



## C.S.T. SPARK INC.

### RELATIONSHIP DISCLOSURE INFORMATION

This document describes your relationship with C.S.T. Spark Inc. (**CST Spark**) and contains all the information that a client would consider important, including the nature of the advisory relationship, products and services offered, conflicts of interest, costs associated with CST Spark's services and products and reporting.

#### WHO WE ARE

CST Spark is a wholly owned subsidiary of the Canadian Scholarship Trust Foundation (the **Foundation**). The Foundation is under common management with CST Spark and our affiliates, C.S.T. Savings Inc. and C.S.T. Asset Management, although the board of directors of the Foundation, with the exception of the President and CEO of the Foundation, are independent of management. The Foundation has retained CST Spark as the Investment Fund Manager to direct the business, operations and affairs of CST Mutual Funds and to provide other administrative services. We have contracted some of our administrative services to C.S.T. Savings Inc.

#### REGISTRATION & SRO MEMBERSHIP

CST Spark is registered in Newfoundland and Labrador, Ontario and Quebec as an investment fund manager. CST Spark is also registered in all 13 Canadian jurisdictions as a scholarship plan dealer and a mutual fund dealer. CST Spark is a member of the Mutual Fund Dealers Association of Canada (**MFDA**).

#### NATURE OF ADVISORY RELATIONSHIP

Our Representatives provide investment advice to you, our clients, in order to help develop a strategy to meet your investment objectives but ultimately, you make your own investment decisions as to the investments you make and how much to allocate to the chosen investment. Our Representatives are responsible for the advice provided and to ensure it is suitable based on your investment needs and objectives.

#### SETTING UP YOUR ACCOUNT

##### NATURE OF PRODUCTS AND SERVICES OFFERED

CST Spark is an independent mutual fund dealer and investment fund manager. We offer proprietary CST Mutual Funds which have been qualified by prospectus and filed with securities regulators.

##### OPENING A CST SPARK ACCOUNT

To open a CST Spark account, you're required to complete a New Account Application Form (**NAAF**) online at [www.cstspark.ca](http://www.cstspark.ca). Once you submit your NAAF, a scheduled call with a Representative is required so that we can review and confirm your personal and financial information prior to proceeding with your NAAF. Securities rules require CST Spark to obtain information related to your identity and information will be collected from you in order to open a new account with CST Spark. Once you have completed your appointment with a Representative and have confirmed that you wish to proceed, your NAAF will be processed.

If you are opening a Registered Education Savings Plan (the "**RESP**"), the Foundation will apply to the Canada Revenue Agency to have your plan registered as an RESP and will apply for any available government education saving grants (**government grants**) requested by you on your behalf. To do this, we require your Social Insurance Number (**SIN**), and the RESP beneficiary's name, date of birth and SIN. Only an RESP can receive government grants.

##### SUITABILITY OF INVESTMENTS

Based on the NAAF that you submit, we'll review the Know Your Client (**KYC**) information and all investment orders for suitability based on your investment objectives, risk tolerance, investment knowledge, time horizon, financial position and any other relevant information you may provide during this review. Additional reviews of this information will occur, when any assets are transferred into CST Spark or when your KYC changes. Any trades that raise questions based on our suitability review will be returned to a Representative for follow up with you.



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### **TRUSTED CONTACT PERSON AND TEMPORARY HOLDS**

When you open an account at CST Spark, our Representative may ask you for the name and contact information for a trusted contact person and your consent to contact this individual in certain circumstances. A Trusted Contact Person is someone that can be contacted to confirm or make inquiries about possible financial exploitation, or if there are concerns about your mental capacity as it relates to your ability to make financial decisions. A common example of financial exploitation is financial fraud. Your Trusted Contact Person may be contacted to confirm your current contact information if we cannot reach you or to confirm the name and contact information of a legal guardian, if any. You can replace or revoke your Trusted Contact Person at any time.

A temporary hold may be placed on your account or a particular transaction if we reasonably believe that you are in a vulnerable position and are being financially exploited or that you are experiencing diminished mental capacity which may affect your ability to make financial decisions relating to your account(s). A vulnerable position includes an illness, impairment or disability which places you at risk of financial exploitation. If a temporary hold is placed on a particular transaction, you'll be provided with a notice, either written or verbal, explaining the reasons for the temporary hold, and at least every 30 days thereafter until the temporary hold is revoked. Your Trusted Contact Person may also be contacted.

### **MUTUAL FUND INFORMATION**

Once your account is opened, you'll receive the Fund Facts and simplified prospectus (**prospectus**). The Fund Facts and prospectus explain important features of the mutual fund(s) that you are buying, including compensation and fees specific to each product. Details regarding how applicable fees are calculated and charged to you, as well as your rights of rescission and withdrawal are outlined in the Fund Facts and/or prospectus. It is recommended that you read the Fund Facts and/or prospectus carefully and retain it for future reference, together with all other information pertaining to your investment(s).

### **CASH AND CHEQUE HANDLING PROCEDURES AND FAILED SETTLEMENT**

All purchases of units of a CST Mutual Fund must be made through pre-authorized payment. Under no circumstances should a cheque be made payable to or cash be given to a Representative or any other employee of CST Spark.

## **RISKS**

### **PURCHASING MUTUAL FUNDS**

Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the funds will be able to maintain their net asset value per unit at a constant amount or that the full amount of your investment in a fund will be returned to you. Mutual funds are not guaranteed, their values change frequently, and past performance is not necessarily a guarantee of future performance.

### **INVESTMENT RISKS**

Securities law require us to disclose the risks that should be considered when making an investment decision. Depending on the type of CST Mutual Fund you choose, investment risk can include:

**GENERAL INVESTMENT RISK** – the risk that changes in interest rates, economic conditions and market and company news will result in frequent and substantial changes in the value of your investment;

**CAPITAL RISK** – the risk that the value of an investment at the time of withdrawal may be significantly lower than the amount invested;

**LIQUIDITY RISK** – the risk that investments made by a mutual fund may not be readily saleable and affect the value of the fund;

**CURRENCY RISK** – the risk that securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated;

**INTEREST RATE RISK** – the risk to the earnings or market value of a portfolio due to uncertain future interest rates;



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**BUSINESS RISK** – the risk inherent in the operations and results of the entity or industry in which the mutual fund invests in, including the risk associated with the amount of leverage or debt that the fund has invested in used to finance the assets.

Please refer to the risk outlined in the CST Mutual Funds prospectus and Fund Facts for more information.

### **RISKS OF BORROWING MONEY**

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines. CST Spark does not allow leveraged accounts.

## **FEES ASSOCIATED WITH YOUR ACCOUNT**

### **COMPENSATION**

Each Fund pays an annual management fee (the “**Management Fee**”) to CST Spark that is calculated and payable monthly in arrears based on each Fund’s daily average net asset value (“**NAV**”) during the relevant month and is subject to harmonized sales tax and other applicable taxes. The Management Fee is used to pay certain expenses such as employee salaries, research costs, and promotional expenses and is consideration for the services provided.

CST Spark does not receive a commission at the time of sale of an investment and does not earn any trailing commissions.

You will find details of compensation amounts in the Fund Facts for each mutual fund.

### **UNDERLYING FUND FEES**

Where a Fund invests in an underlying investment fund, the fees and expenses payable by that underlying fund are in addition to the fees and expenses payable by the Fund. No sales or redemption fees, other than brokerage fees, are payable by a Fund when it buys or sells securities of an underlying fund.

Each Fund holds exchange traded funds (**ETFs**) that are managed by BlackRock. The weighted average cost of these ETFs’ fees and expenses across the CST Spark Education Portfolios ranges from 0.18% to 0.20% of the Fund’s value based on their target asset mix and the ETFs’ management expense ratios as reported in their most recent ETF Facts, which range from 0.06% to 0.72% of each ETF’s daily asset value. These fees are not paid directly by you but impact the prices of the ETFs that the Fund holds. C.S.T. Spark Inc. does not charge a management fee that would be reasonably expected to duplicate a fee payable by the underlying funds in which a Fund invests for the same service.

### **OPERATING CHARGES**

Operating charges are defined as any amount charged to a client by CST Spark in respect of the operation, transfer or termination of the client’s account and includes any federal, provincial or territorial sales taxes paid on that amount. Some examples of these charges include service charges, administration fees, safekeeping fees and management fees. The only fees that apply to each of these services are the management expense ratios (**MERs**) of the mutual funds. CST Spark will provide written notice of new or increased operating charge 60 days before the date on which the imposition or increase becomes effective.

### **INDEPENDENT REVIEW COMMITTEE (IRC) FEES**

CST Mutual Funds share the fee for the IRC’s services with other CST Plans. The IRC reviews conflict of interest matters between CST Spark and the CST Mutual Funds. These and other fees are described in the Fund Facts and prospectus.

### **TRANSACTION CHARGES**

Transaction charges are defined as any amount charged to a client by CST Spark in respect of a purchase or sale of a security and includes any federal, provincial or territorial sales taxes paid on that amount. Some examples of these charges



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include commissions, transfer to another RESP provider, transaction fees (such as fees for insufficient funds or transfer fees) and switch fees.

### OUTSIDE BUSINESS ACTIVITIES AND CONFLICTS OF INTEREST

Our Representatives are employees of CST Spark. Any investments being offered are through CST Spark and therefore there are no conflict of interest issues or confusion as would be the case if different investments were being offered through multiples unrelated entities.

### CONTENT AND FREQUENCY OF REPORTING

You can access your account at any time through our website [www.cstspark.ca](http://www.cstspark.ca). You may reach our Customer Experience department Monday to Friday 9:00 am to 7:00 p.m. Eastern Time toll free at 1-800-461-7100. We are available by telephone, email or live chat during business hours to assist you.

### TRADE CONFIRMATIONS

After any investment transaction, you'll receive an email from CST Spark notifying you that a written confirmation of the transaction details is available in your online account, usually within 2 to 3 business days of the transaction.

For recurring transactions (e.g., pre-authorized contributions, systematic withdrawal plans) a confirmation will be issued for the first transaction only. Subsequent transaction details can be found on your account statement.

### ACCOUNT STATEMENTS

We'll send you an email advising when your client statement has been posted to your online account. An account statement is provided to you at least once every three months. The statement contains details of securities transactions and your holdings during the period covered by the statement as follows:

- (i) the type of account;
- (ii) the account number;
- (iii) the date the statement was issued;
- (iv) the period covered by the statement;
- (v) the name of the Representative(s) servicing the account, if applicable; and
- (vi) the name, address and telephone number of CST Spark.

You'll also receive a **Report on Charges and Compensation** on an annual basis summarizing annual charges (such as switch fees and account fees) paid to CST Spark and any other compensation CST Spark has received during the 12-month period covered by the report.

**A Performance Report** will be sent to you once every calendar year (if you have been a client of CST Spark for the full calendar year) which includes the annualized total percentage return for the 12-month period covered by the statement, and the annualized total percentage return "since inception".

### PROTECTION OF YOUR PERSONAL INFORMATION

Your information and the business you do with us is kept in strict confidence. Only authorized personnel have access to your information. We collect, use and disclose personal information that a reasonable person would consider appropriate for the circumstances. Our procedures and systems are designed to protect your information from error, loss and



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unauthorized access. We keep your information for only as long as it is needed and/or required by privacy, securities or any other applicable legislation.

We monitor our compliance with applicable privacy legislation. To help serve you better, we may review and analyze your use of products and services, including transactions in your account(s), to help protect you from unauthorized use of your account(s).

### **REFERRAL ARRANGEMENT**

A CST Spark Representative may have contacted you because a friend or family member has provided your name and contact information and has indicated you may be interested in CST Mutual Funds. If a Representative received your name from such an individual, CST Spark may have given that individual a thank you gift of a nominal value for the referral and helping us build our business.

A referrer is not registered to provide any investment advice or recommendations about CST Mutual Funds to you. Only a Representative of CST Spark, registered under its mutual fund dealer registration, may provide such advice or recommendations.

### **BENCHMARKS**

You can use investment performance benchmarks to assess the relative performance of your portfolio versus, most commonly, a published index (or a hybrid of several indices). It is important to choose a benchmark that has similar (or identical) risk and return characteristics and asset classes. If there is no single benchmark that matches your portfolio, you may be able to construct a hybrid benchmark. The closer a benchmark matches your portfolio, the more meaningful the comparison.

Benchmarks can help you determine if your portfolio is achieving your investing goals, and help you develop realistic expectations for the long-term return on your portfolio. Benchmarks usually do not include fees in their return calculations, so their returns are overstated versus a real portfolio.

We do not provide benchmark comparisons in our account reporting. Please speak to a Representative if you have questions about the performance of your portfolio or what benchmarks might be appropriate for you. CST Spark will, however, report the mutual fund's performance in its Management Report of Fund Performance available on our website and at [www.sedar.com](http://www.sedar.com).

### **MFDA INVESTOR PROTECTION CORPORATION**

CST Spark's clients' accounts are protected by the MFDA Investor Protection Corporation (**IPC**) within specific limits. Please refer to the IPC Coverage Policy on the website at [www.mfda.ca/ipc](http://www.mfda.ca/ipc) for a description of the nature and limits of coverage, or contact the IPC at 1-888-466-6332.

### **CUSTODY OF YOUR ASSETS**

When you invest in a CST Mutual Fund, your investment is held in a trust that is governed by a trust agreement between CST Spark, the Foundation and RBC Investor Services Trust as trustee. Assets invested in CST Mutual Funds are held and safeguarded by RBC Investors Services Trust who also acts as the custodian. If the custodian were to discontinue its services for any reason, CST Spark and the Foundation will appoint another firm as custodian of the CST Mutual Funds.

### **UNCLAIMED PROPERTY**

Your CST Mutual Fund will be considered unclaimed when a payment is due to you and we are unable to locate either you or your beneficiary. Your accounts will be handled in accordance with our unclaimed property policy and any provincial unclaimed property laws which apply. For clients in Quebec and Alberta, any remaining contributions will be paid to the respective provincial government.



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For RESPs, we will continue to invest your contributions, earnings and government grants until your plan expires. Your RESP expires at the end of the 36<sup>th</sup> year of your RESP. At expiry, we'll pay any earnings remaining in your account to a designated educational institution as required under the *Income Tax Act* (Canada) and any government grants will be returned to the applicable government.

### YOUR RESPONSIBILITIES

We encourage you to understand the risks associated with your purchase of CST Mutual Funds. Before entering into an agreement to purchase these funds, you should read the Fund Facts and prospectus and ask our Representatives any questions you may have.

You should regularly review the financial information about CST Mutual Funds that we provide to you, either on your online account or on our website.

You should also ensure your profile is up to date and you inform us of changes to your personal details, financial circumstances, investment objectives and risk tolerance.

### COMPLAINTS AND DISPUTE RESOLUTION

If you have a complaint or a concern about a Representative or the services you received from us, we invite you to contact us by mail at C.S.T. Spark Inc., 2235 Sheppard Avenue East, Suite 1600, Toronto, ON M2J 5B8 or via our website [www.cstspark.ca](http://www.cstspark.ca), or by email at [complaint@cstspark.ca](mailto:complaint@cstspark.ca).

We'll work with you to resolve your complaint or dispute. However, if we do not provide you with our decision within 90 days of our acknowledgement of your complaint or if you are not satisfied with our resolution of the matter, you may refer your complaint to the Ombudsman for Banking Services and Investments up to 180 days after we provide you with our decision or Autorité des marchés financiers (Québec residents only) at the contact details given below.

#### **Ombudsman for Banking Services and Investments (OBSI)**

20 Queen Street West, Suite 2400  
P.O. Box 8  
Toronto, Ontario M5H 3R3

Toll Free: (888) 451-4519  
Fax: (888) 422-2865  
Website: [www.obsi.ca](http://www.obsi.ca)  
E-mail: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

#### **Autorité des marchés financiers (AMF)**

Service du traitement des plaintes  
800, square Victoria, 22e étage  
C.P. 246, tour de la Bourse

Montréal (Québec) H4Z 1G3  
Telephone: (514) 395-0337  
Toll Free: (1-877) 525-0337  
Fax: (514) 873-3090  
Toll Free Fax: (1-877) 285-4378

OBSI offers a free, independent and impartial resolution service for our clients. Legal representation isn't required to participate fully with any investigation carried out by OBSI. If OBSI investigates a complaint against us and finds in your favour, it'll recommend a course of action to resolve the complaint, which may include compensation.

If you're a resident of Québec and aren't satisfied with the resolution offered or with the handling of your complaint, you may request that we transfer our complaint file to the AMF. The AMF will assess the complaint and if necessary, offer mediation services to assist us in reaching a satisfactory settlement.

Please refer to the Client Complaint Information Form for additional information.



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### CONFLICTS OF INTEREST

As a financial services firm, our business interests may be different from your interests as a customer of CST Spark. A conflict of interest may arise in circumstances where your own interests differ or conflict with the interests of CST Spark or your Representative. Under securities regulations, CST Spark is required to take reasonable steps to identify and manage, by placing your interests before our own, material conflicts of interest which could be expected to arise between CST Spark, our Representatives, and you, our customers. We are also required to inform you of the nature and extent of an identified conflict of interest. Although we seek to avoid or minimize conflicts of interest whenever possible, some conflicts of interest cannot be avoided.

The purpose of this Conflicts of Interest Disclosure is to provide you with a description of any conflicts arising from our role as a Mutual Fund Dealer and Investment Fund Manager and the measures we take to prevent, avoid, and mitigate conflicts and ensure they are addressed by placing your interest before our own.

#### Management of Conflicts of Interest

We have adopted the following principles to address and manage conflicts:

- We avoid conflicts prohibited by law and conflicts that we cannot effectively manage in your best interest.
- Our Representatives are required to comply with securities laws and CST Spark's policies, procedures and Code of Ethics designed to ensure that they follow ethical customer sales and business practices.
- We seek to manage material conflicts of interest by placing your interests before those of CST Spark.
- We provide you with disclosures about material actual and potential conflicts of interest so that you can understand and assess their significance to you and how we address them.

We address and manage conflicts as follows:

**AVOIDANCE** – This includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed.

**CONTROL** – We manage acceptable conflicts through means such as physically separating different business functions and restricting the internal exchange of information.

**DISCLOSURE** – By providing you with information about conflicts, you are able to independently assess their significance when evaluating our recommendations and any actions we take.

CONFLICT OF INTEREST	ADDRESSED BY	HOW CONFLICTS WILL BE ADDRESSED
We earn compensation as the Investment Fund Manager and Mutual Fund Dealer for managing and distributing the CST Spark Mutual Funds.	Disclosure  Control	<ul style="list-style-type: none"> <li>- We will inform you of CST Spark Mutual Funds' fees and expenses so that you know what the Fund will be paying. Please review the disclosures in this document, the fund facts and the prospectus to review the fees associated with your RESP.</li> <li>- Our Representatives are CST Spark employees who are paid a salary and may also receive other compensation, and awards. These rewards are structured to ensure that they do not influence recommendations.</li> </ul>
We only sell CST Spark Mutual Funds which are proprietary	Disclosure	<ul style="list-style-type: none"> <li>- You will receive a funds facts and prospectus at the time of enrolment. You have 2 days to review</li> </ul>

