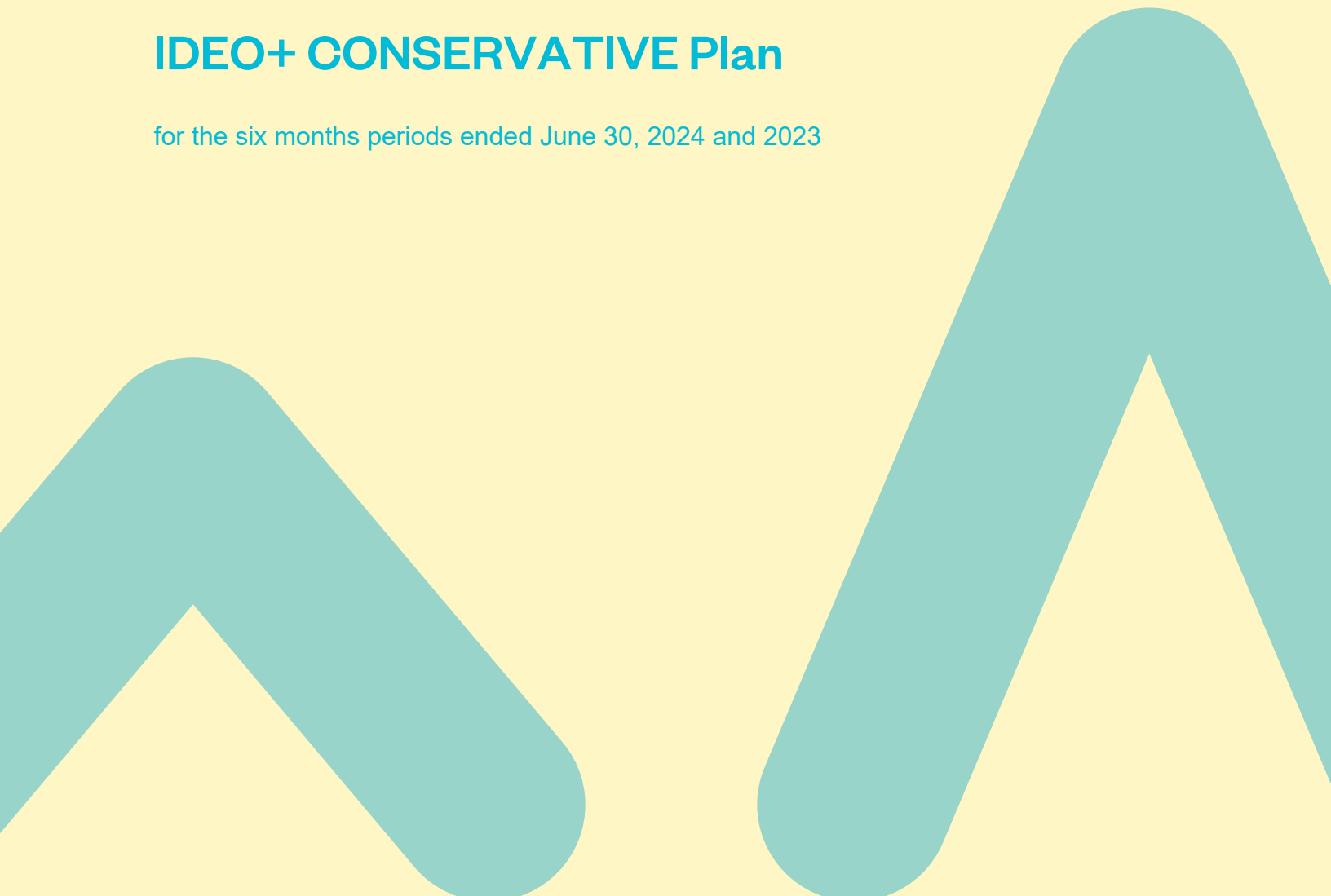


Condensed interim unaudited

Financial statements

IDEO+ CONSERVATIVE Plan

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



KALEIDO

The IDEO+ CONSERVATIVE 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		251	352
Sales pending settlement		784	10
Other accounts receivable	7	28	-
Dividends receivable		8	14
Interest receivable		423	331
Canada Education Savings Grant (CESG) receivable	9	387	2,003
Quebec Education Savings Incentive (QESI) receivable		884	2,996
Investments	4, 9	71,703	60,336
		74,468	66,042
Liabilities			
Bank overdraft		1	-
Purchases pending settlement		771	12
Accounts payable and other liabilities	6	170	173
Quebec Education Savings Incentive (QESI) refundable		10	7
		952	192
Net assets attributable to contracts		73,516	65,850

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		1,164	471
Dividends		55	74
Realized gain (loss) on disposal of investments		1,394	37
Change in unrealized appreciation (depreciation) of investments		(703)	48
		1,910	630
Operating expenses			
Brokerage fees		6	1
U.S. tax expenses		-	3
Portfolio management fees		45	22
Custodian fees		20	10
Administration fees	7	635	312
		706	348
Net income and comprehensive income attributable to contracts		1,204	282

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	47,163	(66)	1,690	11,665	4,977	421	65,850
Net income and comprehensive income	-	66	817	-	-	321	1,204
Increase							
Subscriber savings	11,001	-	-	-	-	-	11,001
Transfers between plans	-	-	-	3	-	-	3
Grants received from the government	-	-	-	2,334	1,077	-	3,411
Transfers from other promoters	-	-	-	65	20	-	85
	11,001	-	-	2,402	1,097	-	14,500
Decrease							
Refund of savings at maturity	(6,393)	-	-	-	-	-	(6,393)
Grants returned to the government	-	-	-	-	(13)	-	(13)
Transfers to other promoters	-	-	-	(6)	(1)	-	(7)
Grants and income on grants	-	-	(148)	(1,054)	(391)	(32)	(1,625)
	(6,393)	-	(148)	(1,060)	(405)	(32)	(8,038)
Net assets as at June 30, 2024	51,771	-	2,359	13,007	5,669	710	73,516

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	22,326		(10)	5,282	2,264	(20)	29,842
Net income and comprehensive income	-	-	244	-	-	38	282
Increase							
Subscriber savings	9,801	-	-	-	-	-	9,801
Transfers between plans	-	-	-	4	-	-	4
Grants received from the government	-	-	-	2,119	989	-	3,108
Transfers from other promoters	-	-	-	26	7	-	33
	9,801	-	-	2,149	996	-	12,946
Decrease							
Refund of savings at maturity	(3,707)	-	-	-	-	-	(3,707)
Grants returned to the government	-	-	-	-	(4)	-	(4)
Transfers to other promoters	-	-	-	(4)	-	-	(4)
Grants and income on grants	-	-	(19)	(420)	(104)	(3)	(546)
	(3,707)	-	(19)	(424)	(108)	(3)	(4,261)
Net assets as at June 30, 2023	28,420	-	215	7,007	3,152	15	38,809

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	1,076	404
Dividends	52	81
	1,128	485
Operating expenses paid		
Brokerage fees	(6)	(1)
U.S. tax expenses	-	(3)
Portfolio management fees	(38)	(14)
Trustee fees	(1)	(0)
Custodian fees	(19)	(14)
Administration fees	(676)	(286)
Independent Review Committee fees	(1)	-
	(741)	(318)
Other operational activities		
Disposal of investments	70,747	24,865
Acquisition of investments	(81,433)	(37,079)
	(10,686)	(12,214)
Net cash flows used in operational activities	(10,299)	(12,047)
Cash flows from financing activities		
Savings received	10,961	9,820
Savings advance	-	(250)
Savings paid to other promoters	(16)	(4)
Refunds of savings to subscribers	(6,354)	(3,707)
CESG received	4,009	4,111
QESI received	3,208	2,462
QESI paid	(11)	-
Incentives and income on Incentives paid	(1,603)	(527)
Income on savings paid	-	(19)
Transfers between plans	3	4
Net cash flows from financing activities	10,197	11,890
Net decrease in cash	(102)	(157)
Cash, beginning of period	352	414
Cash, end of period	250	257

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					
17,810	Cash	1 Aug 2024	-	17,686	17,686
180	Cash sweep	24 Jul 2024	-	245	245
425	IVANHOE CAMBRIDGE II INC	12 Dec 2024	2.296	411	420
Total - Short-term investments				18,342	18,351
Bonds					
Bonds issued or guaranteed by the Government of Canada					
50	GOVERNMENT OF CANADA	1 Jun 2031	1.500	44	44
				44	44
Bonds issued or guaranteed by a Canadian province					
5,450	PROV OF ONTARIO	4 Mar 2033	4.100	5,427	5,444
3,860	PROV OF ONTARIO	2 Feb 2032	4.050	3,828	3,869
1,000	PROV OF ONTARIO	2 Jun 2030	2.050	884	904
185	PROV OF ONTARIO	1 Nov 2029	1.550	162	165
275	PROV OF QUEBEC	22 Nov 2032	3.900	274	272
4,525	PROV OF QUEBEC	20 May 2032	3.650	4,444	4,411
3,210	PROV OF QUEBEC	27 May 2031	2.100	2,794	2,857
				17,813	17,922
Bonds issued or guaranteed by a municipality					
700	SOUTH COAST BC TRANSN AUTH	3 Jul 2030	1.600	596	614
210	SOUTH COAST BC TRANSN AUTH	23 Nov 2028	3.250	204	205
				800	819
Bonds issued or guaranteed by a corporation					
150	407 INTERNATIONAL INC	1 Jun 2033	3.430	139	138
200	407 INTERNATIONAL INC	25 May 2032	2.590	173	175
275	407 INTERNATIONAL INC	27 Jul 2029	6.470	303	300
150	ALIMENTATION COUCHE-TARD INC	25 Sep 2030	5.592	150	157
200	ALTALINK L P	29 May 2026	2.747	189	194
175	BANK OF MONTREAL	26 Nov 2082	7.325	171	178
200	BANK OF MONTREAL	26 May 2082	5.625	192	194
250	BANK OF MONTREAL	29 May 2028	5.039	249	254
300	BANK OF MONTREAL	28 May 2026	1.551	268	284
490	BANK OF MONTREAL	10 Mar 2026	1.758	459	468
275	BANK OF NOVA SCOTIA	1 Nov 2027	1.400	235	251
510	BCI QUADREAL REALTY	24 Jun 2026	2.551	482	491

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)					
785	BELL CANADA	29 May 2028	2.200	699	721
150	BELL CANADA	29 Sep 2027	3.600	147	146
190	CANADIAN IMPERIAL BANK OF COMM	29 Jun 2027	4.950	191	192
150	CANADIAN IMPERIAL BK OF COMM	17 Apr 2025	2.000	144	147
100	CHOICE PROPERTIES REIT	4 Mar 2030	2.981	90	91
100	CHOICE PROPERTIES REIT	8 Mar 2028	4.178	97	98
420	CHOICE PROPERTIES REIT	30 Nov 2026	2.456	390	399
100	CT REIT	16 Jun 2027	3.469	94	96
150	CT REIT	9 Jun 2025	3.527	146	148
200	DOLLARAMA INC	8 Jul 2026	1.871	185	190
250	ENBRIDGE GAS INC	9 Aug 2029	2.370	225	228
200	ENBRIDGE INC	12 Apr 2078	6.625	188	203
225	ENBRIDGE INC	21 Sep 2033	3.100	193	193
300	ENERGIR INC	16 Apr 2027	2.100	275	282
145	FEDERATION DES CAISSES	23 Aug 2032	5.035	143	145
100	FEDERATION DES CAISSES	17 Nov 2028	5.467	100	103
575	FEDERATION DES CAISSES	16 Aug 2028	5.475	586	594
475	FEDERATION DES CAISSES	10 Sep 2026	1.587	428	447
135	GRANITE REIT HOLDINGS LP	30 Aug 2028	2.194	117	121
350	GRANITE REIT HOLDINGS LP	4 Jun 2027	3.062	331	334
185	GREATER TORONTO AIRPORTS AUTH	3 May 2028	1.540	163	168
15	GREAT-WEST LIFECO INC	28 Feb 2028	3.337	14	15
100	HYDRO ONE INC	1 Mar 2034	4.390	100	99
315	HYDRO ONE INC	30 Nov 2029	3.930	311	310
140	HYDRO ONE INC	27 Jan 2028	4.910	142	143
350	HYDRO ONE INC	21 Sep 2026	5.308	350	350
300	HYDRO ONE INC	24 Feb 2026	2.770	287	292
350	HYDRO QUEBEC	1 Sep 2029	3.400	341	342
200	IA FINANCIAL CORP INC	30 Sep 2084	6.921	200	199
150	INTACT FINANCIAL CORPORATION	18 May 2028	2.179	132	139
65	LOBLAW COMPANIES LTD	11 Dec 2028	4.488	64	65
150	MANULIFE FINANCIAL CORP	19 Jun 2082	7.117	144	152
200	MANULIFE FINANCIAL CORP	23 Feb 2034	5.054	200	202
160	MANULIFE FINANCIAL CORP	12 May 2030	2.237	151	156
150	METRO INC	6 Dec 2027	3.390	144	145
375	NATIONAL BANK OF CANADA	7 Dec 2026	4.968	376	378
300	NATIONAL BANK OF CANADA	15 Jun 2026	1.534	270	284
1,150	NATIONAL BANK OF CANADA	3 Nov 2025	5.296	1,154	1,156
400	NORTH WEST REDWTR PARTNERSHIP	1 Jun 2027	2.800	372	383
415	OMERS REALTY CORP	14 Nov 2028	5.381	430	429
200	ONTARIO POWER GENERATION INC	8 Apr 2030	3.215	181	187
215	ONTARIO POWER GENERATION INC	4 Oct 2027	3.315	207	208
830	ONTARIO POWER GENERATION INC	8 Apr 2025	2.893	805	818
100	ROGERS COMMUNICATIONS INC	21 Sep 2028	5.700	100	104
225	ROGERS COMMUNICATIONS INC	31 Mar 2027	3.650	216	219
65	ROGERS COMMUNICATIONS INC	1 Mar 2027	3.800	63	64
225	ROYAL BANK OF CANADA	24 Nov 2080	4.500	214	220

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)					
125	ROYAL BANK OF CANADA	3 Apr 2034	5.096	125	126
100	ROYAL BANK OF CANADA	1 Feb 2033	5.010	98	100
250	ROYAL BANK OF CANADA	24 Jun 2030	5.228	259	259
425	ROYAL BANK OF CANADA	31 Jul 2028	1.833	368	387
555	ROYAL BANK OF CANADA	1 May 2028	4.632	549	557
200	SUN LIFE FINANCIAL INC	15 May 2036	5.120	200	202
425	SUN LIFE FINANCIAL INC	4 Jul 2035	5.500	424	440
250	TELUS CORP	19 Feb 2030	3.150	229	230
305	TELUS CORP	8 Jul 2026	2.750	289	294
225	THE BANK OF NOVA SCOTIA	27 Jul 2082	7.023	223	226
205	THE BANK OF NOVA SCOTIA	3 May 2032	3.934	195	200
250	THE BANK OF NOVA SCOTIA	1 Feb 2029	4.680	251	251
450	TORONTO DOMINION BANK	31 Oct 2082	7.283	451	458
170	TORONTO DOMINION BANK	4 Mar 2031	4.859	169	170
175	TORONTO DOMINION BANK	22 Apr 2030	3.105	168	172
625	TORONTO DOMINION BANK	8 Mar 2028	1.888	549	574
400	TORONTO HYDRO CORP	20 Oct 2031	2.470	338	352
150	TORONTO HYDRO CORP	11 Dec 2029	2.430	138	137
200	TORONTO HYDRO CORP	25 Aug 2026	2.520	187	192
450	TRANSCANADA PIPELINES LTD	5 Apr 2027	3.800	437	442
250	IVANHOE CAMBRIDGE II INC	2 Jun 2028	4.994	249	255
300	LOWER MATTAGAMI ENERGY LP	14 May 2031	2.433	255	266
300	LOWER MATTAGAMI ENERGY LP	21 Oct 2026	2.307	281	286
345	ONTARIO TEACHERS FINANCE TRUST	2 Jun 2032	4.450	352	351
325	FAIRFAX FINL HOLDINGS LTD	16 Dec 2026	4.700	321	324
60	FEDERATION DES CAISSES DESJARD	23 Aug 2032	5.035	59	60
185	NAV CANADA	9 Feb 2026	0.937	169	175
310	VERIZON COMMUNICATIONS INC	22 Mar 2028	2.375	279	287
210	RELIANCE LP	1 Aug 2028	2.670	185	192
100	RELIANCE LP	15 Mar 2025	3.836	97	99
100	VIDEOTRON LTD	15 Jul 2034	5.000	99	98
250	TORONTO-DOMINION BANKTHE	8 Jan 2029	4.680	251	251
1,225	55 SCHOOL BOARD TRUST	2 Jun 2033	5.900	1,350	1,352
				24,504	24,954
Total - Bonds				43,161	43,739

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			
248	SHERWIN-WILLIAMS CO/THE	113	101
		113	101
Communication Services			
627	ALPHABET INC	133	156
14	BOOKING HOLDINGS INC	68	76
416	CDW CORP/DE	142	127
1,751	COMCAST CORP	100	94
305	META PLATFORMS INC	203	210
2,739	QUEBECOR INC	81	79
6,333	TELUS CORP	137	131
953	THOMSON REUTERS CORPORATION	202	220
		1,066	1,093
Financials			
450	AMERICAN EXPRESS CO	143	143
138	AMERIPRISE FINANCIAL INC	81	81
1,177	BANK OF MONTREAL	156	135
925	BANK OF NEW YORK MELLON CORP/T	72	76
1,011	CITIGROUP INC	87	88
629	IA FINANCIAL CORP INC	53	54
939	INTACT FINANCIAL CORP	206	214
549	INTERCONTINENTAL EXCHANGE INC	102	103
245	MASTERCARD INC	159	148
1,305	NATIONAL BANK OF CANADA	148	142
635	RAYMOND JAMES FINANCIAL INC	110	107
1,405	ROYAL BANK OF CANADA	192	205
5,465	TMX GROUP LTD	197	208
1,515	TORONTO DOMINION BANK	123	114
306	VISA INC	115	110
		1,944	1,928
Consumer Staples			
3,061	EMPIRE CO LTD	102	107
1,183	LOBLAW COMPANIES LTD	179	188
2,981	METRO INC	218	226
500	PROCTER & GAMBLE CO/THE	115	113
		614	634

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			
1,766	CCL INDUSTRIES INC	123	127
117	COSTCO WHOLESALE CORP	115	136
1,983	DOLLARAMA INC	206	248
143	HOME DEPOT INC/THE	71	67
1,248	RB GLOBAL INC	130	130
1,463	RESTAURANT BRANDS INTL INC	153	141
407	TRACTOR SUPPLY CO	143	150
		941	999
Energy			
445	CHENIERE ENERGY INC	96	106
		96	106
Real Estate			
816	COSTAR GROUP INC	104	83
		104	83
Health			
661	ABBVIE INC	151	155
202	BIOGEN INC	59	64
354	CENCORA INC	116	109
560	DEXCOM INC	104	87
243	ELI LILLY & CO	251	302
229	STRYKER CORP	110	107
492	ZOETIS INC	111	117
		902	941
Industrials			
1,193	CANADIAN NATIONAL RAILWAY CO	213	193
1,980	CANADIAN PACIFIC KANSAS CITY	234	213
823	CANADIAN PACIFIC KANSAS CITY L	97	89
2,009	FINNING INTERNATIONAL INC	80	81
264	MOODY'S CORP	142	152
184	ROCKWELL AUTOMATION INC	71	69
1,066	STANTEC INC	119	122
1,555	TOROMONT INDUSTRIES LTD	202	188
278	UNION PACIFIC CORP	92	86
299	VERISK ANALYTICS INC	99	110
865	WASTE CONNECTIONS INC	199	208
		1,548	1,511

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)			
Information Technology			
208	ACCENTURE PLC	95	86
1,134	AMPHENOL CORP	89	105
465	APPLIED MATERIALS INC	132	150
324	ARISTA NETWORKS INC	132	155
203	CADENCE DESIGN SYSTEMS INC	85	85
1,573	CGI INC	234	215
67	CONSTELLATION SOFTWARE INC	246	264
475	DATADOG INC	79	84
913	DESCARTES SYS GROUP INC	115	121
90	KLA CORP	87	102
528	LATTICE SEMICONDUCTOR CORP	56	42
286	LUMINE GROUP INC	10	11
527	MICROSOFT CORP	303	323
264	MOTOROLA SOLUTIONS INC	127	139
833	NVENT ELECTRIC PLC	85	87
290	TEXAS INSTRUMENTS INC	69	77
480	TOPICUS.COM INC	59	56
		2,003	2,102
Airline			
1,773	DELTA AIR LINES INC	117	115
		117	115
Total - Equities		9,448	9,613
Total - Schedule of investment portfolio		70,951	71,703

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+ CONSERVATIVE 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+ CONSERVATIVE 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+ CONSERVATIVE 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 contribution 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 cash flows 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	18,351	14,952
Bonds	43,739	37,402
Equities	9,613	7,982
	71,703	60,336

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, 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.	6	82	123
Amount payable to the Kaleido Foundation	6	-	29
Other		88	21
		170	173

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+ CONSERVATIVE Plan. The Plan and the Foundation report to the same Board of Directors.

Administration fees	June 30, 2024	June 30, 2023
Kaleido Growth Inc.	635	312
	635	312

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	Notes	June 30, 2024	December 31, 2023
Amount receivable from Kaleido Foundation	7	28	-
		28	-

Amount payable		June 30, 2024	December 31, 2023
Kaleido Growth Inc.		82	123
Kaleido Foundation		-	29
		82	152

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 a rolling investment strategy 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 is conservative and has low investment risk over the entire investment period due to the deployment of an investment strategy that focuses more on fixed income and cash or cash equivalents than variable income securities. With respect to variable income securities, the Plan invests only in Canadian or U.S. equities, through ETFs or mutual fund units. Fixed income investments are limited to Canadian government and investment grade corporate bonds.

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, 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 amount as it represents the residual amount 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.

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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	17,931	420	-	18,351
Bonds	-	43,739	-	43,739
Equities	9,613	-	-	9,613
	27,544	44,159	-	71,703

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Short-term investments	14,089	863	-	14,952
Bonds	-	37,402	-	37,402
Equities	7,982	-	-	7,982
	22,071	38,265	-	60,336

Over the course of the periods 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	0.2	0.5
AA	50.2	52.8
A	33.1	29.3
BBB	16.5	17.4

*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.

At June 30, 2024, the Plan had \$186 (\$0.7 as at December 31, 2023) in US currency representing \$254 (\$1.0 as at December 31, 2023) in cash. The Plan also had \$3.9 (\$3.8M as at December 31, 2023) in U.S. currency shares representing \$5.3M (\$4.9M 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 \$2.1M (\$1.1 M 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	30.1	28.6
Maturing in one to five years	24.4	27.6
Maturing after five years	45.5	43.8

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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, 2024 (\$0.8M as at December 31, 2023) 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	1.1	4.9
Materials	1.1	3.9
Communication Services	11.4	6.2
Utilities	0.0	0.9
Financials	20.0	15.3
Consumer Staples	6.6	3.9
Consumer Discretionary	10.4	8.4
Health	9.8	7.1
Industrials	15.7	8.3
Information Technology	21.8	19.3
Real Estate	0.9	2.7
ETF	0.0	19.1
Airline	1.2	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	409	2,048
Financial liabilities offset	(22)	(45)
	387	2,003

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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