

THIS PROSPECTUS IS PREPARED IN ACCORDANCE WITH THE VIRGIN ISLANDS SECURITIES AND INVESTMENT BUSINESS ACT, 2010,
MUTUAL FUNDS (FOREIGN FUNDS) REGULATIONS, 2019 AND PUBLIC FUNDS CODE, 2010



PROSPECTUS

AUGUST 4, 2022



— Continuous offering units of —

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN (PLAN E)

— Sponsored by —

HERITAGE INTERNATIONAL SCHOLARSHIP
TRUST FOUNDATION – INCORPORATED IN CANADA

— Distributed locally by —

**MUTUAL INSURANCE (BVI)
AGENCY LIMITED**



This Prospectus constitutes a continuous public offering of these securities and contains information to help you make an informed investment decision and to help you understand your rights. It contains information about the securities being offered, as well as the names of persons responsible for its organization and management. You are encouraged to read this Prospectus in its entirety prior to making any investment decision.

The Heritage International Scholarship Trust Plan (the “**Heritage Plan**” or the “**Plan**”) has been certified by the Bermuda Monetary Authority as a Standard Fund under the Investment Funds Act 2006 of Bermuda. Authorization by the Bermuda Monetary Authority (the “**Authority**”) does not constitute a guarantee by the Authority as to the creditworthiness of the Plan and the Authority shall not be liable for the performance of the Plan or default in its operatives or service providers nor for the correctness of any opinions or statements expressed in the Prospectus.

The Plan has also been certified by the British Virgin Islands Financial Services Commission (the “**Commission**”) as a Foreign Fund within the definition in section 40 of Part 3 of the *Securities and Investment Business Act, 2010* (the “**Act**”). The requirements considered necessary for the protection of Subscribers that apply to a fund recognized under the Act do not apply to the Plan. A Subscriber in the Plan is solely responsible for determining whether the Plan is suitable for his investment needs. An investment in the Plan by Subscribers for Units may be made on a private basis only. Investment in the Plan may present a greater risk to a Subscriber than an investment in a fund registered under the Act as a public fund. Recognition of the Plan by the Commission does not entail the supervision of the Plan by the Commission or by any regulator outside of the BVI.

The Plan complies with the requirements of the Act, the *Mutual Funds (Foreign Funds) Regulations, 2019* (the “**2019 Regulations**”) and the *Public Funds Code, 2010* (the “**PFC**”). These collective requirements were effective July 1, 2020.

Authorization by the Commission does not constitute a guarantee by the Commission as to the creditworthiness of the Plan and the Commission shall not be liable for the performance of the Plan or default in its operatives or service providers nor for the correctness of any opinions or statements expressed in the Prospectus.

This document together with all documents incorporated by reference herein if any, constitutes full, true and plain disclosure of all material facts relating to the foreign issuer and the securities to be distributed by this Prospectus.

This Prospectus does not constitute an offer to sell Units in the Plan to anyone resident in the United States of America or by anyone in the United States of America or any other jurisdiction prohibited by law.

The *Financial Services Commission Act, 2001* provides that the Commission may require the Plan to provide specified information or information of a specified description or to produce specified documents or documents of a specified description if such disclosure is reasonably required for the purpose of discharging the Commission’s function or ensuring compliance with any financial services legislation. The Commission may impose conditions on the Plan’s certificate of recognition. In addition, the Commission may take enforcement action against the Plan (which may include revocation or suspension of the Plan’s certificate of recognition).

“Richard Gordon”
Richard Gordon, President & Chief Executive Officer

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SUMMARY OF THE HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN

This summary highlights important information about the Plan offered by the Heritage International Scholarship Trust Foundation. However, we encourage you to read the entire Prospectus.

All dollar amounts in this Prospectus are amounts in United States currency, unless otherwise noted.

What is PROVEN Investments Limited?

On October 1, 2021, PROVEN Investments Limited (“**PROVEN**”) acquired control of 100% of the issued and outstanding shares of Heritage Education Funds International Inc. (“**Heritage International**” or “**HEFI**”) and, by extension, the membership interests in the Heritage International Scholarship Trust Foundation (“**Foundation**”) (the “**Acquisition**”). On the date of the Acquisition, Heritage International, Canadian company, incorporated under the laws of Canada, was a wholly owned subsidiary of Knowledge First Financial Inc. (“**Knowledge First Financial**”). Knowledge First Financial is Canada’s largest distributor of registered education savings plans.

PROVEN is a “Income & Growth Strategy” Investment Holding Company, incorporated under the laws of St. Lucia as an International Business Company and is listed on the Jamaica Stock Exchange.

Heritage International is, and continues to be, the administrator and distributor of the Heritage International Scholarship Trust Plan (“**Heritage Plan**” or the “**Plan**”), sponsored by the Foundation. Following the Acquisition, certain officers and directors of PROVEN were appointed to various roles with Heritage International and the Foundation. For a period, expected not to exceed twelve (12) months from the date of the Acquisition,

- Knowledge First Financial will continue to assist Heritage International and the Foundation with the ongoing administration of the Plan, pursuant to a Transition Services Agreement (“**TSA**”) dated October 1, 2021, and
- two existing officers of Knowledge First Financial will remain in their respective roles with Heritage International and the Foundation. These appointments are disclosed in this Prospectus.

What is the Heritage International Scholarship Trust Foundation?

The Foundation is a not-for-profit corporation without share capital, incorporated in 1983 under the *Canada Corporations Act* for the purpose of encouraging and promoting the advancement of higher education by the provision of Educational Assistance Payments (“**EAPs**”) and other

assistance to Qualified Students residing outside of Canada and the United States of America where the Heritage Plan is distributed. The Foundation has also previously sponsored awards for teachers in Early Childhood Education and International Graduate Awards for those students pursuing graduate studies. The Foundation administers invested assets of approximately US\$148 million, and since its inception has returned more than US\$208.3 million in Principal and EAPs to Qualified Students.

The Foundation sponsors the Heritage Plan, co-ordinates functions provided by the Depository, Trustee, custodian and portfolio advisors and has appointed Mutual Insurance (BVI) Agency Limited as the local Distributor, which is the corporation that offers enrollment in the Plan to Subscribers through its sales representatives, and which is a for-profit corporation deriving the majority of its income from Membership Fees. Mutual Insurance (BVI) Limited is a for-profit corporation that offers enrollment in the Plan to Subscribers through its Sales Representatives, deriving the majority of its income from Membership Fees. In addition to appointing Heritage International as the Plan’s Administrator, the Foundation has also appointed Knowledge First Financial to assist Heritage International with the administration of the Plan.

Knowledge First Financial will continue to assist Heritage International and the Foundation with the ongoing administration of the Plan, pursuant to the TSA. Knowledge First Financial is a Canadian corporation and is a wholly-owned subsidiary of Knowledge First Foundation, a Canadian not-for-profit corporation. For a period not expected to exceed twelve (12) months following the date of the Acquisition, Knowledge First Financial will continue to assist the Foundation and Heritage International with the administration of the Plan.

What is the Heritage International Scholarship Trust Plan?

The Heritage Plan is a cooperative education savings plan (“**ESP**”), structured as a trust governed by the laws of Bermuda and was established for the purpose of helping parents (or other sponsors) save towards the ever-increasing cost of a post-secondary education. The Plan is a time-defined, goal directed, disciplined education savings program for parents, grandparents and other sponsors who contribute on behalf of children who are under 14 years of age at the time of enrollment. Subscribers save towards the first year of a qualified post-secondary education program, and the Foundation provides EAPs for the remaining three years of the program. EAPs are funded by the income earned on Subscribers’ Contributions, as well as from the Enhancement Fund (see “What is an Enhancement Fund?”). The Plan offers investor confidence in having its investments managed by leading Canadian investment management firms and is being governed by conservative investment guidelines. The Plan has achieved the following rates of return for its invested assets:

Year Ended Dec 31, 2021	One Year	Three Years	Five Years	Ten Years
Annual compounded return	3.0%	7.0%	5.4%	3.8%

Students who received their third and final EAP or “Scholarship” by December 31, 2021 received an overall Effective Rate of return of 4.3%.

The Heritage Plan uses the Modified Dietz method for calculating rates of return on the Plan’s assets. The Modified Dietz Method takes into account the timing of cash flows in calculating period returns and assumes a constant rate of return over a specified period of time. The Modified Dietz Method is more accurate than the Simple Dietz Method, which assumes that all cash flows come from the middle of the period of time being evaluated.

Monthly returns are calculated using Modified Dietz formula and then geometrically linked to determine the annual rate of return for a given year.

EAPs may be topped up by funds from the Enhancement Fund at the discretion of the Foundation (see “*What is the Enhancement Fund?*”). An Enhancement is a discretionary payment and the amount and frequency of such payments are not guaranteed. Past investment performance of the Plan is not indicative of future returns. The Plan is comprised of Units issued until 1996, being Plan A Units and Units issued post-1996, being Plan E Units. Units of the Plan now being offered are those of Plan E, which have been offered since 1996.

What is Heritage Education Funds (International) Inc.?

Heritage International is a Canadian company, incorporated under the laws of the Province of Ontario. Following the Acquisition, PROVEN is the owner of all of the issued and outstanding shares of Heritage International and has relocated the registered office of Heritage International from Mississauga, Ontario, Canada to Toronto, Ontario, Canada.

Heritage International is the Administrator and Distributor of the Plan in the BVI, pursuant to a Franchise Agreement dated June 3, 1996 and renewed by agreement dated June 3, 2016 between the Foundation and Heritage International. Heritage International is not licensed to carry on fund management or fund administration business in the Virgin Islands.

Who is the Plan’s Custodian?

The Northern Trust Company, Canada Branch is the Plan’s custodian. In Bermuda, HSBC Bank Bermuda Limited of 37 Front Street, Hamilton, Pembroke HM 11, Bermuda, serves as the Plan’s sub-custodian. HSBC Bank Bermuda Limited provides banking, investment, insurance to personal, business and corporate customers in Bermuda and is licensed to conduct banking and investment business by the Bermuda Monetary Authority. The Northern Trust Company is an Illinois state bank corporation, incorporated under the laws of the State of Illinois. The principal place of business of Northern Trust Company is in Chicago, Illinois, USA. The principal place of business of the Northern Trust Company, Canada Branch is Toronto, Ontario, Canada. The Northern Trust Company, Canada Branch, provides custody services

to the Plan pursuant to a Master Custody Agreement dated October 28, 2019, which continues to be in force following the Acquisition. The Northern Trust Company is an authorized foreign bank under the *Bank Act* (Canada), which authorizes the company to provide custodial services in Canada. Being a preeminent global financial institution, the main business activity of Northern Trust Company, Canada Branch is to provide asset servicing, investment management and wealth management services.

Who are the Plan’s Investment Advisors?

HEFI, on behalf of the Foundation, has engaged the services of two investment advisors to manage the Plan’s assets on behalf of BVI Subscribers and Beneficiaries:

1. Jarislowsky, Fraser Limited, a wholly owned subsidiary of The Bank of Nova Scotia (“**JFL**”);
2. Fiera Capital Corporation (“**Fiera Capital**”).

Both JFL and Fiera Capital are Canadian companies and licensed to carry on business as investment advisors in Canada, under various provincial securities acts.

How does the Heritage Plan Help Me Save for My Child’s Education?

Whether your child chooses an eligible university, college or trade school at home or abroad, a Heritage Plan can help pay for the costs of post-secondary education.

With your Plan, your Principal (comprised of Contributions less Membership Fees and Depository Fees) is returned at maturity, typically in the year your child turns 18 (“**Maturity Date**”). Since inception, the Plan has consistently delivered competitive investment returns enhanced with discretionary payments from the Enhancement Fund.

As a Subscriber and on behalf of a Beneficiary, you agree to contribute to purchasing Units according to a pre-determined contribution schedule, which is included in this Prospectus. The minimum number of Units that a Subscriber may agree to purchase in the Plan is two. For a Beneficiary under the age of one, this represents a Contribution of US\$12.00 per month.

After deducting the Fees described in the Membership Fee section in this Prospectus, the Contributions are held in an account maintained by the Trustee appointed by the Foundation. Once contributed, your Contributions are pooled with those of other Subscribers and are invested over the long term, primarily in U.S. dollar denominated investments. See “Investment Policies” for more information on how the assets of the Plan are invested.

How does the Heritage Plan Work?

Your investment in the Plan is comprised of two distinct periods: the **Contribution Period**, when you make your Contributions, and the **Payout Period**, when there is a return of your Principal and Earnings in the form of EAPs, Scholarships or Self-Determined Payments.

Contribution Period

At the time of enrolling in your Plan, you need to decide, based on when you expect the child to begin his/her post-secondary education, how much you wish and can afford to contribute and the length of time over which you would like to make Contributions. These decisions will affect the total amount of your Contributions. Refer to the “Contribution Schedule for Each Heritage Plan Unit.”

After these decisions have been made, you make your first Contribution and the Contribution period begins. Your Contributions then continue based upon the Contribution Method you selected.

You may choose to change the amount and/or the frequency of your Contributions, and consequently, your Contribution Schedule, by contacting your Sales Representative or the office of the local Distributor for details to make such change. Once the changes are decided, your Plan will be recalculated, and upon your approval, the new Contribution Schedule will apply. This recalculation/adjustment is to ensure that regardless of the contribution method selected, each method will earn approximately an equal amount of income at Plan maturity.

Payout Period

The Payout Period begins when your Plan reaches maturity, usually July 31st in the year your Beneficiary turns 18. At the Maturity Date, the income in your Plan will follow one of two different paths selected by you in advance and is best determined by the type of Post-Secondary Program your child plans on pursuing. For those Beneficiaries enrolling in a qualified four-year Post-Secondary Program, the Scholarship Option is likely the better choice. In other situations, the Self-Determined Option (“SDO”) may likely be the better choice; each option should be carefully

reviewed to determine which one better meets your needs.

Foundation Awards

The Foundation has the ability to make discretionary payments in the form of top-ups to EAPs, Scholarships and awards for teachers in Early Childhood Education. Such payments are not guaranteed and are made at the sole discretion of the Foundation.

Address of the Heritage International Scholarship Trust Foundation

Following the Acquisition, the registered address of the Foundation is 100 King Street West, Suite 6200, 1 First Canadian Place, Toronto ON, Canada, M5X 1B8. For a period not expected to exceed twelve (12) months following the Acquisition, the principal office and mailing address of the Foundation continues to be: 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, Canada, L5B 4A5, Telephone: 1 905 270-8777, Fax: 1 800 668-5007, Email: customercare@HeritageESP.com.

You can contact the local Distributor, Mutual Insurance (BVI) Agency Limited, at Ward’s Building, PO Box 3169, PMB 167, Road Town, Tortola, VG1110, Telephone: 284 340-1082.

How Do I Learn More About the Heritage Plan?

The Plan is distributed in BVI exclusively by Heritage International, through its assigned dealer, Mutual Insurance (BVI) Agency Limited and its Sales Representatives. Contact Mutual Insurance (BVI) Agency Limited, for the Sales Representative in your area. You may also visit our website at www.HeritageESP.com.



THE HERITAGE PLAN

The Plan is a contractual arrangement by which a trust has been established to hold property under an education savings plan. The Plan was established on February 3, 1988 under the laws of Bermuda, where the Plan remains domiciled today. The duration of the Plan is unlimited. Under the requirements of the Act and the 2019 Regulations, the Plan has been recognized by the BVI Financial Services Commission as a foreign fund.

The securities offered by this Prospectus are Units in Plan E of the Plan obtained by Subscribers who enter into an Education Savings Plan Contract (“**ESP Contract**” or “**Contract**”) with the Foundation. The terms and conditions of a Subscriber’s participation in the Plan are set out in the Contract. The principal features of the Contract and of the Plan are set out below.

Under Bermuda law, the Plan may be wound-up by the Foundation by written notice to Trustee and the Subscribers on not less than three months and no more than six months’ notice. Upon termination, the Trustee is required to liquidate all investments and sell all assets of the Plan and to distribute such proceeds of sale to the Subscribers after paying out the Plan’s outstanding liabilities.

The Plan operates as a trust, where each Subscriber purchases a specified number of Units of the Plan in accordance with the Deposit Schedule. The Subscriber is entitled to the income earned on the Units purchased, provided the Subscriber makes all scheduled contributions, which normally conclude in the year that the Beneficiary reaches age 18. If the Subscriber fails to make all scheduled contributions, he/she may forfeit the income earned (See “*What is the Enhancement Fund*”).

Each Subscriber enters into an ESP Contract with the Foundation upon enrollment into the Plan. The contract sets out the obligations of the Subscriber and the Foundation, including the situations in which an amendment to the contract would require approval of the collective Subscribers through a voting process. In that situation, each Subscriber would receive one (1) vote per Unit held in their respective agreement. As well, Subscribers who choose to or would not otherwise be able to exercise their right to vote, could appoint another person to vote on their behalf through proxy.

All dollar amounts in this Prospectus are amounts in United States currency unless otherwise noted.

How do I Enroll in the Heritage Plan?

To enroll in the Plan, you, acting alone, or you and your spouse or any other person of legal age jointly or separately, enter into a Contract, name a child under the age of 14 years old as the Beneficiary of your Plan and select a year of maturity (the year you expect the child to

enroll in the first year of post-secondary education, typically age 18). A Subscriber must also decide at the time of enrollment the method of Contribution which he/she wishes to make. The Subscriber, by executing the Contract agrees to enroll in the Plan by subscribing for the number of Units identified on the Application. He/she agrees to make Contributions with the Depository by way of pre-authorized debits, online payments, cheques or bank drafts drawn in the name of the Foundation, to the account maintained by the Depository in accordance with the Contribution Method identified on the Application. Contributions should not be made or given to any individual who is not employed or otherwise serves as a Sales Representative with Mutual Insurance (BVI) Agency Limited.

What Happens after Enrollment into the Heritage Plan?

Upon enrollment into the Plan, you will be provided with proof of enrollment by way of a Welcome Package. The Welcome Package includes a welcome letter, a copy of your enrollment application form, a summary of your Plan, a certificate of enrollment for the Beneficiary and our Privacy Policy.

Thereafter, at a minimum, on an annual basis, the Foundation will provide you with a Statement of Account as well as a copy of its Audited Financial Statements. Through online account access, details of your Plan will be available for review at any time at the Subscriber log-in area of HeritageESP.com. (See “Statement to Subscribers”).

What are the Contribution Options under the Heritage Plan?

There are six different Contribution options available to Subscribers under the Plan, providing flexibility in financial planning.

If you initially contribute to Units using a single lump-sum Contribution option, your money has a longer period of time in which to earn income, and you will be required to contribute less over the life of your Plan. Other options involving periodic Contributions will require you to save more because the full sum of your money is not in the Plan earning income from the beginning of your enrollment. However, a regular Contribution option of smaller payments offers you the benefit of manageable contributions over a longer period of time.

The required Contribution for each Unit will depend on the length of time until the Maturity Date and the frequency of Contributions as selected. All Contribution amounts and methods are actuarially designed to accumulate approximately the same amount of income over the life of the Contract. The Subscriber nominates a child under 14 years of age as the Beneficiary. All income earned on Contributions is contributed to the Deposit Account at least monthly and remains in the Deposit Account until the Maturity Date (or earlier termination).

The Contribution options available to you are:

- 1) **“Single or Lump-Sum Contribution”** requiring a one-time Contribution;
- 2) **“Annual Contribution”** requiring one Contribution per year until the Contribution Schedule is complete;
- 3) **“Monthly Contribution”** requiring one Contribution per month until the Contribution Schedule is complete;
- 4) **“Five-year Annual Contribution”** requiring one Contribution per year for five years;
- 5) **“Five-year Monthly Contribution”** requiring one Contribution per month for five years;
- 6) **“Ten-year Monthly Contribution”** requiring one Contribution per month for ten years.

For a complete breakdown of the Unit values and Contribution Schedules available to you, please refer to the chart entitled “Contribution Schedule for Each Heritage Plan Unit.”

Contribution Schedule

The Contribution Schedule sets out the various options of Contribution:

- (a) the minimum initial Contribution required with an Application; and
- (b) the number and amount of additional Contributions required.

The applicable Contributions per Unit are determined by first locating across the top of the Schedule the length of time until the Maturity Date (on which Principal may be returned) and by selecting on the left side of the Contribution Schedule the applicable Contribution Method. If there are fractional Units, the equivalent fractional amounts from the Contribution Schedule will be calculated and applied.

The Contribution Schedule was prepared on the basis that each Unit will earn approximately an equal amount of income by the Maturity Date.

Where Do My Contributions Go?

Contributions made by a Subscriber under the Plan are paid by the Depository to one or more Deposit Accounts within the Plan, from which the Membership Fees are then deducted. The balance of funds in the Deposit Account (the **“Principal”**) is invested and earns income, which stays in the Deposit Account until the Maturity Date.

Can I Change my Contribution Method at a Later Date?

You may change the Contribution method, as long as the Beneficiary remains within the same cohort (maturity) year. In some cases, the payment of a required adjustment in Contributions and income may be required as a result of

such change so as to ensure that your Plan has earned approximately the same amount of income at maturity as other Subscribers with the same Year of Eligibility. In other cases, a change in the Contribution Method may generate excess funds. Depending on the accumulated funds contributed to the Plan at the time of the change request, changing the Contribution method from Monthly to Annual or Lump Sum may result in excess funds, as Units purchased under an Annual or Lump Sum Contribution method are purchased at a lesser cost per Unit than those purchased under a Monthly Contribution Method. Where there are excess funds after conversion, such excess may be refunded to Subscribers upon request, added back to the accumulated principal, or may be used to increase Units in the Plan. If used to purchase additional Units, the Beneficiary must be under age 14 and must be kept in his or her original cohort. This is commonly referred to as a Subscriber’s **“Conversion Privilege”**.

What happens if I (or my joint Subscriber) Die or become Disabled before Maturity of my Plan?

In the event of the premature death or disability of the Subscriber or one of the joint Subscribers and subject to the conditions set out below, the Self-Completion Feature may provide for the return of the Principal less Depository Fees accumulated in your Plan at the time of your death or disability. This feature also allows your Beneficiary, if eligible, to receive three years of EAPs even though the Subscriber was unable to complete the required Contributions.

To make a death or disability claim under the Self-Completion Feature described below, please contact the local Distributor or the Foundation’s Customer Service Department at 1 905 270-8777 or email us at customercare@HeritageESP.com.

Until such time as your death or disability claim under the Self-Completion Feature has been approved in writing by the Foundation, all Contributions are required to be made in accordance with the Contribution Schedule you selected at the time of enrollment. If Contributions are not continued, then the Plan will become inactive (See “What Happens if I Stop Making My Contributions Under the Heritage Plan?”).

Death of Subscriber

The Self-Completion Feature is available provided that the deceased Subscriber (or, in the case of joint Subscribers, the deceased joint Subscriber) met the following conditions:

- (i) was the parent(s), grandparent(s) or legal guardian(s) of the proposed Beneficiary;
- (ii) was not suffering from any serious illness, disease or injury at the time of enrollment;
- (iii) was less than 65 years of age at the time the Application was accepted by the Foundation; and

- (iv) died before age 70 prior to completion of all Contributions.
- (v) the Plan was in good standing at the time of death of the subscriber (or, in the case of joint subscribers, the deceased joint subscriber).

If the above conditions are met, no further Contributions are required to be made, pending written approval of your claim by the Foundation. Principal in the Plan, less Depository Fees, on behalf of the Subscriber(s) at the time of disability or death, is returned to the Subscriber's estate or the surviving Subscriber at the Maturity Date. EAPs will be paid to the Beneficiary, as if his/her Plan had been completed by the Subscriber, provided that the Beneficiary becomes a Qualified Student. If the Self-Determined Option is selected, the surviving Subscriber or the estate will be eligible to receive the accumulated Principal at the time of death, less Depository Fees, at the Maturity Date; and the Beneficiary, will be entitled to the income earned on the Principal.

Disability of Subscriber

The Self-Completion Feature is available provided that the Subscriber who becomes disabled (or, in the case of joint Subscribers, the joint Subscriber who becomes disabled) meets the following conditions:

- (i) is the parent(s), grandparent(s) or legal guardian(s) of the proposed Beneficiary;
- (ii) is not suffering from any serious illness, disease or injury at the time of enrollment;
- (iii) is less than 65 years of age at the time the Application is accepted by the Foundation; and
- (iv) becomes totally disabled for a period of nine continuous months or longer prior to completion of all Contributions.

If the above conditions are met, the remaining Contributions will not be required to be paid by the Subscriber during the period of such disability. For greater certainty, Contributions are required to be made during the first nine months of the Subscriber's disability.

Where a Subscriber (or in the case of joint Subscribers, one Subscriber) is older than 65 years of age or is under 65 years of age and is suffering from serious disease or injury at the time the Application is accepted by the Foundation, and where such Subscriber (or in the case of joint Subscribers, one Subscriber) dies prior to completion of all Contributions, the Plan may be completed by the Subscriber's heirs. If Contributions are not continued, then the Plan will become inactive (See "What Happens if I Stop Making My Contributions Under the Heritage Plan?").

Can I Purchase More Units Later?

You may purchase more Units, and thus increase the amount of your Contributions at any time, as long as your

Beneficiary is under 14 years of age. When you purchase additional Units, a Membership Fee of \$110 per additional Unit will apply. The Contribution amount for each additional Unit is based on the age of the Beneficiary at the time the Units are being added. At the time of purchasing additional Units, your Plan must be in good standing, with all Contributions up-to-date. Where there is a record of unsatisfactory servicing of the Plan, Subscribers may not be allowed to add Units or increase their Contributions. All trades are subject to review and acceptance by the Foundation.

Can I Reduce Units at any Time?

You may reduce the number of Units at any time prior to your Plan's maturity. If this occurs during the first 60 days after enrollment, you will be entitled to a return of all Contributions made on the reduced Units. If the reduction occurs after the first 60 days, you will be entitled to a return of all Contributions made on the reduced Units, less paid Membership Fees associated with the number of Units being reduced. These Membership Fees are not reapplied to the remaining Units. If the Subscriber reactivates the reduced Units at a later date, the fees paid on those Units will be applied to the reactivated Units, subject to the reactivation provisions (see "Can I Reactivate My Plan If It Becomes Inactive?").

What Happens if I Stop Making My Contributions Under the Heritage Plan?

In the event that you fail to make a Contribution when required, the Foundation will provide notice to you of such failure, normally within 30 days, at your address on the records of the Foundation. In the event of failure to remit the required Contribution within 60 days following the giving of such notice, your Plan becomes inactive and the Foundation will then provide you with notice that the Plan has become inactive requiring you to select from such options as are in effect from time to time pertaining to a Plan that is inactive. Upon sending such notice, one option shall be the reactivation option referred to below under "What Happens if I Terminate the Heritage Plan?" Another option shall be the return of all savings, less income and deductions, upon request from the Subscriber.

Upon failure of a Subscriber to make any selection, the Foundation shall, at the deemed Maturity Date, return all savings without income and less deductions (your Principal) to the relevant Subscribers by the posting of a cheque to the last known local address of the Subscriber on the records of the Foundation. If it is not a local address, Subscribers will be required to provide their wire transfer information. Where such payment is returned as undeliverable or unclaimed within six (6) months of the date of the cheque, the funds will be forfeited, and the proceeds applied to the Enhancement Fund.

What Fees or Expenses are involved with a Heritage Plan?

Membership Fee

A fee (the “**Membership Fee**”) of \$110 per Unit (pro-rated for fractional Units) is deducted from Contributions and paid to the Distributor as follows:

- (i) The first \$55 per Unit contributed; and
- (ii) 50% of subsequent Contributions until the total Membership Fee of \$110 per Unit is paid.

This fee is a one-time payment used to pay the costs of distributing the Plan, including the payment of sales commissions. Other fees, described below, are paid to the Distributor for services in administering your Plan over the lifetime of your participation.

The Membership Fees are included in your Contribution Schedule and deductions start immediately following the application of your Contributions to your Plan. For single Lump Sum Contributions, this Fee is paid at the time of enrollment. With other Contribution Methods, the fee is paid through scheduled deductions as described above. For example, if you have two Units on a monthly Contribution Schedule paying \$55 per month, the Membership Fee is paid as follows:

- The first two standard Contributions (\$110) would go directly to reduce the Membership Fees;
- Of the next four Contributions, one-half of each Contribution (\$27.50) and totaling \$110 overall would go towards reducing the Membership Fees. The other one-half of each Contribution accumulates as Principal. After applying the fourth Contribution, the Membership Fees have been fully paid; and
- Subsequent Contributions accumulate as Principal.

Membership Fee payment schedules will differ depending on the number of Units subscribed to.

Are my Membership Fees Returned?

Your Membership Fees are returned if you cancel your Plan within the first 60 days of your Plan’s existence. If you decide to withdraw from the Plan after 60 days and prior to the Maturity Date, you will forfeit all of your Membership Fees paid to the date of withdrawal and will forfeit all income earned.

Other Fees

In addition to the Membership Fees, the other deductions under the Plan are as follows:

- (a) An annual depository fee (the “**Depository Fee**”) paid by the Subscriber, is based upon the number of Units subscribed to, up to a maximum of \$50 annually, including the year that your Plan is established and the year it matures. This Fee is accumulated and deducted from Principal on December 31st of each year, beginning in the year

that sufficient Principal to cover this fee is accumulated.

Depository Fees/Unit	Lump Sum	Annual	Monthly	5-Year Annual	5-Year Monthly	10-Year Monthly
	\$1.00	\$2.00	\$5.00	\$2.00	\$5.00	\$5.00

These are the Depository Fees in effect at the present time. Such Fees may be amended in the future by the Foundation upon prior notice given to Subscribers in a form determined by the Foundation.

- (b) An annual Administration Fee, paid from assets of the Plan, to constitute the operating account used to pay the expenses of administration of the Plan, of up to 1% of Principal and interest thereon in the Deposit Account and, with respect to Subscribers who have selected the Self-Determined Option of Principal and interest thereon in the Self-Determined Account, calculated monthly and deducted from interest before allocation.

For the year ending December 31, 2021, the Administration Fee was 0.75%. The Administration Fee may be amended in the future by the Foundation upon prior notice given to Subscribers.
- (c) Portfolio management fees, paid from assets of the Plan, which are paid to the Plan’s third-party investment managers, are calculated as a percentage of the total fair value of the Plan’s investment portfolio. Portfolio management fees paid for the year ended December 31, 2021 was 0.065% of the total fair market value of the investment portfolio in the Plan.
- (d) Custodian fees, paid from assets of the Plan, which are paid to The Northern Trust Company, Canada Branch, are calculated as a percentage of assets under management and take into consideration services provided by the custodian. Custodian fees paid for the year ended December 31, 2021 was 0.017% of assets under management.
- (e) Heritage International and the Foundation pay a fee to Knowledge First for services provided under the TSA relating to the administration of the Plan, of U.S. \$8,000 per month.

What Happens If I Terminate the Heritage Plan?

You may decide to terminate your Plan for a variety of reasons: you may have experienced a change in financial circumstances, or you may have simply changed your mind. If you terminate or withdraw funds contributed under your Plan before the Maturity Date (either voluntarily or upon default), the following applies:

Within 60 days

The first termination period is within the first 60 days of entering into the Contract. The 60-day period begins on the later of: the date you signed the Contract, the date of your first Contribution, or the first withdrawal on

pre-authorized debit. After you have signed the Contract and enrolled, you have 60 days to further review and consider all information given to you. If you decide within that 60-day period that you do not wish to continue your Plan, you may terminate your interest in the Plan and receive a refund of your initial Contributions, including an equivalent to all Membership Fees within 50 business days of the submission of the prescribed documents. You must provide the Foundation with written notice of your intention to terminate, signed by all persons who signed the Contract. As well, Subscribers must either display valid government-issued ID, or if termination is requested by mail, provide photocopies of the afore-mentioned identification. For example, if you and your spouse or any other person of legal age signed the Contract, both of you must sign the letter of termination. Any income earned on your Contributions in that time will not be returned to you. A termination within the first 60 days is the only situation where an amount equivalent to paid Membership Fees is returned on a Heritage Plan. If you reduce the number of Units within the first 60 days, an amount equivalent to the paid Membership Fees associated with the reduced Units is refunded to you.

After 60 days

If you have been enrolled in the Plan for more than 60 days, different rules apply. After the 60-day period has expired, participation under your Plan can only be terminated by your written request to the Foundation signed by all persons who signed the Contract. Valid ID information as described above must be provided with the termination request.

If you terminate participation under your Plan after 60 days, you are entitled to receive a refund of your Principal only. If you reduce the number of Units after 60 days, an amount equivalent to the paid Membership Fees associated with the Units reduced is not refunded nor reapplied to the remaining Units. Membership Fees and Depository Fees are not refundable. In addition, any income earned on your Contributions will be applied to EAPs of Beneficiaries with the same year of Eligibility as your Beneficiary. Income earned on such income will be applied to the Enhancement Fund. Your Principal will be refunded within 50 business days after submission of the prescribed documents.

Can I Reactivate my Plan if it Becomes Inactive?

Participation in your Plan or reactivation of Units that were reduced at an earlier date may be reactivated provided it occurs: (a) within three years after becoming inactive where the Beneficiary is, at the time of reactivation, under 14 years of age; or (b) within six months after becoming inactive where the Beneficiary at the time of reactivation is over 14 years of age (but not later than the Maturity Date) by paying:

- (i) Contributions which would have been made during the period when your Plan was inactive;

- (ii) an amount equal to income which would have been earned on Principal, calculated by applying the historically obtained interest return as if all Contributions had been made when due; and
- (iii) the amount of Principal, if any, returned upon termination.

Reinstatements outside of the period described above are not allowed. In extenuating circumstances, Subscribers may be able to have their Plan reinstated if an appeal is submitted in writing to the Special Case Committee of the Foundation. Reinstatements are granted at the sole discretion of the Foundation.

Alternatively, you may restructure your Plan under a different Contribution Method, which may require payment of an adjustment in Contributions and income. Reactivation of your Plan, whether or not you choose to restructure and select a different Contribution Method, will require the completion and signing by both Subscribers, if jointly held, of the reactivation document, referred to as the Plan Adjustment Quote. For more information on reinstatements and reactivations, please contact the Foundation's Customer Service Department.

Can I Change the Beneficiary?

The Subscriber is entitled to change the original Beneficiary at any time subject to the following conditions:

- i) the Beneficiary and the person to be substituted are both under the age of 22 at the time of such substitution;
- ii) if the present Beneficiary and the new Beneficiary are both under the age of 14, then an older Beneficiary may be substituted for the younger Beneficiary. Any required adjustment to the Contributions and income earned must be made at the time of substitution;
- iii) if the substitution is to occur after the Beneficiary has passed the age of 14 and before the Maturity Date, then the substitute Beneficiary may not be older than the original Beneficiary; and
- iv) the Maturity Date and Year of Eligibility shall be adjusted for the new Beneficiary.

Should your Beneficiary die, another Beneficiary may be substituted in place of the deceased Beneficiary, up to September 1st in the Year of Eligibility. Notice must be given to the Foundation within 90 days of the death and provided that the Maturity Date and Year of Eligibility (or Self-Determined Year of Eligibility, if applicable) are adjusted, if necessary, and such substituted Beneficiary is not older than the original Beneficiary. Contributions and income earned thereon are adjusted as necessary. Alternatively, the Subscriber may select to receive the return of all Contributions (including an amount equivalent to paid Membership Fees and Depository Fees) or may continue to make Contributions and at Maturity select the Self-Determined Option.

PLANNING FOR POST-SECONDARY EDUCATION

How Do I Get Money Out for Post-Secondary Education?

On or after the Maturity Date, the Principal in the Deposit Account is returned to the Depository for payment to the Subscriber or, on instruction by the Subscriber, to the Subscriber's Beneficiary. The Principal may be, but is not required to be, used for the costs of the first year of attendance at a Post-Secondary Institution.

Will I Receive a Notice of Maturity?

The Foundation will provide you with notice of Maturity, normally not later than 90 days prior to the Maturity Date, by mail or electronic delivery (email) at your mailing address or your email address on the records of the Foundation.

What if my Beneficiary is Advanced in Academic Studies?

The Maturity Date can be advanced if your Beneficiary becomes a Qualified Student prior to the year originally specified in the Contract. An income adjustment may be required in order to ensure that your Plan contributes approximately the same amount of income to the scholarship pool as the other Plans having the same Year of Eligibility. In the event that the Subscriber has elected the Self-Determined Option, the Maturity Date may be advanced if the student has been accepted into a Recognized Institution and no income adjustment will be required.

What are the Required Program Qualifications?

Under the Scholarship Option, a Beneficiary must be enrolled as a full-time or part-time student in a Post-Secondary Educational Program. An EAP will be paid as long as the Beneficiary is registered at a Recognized Post-Secondary Institution in each of the school years (a 12-month period between September and August) starting in the Year of Eligibility. Under the Self-Determined Option, there are no eligibility requirements. Income earned on your Contributions will be returned along with your Principal under this option.

What Qualifies as a Recognized Institution?

Any Recognized Institution in any country is accepted by the Foundation. Institutions include universities, colleges, community colleges, technical colleges, religious colleges as well as online learning at any of such institutions throughout the world.

What are the Maturity Options Under the Heritage Plan?

There are two maturity options under the Plan, the Scholarship Option or the Self-Determined Option. Under the **Scholarship Option**, up to three EAPs made to Qualified Students, one each in the second, third and fourth year of their studies. Alternatively, you may select the **Self-Determined Option**, better suited where academic studies in a Recognized Institution are expected to be less than two years in duration. If you do not actively make the Self-Determined Option selection in writing to the Foundation at least 60 days before the Maturity Date of your Plan, participation in your Plan will automatically follow the Scholarship Option.

When your Plan approaches its maturity, you will be provided with a maturity notice to inform you of the steps of the maturity process. This notice will normally be sent with your Statement of Account by the end of the first quarter in the year your Plan matures, and you are requested to select either of the following:

(i) Scholarship Option

For those selecting the Scholarship Option, all Beneficiaries are provided with a proof of registration form in the Year of Eligibility. Beneficiaries must complete this form, have it signed and sealed by the registrar of the Recognized Institution and returned to the Foundation before August 15th in each year of the Beneficiary's eligible post-secondary studies.

(ii) Self-Determined Option

For those selecting the Self-Determined Option, the SDO Application Form must be completed by Subscribers and must be forwarded to the Foundation no later than July 1, confirming their decision to transfer to the Self-Determined Option.

Change in Maturity Date, Year of Eligibility or Scholarships

A Beneficiary who enters a Recognized Institution prior to the Maturity Date may request the Foundation to advance the Maturity Date. In such case, a Plan Adjustment Quote must be accepted and must be signed by both Subscribers, if your plan is jointly held, to effect the advancement. An income adjustment may be required to compensate the Heritage Plan for the missed interest as a result of this advancement. The Maturity Date may also be delayed up to July 31st in the year of the Beneficiary's 21st birthday. Where a delay in the Maturity Date is required, a written request by both Subscribers, if jointly held, must be provided to the Foundation before the Maturity Date.

A Beneficiary who enters a Recognized Institution prior to the Year of Eligibility is entitled, upon giving satisfactory written evidence to the Foundation prior to August 15th in the year prior to entering the Recognized Institution, to have the Year of Eligibility advanced to the earlier year. An

advancement of up to two years is automatically granted and further advancements may be granted by the Scholarship Committee at its discretion, provided that the Year of Eligibility does not precede the Maturity Date.

A Subscriber or Beneficiary enrolled in the Plan may, upon written application to the Foundation prior to August 1st in the Year of Eligibility, apply to postpone the Year of Eligibility. A postponement of up to two years is automatically granted and further postponements may be granted by the Scholarship Committee at its discretion. Postponements and deferments are only possible provided the Maturity Date has not been delayed by the maximum time frame. If such further postponements are not granted, then a Beneficiary will not obtain further EAPs. The income credited on the Plan in respect of a Beneficiary in the Plan where the Year of Eligibility is changed will then be transferred from the Scholarship Fund for the original Year of Eligibility to the Scholarship Fund for the new Year of Eligibility.

If a Beneficiary has begun to receive EAPs and interrupts studies, a deferral of the second or third EAP entitlement of up to one year will be granted automatically. Any request for further deferral may be granted by the Scholarship Committee at its discretion. If such further deferrals are not granted, then that particular EAP entitlement will be forfeited. However, the Beneficiary may still qualify for the remaining EAPs, if any.

SCHOLARSHIP OPTION

What is the Scholarship Option?

This is the route your Plan will take unless you inform the Foundation not later than 60 days before the Maturity Date that you wish to choose and be transferred to the Self-Determined Option. The Scholarship Option will likely be the better option if your Beneficiary enrolls in and completes a four-year Post-Secondary Program.

Although the Foundation will remind Subscribers in annual mailings of the need to consider and make the appropriate selection, the onus will be on the Subscriber to ensure that the selection is made on a timely basis. Once the deadline has been reached and a selection with respect to which Option has been made, it cannot be reversed or changed.

Your Plan will usually mature on July 31st in the year your Beneficiary turns 18 years old and enters the first year of a Post-Secondary Program. The Maturity Date is determined at the time you enrolled in the Plan. You will receive a payment in your Beneficiary's first year of academic study for an amount equal to your Principal. Most Subscribers apply this amount toward their Beneficiary's first-year tuition and other expenses. Your Beneficiary will then receive EAPs once per year in each of his or her second, third and fourth years of study, if the Beneficiary is a Qualified Student in that year.

EAPs made under the Plan are derived from interest and investment income and monies from the Enhancement Fund as described herein. Payments from the Enhancement Fund are discretionary: there is no set formula for Enhancement Fund payments and Beneficiaries have no contractual right to these payments. There can be no assurance that sufficient funds will be available in the Enhancement Fund or that the Foundation will exercise its discretion to make any such payments in any given year.

EAPs are usually paid in mid-September of each year, provided that the Beneficiary is eligible for an EAP. However, a portion of the EAP may be advanced. To receive an advanced payment, you must complete and submit the required proof of the Beneficiary's registration in an eligible post-secondary institution by August 15th. If the documents are received after this deadline, the EAP will be issued as a full payment in mid-September, provided all EAP eligibility requirements are met. The required proof of registration may be submitted for processing up to January 31st of the following year.

The amount of any advanced EAP installment is calculated as up to 50% of the previous year's EAP. At the end of August, the balance of the EAP will be calculated based on the new EAP payout per Unit. It is important to note that the payout per Unit in any given year may vary from the amount paid in previous years.

How Does my Beneficiary Become a Qualified Student?

Under the Scholarship Option, a Beneficiary must pursue a four-year Post-Secondary Program of studies on a full-time or part-time basis at a Recognized Institution in order to obtain the maximum EAPs. Studies may include more than one program of full-time or part-time study, each of at least one year's duration for up to four years. Beneficiaries may change academic programs and remain eligible for EAPs.

If the Subscriber's Plan is in good standing (all scheduled Contributions have been made), a Beneficiary qualifies for EAPs as follows:

- **First EAP:** a Beneficiary qualifies upon providing evidence of enrollment in a Post-Secondary Program prior to August 15th in the Year of Eligibility, generally in the year following the Maturity Year and the year in which the Beneficiary becomes 19 years of age.
- **Second EAP:** a Beneficiary qualifies upon providing evidence of enrollment in a Post-Secondary Program prior to August 15th in the year following the Year of Eligibility.
- **Third EAP:** a Beneficiary qualifies upon providing evidence of enrollment in a Post-Secondary Program prior to August 15th in the second year following the Year of Eligibility.

The proof of registration form is provided to Subscribers in the Beneficiary's Year of Eligibility, and each subsequent

year (if they have qualified in the prior year or if requested) up to the end of their educational program. The form must be completed by the Beneficiary and signed and sealed by the Registrar of the Educational Institution and returned to the Foundation before August 15th in each year of the Beneficiary's eligible post-secondary studies. Applications for EAPs must be made before August 15th in order to ensure payment of an EAP by mid-September, if approved. Applications received after August 15th will result in delayed payment of the EAP, and non-payment of the EAP, if not approved.

It is the responsibility of the Subscriber or the Beneficiary to ensure that the institution in which the Beneficiary is enrolled is a Recognized Institution and to provide the Foundation with evidence that the Beneficiary is enrolled in a Post-Secondary Program each year. The Foundation will, upon request by a Subscriber or Beneficiary, advise whether an institution is a Recognized Institution.

As indicated above, assuming continued qualification, a Beneficiary will receive three EAPs. The Plan's financial statements (see Schedule of Educational Assistance Payments) indicate the amount of EAPs paid, and the number of Plan Units on which the EAPs were paid, to Beneficiaries who initially qualified in a particular year, and EAPs paid, and the number of Units on which the EAPs were paid to those who qualified in subsequent years.

What Makes up the Scholarship Fund?

At the Maturity Date, income earned on all Principal in the Deposit Account (except for Principal from Subscribers who have selected the Self-Determined Option) is paid to the Trustee and deposited into the Scholarship Fund. The Trustee uses the interest earned on all Principal to provide for EAPs to Qualified Students.

Once the income is paid to the Trustee at the Maturity Date, there is no further growth of the Deposit Account. The period of time from contribution in the Scholarship Fund until the Scholarship Fund is paid out may be up to four years (or longer if postponements are applied for and granted). Income earned on the Scholarship Fund is applied to the Enhancement Fund.

How are the Educational Assistance Payments Calculated?

The amount of funds available to Qualified Students for EAPs in a given year shall be calculated in early September of the Year of Eligibility. This is determined by adding all income earned to the Trustee on Heritage Plans which have the same Year of Eligibility, and income on Heritage Plans that have terminated which would have had the same Year of Eligibility (except for Plans to which the Self-Determined Option has been chosen). Such income is distributed to Qualified Students on or about mid-September of such year as follows:

- i) **Initial EAP:** One third of the total is available for EAPs and is divided by the total number of Units held by

Qualified Students with that Year of Eligibility; the result is multiplied by the number of Units for each Qualified Student and paid to the Qualified Student;

- ii) **Second EAP:** One half of the remaining income is available for EAPs and is applied in the same way as the Initial EAP to Qualified Students; and
- iii) **Third EAP:** The remaining income is available for EAPs and is applied the same way as the Initial EAP to Qualified Students.

Any income remaining in the account maintained by the Trustee after the aforesaid calculation and payment shall be applied to the objects of the Foundation as the Foundation in its discretion may decide.

The Subscriber acknowledges that funds available for EAPs are derived from the income on Principal which is paid at the Maturity Date to the Trustee from Subscribers who have not selected the Self-Determined Option. Such income is held by the Trustee until applied for and paid as EAPs. The interest earned on this income is not required to be applied to EAPs but is maintained by the Foundation and held in the Enhancement Fund to be used at its discretion.

The Subscriber acknowledges that the Foundation does not make any representation, warranty or guarantee as to the amount of funds available for EAPs in any particular year.

What is the Enhancement Fund?

The Enhancement Fund pertaining to the Plan consists of: (a) interest earned on the scholarship fund used to pay Educational Assistance Payments from the maturity date to the date that the funds are distributed to qualified beneficiaries; (b) interest earned on the income forfeited when a Subscriber's plan is terminated prior to the maturity date; and (c) principal payments to Subscribers on maturity that have not cleared the bank after six months from the date of payment.

The Enhancement Fund is directed by the Foundation in accordance with the not-for-profit nature of the Foundation. Interest and investment income earned on matured and terminated plans is recorded in the Enhancement Fund on an accrual basis. The Enhancement Fund is for the benefit of all Subscribers and the Foundation will use a component, at its discretion, to supplement the Education Assistance Payments. Such discretionary payment is determined on an annual basis by the Foundation and the objective is to distribute an amount that is equal to the membership fee paid by the Subscriber. There is no assurance that the Enhancement Fund will have a sufficient balance to achieve this objective and maintain a sustainable balance for remaining Subscribers.

Qualified Students have no contractual right to the funds in the Enhancement Fund.

What Happens if the Beneficiary Does Not Pursue Post-Secondary Education?

If your Beneficiary decides not to pursue a post-secondary education, you may nominate another Beneficiary to benefit from the Plan provided certain rules are adhered to (See “Can I Change the Beneficiary?”). If no substitution of Beneficiary is made, or if the Contract is terminated before the Maturity Date, your Principal, which includes Contributions made less applicable fees, will be returned to you and the Beneficiary will not receive EAPs. You will receive a refund of Contributions, excluding an amount equivalent to paid Membership Fees and Depository Fees. The income remains in the Scholarship pool and is divided amongst all Qualified Students entering a post-secondary educational institution in the same year. Alternatively, you may select the Self-Determined Option no later than 60 days before maturity. This feature allows you to receive all your Contributions, less Membership Fees and Depository Fees, plus all of the income earned on your Contributions.

SELF-DETERMINED OPTION

What is the Self-Determined Option?

If the Beneficiary plans to enroll in a Post-Secondary Program that is shorter than two years in duration, you should select the Self-Determined Option since the Beneficiary would, under the Scholarship Option, not qualify for the maximum number of EAPs. When you select the Self-Determined Option, you are essentially withdrawing from the co-operative nature of the Heritage Plan which provides for a pooling of income earned in the Heritage Plan for all Beneficiaries who have the same Year of Eligibility.

Under the Self-Determined Option, you may withdraw your Principal and income at any time after the Maturity Date. Although the Self-Determined Option offers greater flexibility in timing than the Scholarship Option (since there are no eligibility requirements), there will likely be less benefit compared to participation in the Scholarship Option, with eligibility for up to three EAPs. This is because you lose the beneficial effects of a pooled plan whereby the Beneficiary effectively shares in the income earned from Contributions by other participants in the Heritage Plan whose Beneficiaries do not qualify for EAPs.

When Must I Select the Self-Determined Option?

Not later than 60 days before the Maturity Date, you may select the Self-Determined Option. Income earned on your Principal in the Deposit Account is then transferred to the Self-Determined Account at the Maturity Date. Once you select the Self-Determined Option, participation under your Plan becomes self-determined rather than pooled.

Although the Foundation will remind Subscribers in annual mailings of the need to consider and, if appropriate, to select the Self-Determined Option, the onus will be on the Subscriber to ensure that the selection is made no later than 60-days prior to maturity.

What Money do I Receive Under the Self-Determined Option?

Under the Self-Determined Option, you receive the return of your Principal and income as one payment at maturity once you select this option by no later than 60 days prior to maturity.

What Happens if my Beneficiary Does Not go on to Post-Secondary Education?

If the Beneficiary decides not to pursue a post-secondary education and you have selected the Self-Determined Option, your Principal and income is returned as outlined in the above explanation.

Can I Contribute Additional Amounts to a Self-Determined Account?

You may make Contributions to your Plan of any amount at any time up to and including the last day of the 21st year following the year in which the Subscriber initially obtained Units in their Plan.



ADMINISTRATION OF THE PLAN

<p>Depository</p> <p>Bank of N.T. Butterfield & Son Limited. 65 Front Street Hamilton, Bermuda , HM12</p>	<p>Acts as Depository for all Contracts in BVI. Bank of N.T. Butterfield & Son Limited receives Contributions made by Subscribers, deducts Membership Fees and Depository Fees and remits the balance to the account maintained by the Custodian and the Trustee in trust for the Subscriber.</p> <p>In The Bahamas, RBC Royal Bank (Bahamas) Limited acts as local depository in respect of Bahamian dollar Contributions made by Bahamian Subscribers. RBC Royal Bank (Bahamas) Limited provides personal and commercial banking, wealth management, corporate and investment banking, insurance and trust and asset management services to a wide range of clients, including individuals, small businesses, general commercial entities, regional and multi-national corporations and governments.</p>
<p>Custodian</p> <p>The Northern Trust Company, Canada Branch 145 King Street West, Suite 1910, Toronto, Ontario M5H 1J8 Canada</p>	<p>The primary Custodian holds the assets of the plan on behalf of the Trustee, with the exception of the Bahamian dollar Contributions, which are received by RBC Royal Bank (Bahamas) Limited and deposited with Finance Corporation of The Bahamas Limited ("RBC FINCO"), an affiliate of the local depository in The Bahamas. RBC FINCO's primary business is providing Bahamian Dollar mortgage financing on residential properties, mortgage origination insurance, a full range of Bahamian Dollar deposit services, foreign exchange and automated banking machines.</p>
<p>Sub-Custodian</p> <p>HSBC Bank Bermuda Limited 37 Front Street Hamilton, Pembroke HM 11, Bermuda</p>	
<p>Registrar</p> <p>Heritage International Scholarship Trust Foundation 100 King Street West, Suite 6200, 1 First Canadian Place, Toronto ON, Canada, M5X 1B</p>	<p>The Foundation acts as registrar for the Heritage Plan.</p>
<p>Trustee</p> <p>Butterfield Trust (Bermuda) Limited. 65 Front Street Hamilton, Bermuda, HM12</p>	<p>Butterfield Trust (Bermuda) Limited serves as primary Trustee of the Plan for all jurisdictions where the Plan is distributed. As stated above, the Bahamian dollar Contributions are received by the local depository, RBC Royal Bank (Bahamas) Limited, and deposited with RBC FINCO on behalf of the Trustee. See "Trustee" for more information on the role of the Trustee and the individuals who are the key employees of the Trustee.</p>
<p>Auditors</p> <p>PricewaterhouseCoopers LLP Suite 2600, PwC Tower, 18 York Street, Toronto, Ontario, Canada M5J 0B2</p>	<p>Auditors of the Plan and the Foundation.</p>
<p>Legal Counsel – British Virgin Islands</p> <p>HARNEY WESTWOOD & RIEGELS Craigmuir Chambers PO Box 71 Road Town, Tortola VG1110 British Virgin Islands</p>	<p>Legal counsel for the Heritage Plan in the British Virgin Islands.</p>
<p>Authorised Representative</p> <p>Craigmuir Authorised Representative Limited PO Box 71 Road Town, Tortola VG1110 British Virgin Islands</p>	<p>Authorised representative for the Plan in the British Virgin Islands.</p>

Legal Counsel – Bermuda Appleby (Bermuda) Limited Canon's Court 22 Victoria Street Hamilton HM12, Bermuda	Legal counsel for the Heritage Plan in Bermuda, as the Plan is established under Bermuda law and is registered with the Bermuda Monetary Authority.
Portfolio Advisors Jarislowsky, Fraser Limited 1 Adelaide Street East, 23 rd Floor, Toronto, Ontario, Canada, M5C 2V9 Fiera Capital Corporation 1 Adelaide Street East, Suite 600 Toronto, Ontario, Canada, M5C 2V9	Portfolio advisors/investment managers for the Foundation, assisting the Foundation in investing Principal and interest and investment income earned thereon for Subscribers and Beneficiaries in BVI.
Administrator and Distributor Heritage Education Funds International Inc. 100 King Street West, Suite 6200, 1 First Canadian Place, Toronto ON, Canada, M5X 1B	Pursuant to The Franchise Agreement dated June 3, 1996 and renewed by agreement dated June 3, 2016 between Heritage International Scholarship Trust Foundation and Heritage Education Funds International Inc. (the "Distributor"), the Distributor has the exclusive worldwide rights outside of Canada to distribute the Plan through its affiliates or through local distributors. In exchange for these services, the Foundation pays Distributor fees.
Local Distributor Mutual Insurance (BVI) Agency Limited Ward's Building PO Box 3169 PMB167 Road Town, Tortola British Virgin Islands VG1110	Local distributor of the Heritage Plan in the British Virgin Islands.
Registered Office Butterfield Trust (Bermuda) Limited , 65 Front Street, Hamilton, Bermuda, HM12	Registered office of the Heritage Plan in Bermuda

VALUATION OF THE PLAN

Valuation Policy

In 2020, the Plan has developed and implemented a comprehensive policy for the valuation of the Plan's assets (the "**Valuation Policy**"), and procedures to ensure the Valuation Policy is effectively implemented. HEFI, as the Plan's Administrator, values the assets of the Plan in accordance with the Valuation Policy.

The following is a description of how the Valuation Policy complies with the requirements of subsection 9(3) of the Regulations:

(a) Nature, Size, Complexity, Structure and Diversity of the Plan

The Plan's assets are invested conservatively, consistent with the nature of the Plan, which is a vehicle for Subscribers to accumulate Contributions towards saving for post-secondary education of their Beneficiaries. See "Investment Strategies" for the particular investment strategies for the Plan's assets.

The assets of the Plan are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on a measurement date. The fair value of the Plan's assets that are traded in active markets is based on quoted market prices at the close of trading on the reporting date. For equity securities and exchange traded funds, the Plan uses the last traded market price where the last traded price falls between that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Plan determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. For fixed income securities, the Plan uses mid prices provided by independent security pricing vendors. The Plan's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of the Plan's assets that are not quoted in an active market or provided by independent security pricing vendors, is determined using valuation techniques. The use of valuation techniques for valuing such assets requires assumptions that are based on market conditions existing as at the valuation date. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of such assets from one valuation period to another.

The Foundation's Board of Directors is responsible for reviewing the accounting, financial reporting,

audit control and risk management responsibilities of the Plan, including the review and approval of this Valuation Policy.

Income and expenses of the Plan including realized gains and losses on the Plan's assets, changes in unrealized gains or losses on the Plan's assets, and any dividend, interest and investment income received from the Plan's assets, as well as expenses related to the management of the Plan, are allocated to individual subscriber accounts on a monthly basis.

(b) Compliance with Plan's Constitutional Documents

The primary constitutional document of the Plan is the Second Amended and Restated Trust Deed dated as of November 1, 2019 (as further amended, restated or supplemented from time to time, most recently on April 23, 2021) between the Foundation and Butterfield Trust (Bermuda) Limited (the "**Trust Deed**"). In accordance with Article 4 of the Trust Deed, the Trustee shall invest and reinvest the assets of the Plan as directed by the Foundation or an investment management company appointed by the Foundation. Further, the Foundation shall ensure that the assets of the Trust are invested only in investments which conform to investment guidelines established by the Foundation. The Foundation has established Statements of Investment Policies and Procedures for each of the Plan's Portfolio Advisors, setting out the guidelines for each to follow. The Plan's Administrator monitors compliance of the Plan's investments and the Portfolio Advisor's activities against these guidelines.

(c) Timing of Valuations

The Plan's assets are valued on a monthly basis by an independent third-party valuation service provider who is also the Custodian of the Plan. Throughout the fiscal year, the Investment Committee of the Board of Directors receives regular information on the valuation of the Plan's assets.

(d) Reporting on Valuations

Units of the Plan do not trade in any recognized market and are not tradeable as the number of units associated with a Subscriber is unique to that subscriber's interest in the Plan. As such, the Plan does not strike a Net Asset Value ("**NAV**"). Subscribers wishing to withdraw from the Plan and cancel their Units will receive their net contributions up to withdrawal date, in accordance with the terms of the Prospectus.

The valuation of the Plan's assets is reported in the annual audited financial statements of the Plan, which are approved by the Foundation's Board of Directors.

(e) Disseminating Information to Subscribers

A copy of the Heritage Plan's annual audited financial statements is usually sent to each of the Subscribers, along with their annual statement of account, within 90 days of the end of the financial year, except that in 2022 the Heritage Plan's audited financial statements will be sent to Subscribers within 180 days of the financial year ended December 31, 2021. The audited financial statements contain descriptions of how the Plan's assets are valued in accordance with International Financial Reporting Standards. Copies of the most recent annual audited financial statements are posted at www.heritageesp.com and can also be obtained upon request from the Foundation.

Differences from International Financial Reporting Standards

The Plan's financial statements are prepared in accordance with International Financial Reporting Standards and those principles may differ from the valuation principles that are set out in this Prospectus.

Investment Policies

Subscribers' Contributions will be, as directed by the Foundation, invested in investment certificates, debentures and bonds, most of which are guaranteed by the Government of the United States of America or the Government of Canada, and any state, province or municipality thereof. Your Contributions may also be invested in corporate bonds with a minimum credit rating of BBB or equivalent, as directed by the Foundation.

Income earned on Contributions may be invested in:

- (a) Equities listed on a stock exchange in Canada or the United States;
- (b) Index participation units of a Canadian or U.S. Exchange-Traded Fund ("ETF") whose objective is to replicate the performance of a specified widely quoted index of Canadian, U.S. or Global Equity Securities;
- (c) Corporate Bonds issued in Canada and the United States, with a minimum credit rating of BBB and/or
- (d) Derivatives for hedging and liquidity purposes.

The investment objective of the Plan is to ensure the Plan's assets are fully invested, in the asset classes set out above, at all times. The Plan does not engage in any borrowing or lending activities, itself, or with the assets of the Plan. The Plan does not invest in other investment funds other than ETFs described herein.

Financial Year End

The date of the financial year end for the Plan is December 31.

Conflicts of Interest

The Foundation and the Distributor are under common management, and the members of the Board of the Distributor also constitute members of the Board of the

Foundation. While there may be a perceived conflict of interest as a result of this relationship, the Foundation does not believe that such overlap will result in any conflicts of interest.

Scholarship Committee

The Scholarship Committee is appointed by the Board of Directors of the Foundation and is responsible for assisting the Board and implementing decisions made by it. See "Directors and Officers" for those Directors who serve on the Scholarship Committee.

The major functions of the Scholarship Committee are to calculate EAPs in each year, to make decisions concerning qualification of Beneficiaries, to determine whether institutions qualify as Recognized Institutions and to decide similar matters. As part of its role in determining EAPs, the Scholarship Committee determines the amounts, if any, that will be paid from the Enhancement Fund to supplement EAPs. The principal factors in this determination are the availability of funds for future Beneficiaries and current interest income.

RISK FACTORS

No Entitlement to Income

The Subscriber may not be entitled to any income earned on the investment if the Beneficiary does not become a Qualified Student (and the Self-Determined Option has not been selected).

Early Withdrawal and Default from the Heritage Plan

If the Subscriber withdraws from his/her Plan within 60 days of signing the Application, all Contributions will be returned to the Subscriber without deductions.

Early withdrawal from or a default under your Plan may have negative financial consequences. (See "What Happens If I Terminate the Heritage Plan?").

Failure to Notify the Foundation of Enrollment

If the Subscriber does not notify the Foundation, no later than 60 days before the Maturity Date of the decision to select the Self-Determined Option, the Contract will be automatically placed under the Scholarship Option. Once the deadline has been reached and a selection made, the selection cannot be reversed or changed.

Beneficiary Does Not Attend a Post-Secondary Program

If the Beneficiary does not pursue a post-secondary education, the Subscriber may nominate another Beneficiary to benefit from your Plan provided certain requirements are met (See "Can I Change the Beneficiary?"). If no substitution of Beneficiary is made, or if the Contract is terminated before the Maturity Date, your Principal, which includes Contributions made less

applicable fees, will be returned to you and the Beneficiary will not receive any EAPs.

Investment Risks

Principal and income are primarily invested in conservative investments. The Foundation may invest in equities, exchange traded funds and corporate debt securities of those firms with a minimum credit rating of BBB or higher. These investments are subject to greater risk than other securities invested by the Foundation. The primary risks are interest rate risk, investment risks and credit risk. See “Investment Policies” for more information.

What if I Fail to Apply or am Late in Applying for an EAP?

If the Proof of Registration evidencing full-time or part-time enrollment at a Recognized Post-Secondary Institution is not returned to the Foundation by August 15th of the Year of Eligibility, the EAP may not be approved and if not approved, the Beneficiary will not be eligible to receive an EAP in that particular year.

What if I Don't Attend a Program of Length Selected?

If a Beneficiary is not enrolled in a Post-Secondary Program for each of the applicable years, the Beneficiary will not receive the full amount of the EAPs to which he/she may be entitled. Failure to enroll within the specified time frame could result in forfeiture. Any unpaid EAPs will remain in the appropriate Scholarship Fund for distribution among those Qualified Students who continue their Post-Secondary Education.

RIGHTS OF WITHDRAWAL AND RESCISSION

If the fund publishes a Prospectus or any amendment thereto that contains misrepresentation relating to any of the disclosures required under section 48(1)(b) of the Act, a person who purchased any fund interests pursuant to such Prospectus or amendment thereto is deemed to have relied upon the misrepresentation and shall have the rights provided in section 52 of the Act, namely, to exercise a right of action for

- (i) the rescission of the purchase, or
- (ii) damages,

jointly and severally against the fund and every member of the board of directors or, in the case of a partnership, unit trust or other similar body, every member of the equivalent governing body who, while aware of the misrepresentation, or would have been aware of the misrepresentation had he made reasonable investigation consistent with his duties,

authorised the signing of or approved the Prospectus or amendment thereto and consented to its publication and filing or caused it to be signed or published and filed.

TAXATION OF SUBSCRIBER AND BENEFICIARY

The Plan is exempt from all provisions of the Income Tax Act of the BVI. All payments paid by the Plan to Subscribers (including redemption proceeds) and capital gains realized by Subscribers with respect to any Units of the Plan are exempt from the payment of income tax under the Income Tax Act provided the Subscribers are not ordinarily resident or domiciled in the BVI. The Plan has no liability to BVI payroll taxes as it has no employees in the BVI. There are no estate, inheritance, succession or gift taxes payable in the BVI with respect to any Units in the Plan.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

The Foreign Account Tax Compliance Act (“**FATCA**”) of the Hiring Incentives to Restore Employment Act of 2010, represents an expansive information reporting regime enacted by the United States of America (“**U.S.**”). FATCA imposes a withholding tax of 30 per cent on certain US-sourced gross amounts paid to certain “Foreign Financial Institutions” (“**FFI**”), unless various information reporting requirements are satisfied. The withholding obligation arises unless the FFI enters directly into a contract (“**FFI Agreement**”) with the U.S. Internal Revenue Service (“**IRS**”) or alternatively if the FFI is located in a Model 1 Intergovernmental Agreement (“**IGA**”) country, and reports to the relevant tax authority. Amounts subject to withholding under these rules generally include gross U.S.-source dividend and interest income, gross proceeds from the sale of property that produces dividend or interest income from sources within the U.S. and certain other payments made by “Participating Foreign Financial Institutions” to “recalcitrant account holders” (“Foreign Pass Thru Payments”). An FFI agreement will impose obligations on the FFI including disclosure of certain information about U.S. investors directly to the IRS and the imposition of withholding tax in the case of non-compliant investors.

In recognition of both the fact that the stated policy objective of FATCA is to achieve reporting (as opposed to being solely the collecting of withholding) and the difficulties which may arise in certain jurisdictions with respect to compliance with FATCA by FFIs, the U.S. has developed an intergovernmental approach to the implementation of FATCA.

Knowledge First Financial, in its ongoing role in assisting the Foundation with administration of the Plan, is responsible for FATCA compliance in Canada. As a Canadian corporation, Knowledge First Financial is accountable to the Canadian federal government and more specifically, the Canada Revenue Agency (“**CRA**”) for all income tax reporting matters, including FATCA. The Canadian Government signed an Intergovernmental Agreement with the U.S. Government on February 5, 2014 (the “**Canadian IGA**”). The Canadian IGA is also intended to reduce the burden for Canadian Financial Institutions of FATCA compliance. The Canadian IGA requires that information regarding U.S. Subscribers and their reportable accounts be provided annually to the CRA, who will then provide such information to the IRS.

OECD Common Reporting Standard Requirements

The OECD has adopted a “Common Reporting Standard” (“**CRS**”), which is an international standard for financial account reporting. CRS requires that jurisdictions obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis.

The governments of Canada and the British Virgin Islands are signatories to the Multi-lateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (“**MCAA**”) that will be adopted by all jurisdictions committing to the CRS (each a “**Reportable Jurisdiction**”). Under Part XIX of the *Income Tax Act* (Canada), (the “**CRS Order**”) the Plan will be required to make annual filings in respect of Subscribers who are tax-resident in a Reportable Jurisdiction and who are not covered by one of the exemptions in the CRS Order. The information may also be reportable to other relevant authorities.

Local FATCA & CRS Obligations

FATCA Requirements in Bermuda

The Plan may be subject to the requirements imposed on FFI, under FATCA and the Plan will use reasonable efforts to avoid the imposition of a withholding tax on EAP payments to Beneficiaries under FATCA. As a result, Subscribers will be required to provide identification and information attesting whether the Subscriber or the Beneficiary is a U.S. citizen, resident or is otherwise a U.S. taxpayer to avoid the imposition of such withholding tax. The ability of the Plan to satisfy such obligations will depend on each Subscriber providing, or causing to be provided, any information, which the Plan determines to be necessary in order to satisfy such obligations.

In the event any Subscriber fails to timely provide any information or tax documentation which the Plan determines is necessary in order to satisfy any obligations that it may have under FATCA, or to the extent that Subscriber’s ownership or the existence of a Beneficiary otherwise would cause the Plan to be subject to withholding tax under FATCA,

- a) the Plan (or its agents on its behalf) is authorized to withhold amounts from EAP payments otherwise distributable to the Beneficiary as compensation for any amount withheld from payments to it as a result of such failure or such Subscriber’s ownership, and
- b) to the extent necessary to avoid an adverse effect on the Plan or any other Subscriber as a result of such failure or such Subscriber’s ownership, the Plan (or its agents on its behalf) shall have the right to cancel the Contract and disqualify the Beneficiary from receiving any further EAPs that he/she may otherwise be entitled to receive within 10 calendar days after notice from the Plan.

OECD Requirements in Bermuda

Bermuda has implemented a legal and regulatory regime which the OECD has recognized as generally complying with internationally agreed standards for transparency and exchange of information for tax purposes. This standard has involved Bermuda entering into a number of bilateral tax information exchange agreements which provide that upon request the competent authorities of participating countries shall provide assistance through the exchange of information relevant to the administration or enforcement of domestic laws of the participating countries concerning taxes covered by the agreements without regard to any domestic tax interest requirement or bank secrecy for tax purposes. This includes information that is relevant to the determination, assessment and collection of such taxes, the recovery and enforcement of tax claims or the investigation or prosecution of tax matters. Information is to be exchanged in accordance with the agreements and shall be treated as confidential in the manner provided therein. Consequently, each Subscriber should be aware that in accordance with such arrangements (as extended or varied from time to time to comply with then current international standards, to the extent adopted by Bermuda or any other relevant jurisdiction), relevant information concerning it and/or its investment in the Plan may be provided to the competent authority of a jurisdiction with which Bermuda has entered a tax information exchange agreement (or equivalent).

In addition, in 2014, the OECD announced the introduction of the CRS, which has now been widely accepted as the international standard for financial account reporting for tax purposes outside of the United States. The CRS sets out the financial account information to be exchanged between participating countries, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions. Bermuda became a participant of the CRS pursuant to the MCAA executed in 2014. Unlike FATCA, which requires the direct reporting of requisite information to the United States authorities, under the CRS reporting financial institutions are required to report requisite data to the Minister of Finance, in his capacity as the Competent Authority in Bermuda, for

onward inter-governmental exchange. Bermuda legislation has been amended to ensure all Bermuda persons comply with the obligations of the CRS, FATCA and any other arrangements or agreements entered into by the Government of Bermuda for the exchange of information for tax purposes. The Plan is required to collect certain information for each calendar year from Subscribers and report such information to the Minister of Finance for exchange under the CRS.

Implications for subscribers

By subscribing for Units (or continuing to subscribe for Units) in the Plan, Subscribers shall be deemed to acknowledge that:

- (i) the Plan (or its agents) may be required to disclose to the Government of Bermuda (including but not limited to the Bermudian Registrar of Companies, Bermuda Monetary Authority or any other regulatory body in Bermuda or the relevant tax authorities) certain confidential information in relation to the Subscriber, including but not limited to the Subscriber's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Subscriber's Contract;
- (ii) the Government of Bermuda and/or Canadian Government may be required to automatically exchange information as outlined above with the IRS and the CRA;
- (iii) the Plan (or its agents) may be required to disclose to the IRS and CRA certain confidential information if registering with such authorities and if such authorities contact the Plan (or its agent directly) with further enquiries;
- (iv) the Plan may require the Subscriber to provide additional information and/or documentation which the Plan may be required to disclose to the Government of Bermuda or Canadian Government (including the relevant tax authorities);
- (v) in the event that the Subscriber does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Plan or a risk of the Plan or its Subscribers being subject to withholding tax or penalties under the relevant legislative or intergovernmental regime, the Plan reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, terminating the Subscriber's Contract;
- (vi) to the extent the Plan does suffer U.S. withholding tax or other applicable penalties from any tax authorities on its investments as a result of FATCA or CRS, then the Plan may take any action in relation to a Subscriber's subscription in the Plan to ensure that such withholding and penalties are economically borne by the relevant Subscriber whose failure to

provide the necessary information or become a participating FFI gave rise to the withholding; and

- (vii) no Subscriber affected by any such action or remedy shall have any claim against the Plan (or its agents) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Plan in order to comply with any of the Canadian IGA, or any other similar or future IGAs, or any of the relevant underlying legislation (including legislation for CRS and other legislation in any relevant country).

Each prospective Subscriber should consult their own tax advisor regarding the requirements of the above with respect to their own situation.

COMPLIANCE DISCLAIMER – MONEY LAUNDERING

Participation in the Plan can result in a large deposit from the Subscriber. The Subscriber undertakes, when he/she signs the Application, that the funds used for deposit have not been derived from activities specified in the Money Laundering Statement that follows:

Activities can consist of drug-trafficking offenses and financial misconduct or other specified activities. Drug-trafficking offenses include the manufacture, importation sale, or distribution of controlled substances; the commission of acts constituting a continuing criminal enterprise; and transportation of drug paraphernalia. Financial misconduct includes the concealment of assets from a receiver, custodian, trustee, marshal, or other officer of the court, from creditors in a bankruptcy proceeding; the making of a fraudulent conveyance in contemplation of a bankruptcy proceeding or with the intent to defeat any bankruptcy law; the giving of false oaths or claims in relation to a bankruptcy proceeding; bribery; the giving of commissions or gifts for the procurement of loans; theft, embezzlement, or misappropriation of bank funds or funds of other lending, credit, or insurance institutions; the making of fraudulent bank or credit institution entries or loan or credit applications; and mail, wire, or bank fraud or bank or postal robbery or theft. Other specified activities include counterfeiting, espionage, kidnapping or hostage-taking, copyright infringement, entry of goods by means of false statements, smuggling, removing goods from the custody of Customs officials, illegally exporting arms.

As part of the Plan's responsibility for the prevention of money laundering and terrorist financing, the Plan, acting

through the Administrator, may require detailed verification of a prospective Subscriber's identity, any beneficial owner underlying the account, and the source of the prospective Subscriber's Contribution.

The Administrator will receive Contributions. Depending on the circumstances of each subscription, it may not be necessary to obtain full documentary evidence of identity where:

- (a) the prospective Subscriber is regulated for compliance with rules for the prevention of money laundering and terrorist financing and is based or incorporated in, or formed under the laws of the BVI or one of the following recognized jurisdictions: Argentina, Aruba, Andorra, Australia, Bahamas, Barbados, Bermuda, Belgium, Brazil, Bulgaria, Canada, Cayman Islands, Chile, China, Curaçao, Cyprus, Denmark, Dubai, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Hungary, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Latvia, Liechtenstein, Luxembourg, Malta, Mauritius, Mexico, Monaco, Netherlands, New Zealand, Norway, Panama, Portugal, Russia, Singapore, Slovenia, Spain, South Africa, St. Lucia, Sweden, Switzerland, United Kingdom, United States of America, Uruguay (the "**Recognized Jurisdictions**");
- (b) the Contribution is made by an intermediary acting on behalf of the prospective Subscriber and such intermediary is regulated for compliance with rules for the prevention of money laundering and terrorist financing and is based or incorporated in, or formed under the laws of a Recognized Jurisdiction.

In other cases, the Administrator may opt to apply the laws and regulations for the prevention of money laundering and terrorist financing of the Recognized Jurisdiction in which it is based, in such circumstances the derogations in (a) and (b) may not apply. The Administrator will notify prospective Subscriber if additional proof of identity is required. By way of example, a prospective Subscriber may be required to produce a copy of a passport or identification card duly certified as a true copy by a notary public, law firm or bank, together with evidence of his or her address such as a utility bill or bank statement.

Failure to provide the necessary evidence may result in applications being rejected or in delays in receiving funds or in the processing of documents.

Pending the provision of satisfactory evidence as to identity, the processing of a Subscriber's enrollment application may be delayed. If within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it, the Subscriber's enrollment application may be cancelled in which case application monies will be returned without income to the account from which such monies were originally received.

The Plan, the Administrator and any party acting on their behalf will be held harmless and will be fully indemnified by a Subscriber or prospective Subscriber against any loss arising as a result of a failure to process an enrollment application or any port enrollment transactions if such information has not been satisfactorily provided by such Subscriber or prospective Subscriber.

SUBSTITUTION OF TRUSTEE

In the event that continued Contributions by a Subscriber are prevented by currency restrictions or other legal and practical limitations, the Scholarship Committee may, in its sole discretion, establish a separate fund ("**Separate Fund**") for the affected Subscribers. The conditions governing the Contributions and entitlement to the Separate Fund will be identical so far as possible to the terms of the Heritage Plan but may be modified to fit local conditions or modified as necessary according to the provisions of the Contract. In such event, the Qualified Student will receive EAPs either pursuant to the Contract or from the income accruing on the Separate Fund or both on a proportional basis and under the same terms and conditions as described in the Contract. In such event, the Scholarship Committee Members, in their sole discretion, will appoint an appropriate financial institution in the jurisdiction imposing such restrictions or limitation to act as trustee of the Separate Fund. In any event, all Fees shall continue to be payable in United States currency.

AMENDMENT OF CONTRACTS AND TRUST INDENTURE

Any amendments to the Contract or the trust indenture establishing the Heritage Plan or any of the Heritage Plan's constitutive documents (the "**Constitutive Documents**") require the approval of the Foundation and the Subscribers. The Foundation or Trustee must call a meeting of Subscribers, on at least 30 days' notice, to consider and approve all amendments. A resolution of the Subscribers may be passed by a majority of the votes cast at a meeting in person or by proxy. Each Subscriber is entitled to one vote per Unit.

Notwithstanding the foregoing, the Foundation may alter the Contract or any of the Constitutive Documents without consulting the Subscribers, if in the opinion of the Foundation and the Trustee certifies in writing that, in its opinion, the proposed alteration:

- a) is required to be made in order to comply with applicable law or an order or rule of any governmental or regulatory authority;
- b) does not materially prejudice the interest of any Subscriber;
- c) does not to any material extent release a custodian, investment fund administrator, investment fund manager, investment fund advisor or any other person from any liability to Subscribers; and
- d) does not materially increase the costs and charges payable from the assets of the Heritage Plan.

However, if the Trustee is not able to certify in writing that an amendment to the Contract or Constitutive Documents proposed by the Foundation comply with (a) to (d) above, then the concurrence of the Subscribers is required. Such an amendment must be approved by (i) an extraordinary resolution passed by at least 75% of the Subscribers at a duly convened and constituted extraordinary meeting of the Subscribers; or (ii) a written resolution consented to in writing by at least 75% of the Subscribers.

STATEMENT TO SUBSCRIBERS

Each Subscriber is provided with a Statement of Account showing the amount of Contributions and any deductions therefrom as well as the annual rate of return earned by the Heritage Plan during the previous year.

PLAN OF DISTRIBUTION

Pursuant to the provisions of an agreement between the Foundation and Heritage International (the “**Distributor**”, also referred to as the “**Administrator**”), the Distributor or its assignee has the exclusive right to offer Contracts. Mutual Insurance (BVI) Agency Limited is the assigned local distributor of the Plan in the British Virgin Islands. The Foundation will engage in the continuous sale of Units in the Heritage Plan.

The Distributor, a corporation organized under the laws of Canada, is a subsidiary of PROVEN. The Distributor, as remuneration for its services in distributing the Plan, is paid the Membership Fee by the Depository. The Membership Fee is used by the Distributor in part to reimburse the Sales Representatives of the local distributor.



DIRECTORS AND OFFICERS

Following the Acquisition, the following individuals are the directors and officers of the Foundation and the Distributor:

Name	Position with the Foundation	Position with Distributor	Principal Occupation during Past Five Years
Garfield Sinclair, BSc. <i>Kingston, Jamaica</i>	Chairman and Director, Member of Scholarship Committee	Chairman and Director	Co-Founder, Proven Management Limited; Vice President, Cable and Wireless Communications; prior to April 2021, Chief Executive Officer of BTC Bahamas and VP Northern Cluster (Bahamas, Jamaica, Cayman) Cable and Wireless Communications; prior to 2018, President- Caribbean, Cable and Wireless Communications; prior to 2017, President Chief Executive Officer, Cable and Wireless Communications LIME-Jamaica
Johann Heaven, MSc, BSc., CFA, FRM <i>Kingston, Jamaica</i>	Director, Member of Scholarship Committee	Director	Head of Banking and Wealth, Proven Management Limited, and President and Chief Executive Officer of Proven Wealth Limited; prior to 2017, Senior Vice President and Chief Investment Officer, Proven Management Limited
Christopher Williams, MBA, BSc. <i>Kingston, Jamaica</i>	Director	Director	Co-Founder and Chief Executive Officer, Proven Management Limited
John Richard Reid, MBA, BA <i>Orlando, Florida, USA</i>	Director	Director	Micro Business Owner, Bynx, LLC, Kindred Investment Co. LLC, Second Act, LLC, Big Bang Promotional Products Inc. (Canada), T.R.I.J. properties Inc. (Canada); prior to 2018 Chief Executive Officer, Cable and Wireless Communications; prior to 2015 President and Chief Operating Officer, Columbus Communications Inc.
Richard Gordon, MSc., BSc, CFA, CAIA <i>Kingston, Jamaica</i>	Director, Member of Scholarship Committee and Chief Executive Officer	Director and Chief Executive Officer	Senior Vice President and Deputy Chief Executive Officer, Proven Wealth Limited; prior to 2021, Vice President, and General Manager, Proven Wealth Limited
Patricia Campbell, MBA, BSc. <i>Kingston, Jamaica</i>	Chief Operating Officer	Chief Operating Officer	Vice President, Operations and IT; prior to 2019, Assistant Vice President, Operations and IT.
Gillian Cranston, BSc. <i>Kingston, Jamaica</i>	Chief Financial Officer	Chief Financial Officer	Assistant Vice President, Finance and Fund Accounting, Proven Wealth Limited; prior to 2021, Head of Finance.
Trecia-Gay Clarke, MSc. BSc. <i>Kingston, Jamaica</i>	Chief Administrator	Chief Administrator	Head of Pension Administration, Proven Wealth Limited; prior to 2018, Assistant Manager, Pensions Administration, Victoria Mutual Pensions Management Limited
Monique Lawrence, MBA, BSc. <i>Kingston, Jamaica</i>	Vice President, Risk & Compliance	Vice President, Risk & Compliance	Head of Risk and Compliance, Proven Wealth Limited; prior to 2021, Manager, Risk and Compliance Assistant Manager
Sherri Murray, MBA, BSc. <i>Kingston, Jamaica</i>	Company Secretary	Company Secretary	Vice President, Operations and Human Resources/ Company Secretary, Proven Management Limited
Gorkem Gurgun, BBA, CPA <i>Toronto, ON, Canada</i>	Vice President, Finance	Vice President, Finance	Vice President, Finance and Controller, Knowledge First Financial Inc., Knowledge First Foundation, Heritage Educational Foundation, Heritage Education Funds (International) Inc., Heritage International Scholarship Trust Foundation; prior to Aug, 2021, Controller and Treasurer, Knowledge First Financial Inc., Knowledge First Foundation, Heritage Educational Foundation, Heritage Education Funds (International) Inc., Heritage International Scholarship Trust Foundation; prior to February 2020, Controller, Alignvest Capital Management; prior to June 2019, prior to May 2019, Chief Financial Officer, Global RESP Corporation, prior to December 2018, Chief Financial Officer, Manulife Asset Management Limited, Management Asset Management Investments Inc.

Name	Position with the Foundation	Position with Distributor	Principal Occupation during Past Five Years
Darrell Bartlett, CPA, CA, CIA <i>Oakville, ON, Canada</i>	Chief Risk & Compliance Officer	Chief Risk & Compliance Officer	Chief Risk & Compliance Officer, Knowledge First Financial, Knowledge First Foundation, Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd.; prior to January 2020, Chief Compliance Officer, Knowledge First Financial, Knowledge First Foundation, Knowledge First International Inc., Heritage International Scholarship Plan Trust, Heritage Education Funds (International) Inc., Heritage Education Funds International (Jamaica) Ltd., Heritage Amalgamated Corporation and 10896357 Canada Inc.; prior to January 2018, Chief Compliance Officer, Knowledge First Foundation and Knowledge First Financial

TRUSTEE

Butterfield Trust (Bermuda) Limited acts as Trustee of the Plan. Upon the Maturity Date or upon withdrawal by the Subscriber from the Heritage Plan, the Trustee returns Principal to the Depository for payment to the Subscribers and remits income thereon for contribution to the Scholarship Fund or the Self-Determined Account.

Funds remitted to the Trustee by the Depository are invested in trust for the Subscribers in investments directed by the Foundation, acting on investment advice from the portfolio advisors.

The members of the Trustee's senior management team who are responsible for the trustee services to the Plan are:

Name	Title	Principal Occupation During Past Five Years & Key Responsibilities
John Richmond	Managing Director, Member of Board of Directors	Managing Director, Member of Board of Directors for Butterfield Trust (Bermuda) Limited. Prior to May 2016, VP and Team Leader for the Family Office Operation with HSBC Private Bank (Bermuda) Limited. The Managing Director has over 25 years' experience in managing complex trust structures across multiple jurisdictions. The Managing Director's responsibilities include the operation of Butterfield Trust (Bermuda) Limited and providing support to the team, as required, in addition to driving organizational success and developing and implementing strategic plans.
Michelle Malpas	Vice-President Trust Services & Deputy Managing Director, Member of Board of Directors	Vice-President Trust Services and Deputy Managing Director, Member of Board of Directors for Butterfield Trust (Bermuda) Limited. The Vice-President Trust Services & Deputy Managing Director has over 15 years' experience in the private client industry, seven years experience in risk and compliance and has garnered extensive experience in the areas of trust management and administration, wills and estates, company administration and compliance and risk management. The Vice-President Trust Services and Deputy Managing Director responsibilities include providing support to the MD in carrying out strategic plans in addition to providing support to the team when required.
Wendy Tucker-Adams	Assistant Vice-President, Institutional Trust	Assistant Vice-President, Institutional Trust for Butterfield Trust (Bermuda) Limited. The Assistant Vice-President, Institutional Trust is responsible for the day to day administration of the Plan. The Trustee holds the trust property in trust for the use and benefit of the participants subject to the terms and conditions of the Trust Deed.

CHARTER DOCUMENTS AND MATERIAL CONTRACTS

The Foundation was established by letters patent (the “**Letters Patent**”) as a not-for-profit corporation under the *Canada Corporations Act* on May 16, 1983 as Canadian International Scholarship Trust Foundation. On November 4, 1987 it changed its name by supplementary letters patent (“**Supplementary Letters Patent**”) to Heritage International Scholarship Trust Foundation.

The Portfolio Advisors contracted by the Foundation to invest the assets of the Heritage Plan are:

Jarislowsky, Fraser Limited: On September 1, 2020, 1832 Asset Management L.P (1832) reorganized the business of Scotia Institutional Asset Management by way of assignment to Jarislowsky, Fraser Limited (“**Jarislowsky Fraser**”), subject to the satisfaction of certain conditions including obtaining the consent of Knowledge First Financial Inc. Jarislowsky Fraser has deep institutional experience and has built a distinguished reputation for its in-house research capabilities, quality-focused philosophy and advocacy for good corporate governance and shareholder rights. While Knowledge First Financial Inc. is now a client of Jarislowsky Fraser, the core fixed income team at 1832 continues to provide investment management services for Plan assets on a sub-advisory basis. The team functions in a dynamic environment, and each member is responsible for all aspects of portfolio management, including a risk and opportunity assessment, trade execution and credit analysis.

Fiera Capital Corporation is a leading Canadian investment management firm recognized for its excellence in portfolio management, innovative investment solutions and its ability to exceed client expectations through a

broad range of strategies and services. Its assets under management exceed \$169.7 billion.

The trust is established by the Trust Deed. The registered office of the Plan is c/o Butterfield Trust (Bermuda) Limited, 65 Front Street, Hamilton HM12, Bermuda.

The only material contract of the Foundation is the Franchise Agreement (the “**Franchise Agreement**”) dated 1996 between the Foundation and Scholarship Advisors International LLC (now HEFI). The Franchise Agreement remains in place following the Acquisition.

The relationship between Heritage Education Funds International Inc. and Mutual Insurance (BVI) Agency Limited is that of an independent distributor. Mutual Insurance (BVI) Agency Limited acts as agent to Heritage Education Funds International Inc. and Mutual Insurance (BVI) Agency Limited is responsible for supervising Sales Representatives, fulfilling compliance responsibilities and coordinating local sales and marketing efforts.

Copies of the following constitutive documents of the Plan, each of which may be inspected free of charge or purchased during normal business hours upon reasonable advance notice, are available at the Plan’s registered office in Bermuda:

- (a) Letters Patent;
- (b) by-laws of the Foundation;
- (c) Supplementary Letters Patent;
- (d) Deed of Trust dated February 3, 1988;
- (e) Supplemental Deed dated June 20, 1990;
- (f) Supplemental Deed dated June 20, 1990 (Notice of Change of Forum);
- (g) Supplemental Deed of Trust dated November 20, 1992;
- (h) Amended and Restated Trust Deed dated September 23, 2015;
- (i) Second Amended and Restated Trust Deed dated November 1, 2019;
- (j) Amendment to the Second Amended and Restated Trust Deed dated April 23, 2021;
- (k) the Franchise Agreement;
- (l) Administration Agreement;
- (m) Services Agreement;
- (n) Investment Management Agreements;
- (o) the particular Subscriber’s Contract; and
- (p) Master Custody Agreement



COMPLIANCE WITH THE VIRGIN ISLANDS SECURITIES AND INVESTMENT BUSINESS ACT, 2010, MUTUAL FUNDS (FOREIGN FUNDS) REGULATIONS, 2019 AND PUBLIC FUNDS CODE, 2010

The Plan complies with the requirements of the Securities and Investment Business Act, 2010 (the "**Act**"), the Mutual Funds (Foreign Funds) Regulations, 2019 (the "**2019 Regulations**") and the Public Funds Code, 2010 (the "**PFC**"). These collective requirements were effective July 1, 2020.

The Amendment Act was brought into force on December 31, 2019. To be recognized as a Foreign Fund under the Amendment Act, the Plan must comply with the prospectus disclosure and other requirements set out in the 2019 Regulations, which include the prospectus disclosure requirements of the PFC. The following table describes how the Plan complies with the collective prospectus disclosure requirements of the 2019 Regulations and the PFC:

2019 Regulation	Regulatory requirement	Reference to compliance with requirement
5(1)	A prospectus issued by a recognised foreign fund shall comply with the requirements of the Public Funds Code (<i>PFC</i>), as if the recognised foreign fund was registered as a public fund under Securities and Investment Business Act 2010 (the <i>Act</i>).	See 'Compliance with Public Funds Code Disclosure Requirements' below.
5(2)(a)	A prospectus issued by a recognised foreign fund shall state prominently at the head of the first page or on the cover, that it is prepared in accordance with the Act, the Regulations and the PFC.	See header disclosure on Prospectus front page.
5(2)(b)	A prospectus issued by a recognised foreign fund shall be accompanied by, or contain reference to, the availability of financial statements for the last financial year of the fund and the auditor's report on those accounts, if the fund has completed a financial year in operation.	See "Financial Statements"
5(2)(c)	A prospectus issued by a recognised foreign fund shall be accompanied by such other documents as maybe prescribed in the PFC.	See 'Compliance with Public Funds Code Disclosure Requirements' below.
5(2)(d)	A prospectus issued by a recognised foreign fund shall contain such other matters as the FSC may require.	Not Applicable
6(1)	A recognised foreign fund shall at all times have not less than 2 directors, at least one of whom shall be an individual.	See "Directors and Officers"
7(1)	A recognised foreign fund shall at all times have a fund manager, a fund administrator and a custodian.	See "Administration of the Plan"
7(4)	The custodian of a recognised foreign fund shall: (a) be a person who is fully independent from the fund manager and the fund administrator; or (b) whether the custodian is the same person as the fund manager or fund administrator, be a company having systems and controls that ensure that the persons fulfilling the custodial function are functionally independent from the persons fulfilling the fund management or fund administration functions.	See "Administration of the Plan"
9(1)	A recognised foreign fund shall maintain clear and comprehensive policy for valuation of fund property with procedures that are sufficient to ensure that the valuation policy is effectively implemented.	See "Valuation of the Plan"

2019 Regulation	Regulatory requirement	Reference to compliance with requirement
9(2)	A recognised foreign fund shall ensure that its administrator or such other person having responsibility for the valuation of the fund property, values fund property in accordance with the valuation policy.	See "Valuation of the Plan"
9(3)	<p>The valuation policy and procedures of a recognised foreign fund shall:</p> <ul style="list-style-type: none"> (a) be appropriate for the nature, size, complexity, structure and diversity of the fund and fund property; (b) be consistent with the provisions concerning valuation in its constitutional documents and prospectus; (c) require valuations to be undertaken on at least an annual basis; (d) include procedures for preparing reports on the valuation of fund property; (e) specify the mechanisms in place for disseminating valuation information and reports to investors. 	See "Valuation of the Plan"
9(4)	A recognised foreign fund shall ensure that the persons controlling the fund's manager, or such other person having responsibility for the investment function, are independent from the persons controlling the fund's administrator, or such other person having responsibility for the valuation process.	See "Valuation of the Plan"
9(5)	<p>Where a recognised foreign fund determines that the fund's manager, or such other person having responsibility or the investment function must have an involvement in the valuation of fund property, the recognised foreign fund shall:</p> <ul style="list-style-type: none"> (a) identify, manage and monitor any potential conflicts of interest that may arise; and (b) disclose to investors in the fund: <ul style="list-style-type: none"> (i) that the fund's manager or such other person having responsibility for the investment function has an involvement in the valuation of fund property; and (ii) details of how any potential conflicts of interests will be managed. 	See "Conflicts of Interest"
10(1)	<p>A recognised foreign fund shall prepare financial statements that comply with:</p> <ul style="list-style-type: none"> (a) IFRS; (b) UK GAAP; (c) US GAAP; (d) Canadian GAAP; or (e) Such other internationally recognised standard. 	See "Financial Statements"
10(2)	A recognised foreign fund shall appoint, and at all times have, an auditor for the purposes of auditing its financial statements.	See "Administration of the Plan"
10(5)	<p>The auditor of a recognised foreign fund shall:</p> <ul style="list-style-type: none"> (a) audit the fund's financial statements and prepare his or her report in accordance with: <ul style="list-style-type: none"> (i) US GAAP; (ii) International Standards on Auditing (UK); (iii) International Standards on Auditing; (iv) Hong Kong Standards on Auditing; (v) Canadian Auditing Standards; or (vi) Such other recognised international auditing standards as may be approved by the FSC on a case by case basis; 	See "Financial Statements"

2019 Regulation	Regulatory requirement	Reference to compliance with requirement
Compliance with Public Funds Code Disclosure Requirements		
1	The Manager	See “What is Heritage Education Funds International Inc.?”
2	The Administrator	See “What is Heritage Education Funds International Inc.?”
3	The Custodian	See “Who is the Plan’s Custodian?”
4	The Prime Broker	The Plan does not use the services of a prime broker
5	The Investment Advisor	See “Who are the Plan’s Investment Advisors?”
6	Other Relevant Persons	See “Administration of the Plan” and “Trustee”
7	The Directors	See “Directors and Officers”
8	The Constitution and Objectives of the Fund	See “The Heritage Plan”
9	The Characteristics of Fund Interests in the fund	See “The Heritage Plan”
10	The Characteristics of the Fund	See “The Heritage Plan” for discussion on the legal characteristics of the Plan See “Investment Policies” and “Investment Risks” for discussion on the investment policies and risks of the Plan See “Conflicts of Interest” for discussion regarding conflicts of interest within the Plan and how these are managed
11	Valuation of Fund Property and Fund Interests	See “Valuation of the Plan”
12	Fees	See “Membership Fees” and “Other Fees”
13	Distribution of Income	See “Valuation of the Plan”
14	The Issue and Redemption of Fund Interests	See “How Do I Get Money Out for Post-Secondary Education?”
15	General Information	See “Valuation of the Plan” regarding the availability of annual audited financial statements. See also “Rights of Withdrawal and Rescission”
16	Additional Information	There is no additional information to be disclosed under this regulation
17	Umbrella Fund	The Plan is not an Umbrella Fund, as defined by the PSC

CONTRIBUTION SCHEDULE FOR EACH HERITAGE PLAN UNIT

All contributions are actuarially designed (assuming all are made in accordance with the Contribution Schedule) to earn approximately an equal amount of income at maturity and include Membership Fees.

CONTRIBUTION METHOD		Number of Years until Maturity (first year of Post-Secondary Program)													
Number of years until Maturity	18	17	16	15	14	13	12	11	10	9	8	7	6	5	
SINGLE CONTRIBUTION	OA	1A	2A	3A	4A	5A	6A	7A	8A	9A	10A	11A	12A	13A	
Number of contributions	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Total amount of contributions	\$507.70	\$543.90	\$585.20	\$632.60	\$687.50	\$751.60	\$827.40	\$918.30	\$1,029.00	\$1,166.60	\$1,341.90	\$1,572.40	\$1,888.60	\$2,348.00	
ANNUAL	OB	1B	2B	3B	4B	5B	6B	7B	8B	9B	10B	11B	12B	13B	
Amount of contributions	\$ 64.50	\$72.40	\$81.90	\$93.40	\$107.50	\$125.10	\$147.50	\$176.50	\$214.70	\$266.80	\$340.50	\$449.40	\$620.40	\$911.60	
Number of contributions	17	16	15	14	13	12	11	10	9	8	7	6	5	4	
Total amount of contributions	\$1,096.50	\$1,158.40	\$1,228.50	\$1,307.60	\$1,397.50	\$1,501.20	\$1,622.50	\$1,765.00	\$1,932.30	\$2,134.40	\$2,383.50	\$2,696.40	\$3,102.00	\$3,646.40	
MONTHLY*	OC	1C	2C	3C	4C	5C	6C	7C	8C	9C	10C	11C	12C	13C	
Amount of contributions	\$ 6.00	\$6.70	\$7.60	\$8.70	\$10.10	\$11.80	\$13.90	\$16.80	\$20.70	\$26.00	\$33.80	\$45.50	\$64.70	\$98.80	
Number of contributions	207	195	183	171	159	147	135	123	111	99	87	75	63	51	
Total amount of contributions	\$1,242.00	\$1,306.50	\$1,390.80	\$1,487.70	\$1,605.90	\$1,734.60	\$1,876.50	\$2,066.40	\$2,297.70	\$2,574.00	\$2,940.60	\$3,412.50	\$4,076.10	\$5,038.80	
FIVE-YEAR ANNUAL	OD	1D	2D	3D	4D	5D	6D	7D	8D	9D	10D	11D	12D	13D	
Amount of contributions	\$122.50	\$132.10	\$143.20	\$156.20	\$171.60	\$189.90	\$212.10	\$239.80	\$275.00	\$321.20	\$384.50	\$476.10	\$620.40	\$880.20	
Number of contributions	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
Total amount of contributions	\$612.50	\$660.50	\$716.00	\$781.00	\$858.00	\$949.50	\$1,060.50	\$1,199.00	\$1,375.00	\$1,606.00	\$1,922.50	\$2,380.50	\$3,102.00	\$4,401.00	
FIVE-YEAR MONTHLY*	OE	1E	2E	3E	4E	5E	6E	7E	8E	9E	10E	11E	12E	13E	
Amount of contributions	\$11.10	\$12.00	\$13.00	\$14.20	\$15.60	\$17.30	\$19.50	\$22.20	\$25.70	\$30.40	\$37.10	\$47.30	\$64.80	\$98.80	
Number of contributions	60	60	60	60	60	60	60	60	60	60	60	60	60	60	
Total amount of contributions	\$666.00	\$720.00	\$780.00	\$852.00	\$936.00	\$1,038.00	\$1,170.00	\$1,332.00	\$1,542.00	\$1,824.00	\$2,226.00	\$2,838.00	\$3,888.00	\$5,928.00	
TEN-YEAR MONTHLY*	OF	1F	2F	3F	4F	5F	6F	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Amount of contributions	\$7.40	\$8.00	\$8.80	\$9.80	\$11.00	\$12.50	\$14.00								
Number of contributions	121	121	121	121	121	121	121								
Total amount of contributions	\$895.40	\$968.00	\$1,064.80	\$1,185.80	\$1,331.00	\$1,512.50	\$1,694.00								

Amounts may not reconcile due to rounding.

* Initial Deposit on Monthly, Five-Year Monthly and Ten-Year Monthly Plans is \$5.00/Unit, minimum \$25, in addition to the schedule outlined.

Financial Statements of

**HERITAGE INTERNATIONAL
SCHOLARSHIP TRUST PLAN -
FUND D**

(Expressed in U.S. Dollars)

For the years ended December 31, 2021 and December 31, 2020



Independent auditor's report

To the Subscribers, Beneficiaries and Trustee of Heritage International Scholarship Trust Plan - Fund D

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Heritage International Scholarship Trust Plan - Fund D (the Plan) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Plan's financial statements comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of comprehensive income for the years then ended;
- the statements of cash flows for the years then ended;
- the statements of changes in net assets attributable to subscribers and beneficiaries for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
May 31, 2022

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Statements of Financial Position

As at December 31, 2021 and December 31, 2020

(Expressed in U.S. Dollars)

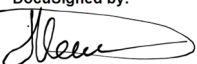
	2021	2020
Assets		
Cash	\$ 3,784,237	\$ 2,440,812
Due from Heritage International Scholarship Trust Foundation (note 10)	4,662,610	2,794,762
Investments, at fair value (note 5)	109,551,363	109,492,422
Restricted investments, at fair value (note 6)	33,723,109	33,549,267
Accrued interest and dividends	442,592	559,897
Total Assets	\$ 152,163,911	\$ 148,837,160
Liabilities		
Accounts payable	22,650	27,118
Restricted fees due to Heritage International Scholarship Trust Foundation (note 10)	522,147	564,901
Membership fee obligation (note 11)	10,625	10,625
Total Liabilities	555,422	602,644
Net assets attributable to subscribers and beneficiaries (note 9)	\$ 151,608,489	\$ 148,234,516

Approved on behalf of the Board of the Heritage International Scholarship Trust Foundation:

DocuSigned by:

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Director

DocuSigned by:

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Director

The accompanying notes are an integral part of these financial statements.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Statements of Comprehensive Income

For the years ended December 31, 2021 and December 31, 2020

(Expressed in U.S. Dollars)

	2021	2020
Income		
Interest	\$ 1,511,552	\$ 2,202,052
Dividends	571,938	434,539
Changes in fair value of instruments		
Net realized gains on investments	279,118	4,790,203
Net change in unrealized gains on investments	3,066,028	3,779,586
	\$ 5,428,636	\$ 11,206,380
Expenses		
Administration fees (note 10)	1,028,161	1,016,036
Portfolio management fees (note 14)	100,258	90,282
Bank fees	84,979	88,239
Transaction fees	579	1,099
	\$ 1,213,977	\$ 1,195,656
Increase in net assets attributable to subscribers and beneficiaries	\$ 4,214,659	\$ 10,010,724

The accompanying notes are an integral part of these financial statements.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Statements of Cash Flows

As at December 31, 2021 and December 31, 2020

(Expressed in U.S. Dollars)

Cash provided by (used in)	2021	2020
Operating activities		
Increase (decrease) in net assets attributable to subscribers and beneficiaries from operations	\$ 4,214,659	\$ 10,010,724
Adjusted for:		
Changes in unrealized gains, net	(3,066,028)	(3,779,586)
Realized gains, net	(279,118)	(4,790,203)
Amortization of bond premiums/discounts	404,690	136,397
Changes in non-cash working capital:		
Increase in accrued interest and dividends	117,305	138,606
Increase in due from Heritage International Scholarship Trust Foundation	(1,867,848)	(1,417,791)
Decrease in accounts payable	(4,468)	7,818
Decrease in restricted fees due to Heritage International Scholarship Trust Foundation	(42,754)	(41,157)
Purchase of investments	(205,700,877)	(170,793,322)
Proceeds from sale of investments	208,408,550	171,011,225
Net Cash Provided by (Used In) Operating Activities	\$ 2,184,111	\$ 482,711
Financing activities		
Subscribers' contributions	17,142,857	17,002,600
Return of subscribers' contributions	(14,373,404)	(12,850,763)
Payment of educational Assistance Payments, interest and refund of membership fees to subscribers and beneficiaries and interest received	(3,610,139)	(3,134,591)
Net Cash (Used In) Provided by Financing Activities	\$ (840,686)	\$ 1,017,246
Net (decrease) increase in cash during the year	1,343,425	1,499,957
Cash, beginning of year	2,440,812	940,855
Cash, end of year	\$ 3,784,237	\$ 2,440,812
Supplemental Disclosure of Cash Flow Information		
Interest received	\$ 1,394,247	\$ 2,062,347
Dividends received	571,938	434,539

The accompanying notes are an integral part of these financial statements.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the years ended December 31, 2021 and December 31, 2020

(Expressed in U.S. Dollars)

	2021	2020
Net assets attributable to subscribers and beneficiaries, beginning of year	\$ 148,234,516	\$ 137,206,547
Subscribers' contributions		
Contributions	17,142,857	17,002,600
Return of Contributions	(14,373,404)	(12,850,763)
	\$ 2,769,453	\$ 4,151,837
Increase (decrease) in net assets attributable to subscribers and beneficiaries	4,214,659	10,010,724
Educational assistance payments		
Group plan	(3,361,432)	(2,862,853)
Self determined option	(106,661)	(129,578)
Contributed interest and bank interest income	30,773	34,520
Inactive principal paid to subscribers	(172,819)	(375,800)
Contributions to enhancement fund	-	199,119
	\$ 604,520	\$ 6,876,132
Net assets attributable to subscribers and beneficiaries, end of year	\$ 151,608,489	\$ 148,234,516

The accompanying notes are an integral part of these financial statements.

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Schedule of Educational Assistance Payments

For the year ended December 31, 2021

(Expressed in U.S. Dollars)

	Year of Eligibility				
	2021	2020	2019	2018	2017 >
Plan A					
Number of units:					
First scholarship	36	23	-	-	-
Second scholarship	-	40	-	-	-
Third scholarship	-	-	18	12	10
Amount of scholarship per unit:					
First scholarship	\$ 110	\$ 110	\$ -	\$ -	\$ -
Second scholarship	-	110	-	-	-
Third scholarship	-	-	110	110	165
	\$ 3,960	\$ 6,930	\$ 1,980	\$ 1,320	\$ 1,650
Plan E					
Number of units:					
First scholarship	6,536	1,810	187	10	-
Second scholarship	-	5,558	1,590	241	73
Third scholarship	-	-	4,869	776	414
Amount of scholarship per unit:					
First scholarship	\$ 150	\$ 150	\$ 145	\$ 200	\$ -
Second scholarship	-	150	150	150	212
Third scholarship	-	-	150	150	227
	\$ 980,406	\$ 1,105,190	\$ 995,857	\$ 154,670	\$ 109,469
Total	\$ 984,366	\$ 1,112,120	\$ 997,837	\$ 155,990	\$ 111,119
Total EAPs under the Group Plans paid in 2021	\$ 3,361,432				

The accompanying notes are an integral part of these financial statements

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN – FUND D

Notes to Financial Statements

For the years ended December 31, 2021 and December 31, 2020

(Expressed in U.S. Dollars)

1 General Information

The Heritage International Scholarship Trust Plan - Fund D (the "Plan") was established by the Heritage International Scholarship Trust Foundation (the "Foundation"). The Foundation was organized on May 16, 1983, as a not-for-profit corporation, incorporated under the laws of Canada without share capital. The Plan was established on September 1, 1988 under the laws of Canada and Butterfield Trust (Bermuda) Limited was appointed as trustee pursuant to the trust agreement of February 3, 1988.

The Plan represents funds, in United States dollars, administered as per the prospectus dated September 8, 2020 for subscribers in Bermuda and British Virgin Islands, the prospectus dated July 31, 2019 for subscribers in Bahamas and the prospectus dated September 8, 2020 for subscribers in Jamaica (together with prospectuses of prior years, collectively the "Prospectuses"). Balances and investments applicable to subscribers based in The Bahamas are denominated in Bahamian dollars. The Plan comprises units issued up to 1996, called Plan A and units issued post-1996, called Plan E. The Plan provides a savings vehicle for parents, grandparents and others ("Subscriber" or "Subscribers") to accumulate funds for children under the age of 14 and who reside outside of Canada, with the goal of providing funds for their post-secondary education.

The Subscriber enters into a Scholarship Agreement with the Foundation pursuant to which the Subscriber obtains units of the Plan. Subscriber contributions are invested in: (a) guaranteed investment certificates of federal, state, provincial or municipal licensed trust or loan companies of, or guaranteed by, United States and/or Canadian chartered banks; (b) debentures, bonds or other securities of, or guaranteed by, the Government of the United States or the Government of Canada or any state, province or municipality (including variable rate securities); and/or (c) corporate debt securities with an approved credit rating. Income earned on principal may be invested in: (a) Equities listed on a stock exchange in Canada or United States; (b) Index participation units of a Canadian or American mutual fund; (c) corporate bonds issued in Canada and the United States; and/or (d) Derivatives, for hedging and liquidity purposes.

The Plan is administered by the Foundation, which is responsible for the coordination of functions provided by the depository, trustee and portfolio advisers. The distribution and administration of the Plan has been contracted by the Foundation to Heritage Education Funds International Inc. (formerly, Heritage Education Funds International LLC, a limited liability company, which was continued under the Canada Business Corporation Act on December 29, 2017 under the name Heritage Education Funds International Inc. ("Heritage International")). Heritage International has also been appointed to offer enrollment in the Plan to subscribers.

Heritage International was controlled by Heritage Financial Group Limited until January 2, 2018. During the year ended December 31, 2017, the Foundation and the Heritage International were under common management as the beneficial shareholders of the Heritage International constituted the board members of the Foundation.

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On September 30, 2019 (“Amalgamation Date”), Heritage Education Funds International Inc. and Knowledge First International were also amalgamated. Heritage Education Funds International Inc. (the “Company”) continued as the amalgamated company. The Company also continues to be the investment fund manager and distributor of the HIST Plan – Fund D.

Knowledge First Foundation's wholly owned subsidiary, Knowledge First Financial Inc. (“Knowledge First Financial”) is the investment fund manager and distributor of the KF Plans. Subsequent to the date of amalgamation of HEFI and Knowledge First Financial on August 28, 2018, depository services are provided by Knowledge First Financial.

On October 1, 2021, PROVEN Investments Limited (“Proven”) acquired control of 100% of the issued and outstanding shares of Heritage Education Funds International Inc. (“Heritage International”) and, by extension, the membership interests in Heritage International Scholarship Trust Foundation (the “Foundation”).

The address of the Plan's registered office is 100 King Street West, Suite 6200, 1 First Canadian Place, Toronto, Ontario M5X 1B8, Canada.

The Board of Directors of the Foundation authorized the financial statements for issue on May 31, 2022.

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2 Basis of Accounting

The financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”). The Plan has consistently applied the accounting policies used in the preparation of its financial statements.

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3 Summary of significant accounting policies

The significant accounting policies followed by the Plan are as follows.

Financial instruments

The Plan recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at FVTPL. Regular purchases and sales of financial assets are recognized at their trade date. The Plan's investments are classified at FVTPL, including its investments in equities, Exchange Traded Funds and debt securities. All other financial assets and liabilities, including accrued interest and dividends receivable, amounts receivable for investments sold, amounts payable for securities purchased and accounts payable are measured at amortized cost. The Plan's obligation for net assets attributable to subscribers and beneficiaries is presented at the distribution amount, which is the residual amount of assets of the Plan after deducting all its liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. For equities & exchange traded funds, the Plan uses the last traded market price where the last traded price falls between that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, The Plan determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. For bonds, the Plan uses mid prices provided by independent security pricing vendors. The Plan's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer. The fair value of financial assets and liabilities that are not quoted in an active market is determined using valuation techniques. The use of valuation techniques for financial instruments that are not quoted in an active market requires the Plan to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized cost. With respect to financial assets at amortized cost, the Plan considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement dates, all receivables are due to be settled within the short term. The Plan considers the probability of default to be close to zero

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as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Plan to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

Investment transactions and income recognition

Subsequent to initial recognition, all financial instruments measured at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the financial instruments at FVTPL are presented in the statement of comprehensive income within either realised gain/loss on investments or change in unrealized gains/losses in the period in which they arise. Interest and investment income are recorded on an accrual basis and includes amortization of any premiums or discounts on the purchase of the investments using the effective interest method. Dividends are recognized as income on the ex-dividend date. The cost of the investment is determined using the average cost method. Average cost includes amortization of premiums and discounts on the Plan's debt securities.

Subscribers' contributions

Subscribers' contributions reflect all amounts received from the Subscribers and do not include any amounts receivable on subscribed units. Contributions to the Plan are made over a maximum period of 18 years.

Fees and insurance premiums

Membership fees, depository fees and insurance premiums are deducted from the initial Subscribers' contributions and subsequent contributions in accordance with the Prospectuses. Administration fees are deducted from investment income in accordance with the Prospectuses. (Note 10).

Surplus funds

Surplus funds represent the cumulative difference between the fair value of the Plan's investments versus the amortized cost of investments, cumulative realized gains and losses on sale of investments and other adjustments, including transfers to the Enhancement Fund.

Cash

Cash is comprised of demand deposits with Royal Bank of Canada. Northern Trust is the custodian for the Plan's unrestricted investments. Butterfield Trust (Bermuda) Limited is the trustee of the Plan.

Taxation

Bermuda at present imposes no taxes on profit, income, capital gains or appreciations in value of the Plan. There are also currently no taxes imposed in Bermuda by withholding or otherwise on the Subscribers on profit, income, capital gains or appreciations in respect of their units nor any taxes on the Subscribers in estate duty, inheritance or capital transfer tax.

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The Foreign Account Tax Compliance Act (FATCA) imposes a withholding tax of thirty per cent onto certain U.S. sourced amounts paid to Foreign Financial Institutions (FFI) unless various information reporting requirements are satisfied. The withholding obligation arises unless the FFI enters directly into a contract with the U.S. Internal Revenue Service and reports to the relevant tax authority. Amounts include gross U.S.-sourced dividend and interest income, gross proceeds from the sale of property that produces dividend or interest income from sources within the U.S. Knowledge First Financial assists with the administration of the plan and is responsible for FACTA compliance in Canada.

The Plan will use reasonable efforts to avoid the imposition of a withholding tax on EAP payments to beneficiaries under FACTA. As a result, subscribers will be required to provide identification attesting whether the subscriber is a U.S. citizen, resident or taxpayer to avoid imposition of such withholding tax. In failure of this provision, the Plan is authorized to withhold amounts from EAP payments otherwise distributable and has the right to cancel the contract and disqualify beneficiary from receiving further EAPs.

The Plan is required to collect certain information for each calendar year from subscribers and report such information to the Minister of Finance.

Interests in unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of a contractual arrangement. The Plan invests in exchange traded funds (“ETFs”) and the Plan has determined that these investments are unconsolidated structured entities. The Plan accounts for its investments in unconsolidated structured entities at FVTPL. The ETFs finance their operations by issuing redeemable shares, which are puttable at the holder’s option and entitle the holder to a proportional stake in the ETF’s net asset value. The ETFs are domiciled in the United States of America and listed on the New York Stock Exchange. The Plan’s maximum exposure to loss from its interest in these securities is equal to the total fair value of its investments.

4 Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant judgments and estimates that the Plan has made in preparing the financial statements:

Investment entity status

A significant judgment made in preparing the Plan’s financial statements relates to the determination that the Plan meets the definition of an investment entity as described in IFRS 10, Consolidated financial statements. The Plan’s objective is to invest subscribers’ contributions to maximize investment returns over the long term, for the purpose of generating investment income. Fair value is the primary measurement used to evaluate the performance of substantially all investments.

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Classification and measurement of financial instruments

In classifying and measuring financial instruments held by the Plan, the Plan is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. In making this judgment, the Plan has assessed the Plan's business model for managing the portfolio and the contractual cash flow characteristics and determined the investments are managed on a fair value basis, and that fair value is used to assess performance and make investment decisions. The contractual cash flows of the Plan's debt securities are solely principal and interest; however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Plan's business model's objective. Consequently, all investments are measured at FVTPL.

Measurement of restricted investments

Although the Plan believes its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A portion of the Plan's restricted investments was invested in a private placement, non-traded bond issued by Bahamas Electricity Corporation ("BEC Bond"), a government corporation as of December 31, 2020. Management's valuation technique involves discounting the face value and semi-annual coupon payments based on the Bahamas Central Bank Prime Rate plus the Bahamas Government Registered Stock rate to determine the present value of the BEC Bond as of December 31, 2020. Investment in the BEC Bond matured on December 22, 2021.

5 Investments

The Plan's investments are classified at FVTPL, including its investments in equities, ETFs and debt securities. Interests in Unconsolidated Structured Entities. A structured entity is an entity that has been designed so that voting or similar rights are not dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of a contractual arrangement. The Plan invests in exchange traded funds ("ETFs") and the Plan has determined that these investments are unconsolidated structured entities. The Plan accounts for its investments in unconsolidated structured entities at FVTPL. The ETFs finance their operations by issuing redeemable shares, which are puttable at the holder's option and entitle the holder to a proportional stake in the ETF's net asset value. The ETFs are domiciled in the United States of America and listed on the New York Stock Exchange. The Plan's maximum exposure to loss from its interest in these securities is equal to the total fair value of its investments.

Fair Value Measurement

The Plan measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

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- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the assets that are based on unobservable market data.

Total Investments (Restricted and Unrestricted)

December 31, 2021	Level 1	Level 2	Level 3	Total
Unrestricted investments				
Government guaranteed instruments				
Federal	\$ -	\$ 45,500,227	\$ -	\$ 45,500,227
Provincial		1,286,607		1,286,607
Corporate debt	-	25,823,204	-	25,823,204
ETFs	36,941,325	-	-	36,941,325
	\$ 36,941,325	\$ 72,610,038	-	\$ 109,551,363
Restricted investments				
GICs	-	33,723,109	-	33,723,109
BEC bond	-	-	-	-
	\$ -	\$ 33,723,109	\$ -	\$ 33,723,109
	-			
Investments at fair value	\$ 36,941,325	\$ 106,333,147	\$ -	\$ 143,274,472

December 31, 2020	Level 1	Level 2	Level 3	Total
Unrestricted investments				
Government guaranteed instruments				
Federal	\$ -	\$ 38,499,274	\$ -	\$ 38,499,274
Provincial		1,324,324		1,324,324
Corporate debt	-	39,405,828	-	39,405,828
ETFs	30,262,996	-	-	30,262,996
	\$ 30,262,996	\$ 79,229,426	-	\$ 109,492,422
Restricted investments				
GICs	-	31,449,201	-	31,449,201
BEC bond	-	-	2,100,066	2,100,066
	\$ -	\$ 31,449,201	\$ 2,100,066	\$ 33,549,267
	-			
Investments at fair value	\$ 30,262,996	\$ 110,678,627	\$ 2,100,066	\$ 143,041,689

All fair value measurements above are recurring. The carrying values of receivable for investments sold, accrued interest and dividend receivable, payable for investments purchased and accounts payable, membership fee obligations and restricted fees due to the Foundation approximate their fair value due to their short-term nature.

The face value, cost/amortized cost and fair value of unrestricted investments by contractual maturity are as follows:

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2021	Cost	Fair Value
Equity ETF:		
Vanguard FTSE	\$ 8,690,156	\$ 11,175,400
Vanguard S&P 500 ETF	13,108,908	25,765,925
	\$ 21,799,064	\$ 36,941,325

	Face value	Amortized Cost	Fair Value
Fixed Income Securities and Term to Maturity:			
Government Guaranteed Instruments			
Federal			
Due < 1year	\$ -	\$ -	\$ -
Due in 1-5 years	23,514,000	23,476,313	23,270,642
Due > 5 years	18,566,000	22,958,315	22,229,585
	\$ 42,080,000	\$ 46,434,628	\$ 45,500,227
Provincial			
Due > 5 years	1,157,000	1,173,053	1,286,607
	\$ 1,157,000	\$ 1,173,053	\$ 1,286,607
Corporate			
Due 1-5 years	\$ 4,343,000	\$ 4,447,127	\$ 4,540,313
Due > 5 years	20,087,000	20,839,057	21,282,891
	\$24,430,000	\$ 25,286,184	\$ 25,823,204
	\$ 67,667,000	\$ 72,893,865	\$ 72,610,038
Total			\$ 109,551,363

The face value, cost/amortized cost and fair value of unrestricted investments by contractual maturity are as follows:

2020	Cost	Fair Value
Equity ETF:		
Vanguard FTSE	\$ 8,690,156	\$ 10,332,757
Vanguard S&P 500 ETF	12,726,506	19,930,239
	\$ 21,416,662	\$ 30,262,996

	Face value	Amortized Cost	Fair Value
Fixed Income Securities and Term to Maturity:			
Government Guaranteed Instruments			
Federal			
Due < 1year	\$ 8,150,000	\$ 8,085,432	\$ 8,270,340
Due in 1-5 years	7,203,000	7,172,389	7,179,754
Due > 5 years	17,765,000	23,284,198	23,049,180
	\$ 33,118,000	\$ 38,542,019	\$ 38,499,274
Provincial			
Due > 5 years	1,157,000	1,175,074	1,324,324
	\$ 1,157,000	\$ 1,175,074	\$ 1,324,324
Corporate			
Due 1-5 years	\$ 5,859,000	\$ 5,958,132	\$ 6,281,434
Due > 5 years	29,322,000	30,703,510	33,124,394
	\$35,181,000	\$ 36,661,642	\$ 39,405,828
	\$ 69,456,000	\$ 76,378,735	\$ 79,229,426
Total			\$ 109,492,422

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The following table presents the movement in Level 3 instruments for the years ended December 31, 2021 and 2020.

BEC Bond Fair Value Calculation		
	2021	2020
Balance, beginning of year	\$ 2,100,066	\$ 2,065,246
Change in unrealized gains (losses)	(95,053)	34,820
Maturities	(2,000,000)	-
Fees at maturity	(5,013)	-
Balance, end of year	\$ -	\$ 2,100,066

6 Restricted Investments

The restricted investments at December 31, 2021 and 2020 are as follows:

2021				
	Maturity date	Interest rate	Cost / amortized cost	Fair value
RBC Finco GIC	January 31, 2022	0.35%	\$6,914,598	\$6,914,598
RBC Finco GIC	January 12, 2022	0.35%	539,243	539,243
RBC Finco GIC	January 14, 2022	0.35%	1,367,178	1,367,178
RBC Finco GIC	February 2, 2022	0.35%	2,285,614	2,285,614
RBC Finco GIC	March 14, 2022	0.35%	10,544,829	10,544,829
RBC Finco GIC	March 29, 2022	0.35%	12,071,647	12,071,647
Total			\$ 33,723,109	\$ 33,723,109

2020				
	Maturity date	Interest rate	Cost / amortized cost	Fair value
RBC Finco Term deposit	January 29, 2021	0.35%	\$ 6,890,462	\$ 6,890,463
RBC Finco Term deposit	January 12, 2021	0.35%	537,361	537,361
RBC Finco Term deposit	February 16, 2021	0.35%	1,731,826	1,731,826
RBC Finco Term deposit	March 11, 2021	0.35%	9,708,496	9,708,496
RBC Finco Term deposit	January 14, 2021	0.35%	1,362,407	1,362,407
RBC Finco Term deposit	March 29, 2021	0.35%	8,741,013	8,741,013
RBC Finco Term deposit	February 2, 2021	0.35%	2,277,635	2,277,635
RBC Bahamas	January 5, 2021	0.00%	200,000	200,000
Bahamas Electricity Corporation Bond	December 22, 2021	6.41%	2,004,688	2,100,066
Total			\$ 33,453,888	\$ 33,549,267

Restricted investments relate to interests held in the Plan by Bahamian Subscribers, as contributions from Bahamian Subscribers can only be invested in the Bahamas, as per the agreement with the Central Bank of the Bahamas dated February 5, 1992. All restricted investments are denominated in Bahamian dollars and reported in the above tables in the equivalent United States dollars.

The Plan has held a portion of its restricted investments since 2006 in a private placement bond

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issue by Bahamas Electricity Corporation ("BEC Bond"), which is a government corporation. The BEC Bond matured on December 22, 2021.

7 Enhancement Fund

The Enhancement Fund pertaining to the Plan consists of: (a) interest earned on the scholarship fund used to pay Educational Assistance Payments from the maturity date to the date that the funds are distributed to qualified beneficiaries; (b) interest earned on the income forfeited when a Subscriber's plan is terminated prior to the maturity date; and (c) principal payments to Subscribers on maturity that have not cleared the bank after six months from the date of payment.

The Enhancement Fund is directed by the Foundation in accordance with the not-for-profit nature of the Foundation. Interest income earned on matured and terminated plans is recorded in the Enhancement Fund on an accrual basis. The Enhancement Fund is for the benefit of all Subscribers and the Foundation will use a component, at its discretion, to supplement the Education Assistance Payments. Such discretionary payment is determined on an annual basis by the Foundation and the objective is to distribute an amount that is equal to the membership fee paid by the Subscriber. Issued cheques that become unclaimed after an extended period get transferred to the enhancement fund as a contribution. There is no assurance that the Enhancement Fund will have a sufficient balance to achieve this objective and maintain a sustainable balance for remaining Subscribers (note 8).

Receipts and disbursements in the Enhancement Fund are as follows:

	2021	2020
Receipts:		
Contribution to the Enhancement Fund	–	199,539
Transfer from Surplus Funds (note 8)	2,477,991	1,675,306
	\$ 2,477,991	\$ 1,874,845
Disbursements:		
Investment expenses	803,310	203,786
Paid to the Foundation to settle:		
Educational Assistance Payments	1,501,862	1,295,258
Inactive plans subscribers' contributions refund	172,819	375,800
	2,477,991	1,874,845
Balance, end of year	\$ –	\$ –

8 Surplus Funds

The Surplus Funds consist of: (a) realized gains (losses) on investments (b) unrealized gains (losses) on investments (c) any deficit/surplus from the Enhancement Fund is transferred to/from the Surplus Funds.

	2021	2020
Balance, beginning of year	\$ 18,628,911	\$ 11,740,129
Realized (losses) gains, net	279,118	4,790,203
Unrealized (losses) gains, net	3,066,028	3,799,586
Transfer to Enhancement Fund (note 7)	(2,477,991)	(1,675,306)
Allocation of gains to Self Determined Option customers	(9,091)	(5,701)
	858,064	6,888,782
Balance, end of year	\$ 19,486,975	\$ 18,628,911

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9 Net assets attributable to subscribers and beneficiaries

Net assets attributable to subscribers and beneficiaries comprise the following:

	2021	2020
Subscribers' contributions, net of returns	\$118,064,803	\$ 115,295,350
Accumulated income	14,056,711	14,310,255
Surplus funds (note 8)	19,486,975	18,628,911
Balance – End of year	\$ 151,608,489	\$ 148,234,516

The changes in the Subscribers' contributions to the Plan are as follows:

Subscribers' Contributions

	2021	2020
Amount Contributed by Members	\$ 19,259,579	\$ 19,372,194
Membership fees	(1,463,517)	(1,680,327)
Principal Withdrawals on terminations	(2,145,453)	(822,620)
Principal on maturing scholarship plans	(12,227,951)	(12,028,142)
Insurance premiums	(71,809)	(80,529)
Depository fees	(581,396)	(608,739)
Net increase in subscribers' contributions	\$ 2,769,453	\$ 4,151,837
Balance, beginning of year	115,295,350	111,143,513
Balance, end of year	\$ 118,064,803	\$ 115,295,350

10 Related party transactions

The transactions were measured at cost, which are the amounts of consideration established and agreed to by the related parties.

Transactions with the Foundation

Administration fees are paid to the Foundation and subsequently paid to Heritage International as described below.

Amounts payable by the Plan to the Foundation are interest-free and have no fixed terms of repayment. At December 31, 2021, the amount payable by the Plan to the Foundation was \$522,147 (2020 - \$564,901) and represents the administration, depository and membership fees earned by Knowledge First Financial and Heritage International in respect of the Bahamas, which are restricted and require the approval of the Central Bank of the Bahamas prior to being remitted to the Foundation for subsequent payment to Knowledge First Financial and Heritage International as applicable.

At December 31, 2021, there is an amount due from the Foundation to the Plan of \$4,662,610 (2020 - \$2,794,762) which mainly represents contributions received from Subscribers to the Plan that are initially held by the Foundation prior to transfer to the Plan.

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Transactions with the Heritage International

The administration fees are initially collected from the Plan by the Foundation and are calculated based on 0.75% of the subscriber principal and interest and dividends earned thereon. The foundation collected \$1,028,161 (2020 - \$1,016,036) from the Plan for reimbursement to Heritage International for the administration of the Plan.

At December 31, 2021, the amount payable to Heritage International was \$Nil (2020 - \$Nil).

11 Membership fee obligation

Subscribers who enrolled in the Plan A prior to November 1996 will receive an amount equal to the membership fee paid at the time the Subscribers' interest in the Plan reaches maturity. Subscribers who have entered the Plan after October 1996 will not receive any reimbursement

of these amounts. Membership fees repaid to Subscribers have been historically funded by the Enhancement Fund (note 7).

At December 31, 2021, the membership fee obligation was calculated by using the number of active plan units and multiplying by the membership fee per Subscriber unit to be returned.

2021			
Year of maturity	Number of units	Membership fee per unit	Membership fee obligation
2013	49.00	125.00	\$ 6,125
2014	36.00	125.00	4,500
			\$ 10,625
2020			
Year of maturity	Number of units	Membership fee per unit	Membership fee obligation
2013	49.00	125.00	\$ 6,125
2014	36.00	125.00	4,500
			\$ 10,625

12 Risk management

The investment objective of the Plan is to preserve capital while maximizing the long-term rate of return for Subscribers. The Plan is affected by changes in economic environments and capital markets and, as a result, the Plan faces various risk factors in the course of its normal investment activities. These risk factors are primarily credit risk, liquidity risk and market risk. In order to proactively address these risks, management has engaged third-party portfolio managers to assist in investing the Subscribers' contributions and the investment income earned thereon. Management and the portfolio managers perform periodic reviews of the investment portfolio to comply with the stated investment objectives.

Credit risk

Credit risk is the risk of financial loss to the Plan if the issuer of a debt fails to meet its contractual obligations. This risk is mitigated by the Plan's investment strategy of investing in those debt securities with an approved credit rating. A greater part of the investments made are with issuers

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based in the United States and Canada. The maximum credit risk exposure of the Plan is detailed in notes 5 and 6. The majority of the unrestricted fixed income investment portfolio, excluding holdings for which no independent credit ratings are available ("NR"), is of investment grade with most rated as "AAA", "AA", "AA-" "A", or "A-" by Standard and Poor's Limited and the minimum rating is "BBB."

Unrestricted investments percentage of fixed income securities by credit rating		
	2021	2020
AAA	62.7 %	48.6 %
AA	1.4 %	1.6 %
A	10.5 %	18.5 %
BBB	25.4 %	31.3 %
	100.0 %	100.0 %

The credit rating of RBC where the restricted term deposits are held with RBC Finco and RBC Bahamas is AA- (as per S&P Ratings). The BEC Bond was not actively traded in the Bahamas stock exchange and does not have a credit rating.

The Plan's maximum credit risk exposure as at the reporting dates is represented by the respective carrying amounts of the financial assets in the statement of financial position.

The Plan's activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Plan mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

The Plan's cash is held in the bank RBC, while unrestricted investments are held with Northern Trust Company. These assets belong to the Plan and are held by Northern Trust, as custodian, in a segregated trust account.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan has current exposure to the Subscribers' contributions as Subscribers can cancel or terminate their agreement at any time at which point the full balance would become immediately payable to the Subscribers. The Plan is also exposed to agreement maturities and obligations with respect to EAPs and the accumulated income account. Therefore, the Plan invests the majority of its assets in investments that are traded in an active market and can be easily liquidated. In addition, the Plan endeavours to retain adequate cash positions to maintain adequate liquidity.

EAPs (accumulated income) are paid over three years upon submission of required documentation by beneficiaries to the Foundation. Subscriber's principal is paid upon maturity of a respective agreement; see the table below for details of the expected maturity profile with respect to subscribers' total principal balances. If a Subscriber cancels an agreement, the Subscriber's

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principal is due upon demand. The income on Subscriber's principal will remain in accumulated income. All other liabilities of the Plan are due within three months.

The maturity analysis for Subscribers' contributions as at December 31, 2021 is as follows:

Due within one year	690,450
Due between one and five years	49,485,351
Due over five years	67,889,002
	\$ 118,064,803

The maturity analysis for Subscribers' contributions as at December 31, 2020 is as follows:

Due within one year	560,379
Due between one and five years	46,026,226
Due over five years	68,708,745
	\$ 115,295,350

Concentration risk

The table below summarizes the Plan's concentration risk as a percentage of its total investments (unrestricted and restricted) as at December 31, 2021 and 2020:

Concentration (%)	2021	2020
Fixed Income		
Federal	31.8 %	26.9 %
Provincial	0.9 %	0.9 %
Corporate	18.0 %	27.5 %
Short-term investments	- %	- %
Total Fixed Income	50.7 %	55.3 %
Equity ETFs	25.8 %	21.2 %
Bahamian Restricted Investments		
GICs	23.5 %	22.0 %
BEC Bond	- %	1.5 %
Total Bahamian Restricted Investments	23.5 %	23.5 %
Total	100.0 %	100.0 %

Market risk

Changes in market prices could affect the Plan's income or the value of its investment holdings. The Plan's portfolio managers attempt to mitigate this risk by periodically reviewing market conditions and the performance of the portfolio and make necessary changes to the portfolio in accordance with the investment objective. Management has identified interest rate risk as a major factor related to the fixed income portfolio.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Plan holds securities which expose the Plan to interest rate risk. At December 31, 2021, had prevailing interest rates increased or decreased by 25 basis points, assuming a parallel shift in the yield curve, with all other variables held constant, net assets of the Plan would have decreased or increased respectively, by

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\$1,294,274 (approximately 1.2% of the total unrestricted investment portfolio) (December 31, 2020 - \$1,471,687, approximately 1.3% of the total unrestricted investment portfolio). In practice, actual results may differ from this analysis and the difference could be material. The Plan manages interest rate risk through its portfolio managers by diversifying investments, as well as through the oversight of the Foundation's Board of Director's investment committee.

Other price risk

The Plan is exposed to other price risk, which is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Financial instruments held by the Plan are susceptible to market price risk arising from uncertainties about future prices of those instruments. The Plan's exposure to other price risk arises primarily from its investments in equity securities. As at December 31, 2021, if the investments in equities had increased or decreased by 5% with all other variables held constant, the net assets attributable to Subscribers and beneficiaries would have increased or decreased by \$1,847,066 (December 31, 2020 - \$1,513,150). The Plan manages other price risk through their experienced investment managers who, on behalf of the Plan, invest in well-diversified equity holdings.

Currency risk

The Plan is not exposed to any material currency risk as the Plan's assets and liabilities are denominated in United States dollars or Bahamian Dollars, which, as at December 31, 2021 and December 31, 2020, were at par with the United States dollar which is the functional currency of the Plan.

13 Capital management

The capital of the Plan is represented by the net assets attributable to subscribers and beneficiaries. The capital of the Plan can change on a daily basis as the Plan is subject to ongoing contributions and cancellations. In addition, EAPs and maturities occur at specified times during the year. The Plan is not subject to externally imposed capital requirements. However, the investments with respect to customers located in the Bahamas are restricted (note 6). The Plan's objective, when managing capital risk, is to safeguard subscribers' contributions received and to earn income on those amounts in order to pay EAPs to qualified beneficiaries. The Plan endeavours to invest subscribers' contributions and income earned thereon in appropriate investments, while maintaining sufficient liquidity to meet maturities, EAPs, cancellations and expenses in accordance with its investment objectives and risk management policies as described above. In order to manage the Plan's capital, the Plan's policy is to perform the following:

- Monitor the level of daily Subscriber contributions and withdrawals relative to the liquid assets and adjust the amount of cash invested accordingly;
- Monitor the level of expected future payments for maturities and EAPs based on maturity and student applications received, and historical beneficiary qualification rates, and adjust the investment portfolio accordingly; and

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- Invest in securities which are traded in an active market and can be easily liquidated.

There has been no change with respect to the overall capital risk management strategy during the year.

14 Portfolio management fees

Portfolio management fees, which are paid to the Plan's third-party investment managers, are calculated as a percentage of the total fair value of the Plan's investment portfolio. Portfolio management fees paid for the year ended December 31, 2021 was 0.065% (period ended December 31, 2020 amounted to 0.063%) of the total fair market value of the investment portfolio in the Plan.

GLOSSARY OF TERMS USED IN THIS PROSPECTUS

- (a) **“Acceptance Date”** means the date designated by the Foundation, being not later than the date on which an application is approved by the Foundation and an initial Contribution has been made and is not earlier than the date an application is signed by the Subscriber;
- (b) **“Annual Compounded Return”** is calculated using market values and time-weighted cash flows during the year. The returns are net of the portfolio management fees and assume that all of the income, interest earned and capital gains distributions are reinvested in the Plan. Past performance does not necessarily indicate how the Plan’s investment portfolio will perform in the future.
- (c) **“Application”** means the completed Enrollment Application annexed to the Education Savings Plan Contract;
- (d) **“Beneficiary”** means the child identified in the Contract under age 14 at the time of enrollment and, if applicable, his/her successor;
- (e) **“Contract”** means the Contract for the Heritage Plan, together with the Enrollment Application;
- (f) **“Contributions”** means the funds contributed by a Subscriber to the Plan on behalf of a Beneficiary;
- (g) **“Deposit Account”** means the account maintained by the Custodian and Trustee, in trust for the Subscriber into which Principal is placed;
- (h) **“Depository”** means Bank of N.T. Butterfield & Son Limited, whose registered office is situated at 65 Front Street, Hamilton HM12, Bermuda or its successor which is responsible for receiving Deposits, deducting Membership Fees and Depository Fees and remitting the balance to and receiving Principal from the account maintained by the Custodian and Trustee in trust for the Subscriber;
- (i) **“Depository Fees”** are the fees paid to the Foundation or an affiliate of the Distributor as described in the section entitled “What Fees or Expenses are involved with a Heritage Plan”;
- (j) **“Education Savings Plan” (ESP)** means a contract made between (i) an individual, singly or jointly, and (ii) the Foundation, under which the Foundation agrees to cause Educational Assistance Payments to be paid to a Beneficiary;
- (k) **“Education Savings Plan Details”** means the form, issued by the Foundation after an application has been accepted, which contains personal details of each Contract;
- (l) **“Educational Assistance Payments”** (“EAPs/ Scholarships”) means the amounts determined by the Foundation to be paid out of the Group Plan Trust to eligible Beneficiaries who attend a Recognized Institution in the Year of Eligibility and the amounts paid subsequently upon continued qualification if the Subscriber selected the Scholarship Option;
- (m) **“Effective Rate of Return”** means the rate of return adjusted for the impact of compound growth over the period of time in which all available EAPs are received by a Beneficiary who chooses the Scholarship Option;
- (n) **“Enhancement Fund”** means a fund consisting of interest accruing on funds in the Scholarship Fund and returned Principal cheques or uncashed Principal cheques of Subscribers;
- (o) **“Fees”** means the fees specified in the section entitled “What Fees or Expenses are involved with a Heritage Plan?”;
- (p) **“Maturity Date”** means July 31st in the year in which the Beneficiary is expected to begin post-secondary studies (normally when the Beneficiary is 18 years of age) and is the date stipulated in this Contract, being the date on which the Principal is returned to the Subscriber.
- (q) **“Membership Fee”** means \$110 per Unit deducted from Contributions as set out in the section entitled “What Fees or Expenses are involved with a Heritage Plan?”;
- (r) **“Plan”** means the particular savings plan in which a Subscriber enrolls by entering into this Contract;
- (s) **“Post-Secondary Program”** is any eligible program of study at a Recognized Institution requiring full-time or part-time attendance by the Beneficiary. A full-time program at a university is described as a course of study that is at least three consecutive weeks, with at least ten hours of study each week; or a course of study at a Recognized Institution, other than a university, of at least 13 consecutive weeks, with at least ten hours of study each week. A part-time program is described as a course of study at a Recognized Institution of at least 13 consecutive weeks, with at least 12 hours of study per month;
- (t) **“Principal”** means the amount deposited in the Deposit Account after deduction from the Contributions of the Fees and does not include interest earned on such amounts;

- (u) **“Qualified Student”** means a Beneficiary under a Contract which is in good standing and who attends a Recognized Institution in the Year of Eligibility and who is accepted by the Recognized Institution for up to two additional years of study;
- (v) **“Recognized Institution”** means an accredited educational institution anywhere in the world that provides courses at a post-secondary level and is authorized to confer a degree or diploma, attendance at which, in the Year of Eligibility and subsequently, qualifies a Beneficiary for an Educational Assistance Payment/Scholarship and which is approved by the Scholarship Committee;
- (w) **“Scholarship Committee”** means the committee established from time to time by the Board of Directors of the Foundation to make decisions concerning eligibility, approved courses of study, Recognized Institutions and other matters;
- (x) **“Scholarship Fund”** (also referred to as Scholarship pool) means the separate account maintained by the Trustee, constituted of interest on Principal at the Maturity Date from Subscribers enrolled in the Plan (including a portion of the interest of those who have withdrawn from the Plan) allocated according to the Year of Eligibility with respect to Beneficiaries where the Self-Determined Option has not been selected;
- (y) **“Scholarship Option”** means the option automatically deemed selected by a Subscriber enrolled in the Plan if the Self-Determined Option is not selected, entitling the Beneficiary to Educational Assistance Payments;
- (z) **“Scholarships”** means the educational assistance payments determined by the Foundation and payable to Beneficiaries who become Qualified Students in the Year of Eligibility and the educational assistance payments made subsequently upon continued qualification;
- (aa) **“Self-Completion Feature”** is a feature of the Plan that may allow for a Qualified Student to receive EAPs, in the event of death or disability of a Subscriber, as if all Contributions were made.
- (bb) **“Self-Determined Account”** means (with respect to Subscribers who have enrolled in the Plan and selected the Self-Determined Option) each individual account established by the Trustee to hold funds into which Principal and interest thereon is directed on the Maturity Date and additional Contributions are made after the Maturity Date;
- (cc) **“Self-Determined Option”** means the option that may be selected by a Subscriber of a Contract that is in good standing, no later than 60 days prior to the Maturity Date permitting additional Contributions to be made up to and including the 21st year following the year the Subscriber’s Contract was entered into and providing for the return to the Subscriber of Principal and interest upon request of the Subscriber any time after the original Maturity Date;
- (dd) **“Self-Determined Payments”** are payments comprised of principal and interest and are made if the Subscriber selects the Self-Determined Option at any time after the Maturity Date, upon request from the Subscriber. There is no participation in the Group Plan under this option;
- (ee) **“Subscriber(s)”** means the person or persons who signed the application for enrollment of a Beneficiary in the Heritage Plan and who is responsible for the required Contributions, and whose Application has been accepted by the Foundation;
- (ff) **“Trustee”** means the trustee of funds to be paid as EAPs or Self-Determined Payments, being a financial institution authorized to do business as a trustee. Initially the Trustee shall be Butterfield Trust (Bermuda) Limited;
- (gg) **“Unit”** is the standard of measurement or shares used to determine the level of participation by a Subscriber(s) for a Beneficiary enrolled in the Plan;
- (hh) **“Year of Eligibility”** means the year in which a Beneficiary is expected to begin the second year of post-secondary education (usually the year in which the Beneficiary becomes 19 years of age) or such earlier or later year to which it is changed.

CERTIFICATE OF ISSUER

This Prospectus includes all information in respect of the Plan that is required by the *Investment Funds Act 2006 of Bermuda* as amended, and the Fund Prospectus Rules thereunder, including all material information reasonably within the Issuer's knowledge that it has determined investors would reasonably require for the purpose of making an informed judgement about the merits of investing in the Plan.

(Signed) Garfield Sinclair

Garfield Sinclair
Chairman
Heritage International
Scholarship Trust Foundation

(Signed) Richard Gordon

Richard Gordon
President & Chief Executive Officer
Heritage International
Scholarship Trust Foundation



PROSPECTUS | AUGUST 4, 2022

HERITAGE INTERNATIONAL SCHOLARSHIP TRUST PLAN (PLAN E)

Administered by

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