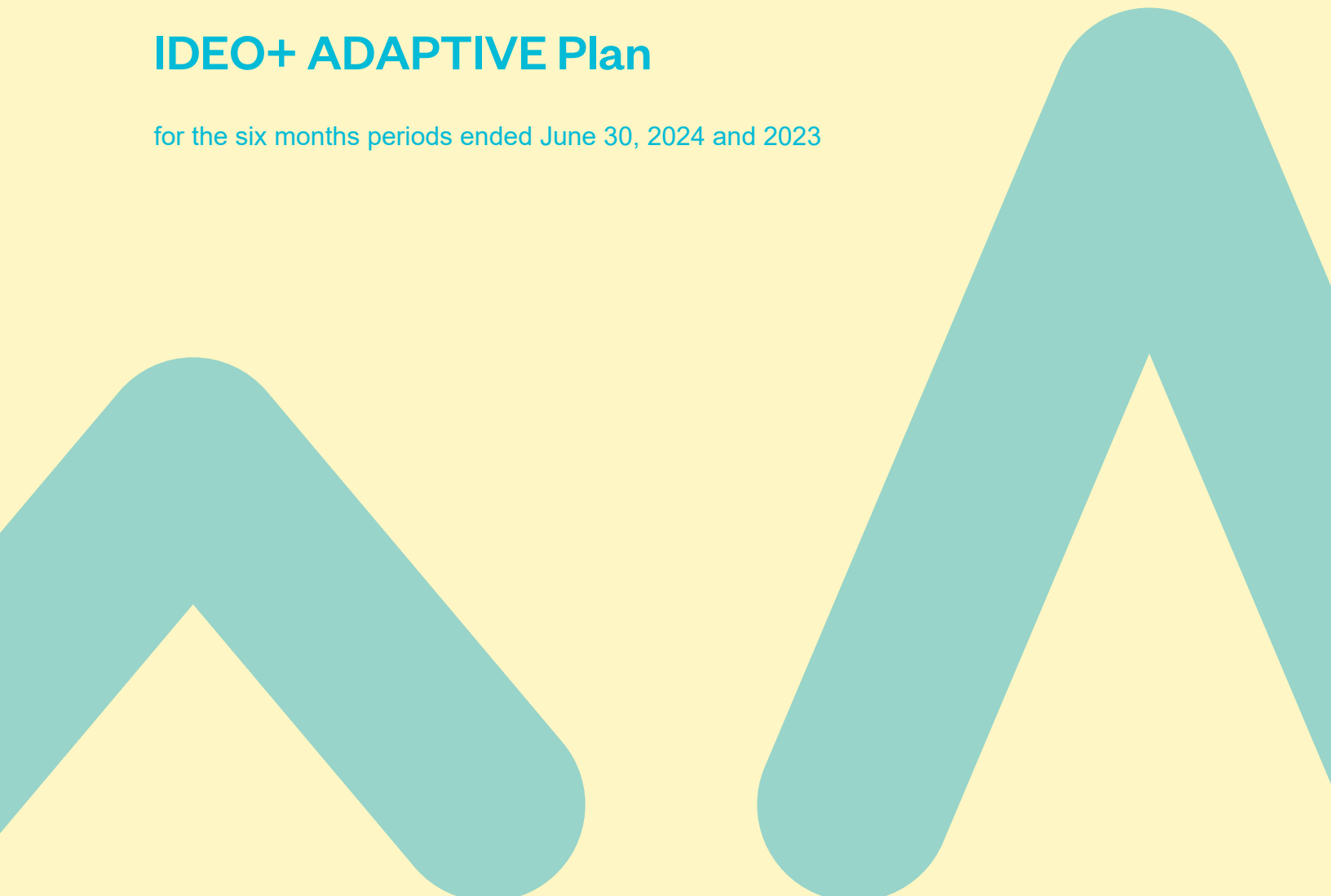


Condensed interim unaudited

Financial statements

IDEO+ ADAPTIVE Plan

for the six months periods ended June 30, 2024 and 2023



KALEIDO

The IDEO+ ADAPTIVE Plan

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Statements of financial position
Condensed interim unaudited
(in thousands of Canadian \$)

	Notes	June 30, 2024	December 31, 2023
Assets			
Cash		266	121
Sales pending settlement		93	6
Other accounts receivable	7	29	-
Dividends receivable		7	21
Interest receivable		56	30
Canada Education Savings Grant (CESG) receivable	9	145	434
Quebec Education Savings Incentive (QESI) receivable		349	631
Investments	4, 9	17,735	11,878
		18,680	13,121
Liabilities			
Bank overdraft		1	-
Purchases pending settlement		97	6
Accounts payable and other liabilities	6	44	38
Quebec Education Savings Incentive (QESI) refundable		1	1
		143	45
Net assets attributable to contracts		18,537	13,076

Approved by

[François Lavoie] _____ Chairman of the Board of Directors

[Albert Caponi] _____ Chairman of the Audit and Risk Management Committee

Statements of net income and comprehensive income
Condensed interim unaudited
for the six months periods ended June 30
(in thousands of Canadian \$)

	Notes	2024	2023
Revenues from ordinary activities			
Interest income for educational assistance payments		145	45
Dividends		50	35
Realized gain on disposal of investments		930	9
Change in unrealized appreciation (depreciation) of investments		(222)	112
		903	201
Operating expenses			
Brokerage fees		8	1
U.S. tax expenses		-	1
Portfolio management fees		16	5
Custodian fees		18	7
Administration fees	7	143	53
		185	67
Net income and comprehensive income attributable to contracts		718	134

Statements of changes in the net assets attributable to contracts
Condensed interim unaudited
for the six months period ended June 30, 2024
(in thousands of Canadian \$)

	Subscriber savings	EAP account	Income on savings	CESG	QESI	Income on incentives	Total
Net assets as at December 31, 2023	9,296	(5)	429	2,294	957	105	13,076
Net income and comprehensive income	-	5	549	-	-	164	718
Increase							
Subscriber savings	3,979	-	-	-	-	-	3,979
Transfers between plans	-	-	-	1	-	-	1
Grants received from the government	-	-	-	859	403	-	1,262
Transfers from other promoters	-	-	-	23	8	-	31
	3,979	-	-	883	411	-	5,273
Decrease							
Refund of savings at maturity	(447)	-	-	-	-	-	(447)
Grants returned to the government	-	-	-	-	(1)	-	(1)
Transfers to other promoters	-	-	-	(7)	(2)	(1)	(10)
Grants and income on grants	-	-	(8)	(45)	(14)	(3)	(70)
Educational assistance payments (EAPs)	-	-	(2)	-	-	-	(2)
	(447)	-	(10)	(52)	(17)	(4)	(530)
Net assets as at June 30, 2024	12,828	(0)	968	3,125	1,351	265	18,537

Statements of changes in the net assets attributable to contracts

Condensed interim unaudited

for the six months period ended June 30, 2023

(in thousands of Canadian \$)

	Subscriber savings	EAP account	Income on savings	CESG	QESI	Income on incentives	Total
Net assets as at December 31, 2022	2,863			731	294	3	3,891
Net income and comprehensive income	-	-	112	-	-	22	134
Increase							
Subscriber savings	2,566	-	-	-	-	-	2,566
Grants received from the government	-	-	-	543	268	-	811
Transfers from other promoters	-	-	-	4	1	-	5
	2,566	-	-	547	269	-	3,382
Decrease							
Refund of savings at maturity	(86)	-	-	-	-	-	(86)
Grants returned to the government	-	-	-	-	(1)	-	(1)
Transfers to other promoters	-	-	-	(1)	-	-	(1)
Grants and income on grants	-	-	(1)	(6)	(2)	-	(9)
	(86)	-	(1)	(7)	(3)	-	(98)
Net assets as at June 30, 2023	5,343	-	111	1,271	560	25	7,311

Statements of cash flows
Condensed interim unaudited
for the six months periods ended June 30
(in thousands of Canadian \$)

	2024	2023
Cash flows from operational activities		
Income received		
Interest	119	36
Dividends	59	44
	178	80
Operating expenses paid		
Brokerage fees	(8)	(1)
U.S. tax expenses	-	(1)
Portfolio management fees	(12)	(3)
Custodian fees	(17)	(9)
Administration fees	(146)	(46)
	(183)	(60)
Other operational activities		
Disposal of investments	20,765	4,607
Acquisition of investments	(25,908)	(7,975)
	(5,143)	(3,368)
Net cash flows used in operational activities	(5,148)	(3,348)
Cash flows from financing activities		
Savings received	3,970	2,569
Savings advance	-	(250)
Savings paid to other promoters	(21)	(4)
Refunds of savings to subscribers	(443)	(86)
CESG received	1,164	774
QESI received	693	333
Incentives and income on Incentives paid	(72)	(8)
Income on savings paid	-	1
Transfers between plans	1	-
Net cash flows from financing activities	5,292	3,328
Net increase (decrease) in cash	144	(20)
Cash, beginning of period	121	145
Cash, end of period	265	124

Schedule of investment portfolio

Condensed interim unaudited

as at June 30, 2024

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Short-term investments					
1,928	Cash	1 Aug 2024	-	1,915	1,915
170	CORPORATIONS (CANADIAN)	24 Jul 2024	-	231	232
140	IVANHOE CAMBRIDGE II INC	12 Dec 2024	2.296	136	138
130	ONTARIO POWER GENERATION INC	8 Apr 2025	2.893	127	128
Total - Short-term investments				2,409	2,413
Bonds issued or guaranteed by a Canadian province					
70	PROV OF BRITISH COLUMBIA	18 Jun 2031	1.550	59	60
650	PROV OF ONTARIO	4 Mar 2033	4.100	645	649
480	PROV OF ONTARIO	2 Feb 2032	4.050	481	481
70	PROV OF ONTARIO	2 Dec 2030	1.350	59	60
50	PROV OF ONTARIO	1 Nov 2029	1.550	44	45
105	PROV OF QUEBEC	22 Nov 2032	3.900	104	104
650	PROV OF QUEBEC	20 May 2032	3.650	630	634
365	PROV OF QUEBEC	27 May 2031	2.100	322	325
				2,344	2,358
Bonds issued or guaranteed by a municipality					
125	SOUTH COAST BC TRANSN AUTH	3 Jul 2030	1.600	108	110
				108	110
Bonds issued or guaranteed by a corporation					
75	407 INTERNATIONAL INC	25 May 2032	2.590	65	66
165	55 SCHOOL BOARD TRUST	2 Jun 2033	5.900	181	182
25	ALIMENTATION COUCHE-TARD INC	25 Sep 2030	5.592	26	26
30	ALTALINK LP	11 Sep 2030	1.509	25	25
10	BANK OF MONTREAL	26 Nov 2082	7.325	10	10
40	BANK OF MONTREAL	26 May 2082	5.625	38	39
90	BANK OF MONTREAL	10 Mar 2026	1.758	84	86
100	BELL CANADA	29 May 2028	2.200	88	92
25	BELL CANADA	29 Sep 2027	3.600	24	24
50	CANADIAN IMPERIAL BANK OF COMM	29 Jun 2027	4.950	50	51
35	CANADIAN IMPERIAL BK OF COMM	21 Jul 2030	2.010	33	34
25	CHOICE PROPERTIES REIT	8 Mar 2028	4.178	24	25
50	CHOICE PROPERTIES REIT	30 Nov 2026	2.456	47	48
25	CT REIT	16 Jun 2027	3.469	24	24
35	ENBRIDGE GAS INC	9 Aug 2029	2.370	32	32
35	ENBRIDGE INC	12 Apr 2078	6.625	35	36
30	ENBRIDGE INC	21 Sep 2033	3.100	26	26

Schedule of investment portfolio
Condensed interim unaudited
as at June 30, 2024

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds (continued)					
Bonds issued or guaranteed by a corporation (continued)					
20	ENBRIDGE INC	8 Jun 2027	3.200	19	19
50	ENERGIR INC	16 Apr 2027	2.100	47	47
55	FEDERATION DES CAISSES	23 Aug 2032	5.035	54	55
20	FEDERATION DES CAISSES	16 Aug 2028	5.475	21	21
130	FEDERATION DES CAISSES	10 Sep 2026	1.587	118	122
40	FEDERATION DES CAISSES DESJARD	23 Aug 2032	5.035	40	40
25	GRANITE REIT HOLDINGS LP	30 Aug 2028	2.194	22	22
75	GRANITE REIT HOLDINGS LP	4 Jun 2027	3.062	71	72
85	GREATER TORONTO AIRPORTS AUTH	3 May 2028	1.540	75	77
80	HYDRO ONE INC	30 Nov 2029	3.930	79	79
45	HYDRO ONE INC	24 Feb 2026	2.770	43	44
30	IA FINANCIAL CORP INC	30 Sep 2084	6.921	30	30
25	MANULIFE FINANCIAL CORP	19 Jun 2082	7.117	25	25
50	MANULIFE FINANCIAL CORP	23 Feb 2034	5.054	50	50
25	METRO INC	6 Dec 2027	3.390	24	24
50	NATIONAL BANK OF CANADA	7 Dec 2026	4.968	50	50
170	NATIONAL BANK OF CANADA	3 Nov 2025	5.296	171	171
85	NAV CANADA	9 Feb 2026	0.937	78	80
50	NORTH WEST REDWTR PARTNERSHIP	1 Jun 2027	2.800	47	48
70	OMERS REALTY CORP	14 Nov 2028	5.381	72	72
25	ONTARIO POWER GENERATION INC	8 Apr 2030	3.215	23	23
25	ONTARIO POWER GENERATION INC	4 Oct 2027	3.315	24	24
110	ONTARIO TEACHERS FINANCE TRUST	2 Jun 2032	4.450	112	112
25	PEMBINA PIPELINE CORP	15 Jun 2027	4.240	25	25
25	RELIANCE LP	1 Aug 2028	2.670	22	23
40	ROGERS COMMUNICATIONS INC	31 Mar 2027	3.650	39	39
35	ROYAL BANK OF CANADA	24 Nov 2080	4.500	34	34
20	ROYAL BANK OF CANADA	3 Apr 2034	5.096	20	20
165	ROYAL BANK OF CANADA	1 May 2028	4.632	162	165
30	SUN LIFE FINANCIAL INC	15 May 2036	5.120	30	30
50	SUN LIFE FINANCIAL INC	4 Jul 2035	5.500	51	52
110	TELUS CORP	1 Mar 2028	3.625	104	106
95	THE BANK OF NOVA SCOTIA	3 May 2032	3.934	90	93
50	THE BANK OF NOVA SCOTIA	1 Feb 2029	4.680	50	50
50	TORONTO DOMINION BANK	31 Oct 2082	7.283	51	51
80	TORONTO DOMINION BANK	4 Mar 2031	4.859	79	80
50	TORONTO HYDRO CORP	20 Oct 2031	2.470	44	44
25	TORONTO HYDRO CORP	11 Dec 2029	2.430	23	23
145	TORONTO-DOMINION BANKTHE	8 Jan 2029	4.680	145	146
50	TRANSCANADA PIPELINES LTD	5 Apr 2027	3.800	49	49
25	VERIZON COMMUNICATIONS INC	22 Mar 2028	2.375	23	23
15	VIDEOTRON LTD	15 Jul 2034	5.000	15	15
				3,163	3,201
Total - Bonds				5,615	5,669

Schedule of investment portfolio
Condensed interim unaudited
as at June 30, 2024

(in thousands of Canadian \$)

Number of shares	Security	Cost	Carrying amount
Equities			
Materials			
228	SHERWIN-WILLIAMS CO/THE	104	93
		104	93
Communication Services			
557	ALPHABET INC	119	139
13	BOOKING HOLDINGS INC	63	70
386	CDW CORP/DE	131	118
1,642	COMCAST CORP	93	88
278	META PLATFORMS INC	185	192
2,479	QUEBECOR INC	73	72
5,746	TELUS CORP	124	119
866	THOMSON REUTERS CORPORATION	184	200
		972	998
Financials			
415	AMERICAN EXPRESS CO	132	131
126	AMERIPRISE FINANCIAL INC	74	74
1,069	BANK OF MONTREAL	141	123
855	BANK OF NEW YORK MELLON CORP/T	66	70
924	CITIGROUP INC	79	80
559	IA FINANCIAL CORP INC	47	48
853	INTACT FINANCIAL CORP	188	194
513	INTERCONTINENTAL EXCHANGE INC	95	96
226	MASTERCARD INC	146	136
1,185	NATIONAL BANK OF CANADA	135	129
591	RAYMOND JAMES FINANCIAL INC	103	100
1,274	ROYAL BANK OF CANADA	174	187
4,961	TMX GROUP LTD	179	189
1,375	TORONTO DOMINION BANK	112	103
282	VISA INC	106	101
		1,777	1,761
Consumer Staples			
2,782	EMPIRE CO LTD	92	97
1,074	LOBLAW COMPANIES LTD	163	170
2,705	METRO INC	197	205
460	PROCTER & GAMBLE CO/THE	106	104
		558	576

Schedule of investment portfolio
Condensed interim unaudited
as at June 30, 2024

(in thousands of Canadian \$)

Number of shares	Security	Cost	Carrying amount
Equities (continued)			
Consumer Discretionary			
1,604	CCL INDUSTRIES INC	112	115
109	COSTCO WHOLESALE CORP	108	127
1,799	DOLLARAMA INC	188	225
134	HOME DEPOT INC/THE	67	63
1,132	RB GLOBAL INC	117	118
1,328	RESTAURANT BRANDS INTL INC	138	128
378	TRACTOR SUPPLY CO	133	140
		863	916
Energy			
413	CHENIERE ENERGY INC	89	99
		89	99
Real Estate			
753	COSTAR GROUP INC	96	76
		96	76
Health			
610	ABBVIE INC	139	143
183	BIOGEN INC	54	58
327	CENCORA INC	107	101
505	DEXCOM INC	94	78
223	ELI LILLY & CO	231	276
212	STRYKER CORP	101	99
447	ZOETIS INC	101	106
		827	861
Industrials			
1,083	CANADIAN NATIONAL RAILWAY CO	192	175
1,797	CANADIAN PACIFIC KANSAS CITY	212	194
771	CANADIAN PACIFIC KANSAS CITY L	91	83
1,823	FINNING INTERNATIONAL INC	73	73
247	MOODY'S CORP	133	142
173	ROCKWELL AUTOMATION INC	67	65
967	STANTEC INC	108	111
1,412	TOROMONT INDUSTRIES LTD	183	171
259	UNION PACIFIC CORP	85	80
279	VERISK ANALYTICS INC	93	103

Schedule of investment portfolio

Condensed interim unaudited

as at June 30, 2024

(in thousands of Canadian \$)

Number of shares	Security	Cost	Carrying amount
Equities (continued)			
Industrials (continued)			
784	WASTE CONNECTIONS INC	180	188
		1,417	1,385
Information Technology			
198	ACCENTURE PLC	90	82
1,045	AMPHENOL CORP	82	96
432	APPLIED MATERIALS INC	122	140
291	ARISTA NETWORKS INC	118	140
187	CADENCE DESIGN SYSTEMS INC	78	79
1,428	CGI INC	211	195
61	CONSTELLATION SOFTWARE INC	224	240
438	DATADOG INC	73	78
829	DESCARTES SYS GROUP INC	105	110
82	KLA CORP	79	93
478	LATTICE SEMICONDUCTOR CORP	50	38
253	LUMINE GROUP INC	9	9
489	MICROSOFT CORP	281	299
247	MOTOROLA SOLUTIONS INC	118	130
767	NVENT ELECTRIC PLC	79	80
274	TEXAS INSTRUMENTS INC	65	73
426	TOPICUS.COM INC	52	50
		1,836	1,932
ETF			
9,200	ISHARES ESG ADVANC MSCI EAFE	851	849
		851	849
Airline			
1,644	DELTA AIR LINES INC	109	107
		109	107
Total - Equities		9,499	9,653
Total - Schedule of investment portfolio		17,523	17,735

Notes to the financial statements
Condensed interim unaudited
for the six months periods ended June 30, 2024 and 2023
(in thousands of Canadian \$)

1. General information about the Plan

The IDEO+ ADAPTIVE Plan (the “Plan”) is a trust maintained by declaration of trust pursuant to the Civil Code of Quebec. It is governed by a trust agreement (the “Agreement”) concluded on February 1st, 2022, between Kaleido Foundation (the “Foundation”), Eterna Trust Inc. and Kaleido Growth Inc. The latter acts as the investment fund manager of the IDEO+ ADAPTIVE Plan promoted by the Foundation. The Plan’s head office and principal place of business is located at 1035 Wilfrid-Pelletier Avenue, Suite 500, Quebec City (Quebec) G1W 0C5.

The IDEO+ ADAPTIVE Plan is an individual scholarship plan. Under an individual scholarship plan, there is only one designated beneficiary at any given time and that beneficiary does not have to be related to the subscriber. In addition, there is no age limit for becoming a beneficiary of the scholarship plan. Subscribers can choose to make one-time contributions or monthly contributions. Beneficiaries may be eligible for several government grants. Contributions and grants are recorded and maintained at the depository. Contributions are returned to the subscriber or beneficiary and the income earned on these contributions and grants are used to make Education Assistance Payments if they meet the terms of the Income Tax Act (Canada).

The publication of these financial statements was authorized by the Audit Committee on August 26, 2024.

2. Significant accounting policies

Statement of compliance

The interim condensed statements of financial position, the interim condensed statements of net and comprehensive income, the interim condensed statements of changes in net assets attributable to contracts, the interim condensed statements of cashflows and the accompanying interim condensed notes were prepared in accordance with IAS 34 Interim Financial Reporting.

These interim condensed financial statements should be read in conjunction with the financial statements for the year ended December 31, 2023. The significant accounting policies used in preparing these condensed interim financial statements are consistent with those found in the financial statements for the year ended December 31 2023.

3. Significant accounting judgments, estimates and assumptions

When applying the Plan's accounting policies, as described in Note 2 of financial statements for the year ended December 31, 2023, management must make judgments as well as estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The main sources of uncertainty regarding estimates and the main judgements made by management for the unaudited interim condensed financial statements are identical to those presented in the annual financial statements for the year ended December 31, 2023.

Notes to the financial statements
Condensed interim unaudited
for the six months periods ended June 30, 2024 and 2023
(in thousands of Canadian \$)

4. Investments

	June 30, 2024	December 31, 2023
Short-term investments	2,413	1,726
Bonds	5,669	3,510
Equities	9,653	6,642
	17,735	11,878

5. Current assets and liabilities

The Plan expects to collect dividends receivable, interest receivable, CESG receivable and QESI receivable no later than 12 months following the closing date. In addition, the Plan expects to settle amounts due to suppliers and other accounts payable and QESI payables within 12 months of the balance sheet date.

6. Accounts payable and other liabilities

		June 30, 2024	December 31, 2023
Amount payable to Kaleido Growth Inc.	7	25	27
Amount payable to the Kaleido Foundation	7	-	1
Other		19	10
		44	38

7. Related party transactions

Kaleido Growth Inc.

Kaleido Growth Inc., a wholly owned subsidiary of the Foundation, is the distributor of the products promoted by the Foundation and serves as the Plan's distributor and investment fund manager.

Kaleido Foundation

The Foundation is the promoter of the IDEO+ ADAPTIVE Plan. The Plan and the Foundation report to the same Board of Directors.

Administration fees	June 30, 2024	June 30, 2023
Kaleido Growth Inc.	143	53
	143	53

Notes to the financial statements
Condensed interim unaudited
for the six months periods ended June 30, 2024 and 2023
(in thousands of Canadian \$)

7. Related party transactions (continued)

Amount receivable	June 30, 2024	December 31, 2023
Kaleido Foundation	29	-
	29	-

Amount payable	June 30, 2024	December 31, 2023
Kaleido Growth Inc.	25	27
Kaleido Foundation	-	1
	25	28

8. Capital management

Investment goals

The fundamental investment objectives of the Plan are to invest subscriber contributions and government grants in a diversified mix of investments in accordance with an investment strategy with a changing profile in order to generate a reasonable and competitive long-term return while assuming a low level of risk. There is no guarantee of a full return of subscriber contributions.

However, the profile investment strategy provides for the adjustment of the asset mix over time in order to reduce risk exposure as the beneficiary approaches the age of eligibility for education and to encourage the preservation of accumulated principal over time.

The investment policy of the Plan has a low to moderate investment risk depending on the age of the beneficiary, since it provides for a significant proportion of variable income securities, which gradually decreases as the beneficiary gets older. This proportion of variable-income securities decreases over time and is surpassed at the end of the plan by the proportion invested in fixed-income securities, which are less volatile.

The Plan invests in fixed income securities, Canadian equities and U.S. equities, through mutual funds or ETFs. The Plan also invests in foreign equities, real estate and infrastructure through mutual funds or ETFs.

Investment strategies

The primary investment strategy employed by the Plan is to invest Contributions, Government grants and income in accordance with a rolling investment strategy that seeks to match beneficiaries' age and expected enrollment in Qualifying Education with appropriate asset classes and investment allocations. Under this strategy, beneficiaries are categorized by age and with a separate target allocation by investment horizon.

The Profile Growth Investment Strategy is based on a 19-tiered structure, corresponding to the beneficiary's age range, where, until age 14, the plan's assets are invested in an allocation that gives a predominance to variable income securities (equities, ETFs and mutual funds) and a lesser emphasis on fixed income securities. The asset allocation automatically changes over time based on the investment horizon to reduce risk as the beneficiary approaches age 18. Thus, depending on the investment horizon, the proportion of fixed income securities increases while the proportion of variable income securities decreases. In the later years of the investment horizon, as the time to apply for an EAP approach, assets will be allocated in an increasingly conservative manner, with the majority of assets consisting of fixed income securities, cash and cash equivalents.

8. Capital management (continued)

Investment strategies (continued)

These policies and procedures must comply with the provisions of the Securities Act (Quebec) and meet the conditions of section 146.1 (1) of the Income Tax Act (Canada). The Plan is not subject to any other external capital requirements.

9. Financial instruments

Fair value

- **Establishing fair value**

The fair value of cash, dividends receivable, interest receivable, CESG receivable, QESI receivable, accounts payable and other liabilities and QESI payables approximates their carrying value due to their short-term maturities.

The fair value of the net assets attributable to contracts corresponds to its carrying value, given that it is the residual value allocated to contract holders and beneficiaries as at the reporting date.

- **Fair value measurements**

The scholarship plans promoted by the Foundation qualify under IFRS as an investment entity as they hold and manage funds from investors (the Subscribers) with the objective of realizing returns in the form of capital gains and investment income. In addition, the scholarship plans evaluate and assess the performance of these investments on a fair value basis.

Fair value is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's length transaction between market participants at the measurement date, whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, the Scholarship Plans consider the characteristics of the asset or liability if that is what market participants would do to price the asset or liability on the measurement date.

The fair value of cash, CESG receivable, QESI receivable, other receivables, QESI payable, and trade and other accounts payable approximates their carrying value due to their short-term maturity.

The fair value of net assets attributable to the accounts is equal to their carrying value as it represents the residual value allocated to account holders and beneficiaries at the balance sheet date.

The fair value of equity investments is established using the bid price values. If quoted prices in active markets are unavailable, the fair value of investments in short-term investments and bonds is determined using current valuation methods such as a model that relies on discounting expected future cash flows or similar techniques. These methods use current observable market data for financial instruments with similar risk profiles and comparable terms. The significant data used in these models include, but are not limited to, yield curves and credit risks.

- **Fair value hierarchy**

For financial reporting purposes, fair value measurements are classified in accordance with a hierarchy (Levels 1, 2, or 3). This classification is based on the level at which fair value measurement inputs are observable as well as on the significance of a particular input to the fair value measurement in its entirety.

Notes to the financial statements
Condensed interim unaudited
for the six months periods ended June 30, 2024 and 2023
(in thousands of Canadian \$)

9. Financial instruments (continued)

Fair value (continued)

• **Fair value hierarchy (continued)**

The fair value hierarchy consists of the following levels:

- **Level 1** - Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities (for example, prices observable on the TSX) and for which the entity can access at the measurement date.
- **Level 2** - Valuation based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices). For example, matrix pricing, yield curves and indices.
- **Level 3** - Valuation in which a significant portion of the inputs used for assets or liabilities are not based on observable market data (unobservable inputs). For example, private investment valuations by portfolio managers.

The hierarchy that applies when determining fair value requires the use of observable market inputs whenever such inputs exist. Fair values are classified in Level 1 when the security is traded on an active market and a quoted price is available. If a financial instrument classified in Level 1 ceases to trade in an active market, it is transferred to the next level (Level 2). If the valuation of its fair value requires significant use of unobservable market inputs, it is then classified in Level 3.

The following tables present the financial instruments recorded at fair value in the statements of financial position, classified using the fair value hierarchy:

As at June 30, 2024	Level 1	Level 2	Level 3	Total
Short-term investments	2,147	266	-	2,413
Bonds	-	5,669	-	5,669
Equities	9,653	-	-	9,653
	11,800	5,935	-	17,735

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Short-term investments	1,559	167	-	1,726
Bonds	-	3,510	-	3,510
Equities	6,642	-	-	6,642
	8,201	3,677	-	11,878

Over the course of the periods ended ended June 30, 2024 and December 31, 2023, there was no significant transfer between Levels 1 and 2.

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9. Financial instruments (continued)

Risk management related to financial instruments

Due to the nature of its business activities, the Plan is exposed to a variety of financial risks arising from financial instruments, such as credit risk, liquidity risk and market risk (including price risk, currency risk and interest rate risk). The Plan's overall risk management program seeks to maximize the returns achieved without exposing subscriber investments to undue risks and to minimize potential adverse impacts on financial performance.

The main risks stemming from financial instruments to which the Plan is exposed and the main actions taken to manage those risks are as follows:

- **Credit risk**

The Plan is exposed to credit risk, which is the possibility of incurring financial losses resulting from the inability of a company, an issuer or counterparty to meet its financial commitments to the Plan. The Plan's exposure to credit risk arises from its investments in debt securities. The Plan has established qualitative selection criteria for investments to limit this risk.

The Plan only selects securities of the Canadian government, provincial governments, municipalities, government guaranteed agencies or corporations that are considered investment grade or in securities issued by corporations provided that such securities have a minimum rating of BBB or equivalent as assigned by a designated rating agency.

Quantitative restrictions have also been established to reduce credit risk. Securities from all borrowers, except a government, are limited to 7.5% of the total fair value of the fixed-income securities entrusted to the portfolio manager.

The Plan's maximum exposure to credit risk is the carrying amount of the financial instruments presented in the statements of financial position.

As at June 30, 2024 and as at December 31, 2023, the Plan invested in fixed-income securities that are neither past due nor impaired and that had the following credit ratings:

Credit rating	Percentage of total debt securities*	
	June 30, 2024	December 31, 2023
	%	%
AAA	0.1	1.7
AA	49.7	51.7
A	32.8	29.8
BBB	17.4	16.8

*Excludes short-term investments

- **Liquidity risk**

Liquidity risk pertains to the Plan's ability to meet its commitments in terms of financial liabilities and therefore, its capacity to carry out payments as required. The Plan is exposed to daily refunds to subscribers, who are entitled to request the refund of their savings at any time.

This risk is significantly reduced by the fact that the majority of Subscribers' savings are invested in fixed income securities that trade in liquid markets and this proportion increases as the contract nears maturity. The Plan carefully manages its cash flow on a daily basis and ensures that it maintains a level of cash flow to meet its liquidity needs.

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9. Financial instruments (continued)

Risk management related to financial instruments (continued)

• **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes three types of risk: currency risk, interest rate risk and price risk. Changes in certain financial market parameters affect the Plan's statement of financial position and comprehensive income.

The Plan takes these risks into account when determining its overall asset allocation. Specifically, the Plan mitigates the effects of these risks by diversifying its investment portfolio across several financial markets (money, bond and equity markets), different products with varying risk profiles (equity and fixed income), as well as across industry sectors (government, municipal, energy, materials, communications, utilities, finance, consumer products, consumer services, industrial and technology).

• **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan engages in transactions denominated in foreign currencies and is therefore exposed to currency risk when selling and purchasing investments in U.S. currency and when the Plan has U.S. currency in its cash balance.

As at June 30, 2024, the Plan had \$178.8 (\$3.5 as at December 31, 2023) in US currency representing \$244.7 (\$4.7 as at December 31, 2023) in cash. The Plan also had \$4.2M (\$2.7M as at December 31, 2023) in U.S. currency shares representing \$5.7M (\$3.5M as at December 31, 2023) in investments.

• **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rates have a direct impact on the value of the fixed maturity securities in the investment portfolio. This risk is mitigated by a range of maturities for the active portion of the bond portfolio and the development of a target duration in line with the economic outlook for the passive portion of the bond portfolio.

The maturity distribution of the bonds is adjusted regularly based on anticipated interest rate movements, in accordance with the maturity schedules set forth in the Plan's investment policy. The target duration is established based on an analysis of the economic environment, outlook and risk in relation to the nature of the Plan.

As at June 30, 2024, a 100-basis-point change in market interest rates, assuming a parallel shift in the yield curve and all other variables remaining constant, would cause the fair value of bonds held in the Plan's investment portfolio, net income, comprehensive income, and net assets attributable to contracts to change by approximately \$0.3M (\$0.2M as at December 31, 2023). In practice, actual results may differ materially from this analysis.

Investments that present interest rate risk are as follows:

	June 30, 2024	December 31, 2023
	%	%
Maturing in less than one year	29.9	33.0
Maturing in one to five years	23.1	19.1
Maturing after five years	47.0	47.9

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9. Financial instruments (continued)

Risk management related to financial instruments (continued)

• **Price risk**

Price risk is the risk that the 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 instrument or its issuer, or by factors affecting all similar financial instruments traded in the market. Stock market volatility primarily affects the value of the Plan's equity holdings. It should be noted that this exposure is spread over various sectors of activity and in predominantly large-cap Canadian and American securities, which reduces this risk.

However, based on the evolving profile investment policy, it involves a low to moderate investment risk depending on the age of the beneficiary, since it provides for a significant proportion of variable income securities, which gradually decreases as the beneficiary ages. This proportion of variable-income securities decreases over time and is surpassed at the end of the plan by the proportion invested in fixed-income securities, which are less volatile.

The Plan invests in fixed income securities, Canadian equities and U.S. equities, generally on a direct basis, although it may also invest through mutual funds or ETFs. The Plan also invests in foreign equities, real estate and infrastructure through mutual funds or ETFs.

A 10% change in the stock market index, with all other variables remaining constant, would create a change of approximately \$0.9M as at June 30, 2023 (\$0.7M as at December 31, 2022) in the fair value of the Plan's equity holdings, net income, comprehensive income and net assets attributable to contracts. In practice, actual results may differ materially from this analysis. The sensitivity analysis on the fair value of the bonds is described in the "Interest rate risk" section.

• **Concentration risk**

Concentration risk arises from having positions concentrated within a same category, whether that category is geographical location, product type, market sector or type of counterparty.

The following table summarizes the Plan's concentration risk in relation to the total carrying amount of equity investments:

Market sectors	June 30, 2024	December 31, 2023
	%	%
Energy	1.0	3.1
Materials	1.0	2.5
Communication Services	10.3	3.9
Utilities	0.0	0.5
Financials	18.2	9.6
Consumer Staples	6.0	2.5
Consumer Discretionary	9.5	5.3
Health	9.0	4.6
Industrials	14.3	5.1
Information Technology	20.0	12.2
Real Estate	0.8	1.6
ETF	8.8	49.1
Airline	1.1	0.0

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9. Financial instruments (continued)

Offsetting

The following table presents the financial instruments that have been offset in the Plan's financial statements:

Canada Education Savings Grant (CESG) receivable	June 30, 2024	December 31, 2023
Gross financial assets	148	445
Financial liabilities offset	(3)	(11)
	145	434

The Plan has no other financial instrument subject to an enforceable master netting agreement or similar agreement.

The Plan does not hold assets that can be used as a guarantee for the CESG receivable.

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