

Annual Report of the Independent Review Committee of the Knowledge First Foundation and Heritage Educational Foundation Group of Scholarship Plans

March 5th, 2021

IRC Annual Report to Plan holders in the Knowledge First Foundation and Heritage Educational Foundation Group of Scholarship Plans (the “Plans”) as listed at the end of this Report.

Dear Plan holder,

In accordance with **National Instrument 81-107 *Independent Review Committee for Investment Funds*** (“NI 81-107” or the “Instrument”), Knowledge First Financial Inc. (the “Manager”) established an Independent Review Committee (the “Committee” or “IRC”) for the Plans. The IRC has functioned in accordance with the applicable securities laws and is composed of three individuals, each of whom is independent of the Plans, the Manager and each entity related to the Manager (as defined in the Instrument).

The IRC is pleased to publish its annual report to Plan holders, covering the period from January 1, 2020 to December 31, 2020 (the “Reporting Period”).

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest matters to which the Manager may be subject when managing the Plans. A conflict of interest matter is defined as a situation where a reasonable person would consider a Manager to have an interest that may conflict with the Manager’s ability to act in good faith and in the best interest of the Plans. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Plans, develop written policies and procedures guiding its management of those conflicts and request input from the IRC on those written policies and procedures.

When a conflict matter arises, the Manager must refer its proposed course of action in respect of such conflict to the IRC for its review. While certain matters require the IRC’s prior approval, in most cases the IRC will provide a recommendation to the Manager as to whether, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Plans. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions (“SI”) that enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SI.

The IRC is empowered to represent the best interest of the Plans in any matter where the Manager has referred a conflict of interest matter to it. Where a conflict is referred to the IRC, its responsibility is to determine whether the Manager’s proposed course of action provides a fair and reasonable result for the Plans.

Composition of the IRC

The current members of the IRC, and their principal occupations, are as follows:

Name and municipality of residence	Principal Occupation	Term of Office
Chair, Don Hathaway, Stratford, Ontario	Corporate Director and risk management advisor	Initial Appointment: June 1, 2017 for a period of three years. Renewed for a period of three years with effect from June 1, 2020.
Ann Harris, Toronto, Ontario	Securities Compliance Professional, former regulator with IIROC & ex-Chief Compliance Officer	Initial Appointment: May 1, 2013. Renewed for a period of two years with effect from May 1, 2019.
William McNeill, Toronto, Ontario	Legal and Compliance Professional. Previously employed in Legal and Compliance roles	Initial Appointment: May 1, 2013 Renewed for a period of three years with effect from May 1, 2019.

Don Hathaway was re-appointed on September 4, 2020 for a period of three years with effect from June 1, 2020.

Compensation and Indemnification

Review of Compensation

At least annually, the IRC reviews its compensation considering the following:

- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy expected from each member;
- the number of meetings required by the IRC including special meetings to consider conflict issues brought to the Committee;
- industry best practices, including industry averages and surveys on IRC compensation; and,
- the complexity of the conflict issues brought to the IRC.

After a review of the above factors, the IRC determined that its compensation was satisfactory, and no changes were recommended.

Members' Fees

In aggregate, the KFF IRC members and Independent Review Inc., the Secretariat, were paid a total of \$91,413 during the Reporting Period, plus applicable taxes.

Indemnities Granted

The Plans and the Manager have provided each IRC Member with a contractual indemnity in keeping with NI 81-107. No indemnities were paid to the IRC Members by the Plans or the Manager during the Reporting Period.

Disclosure of IRC Member Holdings

As of December 31, 2020, the:

- IRC Members did not beneficially own, directly or indirectly any interests in the Manager;
- IRC Members' interests in a company or person that provides services to the Manager or any Plan, if any, were insignificant; and,
- IRC Members were not subscribers of any of the Plans.

Recommendations and Approvals

On May 7, 2020, the Manager proposed an administration fee increase of 0.13% or 13 basis points for the Heritage Plans, increasing the fee from 0.5% to 0.63%. After reasonable enquiry and based on the information provided to the IRC by the Manager (both verbally and in writing) prior to and during the meeting the IRC determined that after reviewing the Manager's proposal and after making reasonable enquiry as set out above, in the opinion of the IRC, the Manager's proposed course of action to increase the administration fee in the Heritage Plans by 13 bps, provided a fair and reasonable result for the Heritage Plans.

On September 4, 2020 in respect of the wind-up of the Knowledge First Foundation Family Group Education Savings Plan (the "Family Group Plan") the Manager identified various terminated agreements on its plan administration system that continue to hold small balances, both positive and negative, of net Principal, Grants and Grant Income. These agreements have been terminated for a long time. Although there are no current legal obligations to return monies to the individuals who held interests in the Family Group Plan pursuant to any of the terminated agreements, the Manager proposed that, in connection with the final wind-up of these terminated agreements, they should try to distribute any remaining monies to the former Family Group Plan subscribers. After reasonable enquiry and based on the information provided to the IRC by the Manager (both verbally and in writing) prior to and during the meeting, the IRC determined that the Manager's proposed course of action to distribute, write off or distribute the stranded funds in the Family Group Plan provided a fair and reasonable result for the Family Group Plan.

On September 23, 2020 in respect of the wind-up of the Heritage Plans Education Savings Plan (the "Heritage Plan") the Manager identified various terminated agreements on its plan administration system that continue to hold small balances, both positive and negative, of net Principal, Grants and Grant Income. These agreements have been terminated for a long time. Although there are no current legal obligations to return monies to the individuals who held interests in the Family Group Plan pursuant to any of the terminated agreements, the Manager proposed that, in connection with the final wind-up of these terminated agreements, they should try to distribute any remaining monies to the former Heritage Plan subscribers. After reasonable enquiry and based on the information provided to the IRC by the Manager (both verbally and in writing) prior to and during the meeting, the IRC determined that the Manager's proposed course of action to distribute, write off or distribute the stranded funds in the Heritage Plan provided a fair and reasonable result for the Heritage Plan.

Standing Instruction Approved

The IRC has two Standing Instructions (“SIs”) which constitute a written approval or recommendation from the IRC that permits the Manager to proceed with the specific action(s) set out in the SIs on an ongoing basis, without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SIs. The SIs requires the Manager to comply with the SIs’ related policies and procedures and to report periodically to the IRC. The SIs applies only to the KFF Plans. The Heritage Plans are not subject to the SIs.

The Manager relied on the SIs during the Reporting Period. The Manager has confirmed to the IRC that for the Reporting Period it had complied with the requirements of the SIs.

Standing Instruction No. 1: Omnibus

This SI deals with several conflicts of interest matters including:

1. Expenses charged to the Plans
2. Expense allocations among the Plans
3. Trade allocations
4. Employee Personal Trading and Accepting Gifts
5. Soft Dollar Arrangements and best execution
6. Voting Proxies
7. Net Asset Value and other Error Corrections
8. Short term trading and late trading
9. Monitoring and changing Portfolio advisors
10. Investing in securities of an issuer related to a Portfolio Advisor
11. Investing in Securities of an Issuer when a person at a Portfolio Advisor is an officer or director of that Issuer
12. Complaint handling
13. Related party services and outsourced services
14. Allocation of income, Surpluses and Scholarships
15. Marketing the Plans using distributor incentives.

Standing Instruction No. 2: Inter-fund Trades

The Manager relied on the SI during the Reporting Period. The Manager has confirmed to the IRC that for the Reporting Period it had complied with the requirements of the SI.

The Foundation Plans Served by the IRC During the Reporting Period

- Family Single Student Education Savings Plan
- Flex First Plan
- Heritage Plans

This report is available on the Manager's website at <http://www.knowledgefirstfinancial.ca> or you may request a copy, at no cost to you, by contacting the Plans at (905) 270-8777 or 1 800 363 7377 or by emailing the Plans at contact@kff.ca. This document and other information about the Plans are available on www.sedar.com under the "Public Company" tab of the "Issuer Profiles" section, and then by selecting the name of each individual Plan.

Yours truly,

"Don Hathaway"

Don Hathaway, Chair

Don Hathaway serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Harvest Portfolios Group Inc.
(Retired December 31, 2020)

Ann Harris serves as a member of the Independent Review Committees for the following funds:

Investment Funds that are reporting issuers managed by Caldwell Investment Management Limited