Growth

UNIVERSITAS, REFLEX AND INDIVIDUAL PLANS HAVE CEASED TO BE DISTRIBUTED ON APRIL 30TH, 2022

RELATIONSHIP DISCLOSURE INFORMATION - UNIVERSITAS, REFLEX AND INDIVIDUAL PLANS

The purpose of the *Relationship Disclosure* is to provide you with all the information that a reasonable investor would consider important regarding your relationship with Kaleido Growth Inc. We encourage you to review the information presented herein.

ROLE OF KALEIDO GROWTH INC. AND THE KALEIDO FOUNDATION

Kaleido Growth Inc. ("KGI") 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. KGI acts as the distributor of the scholarship plans promoted by the Kaleido Foundation (the "Foundation").

KGI is a wholly owned subsidiary of 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 "Help each child achieve their full potential by accompanying them on their journey towards imagining a brighter future."

The Foundation acts as the promoter of the following scholarship plans mentioned herein (collectively the "Plans" or separately a "Plan"):

- UNIVERSITAS Plan
- REFLEX Plan
- INDIVIDUAL Plan

Each of the Plans is a trust established under a trust agreement and holds assets separate from those of the Foundation and KGI. Eterna Trust Inc. acts as trustee for the 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 KGI's clients. CIBC Mellon is a Canadian custodian, as defined under securities regulations, headquartered in Toronto, Ontario, and operates independently from KGI and the Foundation. CIBC Mellon has a duty to maintain custody of the assets in the accounts of KGI's clients with the same degree of care that it exercises toward its own assets of similar nature for which it acts as custodian.

KGI representatives are registered as scholarship plan representatives under securities legislation. They meet the prescribed requirements in terms of education, training, and expertise. KGI and its representatives offer only the scholarship plans promoted by the Foundation. As a scholarship plan dealer, KGI has an obligation to ensure that any action it takes or recommends for a client in connection with an investment is appropriate for the client and puts the client's interests first.

KGI and the Foundation's governance is essentially composed of the same members. The Foundation has an independent board of directors that oversees the direction and management of each Plan by KGI.

In its capacity as investment fund manager, KGI is responsible for managing the activity, operations, and business pertaining to the Plans. KGI, 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.

A scholarship plan allows you to save with a view to encouraging the child you name as beneficiary to pursue a postsecondary education, which would entitle said child to receive educational assistance payments ("EAPs") if applicable and under certain conditions. EAPs are paid, upon instructions from KGI, by the financial institution acting as custodian.

Opening an account in a scholarship plan also enables you to participate in or establish a registered education savings plan (RESP) as defined under tax laws. Pursuant to the contract to which you subscribe, you make a single payment or undertake to make several regular payments that constitute your contributions.

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 favor 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 your contract.

The terms and conditions of the various scholarship plans promoted by the Foundation are described in the prospectus given to you when you subscribe to a Plan or, at the latest, within two days. Once your contract has been registered with the Canada Revenue Agency as an RESP, KGI can request government grants on your behalf for the exclusive use of your beneficiary, and draw additional investment income thereon.

Your contributions and government grants, as well as the investment income earned and paid on such contributions and grants, are invested and managed in accordance with the investment policies adopted by KGI. KGI's investment policies for each Plan are detailed in the prospectus. To implement these policies and manage the investment portfolio established accordingly, KGI retains the services of reputable portfolio managers registered with the securities regulatory authorities.

Our representatives can provide you with the information you need to make informed decisions about the right scholarship plan for you.

THE ADVANTAGES OF INVESTING IN A RESP

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

- The income generated by the contributions 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 RESP 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, EAP amounts paid are not included in calculating the beneficiary's income to determine eligibility for student financial assistance (loans and grants).
- You can change your beneficiary under the REFLEX Plan and UNIVERSITAS Plan (the "collective plans") subject to certain conditions.
- When the collective plans reach 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 have opted for the INDIVIDUAL Plan, you change your beneficiary and end your contract at any time, and you retain the right to withdraw your contributions (excluding the sales charges) and the income earned on those contributions under certain conditions.

THE RISKS OF INVESTING IN A RESP

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

When you invest in a Plan, you could experience a loss in the following 9 situations:

1. **No guarantee of achievement of investment objectives.** There is no guarantee that KGI will be able to achieve its investment objectives. As a result, the portfolio's rate of return may be lower than you expected at the time of enrollment, and this may affect the EAPs available to your beneficiary.

2. **You leave the Plan before the maturity date.** Under securities legislation, the cancellation of your contract before the maturity date will generally have negative financial impacts on your participation in the contract, except if you cancel within 60 days following the contract signature date. In the event of cancellation, you will lose any sales charges already paid. You will also lose the earnings on your investment in favor of the Plan, as previously mentioned. The grants accumulated in your account will de returned to the governments, unless the contract is transferred to another RESP.

3. **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 contract, transfer to another RESP or an RESP offered by a different provider, or cancel your contract. 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 contract.

4. **You don't provide your SIN and your beneficiary SIN's in the required timeframe.** If we have to cancel your contract because you did not provide your SIN or the beneficiary's SIN within 24 months following the contract signature date as required, we will refund the contributions to you, subject to investment risk and less any applicable fees.

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

   - **The deadline for grant-eligible contributions**
   Federal and Quebec government grants may be paid on behalf of the beneficiary until the end of the calendar year in which the beneficiary turns 17. Contributions made to your RESP in a year in which the beneficiary turns 16 or 17 are eligible for these grants only under certain conditions.

   - **The EAP application deadline (cut-off date)**
   If your beneficiary qualifies for EAPs, you can apply for these until December 31 of the 35th year following the year the contract 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. Once your beneficiary is deemed eligible, you can apply for EAPs at any time after the eligibility date via the Client Space or by contacting us so that we can send you the appropriate form.

6. **You or your beneficiary does not reside in Quebec or Canada for a certain period of time.** Eligibility for grants for a given period is linked to the beneficiary's place of residence. Entitlement to an accumulated income payment is linked to the subscriber's place of residence. If grants were obtained for a period during which the beneficiary resided in a province other than Quebec, the provincial grant would have to be repaid to the Government of Quebec. If the beneficiary resided outside of Canada, the provincial and federal grants would have to be repaid.

7. **The beneficiary is not enrolled in a qualifying educational program.** While the invested capital belongs to the subscriber, EAPs can only be paid to a beneficiary who is enrolled in a qualifying educational program. Eligible training programs or identified training programs are those that meet government requirements related to EAP entitlements. For more information, see the prospectus. If your beneficiary is not eligible to receive EAPs, you may transfer amounts to another beneficiary under certain circumstances or receive accumulated income payments under certain conditions described in the prospectus. 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.

8. **Your beneficiary didn't receive all their 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 RESP expires (December 31st of the 35th year following the year the contract took effect), your beneficiary could lose the right to claim other EAPs they may be entitled to under the Plan that have not yet been withdrawn.

9. **Different fees may be imposed in certain situations.** In addition to sales charges and fees paid by the Plan, fees are charged for archive search requests and, for group plans subscribers, for investing in an INDIVIDUAL plan for beneficiaries 16 or 17 years old. Please see the prospectus for details on these fees.

If you are faced with any of these situations that could result in a financial loss, contact us or speak with your sales representative to better understand your options to reduce your risks.

CAUTION ON THE USE OF FINANCIAL LEVERAGING

Contributing to an RESP with borrowed funds is riskier than contributing with cash. If you borrow funds to make a contribution, you must repay the loan and pay the interest required by the terms of the loan. You should consider borrowing to make a contribution only if you are comfortable with risk, have no concerns about borrowing to make a contribution, and have a stable income.

SUSTAINABLE INVESTING

KGI believes that organizations that factor environmental, social, and governance (ESG) criteria and ESG-related risks into their management decisions are generally better positioned to generate long-term value and are more resilient in times of crisis. As a long-term investor, KGI believes that a sustainable investment approach is consistent with its objectives and investment horizon. Sustainable investing is a key pillar of KGI's asset management strategy to ensure that risks are well managed and that the focus remains on performance.

In December 2020, the board of directors of Kaleido Growth Inc. adopted a sustainable investment policy to formalize KGI's commitment to include sustainable investment considerations in investment practices applied to all assets under management and in the portfolio manager selection process. The intended effect of implementing this policy is a better assessment of the ESG risks and opportunities of the securities to be selected and, ultimately, better investment decisions for clients.

KGI deals only with portfolio managers who are signatories to the Principles for Responsible Investment (PRI), an initiative launched in partnership with the United Nations. ESG factors are considered in all investment strategies used by portfolio managers.

BENCHMARKS

Contributions received from subscribers and government grants are invested and managed by reputable portfolio advisors.

Fundamental investment objectives drive the investment strategies and policies of the Plans. The fundamental investment objectives specific to the Plans are detailed in the prospectus.

A benchmark index tracks the performance of an asset class or investment universe over a given period. KGI determines the appropriate benchmarks for each Plan based on its fundamental objectives and for each asset class included in the portfolio managers' management mandates. Portfolio managers who follow active management strategies are assessed on their ability to outperform long-term benchmarks, while portfolio managers with an index strategy are assessed on their ability to replicate the performance of their benchmark.

In the first quarter of each year, KGI's management team releases a Management Report of Fund Performance for each Plan, in which the performance of each Plan is compared to the market benchmarks.

ASSOCIATED OPERATING COSTS

When you invest in one of the Plans, you pay sales charges to KGI. 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.

If you subscribed to the group life and disability insurance policy 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 KGI (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 Plans. The administrative fee is 1.305% (excluding applicable taxes) of the assets under management.

In addition to the administrative fee, there are management fees that include the fees for the trustee, the custodian, and the portfolio managers. Compensation for the members of the Independent Review Committee is billed directly to the different Plans in proportion to the value of assets under management.

KGI publishes the returns of the Plans for the past fiscal year annually in the Management Report of Fund Performance. This report presents a brief economic outlook for the coming year and the investment objectives and strategies of the Plan. It also provides a comprehensive analysis of the latest returns. Gross returns and returns net of administrative and management fees are shown. These fees are deducted from your investment returns. Management and administrative fees have the cumulative effect over time of reducing the cumulative net return on your investments. Sales charges have the cumulative effect over time of reducing your gross investment return because they are deducted from the contributions you save.

KGI 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 KGI in order to pay the commissions of the representatives and other distribution costs.

Following subscription to your Plan, certain fees may be charged if you make any changes to it. Please refer to the fees set out in the prospectus for the Plan you have subscribed to.

CONTACT PERSON IN SPECIAL SITUATIONS

KGI or the Foundation may contact the person listed as the "Non-resident contact" on the account application if we lose contact with you or suspect that you are being financially abused or are not capable of/are not making financial decisions. We urge you to designate someone you trust who is of legal age. This contact person has no authority to use your account. You authorize KGI and the Foundation to communicate with this contact person under the circumstances described above. You may withdraw this consent at any time by notifying us in writing.

TEMPORARY ACCOUNT HOLD

To protect vulnerable clients, KGI may temporarily block access to an account in the following two situations:

- When it reasonably believes that financial abuse has occurred or is occurring or that a financial abuse attempt has occurred or will occur and the subscriber concerned is a vulnerable client; or
- When it reasonably considers that the subscriber is not mentally competent to make decisions regarding financial matters

When imposing a temporary hold on an account, KGI must notify the client as soon as possible and review its decision every 30 days if it maintains the hold.

YOUR ANNUAL ACCOUNT STATEMENT

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

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

GROUP LIFE AND DISABILITY INSURANCE

KGI has entered into an agreement with Humania Assurance Inc. to provide group life and disability insurance to subscribers. Under this agreement, KGI and its representatives are authorized by regulation to act as a distributor of this insurance. For its insurance administration services, KGI receives a fee that may exceed 30% of the cost of the premium.

CLIENT REFERRAL ARRANGEMENTS

A client referral arrangement is an agreement whereby an individual, registered under securities regulations, agrees to pay or receive a referral fee, i.e., any direct or indirect benefit or compensation paid for referring a client to an individual, whether the latter is registered or not.

KGI has policies and procedures in place to govern referral arrangements in accordance with regulatory requirements. When entering into any referral arrangement, the best interests of clients must be paramount.

Any client who is referred to a representative or KGI becomes their 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 their registration, including the KYC (Know Your Client) and investment suitability obligations.

All our referral arrangements are subject to a written contract between KGI 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.

KGI 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.

CONFLICTS OF INTEREST DISCLOSURE

Please refer to the document "Conflict of interest disclosure UNIVERSITAS, REFLEX and INDIVIDUAL" for all the pertinent information about how we deal with conflicts of interest. This document is delivered to you when you open your account, and you will be notified of any significant change. You can also obtain this document on our website in the About us – *Financial documents section*.

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. KGI must ensure that all subscriber complaints are handled equitably and promptly.

Steps to file a complaint

Step 1 – Contact your representative
If you wish to make a complaint or voice a concern, we invite you to contact your representative or their regional manager. You can also contact our Customer Service to submit your complaint or concern so that we can analyze 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, their regional manager and/or our Customer Service, please contact KGI's Complaints Officer by mail, fax, or email:

Complaints Officer

Kaleido Growth Inc.
1035 avenue Wilfrid-Pelletier, Suite 500
Quebec City, Quebec G1W 0C5

Toll-free:	1-877-710-RESP (7377)
Fax:	418-651-8030
Email:	info@kaleido.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 dispute resolution or mediation service
You must attempt to reach an acceptable resolution to disputes in accordance with the aforesaid process. If you contacted us as previously described and believe that it will not be possible to reach an acceptable resolution, you can request that your file be transferred to the Autorité des marchés financiers (AMF).

Subscribers residing in Quebec can contact AMF directly so that it can review the file and, if appropriate, AMF can offer mediation.

Fax:		1-877-285-4378
Telephone:	toll-free:	1-877-525-0337
	Quebec City:	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"). OBSI's services are confidential and free of charge. You can contact OBSI as follows:

Email:		ombudsman@obsi.ca
Telephone:	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 remedies available to you as a subscriber. However, you must take into consideration the prescribed timeframe specific to each province for taking legal action. Once the prescribed period has elapsed, you may lose your right to exercise certain actions.

YOUR RESPONSIBILITIES AS A SUBSCRIBER

Before recommending an investment in one of our plans, our representative must take reasonable measures to ensure that this investment is appropriate for you and that your best interests are served. They are required to assess the suitability of the investment you wish to make in a Plan.

To that end, KGI and its representative must gather information about your investment needs, knowledge, and objectives, your financial situation and your level of risk tolerance, as well as personal and employment information. The personal information we collect from you is required by securities regulations and is intended to help us get to know you better and properly comply with basic KYC (Know Your Client) and suitability determination obligations.

However, you have a responsibility to let your representative or our Customer Service know of any significant change in your personal information, financial situation, investor profile, investment goals, or risk tolerance.

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