaleido Foundation, Kaleido Growth Inc. and Educaid—a charitable organization that provides financial support to students from less privileged backgrounds to encourage them to stay in school—effective January 1, 2019. This agreement aims to confirm the privileged ties between the parties and their common desire to support each other in their plans for growth, development and outreach.

You may consult copies of the aforesaid documents during our business hours at 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec (Quebec) G1W 0C5.

# Information on the scholarship plans

## Legal matters

### Exemption and approval under securities laws

In 2019, the AMF issued Decision No. 2019-FI-0071 granting Kaleido Growth Inc. and the Kaleido Foundation relief from Section 4 of *Regulation No. 15 respecting Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses*. This exemption allows the REFLEX and INDIVIDUAL Plans greater portfolio diversification and authorizes the Plans to invest in additional asset categories. For more details on the investment terms and conditions stipulated in Decision No. 2019-FI-0071, see the “Investment Objectives, Strategies and Restrictions” section.

### Legal and administrative proceedings

On August 20, 2012, the AMF submitted a petition to the Office of Decision and Audit seeking an administrative penalty of \$15,000 against the Kaleido Foundation. The facts in the case date back to 2010 and refer primarily to investments that were not authorized by regulation.

In 2010, the Foundation made the corrections required by the AMF. Moreover, the decision specifies that the Kaleido Foundation reacted quickly and that the situation did not occur again.

**The elements of non-compliance raised concerning the investments and the related administrative penalty have not had and will not have any impact or effect for subscribers or beneficiaries.**

On June 15, 2018, a motion seeking authorization to institute a class action against certain RESP providers, including the Kaleido Foundation and Kaleido Growth Inc., was filed. The motion is currently pending a hearing date in the Superior Court of Quebec. This motion is not likely to create or alter any rights for the Kaleido Foundation and Kaleido Growth Inc. at this stage. We cannot predict the final outcome of the motion, nor can we predict its potential financial impact on the Kaleido Foundation or Kaleido Growth Inc., if applicable. On September 6, 2019, a motion for declaratory judgment was filed with the Superior Court. The proceedings against Kaleido Foundation and Kaleido Growth Inc. were initiated by four individuals, three as scholarship plan subscribers and one as a scholarship plan beneficiary. The applicants are challenging the legitimacy of the subscriber consultation held in December 2018, and wish to see the reinstatement of the former qualification criteria for EAPs. The motion is contested, however, we cannot predict the final outcome thereof, nor can we predict its potential financial impact on the Kaleido Foundation or Kaleido Growth Inc., if applicable.

# Certificates

## DECLARATION OF PLANS

December 1, 2020

This prospectus, together with the documents incorporated herein by reference, constitutes a full, true and clear disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Quebec and New Brunswick.

### **Kaleido Growth Inc.**

On behalf of the Plans, as Investment Fund Manager

(s) *Isabelle Grenier*  
President and Chief Executive Officer

(s) *Josiane Rivard*  
Vice-President, Finance and Corporate Services  
Chief Compliance Officer

### **The Kaleido Foundation**

On behalf of the Plans, as Promoter

(s) *Yves Lacasse*  
Chairman of the Board of Directors

(s) *François Lavoie*  
Vice-Chairman of the Board of Directors

### **Eterna Trust**

As Plan trustee

(s) *Paul Tardif*  
President and Chief Executive Officer

(s) *Robert Archer*  
Director and Secretary

(s) *Marie-Andrée Gendron*  
Director of Finance

(s) *Jean Tardif*  
Director

## DECLARATION OF THE INVESTMENT FUND MANAGER

December 1, 2020

This prospectus, together with the documents incorporated herein by reference, constitutes a full, true and clear disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Quebec and New Brunswick.

### **Kaleido Growth Inc.**

In its capacity as Investment Fund Manager

(s) *Isabelle Grenier*  
President and Chief Executive Officer

(s) *Josiane Rivard*  
Vice-President, Finance and Administration  
Chief Compliance Officer

### **Board of Directors of Kaleido Growth Inc.**

On behalf of the Plans

(s) *Yves Lacasse*  
Chairman of the Board of Directors

(s) *François Lavoie*  
Vice-Chairman of the Board of Directors

## DECLARATION OF THE PRINCIPAL DISTRIBUTOR

December 1, 2020

This prospectus, together with the documents incorporated herein by reference, constitutes a full, true and clear disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Quebec and New Brunswick.

**Kaleido Growth Inc.**

In its capacity as Distributor

(s) *Isabelle Grenier*

President and Chief Executive Officer



# REFLEX Plan INDIVIDUAL Plan

Kaleido Growth Inc.  
1035 Wilfrid-Pelletier Avenue  
Suite 500  
Quebec (Quebec) G1W 0C5

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

- the most recently audited annual financial statements;
- the interim financial reports (unaudited) filed after the annual financial statements; and
- the most recently filed annual management report of fund performance.

These documents are incorporated by reference into the prospectus, meaning they legally form part of it, as if they were printed with it.

You can get a free copy of these documents by dialing 1 877 710-RESP (7377) or writing to us at [info@kaleido.ca](mailto:info@kaleido.ca). You can also view these documents on our website at [kaleido.ca](http://kaleido.ca).

These documents and other information about our plans are also available at [sedar.com](http://sedar.com).

Kaleido Growth Inc. is a wholly-owned subsidiary of the Kaleido Foundation