



RELATIONSHIP DISCLOSURE INFORMATION

RESPECTIVE ROLES OF UNIVERSITAS MANAGEMENT INC. AND THE UNIVERSITAS FOUNDATION OF CANADA

Universitas Management Inc. ("UMI") is registered as an investment fund manager and a scholarship plan dealer with the *Autorité des marchés financiers* ("AMF") in Quebec, and with the Financial and Consumer Services Commission (FNCB) in New Brunswick.

UMI is a wholly-owned subsidiary of the Universitas Foundation of Canada (the "Foundation"), and is authorized to act as the distributor of the scholarship plans promoted by the Foundation.

The Foundation is a non-profit organization founded in 1964 under Part III of the *Companies Act* (Quebec). It is one of the largest providers of scholarship plans eligible for registration as RESPs in Canada. The Foundation's mission statement is: "We offer a stepping stone to a bright future for those who dare to dream!"

The Foundation acts as the promoter of the scholarship plans issued by each of the following:

- REFLEX Plan
- INDIVIDUAL Plan
- UNIVERSITAS Plan

Each of the Plans is a trust established under a trust agreement, restated and signed December 23, 2010, which holds assets separate from those of the Foundation and UMI. EternaTrust Inc. acts as trustee for the three Plans. The structure of the trust offers transparency and security for the safekeeping, conservation and use of your contributions, government grants, and the income earned on these amounts.

CIBC Mellon Trust Company ("CIBC Mellon") acts as custodian of the assets held in the accounts opened by UMI's clients. CIBC Mellon is a Canadian custodian, as defined under securities regulations, headquartered in Toronto, Ontario, and operates independently from UMI and the Foundation. CIBC Mellon is required to exercise its duties with the degree of care that it would exercise toward its own assets of similar nature for which it acts as custodian.

UMI representatives are registered as scholarship plan representatives under securities legislation and meet the prescribed requirements in terms of education, training and expertise. Accordingly, they are qualified to recommend an investment in one or other of the scholarship plans promoted by the Foundation.

UMI and its representatives only offer the scholarship plans promoted by the Foundation.

UMI and the Foundation share a single management team. The Foundation has an independent board of directors that oversees the direction and management of each plan by UMI.

In its capacity as investment fund manager, UMI is responsible for managing the activity, operations and business pertaining to the plans. UMI, under the Foundation's supervision, is the organization that selects and retains the services of most of the other parties involved in the operational structure of the plans, i.e: the trustee, the custodian, the portfolio managers, the external actuary and the auditors.

SCHOLARSHIP PLANS

A scholarship plan is issued by a trust in the form of a contract named "Scholarship Plan Agreement". This contract is entered into by the Foundation, acting on behalf of the plan, and you, the subscriber. The scholarship plan issued is a security under securities legislation.

This plan allows you to save with the view to encourage the child you name as beneficiary to pursue a post-secondary education, which would entitle said child to receive educational assistance payments ("EAPs") if applicable and under certain conditions. EAPs are paid, on instructions from UMI, by the financial institution acting as custodian.

The plan also enables you to participate in or establish a registered education savings plan (RESP) as defined under tax laws. Pursuant

to the plan to which you subscribe, you make a single payment or undertake to make several regular payments that constitute your contributions.

A contribution to an RESP using borrowed funds carries more risk than a cash contribution. If you borrow money to make your contributions, you have an obligation to repay your loan and to pay the interest required under the terms of the loan. You should only consider borrowing money to make your contributions in the following situations: if you are comfortable with the risk, if you have no misgivings about entering into a loan agreement to make your contributions and if you have a stable income. The scholarship plan can be (i) a group plan; in this case, you are participating in the plan with other subscribers (the REFLEX Plan), or it can be (ii) an individual plan (the INDIVIDUAL Plan), in which case you are the only subscriber. In a group plan, contrary to an individual plan, you (the subscriber) agree in advance to waive the income accumulated on your contributions in favour of the group plan.

In addition, if you participate in a group plan, the contributions you are required to make depend on the number of units or fractional units to which you subscribe under the terms of the plan.

The terms and conditions of the various plans promoted by the Foundation are described in the prospectus, which your representative must give you before you open a plan or, at the latest, within the two days following contract signature. Once the plan has been registered with the Canada Revenue Agency as an RESP, UMI can request government grants on your behalf for the exclusive use of your beneficiary, and draw additional investment income thereon.

Your representative can provide you with the information you need to make informed decisions about the plan best suited to your situation.

THE ADVANTAGES OF INVESTING IN AN RESP

An RESP, whether group or individual, offers you the following advantages:

- The income generated by the contributions to your plan grows tax-free while you are contributing.
- No tax is payable by the Plans on the income and contributions received.
- Payment of applicable taxes on the EAP amounts is deferred and transferred to the beneficiary, who generally has a lower tax rate.
- The *Income Tax Act* (Canada) lets you save up to \$50,000 per beneficiary, excluding the government grants.
- The federal government contributes to your plan through the Canada Education Savings Grant (CESG) which is equal to 20% (or more, depending on the adjusted family net income of the beneficiary's primary caregiver) of your annual contributions for an eligible beneficiary (the CESG annual limit is set at \$600 and the lifetime limit is set at \$7,200).
- The federal government also offers low-income families the Canada Learning Bond (CLB), which can reach \$2,000 per beneficiary under certain conditions.
- Beneficiaries who reside in Quebec are also entitled to the Quebec Education Savings Incentive (QESI), an amount equal to 10% (or more depending on the adjusted family net income of the beneficiary's primary caregiver) of your annual contributions for an eligible beneficiary (the QESI annual limit is set at \$300 and the lifetime limit is set at \$3,600).
- In Quebec, when a beneficiary applies for student financial aid, the amounts received from an RESP are not considered when assessing the need for student loans and grants.

- You can, at your discretion, make additional contributions to your plan, the amount and date of which you determine based on your investment objectives and financial situation.

On a more specific note, under our group plans, you can change your beneficiary under certain conditions. When your plan reaches maturity, you are entitled to the full refund of your contributions and a sum equal to the sales charges paid under your plan.

If you opt for the INDIVIDUAL Plan, you must make an initial contribution of at least \$25. The applicable sales charge will be taken at a 40% rate from contributions, up to the total maximum of \$200. Subsequently, you determine the amount of your contributions, provided these total at least \$25. You also choose the frequency of your contributions—one-time or regular instalments—which can be debited directly from your bank account. Unlike group plans, where clients can follow a set contribution schedule, the INDIVIDUAL Plan's lack of a mandatory contribution schedule might require more discipline on your part if you want to achieve your investment objectives. You can change your beneficiary and end your plan at any time, and you retain the right to withdraw your contributions (excluding the sales charge) and the income earned on those contributions under certain conditions.

A no-charge, no-obligation INDIVIDUAL Plan can be opened for a beneficiary eligible for the Canada Learning Bond (CLB). In this case, the subscriber will not be 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 above-mentioned terms.

Your contributions, the government grants received and the investment income earned on these amounts are invested and managed in accordance with UMI's investment policies.

UMI's investment policies aim to preserve the capital you invest while generating advantageous long-term investment returns on this sum. In order to implement these policies and manage the investment portfolio created as a result, UMI retains the services of reputable portfolio advisors duly registered with securities regulators. UMI only does business with portfolio managers that are signatories of the Principles for Responsible Investment (PRI), an initiative launched in partnership with the United Nations. Furthermore, all portfolio managers engaged in an active value investment strategy incorporate environmental, social and governance (ESG) factors into their asset selection decisions.

TO AVOID ANY LOSS TO YOUR PLAN

Under a group plan, a loss may ensue in the following five situations:

- 1. You leave the plan before the maturity date.** People leave the plan for various reasons. For example, if their financial situation changes and they no longer have the means to make contributions. If your plan is cancelled more than 60 days **after** signing your contract, you will lose part of your contributions to sales charges. You will also lose the earnings on your investment in favour of the plan, as previously mentioned. The grants accumulated in your account will also be returned to the government, unless the plan is transferred to another RESP.
- 2. You miss contributions.** If you want to continue participating in the plan, you will have to make up the missed contributions. You will also have to pay interest at the annual rate of 4% on all late contributions. This can be costly.

If you have difficulty making contributions, you have options. You can defer, reduce or suspend your contributions, cease your contributions and reduce your financial commitment to the amount already accumulated in your account, transfer to another of our plans or to an RESP offered by a different provider, or cancel your plan. Restrictions apply and fees may apply. Some options could result in the loss of some or all of your contributions, the income earned and the government grants received. If you miss a contribution and do not take any action within 60 days, we may cancel your plan.
- 3. You or your beneficiary misses a deadline.** This can limit your options later on. You could also lose the earnings on your investment. Two of the key deadlines for this plan are:

– The maturity date

You have until the maturity date to make changes to your plan, and in some cases, even after this date. You may, for example, change your beneficiary, change the maturity date or transfer to another RESP. There are applicable restrictions and fees may be imposed.

– The EAP application deadline (cut-off date)

If your beneficiary qualifies for EAPs, you can apply for these until December 31st of the 35th year following the year the plan took effect. Under the law, the RESP expires after this date and no EAPs may be issued from the plan afterwards. If you do not claim the EAPs to which your beneficiary is entitled, a monetary loss will ensue. You can apply for EAPs on behalf of an eligible beneficiary at any time after the eligibility date via the Foundation's Client Space. If you do not have Internet access, call us and we will ensure the appropriate form is sent by mail.

- 4. Your beneficiary does not enrol at a qualifying school or in an eligible program.** Programs that qualify under the government's rules for RESPs will qualify for EAPs. For further information, see our prospectus. If your beneficiary is not enrolled in an eligible educational institution and program under the plan, you have the options of naming another child as beneficiary, transferring to another of our plans or to an RESP offered by a different provider, or cancelling your plan. Restrictions apply and fees may be imposed. Some options could result in the loss of earnings, the loss of the right to the refund of a sum matching the sales charges, and the loss of government grants.
- 5. Your beneficiary didn't receive all his or her EAPs before the cut-off date.** If you do not claim all the EAPs for your beneficiary while it is still possible to do so, or if your beneficiary ceases to pursue eligible studies and does not undertake other studies before the plan expires (35 years), your beneficiary could lose the right to claim other EAPs he or she may be entitled under the plan, which have not yet been withdrawn.

In the case of an INDIVIDUAL Plan, you need to know that you could suffer a loss if your beneficiary does not enrol in an eligible program of study under the plan. EAPs are only paid to beneficiaries who qualify for these. If the beneficiary does not enrol in a program that qualifies under the *Income Tax Act* (Canada), he or she will not receive EAPs and could lose the government grants and their earnings. You could, however, be able to receive accumulated income payments under certain conditions described in the prospectus.

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

YOUR PLAN'S RISK FACTORS

As with any investment, saving in a scholarship plan involves certain risks. It is advisable to consider the following risk factors before making the decision to save in one of the plans promoted by the Foundation.

No guarantee of achieving the investment objectives

There is no guarantee that UMI will be able to achieve its investment objectives. The EAPs available for distribution to beneficiaries may vary depending on, essentially, the interest and dividends earned by portfolio securities and the gain or loss in market value of those securities. Even if the portfolio managers use conservative investment strategies, the portfolio's performance may be less than what you expect when you subscribe.

EAP Unit Values

UMI cannot predict the amount of the EAPs that may be payable by the Plan. UMI has no discretionary power in determining the EAP amounts; these depend, essentially, on investment performance and the amount of your contributions. Past performance is not a guarantee of future returns.

Failure to meet the qualification criteria

It is important that you know the options available to you at plan maturity in the event that your beneficiary does not pursue eligible post-secondary studies.

Cut-off dates or deadlines

You should be aware of the plan's various set deadlines to make changes to your plan and the time frame your beneficiary has to request his or her EAPs. Restrictions and fees may apply if these cut-off dates are not respected.

Cancellation of the plan prior to the maturity date

Under securities legislation, the cancellation of your plan before the maturity date will generally have negative financial impacts on your participation in the plan, except if you cancel within 60 days following the contract signature date.

Failure to make contributions

Upon formal request, UMI may allow you to suspend your contributions for a maximum period of 24 months. During that period, the government grants received do not have to be returned. The suspended contributions may be brought current by paying the arrears and an interest charge at an annual rate of 4% before the end of the 24-month period. You can also agree on other solutions with UMI in the best interest of your beneficiary, and if your situation justifies it.

Obligation to provide a Social Insurance Number ("SIN")

You must provide the Foundation with your SIN and your beneficiary's SIN for your plan to be registered as an RESP and to receive the government grants for your beneficiary. If you don't provide your SIN and your beneficiary's SIN within 24 months following the signature date, your plan will be cancelled and your contributions will be refunded, less the sales charges already paid.

BENCHMARKS

Under the terms of the REFLEX, INDIVIDUAL and UNIVERSITAS Plans, the contributions received from subscribers and the government grants are grouped into investment portfolios and managed by reputable portfolio advisors.

Investment policies set fundamental investment objectives focused on capital preservation and an attractive return over a long-term horizon. A benchmark index monitors the performance of an asset category over a long-term period. Portfolio managers that use value or factor investment strategies are evaluated on their capacity to outperform market benchmarks, whereas portfolio managers with a passive strategy are evaluated on their capacity to meet market benchmarks.

UMI's management team releases a management report of fund performance every year (as at December 31st) for each plan, in which the performance of each plan is compared to the market benchmarks.

OPERATING COSTS OF YOUR PLAN

When you invest in one of the plans, you pay sales charges to UMI. For the group plans, the sales charges correspond to \$200 per whole unit and therefore depend on the number of units to which you subscribe. For the INDIVIDUAL Plan, the total sales charge cannot exceed \$200.

For the group plans, the first contributions you make are used solely to pay up to 50% of the sales charges. The balance is taken at a 50% rate from subsequent contributions. For the INDIVIDUAL Plan, a 40% ratio of each contribution will be used to pay off sales charges, up to a maximum of \$200. A portion of the sales charges is paid to your representative as a sales commission.

If you subscribe to the life and disability insurance policy (offered with our group plan) to cover the balance of your contributions in the event of your death or disability, the premiums are indicated in your insurance contract and payable to the Foundation. The premiums are added to your contributions and paid at the same time as these under the terms of your scholarship plan.

You will have to pay an administrative fee, which is collected by UMI (as the investment fund manager) from the income on the contributions made to the plan so as to cover the costs associated with the administration and management of the plan. The administrative fee may not exceed 1.18% (excluding applicable taxes) of the assets under management. Any proportion of this fee that is not required to maintain and develop UMI is deducted from 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.

In addition to the administrative fee, there are management fees that include the fees for the trustee, the custodian and the portfolio managers. These fees are invoiced to the different plans, prorated based on the value of the assets under management in each plan.

UMI is compensated on the basis of the number or the value of the education savings plans opened. The sales charges paid by the subscriber pursuant to the plan subscribed are paid to UMI in order to pay the commissions of the representatives and other distribution costs. The representatives are compensated through commissions calculated according to the number of units sold and, in some cases, the savings under management. They may also receive, as applicable, additional compensation based on the number of net units sold in the 12 previous months and receive a bonus for INDIVIDUAL Plans opened on behalf of a beneficiary from a family eligible for the Canada Learning Bond (CLB). As applicable, the representatives' compensation is paid by UMI primarily from the sales charges received from the Foundation, and partly from the administration fee.

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

Following subscription to your plan, certain fees may be charged if you make any changes to this plan. You must be aware of these fees; these are explained in the prospectus corresponding to the plan you open.

YOUR ANNUAL ACCOUNT STATEMENT

Each year, around the end of the first quarter, UMI will send you an account statement for the previous year ended December 31st by mail or through your Client Space.

In addition, the Management Report of Fund Performance, the Audited Financial Statements for the year ended December 31st, and the Unaudited Interim Condensed Financial Statements as at June 30th are sent to every subscriber upon written request. These financial statements and other documents are also available on our website at universitas.ca and on SEDAR, the electronic filing system developed by the Canadian Securities Administrators at sedar.com

CLIENT REFERRAL ARRANGEMENTS

A client referral arrangement is an agreement under which an individual, registered under securities regulations, accepts to pay or receive a referral fee (any form of remuneration), whether direct or indirect, for referring a client to an individual, whether the latter is registered or not.

Any client who is referred to a representative or to UMI becomes the latter's client in terms of the delivery of the services under the client referral arrangement. Accordingly, the representative must meet all the obligations toward this client required under his registration, including the KYC (Know Your Client) and investment suitability obligations.

All our referral arrangements are subject to a written contract between UMI and the party involved, under which all the essential terms within the meaning of the law are set forth, such as the roles and responsibilities of each party, the applicable restrictions, the information that must be provided to clients, and the person responsible for providing such information.

UMI requires that all its representatives notify and submit a written summary of the client referral arrangements in force to which they are party prior to opening an account or concluding a transaction. The summary includes the name of each party involved, the terms of the agreement, any potential conflicts of interest that could stem from the relationship between the parties to the contract, and any other element legally required to be disclosed.

LIFE AND DISABILITY INSURANCE

UMI has signed an agreement with Humania Assurance inc. for the group life and disability insurance offered to its subscribers. Under this agreement, regulations authorize UMI and its representatives to act as a distributor of this insurance policy. For its administration

services, UMI receives remuneration which could exceed 30% of the cost of the insurance premium.

CONFLICTS OF INTEREST

The Foundation and UMI take reasonable measures to identify all significant conflicts of interest that exist or that they reasonably foresee arising between themselves and their directors and officers, or between the representatives acting on behalf of UMI and the subscribers. UMI is required to promptly disclose the nature and scope of any identified conflict of interest or potential conflict of interest a reasonable subscriber would expect to be informed about. The following are the potential conflicts of interest that have been identified. These are of course subject to mitigating measures put forward by UMI:

- UMI is a wholly-owned subsidiary of the Foundation, which acts as plan promoter and whose mission is to supervise the administration and management of the plans. It is therefore possible that situations may arise in which conflicts of interest exist in the relations with the Foundation.
- UMI is a company related to Parentheses Financial Services, a financial services firm that offers insurance through its duly registered representatives, who are also UMI representatives. As such, client referral arrangements may be entered into between these two entities.
- The fees and expenses attributable to the REFLEX Plan and the INDIVIDUAL Plan are not the same, and your choice of plan will affect the compensation UMI pays its representatives.
- As previously mentioned, representatives are compensated through commissions calculated according to the number of units sold and, in some cases, the savings under management. Their compensation may be enhanced according to the aforementioned conditions. Other sales incentives may be included in their compensation.
- UMI representatives may engage in other professional activities that are independent from their work with UMI; they are however required to disclose this information and to obtain proper approval from UMI.
- Representatives can enter into referral arrangements with third parties. As noted above, any referral arrangement must be disclosed to the client before opening an account.

As required by law, UMI has established an Independent Review Committee (IRC) comprised of three members with no significant relationship to the Foundation, UMI or any of their affiliated entities. The IRC is an independent body that is integrated within the governance structure of the plans, the action of which is intended to improve the quality of management through the supervision of conflict of interests that may arise in the administration, asset management or operations of the plans.

COMPLAINTS AND DISPUTE RESOLUTION

Subscribers who are not satisfied with a product or financial service have the right to file a complaint and request resolution of the problem. UMI must ensure that all subscriber complaints are handled equitably and promptly.

To file a complaint, subscribers should follow the steps presented hereunder:

Step 1 – Contact your representative

If you wish to make a complaint or voice a concern, we invite you to contact your representative or the latter's branch manager. You can also contact our Customer Service to submit your complaint or concern so that we may analyse the situation satisfactorily within a reasonable period.

Step 2 – Contact our Complaints Officer

If you believe that your concern or complaint has not been settled satisfactorily by your representative, his or her branch manager and/or our Customer Service, please contact UMI's Complaints Officer by mail, fax or email:

Complaints Officer

Universitas Management Inc.
1035 Wilfrid-Pelletier Avenue, suite 500 Quebec QC G1W 0C5
Toll Free: 1 877 710-RESP (7377)
Fax: 418 651-8030
Email: info@universitas.ca

We will work with you and take all necessary measures to resolve your complaints or concerns. You can rest assured that your request will be treated in complete confidentiality.

Step 3 – Independent mediation service

You must attempt to reach an acceptable resolution to disputes in accordance with the aforesaid process. If you have contacted us as previously described and believe it is impossible to reach an acceptable resolution, you can then request your file be transferred to the *Autorité des marchés financiers* (AMF).

Subscribers who reside in Quebec may contact the AMF directly for file review, and if deemed appropriate, the AMF may offer mediation.

Fax: 1 877 285-4378
Phone: Toll Free: 1 877 525-0337
Quebec: 418 525-0337
Montreal: 514 395-0337

Website: www.lautorite.qc.ca

Outside Quebec, subscribers must contact the Ombudsman for Banking Services and Investments (OBSI). The service is confidential and provided free of charge. You can contact the OBSI as follows:

Email: ombudsman@obsi.ca
Phone: Toll Free: 1 888 451-4519
Toronto: 416 287-2877

Website: www.obsi.ca

Step 4 – Services of an attorney

You may consider using the services of an attorney to assist you in filing your complaint. An attorney can explain the options and recourses you have as a subscriber. However, you must take into consideration the prescribed time frame specific to each province regarding the undertaking of legal action. Once the prescribed period has elapsed, you may lose the right to exercise certain actions.

YOUR RESPONSIBILITIES AS A SUBSCRIBER

Before recommending an investment in one of our plans, our representatives must take reasonable measures to ensure that this investment is appropriate for you. They are required to assess the suitability of the investment you wish to make.

The UMI compliance team will also review the assessment made, since it is our responsibility to ensure that the amount you wish to invest and the plan you choose are right for you.

In order to make this assessment of suitability, UMI and its representatives must gather some information about your investment needs and objectives, your financial situation, your level of risk tolerance, as well as personal and employment information. This personal information that we are required to obtain from you is mandated by law for the purpose of knowing you better in order to adequately comply with the basic KYC (Know Your Client) and suitability obligations.

However, you have the responsibility to communicate with your representative or our Customer Service to inform us of any significant change in your personal information, financial situation, investment goals or risk tolerance.

When you open a plan, you make a commitment to the Foundation to comply with the terms of your contract and the prospectus. We ask that you carefully read the conditions, risks and obligations pertaining to your plan, which can be found in the prospectus, and that you ask your representative for any information needed to clarify your understanding of these elements.



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FINANCIAL

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