

Condensed interim unaudited

Financial statements

INDIVIDUAL Plan

for the six month periods ended June 30, 2023 and 2022

The accompanying semi-annual financial statements have not been reviewed by the external auditors of the Plans in accordance with assurance standards applicable to a review of interim financial statements.

KALEIDO

The INDIVIDUAL Plan

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Statements of financial position

Condensed interim unaudited

(in thousands of Canadian \$)

Assets	Notes	June 30, 2023	December 31, 2022
Cash		333	542
Sales pending settlement		28	-
Dividends receivable		11	11
Interest receivable		161	152
Canada Education Savings Grant (CESG) receivable	9	5	45
Quebec Education Savings Incentive (QESI) receivable		8	154
Investments	4, 9	35,020	37,735
		35,566	38,639
Liabilities			
Purchases pending settlement		25	-
Accounts payable and other liabilities	6	107	127
Quebec Education Savings Incentive (QESI) refundable		249	135
		381	262
Net assets attributable to contracts		35,185	38,377

Statements of net income and comprehensive income

Condensed interim unaudited

for the six month periods ended June 30, 2023 and 2022

(in thousands of Canadian \$)

	Notes	2023	2022
Revenues from ordinary activities			
Interest income for educational assistance payments		697	336
Dividends		94	84
Realized gain (loss) on disposal of investments		128	1,353
Change in unrealized appreciation (depreciation) of investments		408	(3,319)
		1,327	(1,546)
Operating expenses			
Brokerage fees		2	5
U.S. tax expenses		2	3
Portfolio management fees		11	21
Custodian fees		7	13
Administration fees	7	269	305
		291	347
Net income and comprehensive income attributable to contracts		1,036	(1,893)

Statements of changes in the net assets attributable to contracts

Condensed interim unaudited

for the six-month period ended June 30, 2023

(in thousands of Canadian \$)

	Subscribers savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
Net assets as at December 31, 2022	16,470	634	11,944	5,541	2,739	1,049	38,377
Net income and comprehensive income	-	532	-	423	-	81	1,036
Increase							
Subscribers savings	57	-	-	-	-	-	57
Grants received from the government	-	-	33	-	6	-	39
	57	-	33	-	6	-	96
Decrease							
Refund of savings at maturity	(2,686)	-	-	-	-	-	(2,686)
Grants returned to the government	-	-	-	-	(124)	-	(124)
Transfers to other promoters	-	-	(3)	(2)	-	-	(5)
Grants and income on grants	-	-	(842)	(145)	(399)	(52)	(1,438)
Accumulated income payment (AIP)	-	(3)	-	-	-	-	(3)
Educational assistance payments (EAPs)	-	(68)	-	-	-	-	(68)
	(2,686)	(71)	(845)	(147)	(523)	(52)	(4,324)
Net assets as at June 30, 2023	13,841	1,095	11,132	5,817	2,222	1,078	35,185

Statements of changes in the net assets attributable to contracts
Condensed interim unaudited
for the six-month period ended June 30, 2022
(in thousands of Canadian \$)

	Subscribers savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
Net assets as at December 31, 2021	26,101	969	13,346	7,028	4,349	1,374	53,167
Net income and comprehensive income	-	(446)	-	(1,240)	-	(207)	(1,893)
Increase							
Subscribers savings	2,196	-	-	-	-	-	2,196
Transfers between plans	-	-	2	-	-	-	2
Grants received from the government	-	-	637	-	(460)	-	177
Transfers from other promoters	-	-	2	-	-	-	2
	2,196	-	641	-	(460)	-	2,377
Decrease							
Refund of savings at maturity	(6,609)	-	-	-	-	-	(6,609)
Grants returned to the government	-	-	-	-	(108)	-	(108)
Transfers to other promoters	-	-	(8)	(4)	(1)	(1)	(14)
Grants and income on grants	-	-	(1,086)	(195)	(461)	(80)	(1,822)
Outflow of accumulated income on grants for payments to a designated educational institution	-	(8)	-	(3)	-	-	(11)
Accumulated income payment (AIP)	-	(1)	-	-	-	-	(1)
Educational assistance payments (EAPs)	-	(96)	-	-	-	-	(96)
	(6,609)	(105)	(1,094)	(202)	(570)	(81)	(8,661)
Net assets as at June 30, 2022	21,688	418	12,893	5,586	3,319	1,086	44,990

Statements of cash flows
Condensed interim unaudited
for the six month periods ended June 30, 2023 and 2022
(in thousands of Canadian \$)

	<u>2023</u>	<u>2022</u>
Cash flows from operational activities		
Income received		
Interest	688	353
Dividends	90	89
	<u>778</u>	<u>442</u>
Operating expenses paid		
Brokerage fees	(2)	(5)
U.S. tax expenses	(2)	(3)
Portfolio management fees	(12)	(21)
Custodian fees	(10)	(12)
Administration fees	(274)	(306)
	<u>(300)</u>	<u>(347)</u>
Other operational activities		
Disposal of investments	8,730	(1,746)
Acquisition of investments	(5,477)	3,314
	<u>3,253</u>	<u>1,568</u>
Net cash flows from operational activities	<u>3,731</u>	<u>1,663</u>
Cash flows from financing activities		
Savings received	62	3,992
Savings paid to other promoters	(4)	(6)
Refunds of savings to subscribers	(2,693)	(6,623)
CESG and income on CESG received	63	1,844
QESI and income on QESI received	151	815
QESI and income on QESI paid	(11)	(106)
Transfers between plans	-	3
Educational assistance payments (EAPs)	(1,508)	(1,936)
Net cash flows used in financing activities	<u>(3,940)</u>	<u>(2,017)</u>
Net decrease in cash	<u>(209)</u>	<u>(354)</u>
Cash, beginning of period	<u>542</u>	<u>743</u>
Cash, end of period	<u>333</u>	<u>389</u>

Schedule of investment portfolio

Condensed interim unaudited

as at June 30, 2023

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Short-term investments					
19,197	Cash		-	19,197	19,197
265	Cash sweep		-	262	262
100	BCI QUADREAL REALTY	12 Mar 2024	1.056	98	97
50	INTACT FINANCIAL CORPORATION	21 May 2024	1.207	47	48
10	SOCIETE DE TRANS L'OUTAOUAIS	12 Sep 2023	1.950	10	10
148	LOWER MATTAGAMI ENERGY LP	20 Jun 2024	3.416	162	145
Total - Short-term investments				19,776	19,759
Bonds					
Bonds issued or guaranteed by a Canadian province					
50	HYDRO-QUEBEC	1 Sep 2028	2.000	49	45
100	PROV OF ONTARIO	2 Feb 2032	4.050	100	101
300	PROV OF ONTARIO	2 Dec 2030	1.350	250	250
225	PROV OF ONTARIO	1 Nov 2029	1.550	219	195
175	PROV OF ONTARIO	5 Feb 2025	2.650	170	169
25	PROV OF QUEBEC	22 Nov 2032	3.900	25	25
75	PROV OF QUEBEC	20 May 2032	3.650	75	73
150	PROV OF QUEBEC	27 May 2031	2.100	146	131
150	PROV OF QUEBEC	13 Feb 2027	1.850	139	138
735	PROVINCE OF ONTARIO	1 Feb 2027	1.850	752	679
				1,925	1,806
Bonds issued or guaranteed by a municipality					
50	BROSSARD QUEBEC	5 Nov 2024	0.900	50	47
34	GATINEAU QUEBEC	26 Apr 2026	3.150	34	32
44	GATINEAU QUEBEC	26 Apr 2025	3.050	44	42
40	SOCIETE DE TRANS DE LEVIS QUE	5 Jul 2026	1.350	39	36
75	SOCIETE DE TRANS DE LEVIS QUE	9 Jul 2025	1.200	74	69
40	SOCIETE DE TRANS DE LEVIS QUE	5 Jul 2025	1.150	40	37
30	SOUTH COAST BC TRANSN AUTH	3 Jul 2030	1.600	30	26
50	VAL D OR QUEBEC	1 Dec 2024	0.900	50	47
10	RESEAU DE TRANS METROPOLITAIN	30 Apr 2025	1.100	10	9
75	SAINTE-MARTHE-SUR-LE-LAC QUE	9 Sep 2025	1.100	75	69
85	BELOEIL QUEBEC	15 Oct 2025	0.950	84	77
10	BELOEIL QUEBEC	15 Oct 2024	0.850	10	9
				540	500
Bonds issued or guaranteed by a corporation					
175	407 INTERNATIONAL INC	25 May 2032	2.590	151	150
50	ALLIED PROPERTIES REIT	6 Feb 2032	3.095	50	39
100	ALLIED PROPERTIES REIT	12 Feb 2026	1.726	94	89
75	ALTALINK L P	29 May 2026	2.747	76	71
20	BANK OF MONTREAL	26 Nov 2082	7.325	20	20
200	BANK OF MONTREAL	7 Dec 2027	4.709	198	196
150	BANK OF MONTREAL	28 May 2026	1.551	134	135

Schedule of investment portfolio

Condensed interim unaudited

as at June 30, 2023

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds (continued)					
Bonds issued or guaranteed by a corporation (continued)					
50	BANK OF NOVA SCOTIA	1 Nov 2027	1.400	43	43
20	BANK OF NOVA SCOTIA	20 Jun 2025	8.900	26	21
40	BANK OF NOVA SCOTIA	10 Jan 2025	1.950	38	38
200	BCI QUADREAL REALTY	24 Jun 2026	2.551	196	186
25	BELL CANADA	10 Nov 2032	5.850	25	26
85	BELL CANADA	17 Mar 2031	3.000	75	74
50	BELL CANADA	14 May 2030	2.500	43	43
100	BELL CANADA	29 May 2028	2.200	97	88
20	BELL CANADA	16 Aug 2027	1.650	17	18
25	BELL CANADA	29 Jan 2025	2.750	24	24
150	CANADIAN IMPERIAL BANK OF COMM	7 Mar 2025	2.750	145	143
50	CANADIAN IMPERIAL BK OF COMM	19 Jan 2033	5.330	50	49
150	CANADIAN IMPERIAL BK OF COMM	17 Apr 2025	2.000	142	141
50	CDP FINANCIAL INC	2 Jun 2027	3.800	50	49
200	CDP FINANCIAL INC	19 Oct 2026	1.500	200	183
50	CHOICE PROPERTIES REIT	1 Mar 2033	5.400	50	50
50	CHOICE PROPERTIES REIT	24 Jun 2032	6.003	50	52
35	CHOICE PROPERTIES REIT	30 Nov 2026	2.456	33	32
25	CHOICE PROPERTIES REIT	10 Jan 2025	3.546	26	24
75	CT REIT	5 Feb 2029	3.029	72	66
60	DOLLARAMA INC	9 Jul 2029	2.443	59	52
50	DOLLARAMA INC	20 Sep 2027	1.505	43	43
50	DOLLARAMA INC	27 Oct 2025	5.084	50	50
25	ENBRIDGE GAS INC	17 Aug 2032	4.150	25	24
50	ENBRIDGE GAS INC	1 Apr 2030	2.900	47	45
25	ENBRIDGE INC	9 Nov 2032	6.100	25	26
100	ENBRIDGE INC	3 Oct 2029	2.990	88	89
65	ENBRIDGE INC	8 Jun 2027	3.200	61	61
125	FAIRFAX FINANCIAL HOLDINGS LTD	3 Mar 2031	3.950	120	108
320	FEDERATION DES CAISSES	10 Sep 2026	1.587	299	286
125	FEDERATION DES CAISSES	1 Oct 2025	5.200	125	124
75	GRANITE REIT HOLDINGS LP	30 Aug 2028	2.194	75	64
75	GREAT WEST LIFECO INC	31 Dec 2081	3.600	75	55
50	GREATER TORONTO AIRPORTS AUTH	3 Apr 2029	2.730	52	46
15	GREAT-WEST LIFECO INC	28 Feb 2028	3.337	14	14
50	HYDRO ONE INC	17 Sep 2031	2.230	43	42
50	HYDRO ONE INC	28 Feb 2030	2.160	45	43
20	HYDRO ONE INC	30 Nov 2029	3.930	20	19
75	HYDRO ONE INC	27 Jan 2028	4.910	75	76
50	HYDRO ONE INC	24 Feb 2026	2.770	51	47
60	IA FINANCIAL CORP INC	30 Jun 2082	6.611	60	58
150	IA FINANCIAL CORPORATION INC	25 Feb 2032	3.187	147	137
25	INTACT FINANCIAL CORP	7 Jun 2027	2.850	26	23
50	INTACT FINANCIAL CORPORATION	18 May 2028	2.179	50	44
25	LOBLAW COMPANIES LTD	13 Sep 2032	5.008	25	25
45	LOBLAW COMPANIES LTD	11 Dec 2028	4.488	46	44
50	MANULIFE FINANCIAL CORP	19 Jun 2082	7.117	50	48
25	MANULIFE FINANCIAL CORP	12 May 2030	2.237	25	23

Schedule of investment portfolio
Condensed interim unaudited
as at June 30, 2023
(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds (continued)					
Bonds issued or guaranteed by a corporation (continued)					
25	METRO INC	6 Dec 2027	3.390	23	23
50	NATIONAL BANK OF CANADA	16 Aug 2032	5.426	50	49
325	NATIONAL BANK OF CANADA	15 Jun 2026	1.534	310	292
25	NORTH WEST REDWTR PARTNERSHIP	1 Jun 2033	4.150	23	24
10	NORTH WEST REDWTR PARTNERSHIP	1 Jun 2031	2.800	9	9
50	NORTH WEST REDWTR PARTNERSHIP	1 Jun 2029	4.250	52	49
25	NORTH WEST REDWTR PARTNERSHIP	1 Jun 2027	2.800	23	23
200	OMERS REALTY CORP	14 Nov 2028	5.381	207	203
75	ONTARIO POWER GENERATION INC	8 Apr 2030	3.215	70	68
25	ONTARIO POWER GENERATION INC	13 Sep 2029	2.977	23	23
55	ROGERS COMMUNICATIONS INC	1 May 2029	3.250	53	49
50	ROGERS COMMUNICATIONS INC	2 Nov 2028	4.400	46	48
20	ROGERS COMMUNICATIONS INC	31 Mar 2027	3.650	19	19
30	ROGERS COMMUNICATIONS INC	1 Mar 2027	3.800	29	28
20	ROYAL BANK OF CANADA	24 Nov 2080	4.500	21	19
25	ROYAL BANK OF CANADA	1 Feb 2033	5.010	25	24
65	ROYAL BANK OF CANADA	31 Jul 2028	1.833	57	56
75	ROYAL BANK OF CANADA	17 Jan 2028	4.642	74	73
50	ROYAL BANK OF CANADA	26 Jul 2027	4.612	50	49
20	ROYAL BANK OF CANADA	28 Jan 2027	2.328	18	18
150	ROYAL BANK OF CANADA	2 Nov 2026	5.235	151	150
55	SAPUTO INC	16 Jun 2027	2.242	56	49
25	SUN LIFE FINANCIAL INC	4 Jul 2035	5.500	25	25
100	SUN LIFE FINANCIAL INC	13 Aug 2029	2.380	96	96
40	TELUS CORP	13 Nov 2031	2.850	34	34
50	TELUS CORP	2 May 2029	3.300	46	46
25	TELUS CORP	8 Jul 2026	2.750	23	23
50	THE BANK OF NOVA SCOTIA	27 Jul 2082	7.023	50	48
75	THE BANK OF NOVA SCOTIA	3 May 2032	3.934	71	70
150	THE BANK OF NOVA SCOTIA	8 May 2026	5.500	151	150
50	TMX GROUP LIMITED	5 Jun 2028	3.779	53	48
25	TMX GROUP LTD	11 Dec 2024	2.997	24	24
50	TORONTO DOMINION BANK	31 Oct 2082	7.283	50	49
40	TORONTO DOMINION BANK	8 Jan 2029	4.680	40	39
215	TORONTO DOMINION BANK	8 Mar 2028	1.888	190	187
75	TORONTO DOMINION BANK	27 Jan 2026	4.344	75	73
50	TORONTO HYDRO CORP	14 Jun 2033	4.610	50	50
70	TORONTO HYDRO CORP	20 Oct 2031	2.470	62	60
90	TRANSCANADA PIPELINES LTD	9 Jun 2031	2.970	77	76
50	TRANSCANADA PIPELINES LTD	5 Apr 2027	3.800	50	48
50	WELLS FARGO & CO	19 May 2026	2.975	50	46
50	IVANHOE CAMBRIDGE II INC	2 Jun 2028	4.994	50	50
40	LOWER MATTAGAMI ENERGY LP	31 Oct 2033	4.854	41	41
35	LOWER MATTAGAMI ENERGY LP	21 Oct 2026	2.307	32	32
75	ENERGIR LP	27 Sep 2032	4.670	76	75
20	ALTALINK LP	28 Nov 2032	4.692	20	20

Schedule of investment portfolio

Condensed interim unaudited

as at June 30, 2023

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds					
Bonds issued or guaranteed by a corporation (continued)					
20	FAIRFAX FINL HOLDINGS LTD	16 Dec 2026	4.700	20	19
50	FEDERATION DES CAISSES DESJARD	19 May 2027	4.407	50	49
40	AEROPORTS DE MONTREAL	17 Sep 2035	5.170	42	42
19	OTTAWA MACDONALD-CARTIER INTL	25 May 2032	6.973	20	19
26	407 EAST DEVELOPMENT GROUP	23 Jun 2045	4.473	25	25
				6,928	6,675
Total - Bonds				9,393	8,981
Equities					
Energy					
6,213	ENBRIDGE INC			295	306
4,224	TC ENERGY CORP			243	226
1,885	PARKLAND CORP			66	62
504	VALERO ENERGY CORP			76	78
				680	672
Materials					
90	LINDE PLC			29	45
				29	45
Communication Services					
474	ALPHABET INC			63	75
1,521	BCE INC			98	92
225	META PLATFORMS INC			61	85
5,482	QUEBECOR INC			159	178
3,316	TELUS CORP			86	85
139	THOMSON REUTERS CORPORATION			24	25
				491	540
Utilities					
6,544	BROOKFIELD RENEWABLE PARTNERS			257	255
446	FORTIS INC			24	25
5,007	BROOKFIELD INFRASTRUCTURE			225	241
677	HYDRO ONE LIMITED			19	26
				525	547

Schedule of investment portfolio
Condensed interim unaudited
as at June 30, 2023
(in thousands of Canadian \$)

Par value	Security	Cost	Carrying amount
Equities			
Financials			
264	CME GROUP INC	65	65
343	CULLEN/FROST BANKERS INC	49	49
1,465	DEFINITY FINANCIAL CORP	40	51
730	IA FINANCIAL CORP INC	51	66
498	INTACT FINANCIAL CORP	79	102
204	MARSH & MCLENNAN COS INC	43	51
156	MASTERCARD INC	69	81
1,006	NATIONAL BANK OF CANADA	90	99
3,134	ROYAL BANK OF CANADA	335	396
1,655	SUN LIFE FINANCIAL INC	102	114
4,135	TMX GROUP LTD	108	123
5,058	TORONTO DOMINION BANK	389	415
1,088	BROOKFIELD ASSET MGMT LTD	46	47
2,296	BROOKFIELD CORPORATION	106	102
		<hr/>	<hr/>
		1,572	1,761
Consumer Staples			
176	LAMB WESTON HOLDINGS INC	13	27
835	LOBLAW COMPANIES LTD	93	101
1,966	MAPLE LEAF FOODS INC	55	51
360	METRO INC	21	27
451	PREMIUM BRANDS HOLDINGS CORP	48	47
493	WALMART INC	95	103
278	WESTON (GEORGE) LTD	43	43
		<hr/>	<hr/>
		368	399
Consumer Discretionary			
683	AMAZON.COM INC	108	118
256	FIVE BELOW INC	60	67
195	TJX COS INC/THE	16	22
		<hr/>	<hr/>
		184	207
Health			
332	AMGEN INC	103	98
129	CHARLES RIVER LABORATORIES INT	43	36
243	DANAHER CORP	72	77
710	ENVISTA HOLDINGS CORP	37	32
1,957	GRANITE REIT	155	153
86	ZOETIS INC	20	20
		<hr/>	<hr/>
		430	416

Schedule of investment portfolio

Condensed interim unaudited

as at June 30, 2023

(in thousands of Canadian \$)

Par value	Security	Cost	Carrying amount
Equities (continued)			
Industrial			
2,249	CANADIAN NATIONAL RAILWAY CO	326	360
108	NORDSON CORP	32	35
78	ROCKWELL AUTOMATION INC	23	34
528	WASTE CONNECTIONS INC	85	100
1,585	WSP GLOBAL INC	190	277
		<hr/>	<hr/>
		656	806
Information Technology			
129	ADOBE INC	76	83
453	APPLE INC	69	116
97	CONSTELLATION SOFTWARE INC	173	266
400	MICROSOFT CORP	124	180
376	TEXAS INSTRUMENTS INC	84	90
256	WORKDAY INC	74	76
		<hr/>	<hr/>
		600	811
Real Estate			
122	PUBLIC STORAGE	51	47
581	CANADIAN APARTMENT PPTYS REIT	30	29
		<hr/>	<hr/>
		81	76
Total - Equities			
		<hr/>	<hr/>
		5,616	6,280
Total - Schedule of investment portfolio			
		<hr/>	<hr/>
		34,785	35,020

Notes to the financial statements
Condensed interim unaudited
For the six month periods ended June 30, 2023 and 2022
(in thousands of Canadian \$)

1. General information about the Plan

The INDIVIDUAL 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 July 9, 2010, between the Kaleido Foundation (the “Foundation”), Eterna Trust Inc. and Kaleido Growth Inc. (“Kaleido Growth”) The latter acts as the investment fund manager of the INDIVIDUAL 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 INDIVIDUAL Plan is a group scholarship plan under which the refund of contributions (savings) is guaranteed at all times, as are sales charges refunds, if the plan reaches maturity. The Plan is available only to current subscribers of the INDIVIDUAL Plan who wish to purchase additional units. Since December 14, 2017, eligible studies that qualify for educational assistance payments (EAPs) are general or technical, full-time or part-time (college, community college or university) post-secondary educational programs offered in Canada or a foreign equivalent. Programs offered in a post-secondary institution intended to provide a person with or improve the skills required in the exercise of a professional activity are also eligible. In all cases, these programs must have a minimum duration of three consecutive weeks, comprising at least 10 hours of courses or schoolwork per week. Specified educational programs are also eligible. Specified educational programs are post-secondary programs of study with a minimum duration of three consecutive weeks and to which a student must dedicate a minimum of 12 hours per month on courses. When a beneficiary is registered in a distance learning program for such studies, they are also considered eligible. The Plan invests in equities of Canadian companies, debt securities issued or guaranteed by a Canadian government and Canadian treasury short-term debt securities.

Kaleido Growth and the Foundation launched the IDEO+ product line on May 1, 2022 and terminated distribution of the Plan on April 30, 2022. Kaleido Growth and the Foundation will continue to honor existing contracts until the scheduled maturity date, including the payment of scheduled contributions.

The publication of these financial statements was authorized by the Audit Committee on August 23, 2023.

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, 2022. 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, 2022.

3. Significant accounting judgments, estimates and assumptions

When applying the Plan's accounting policies, as described in Note 2 to the financial statements for the year ended December 31, 2022, management must make judgments as well as estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and underlying assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates. Management exercised judgment and made estimates and underlying assumptions regarding the QESI receivable.

Notes to the financial statements
Condensed interim unaudited
For the six month periods ended June 30, 2023 and 2022
(in thousands of Canadian \$)

4. Investments

	June 30, 2023	December 31, 2022
Short-term investments	19,759	22,817
Bonds	8,981	9,147
Equities	6,280	5,771
	35,020	37,735

5. Current assets and liabilities

The Plan expects to recover the amounts relating to sales pending settlement, dividends receivable, interest receivable, CESG receivable, QESI receivable, no later than 12 months following the end date of the reporting period. In addition, the Plan expects to settle the sums for the purchases pending settlement, the QESI refundable as well as accounts payable and other liabilities no later than 12 months following the end date of the reporting period.

6. Accounts payable and other liabilities

	Notes	June 30, 2023	December 31, 2022
Amount payable to Kaleido Growth Inc.	7	20	19
Amount payable to the Kaleido Foundation	7	20	25
Accumulated income on grants for payment to a designated educational institution		61	62
Other		6	21
		107	127

7. Related party transactions

Kaleido Growth Inc.

Kaleido Growth Inc., a wholly owned subsidiary of Kaleido 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 INDIVIDUAL Plan. The Plan and the Foundation report to the same Board of Directors.

Administration fees	June 30, 2023	December 31,
Kaleido Growth Inc.	269	617
	269	617

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7. Related party transactions (continued)

Kaleido Foundation (continued)

Amount receivable (payable)	June 30, 2023	December 31, 2022
Kaleido Growth Inc.	(20)	(19)
Kaleido Foundation	(20)	(25)
	(40)	(44)

8. Capital management

The Plan's capital corresponds to the net assets attributable to contracts. Capital management objectives are as follows:

- Preserving the value of subscriber savings and government grants.
- Achieving a maximum net return while maintaining an appropriate degree of risk to reach satisfactory EAP amounts per unit.

To meet these objectives, the portfolio managers are mandated to optimize total returns through high-quality investments, strategic asset diversification and allocation, security selection, duration management and credit analysis. The Plan periodically reviews and revises its policies and procedures.

For the period ended June 30, 2023, the following policies and procedures were applied:

- **Subscriber savings:** The Plan commits to refund subscriber savings and to invest the savings solely in fixed-income securities (government and corporate bonds) before plan maturity. After plan maturity, the Plan invests these funds solely in cash or cash equivalents to ensure the liquidity of investments, as these sums may be withdrawn at any time.
- **Government grants:** Grants received before April 20, 2012, are invested with a target allocation of 100% variable-income securities (Canadian and U.S. equities). Government grants received on or after April 20, 2012, are invested entirely in fixed-income securities such as the subscriber savings.
- **Income earned on grants, SCROM, and the EAP account:** The Plan invests the amounts attributed to these funds with a target allocation of 100% variable-income securities such as government grants received before April 20, 2012.
- For individual plans established following a transfer from a group plan at maturity, the sums held as part of the contract are invested in cash or cash equivalents, as these sums may be withdrawn in the short-term.

During the period ended June 30, 2023, the Plan maintained the same strategy of prudent portfolio management as that of previous reporting periods by maintaining the investment philosophy adopted by the Investment Committee and portfolio managers.

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

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9. Financial instruments

Fair value

- **Establishing fair value**

The fair values of cash, sales pending settlement, dividends receivable, interest receivable, QESI receivable, other accounts receivable, purchases pending settlement, CESG refundable, QESI refundable, and accounts payable and other liabilities approximate their carrying amounts due to their short-term maturities.

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

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9. Financial instruments (continued)

Fair value (continued)

• **Fair value hierarchy (continued)**

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, 2023	Level 1	Level 2	Level 3	Total
Short-term investments	19,197	562	-	19,759
Bonds	-	8,981	-	8,981
Equities	6,280	-	-	6,280
	25,477	9,543	-	35,020

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Short-term investments	22,783	34	-	22,817
Bonds	-	9,147	-	9,147
Equities	5,771	-	-	5,771
	28,554	9,181	-	37,735

Over the course periods ended June 30, 2023 and December 31, 2022, there was no significant transfer between Levels 1 and 2.

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 risk of a party to a financial instrument failing to meet its obligations, resulting in a financial loss for the other party. 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. As for investments related to subscriber savings and to a portion of the government grants received as of April 20, 2012, the Plan selects only securities issued by the Government of Canada, a provincial government, a municipality, an organization that has a government guarantee, or a corporation that is considered investment grade. The other amounts making up the net assets attributable to contracts may also be invested in securities issued by corporations.

Quantitative restrictions have also been established to reduce credit risk. Securities from all borrowers, except a government, are limited to 10% of the total market value of the fixed-income securities entrusted to the portfolio manager. A minimum BBB rating is required when purchasing.

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9. Financial instruments (continued)

Risk management related to financial instruments (continued)

• **Credit risk (continued)**

As at June 30, 2023 and as at December 31, 2022, 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, 2023	December 31, 2022
	%	%
AAA	2.9	17.9
AA	29.7	46.3
A	45.3	23.3
BBB	22.1	12.5

*Excludes short-term investments

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

• **Liquidity risk**

Liquidity risk refers to the Plan's ability to meet its commitments under financial liabilities and therefore its capacity to make payments as required. The Plan is exposed to daily refunds to subscribers, who are entitled to request a refund of their savings at any time. However, the majority of subscribers hold their investment until the contract's maturity date.

Liquidity risk is considerably reduced by the fact that the subscriber savings are entirely invested in fixed-income securities on liquid markets. The Plan carefully manages its cash position daily and ensures the minimum cash level required to meet its liquidity needs is maintained.

• **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. Changes in certain financial market parameters can influence the Plan's statements of financial position and comprehensive income. The Plan considers these risks when deciding on the overall asset allocation options.

Market risk is reduced through a diversification of the investment portfolio among multiple financial markets (money market, bond and stock exchange), among diverse products with varying risk profiles (participative or fixed-income securities) and among multiple market sectors (government, municipal, energy, materials, communication services, utilities, financials, consumer staples, consumer discretionary, industrials and technology).

• **Currency risk**

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

As of June 30, 2023, the Plan had \$19.7 in U.S. currency (\$18.5 as at December 31, 2022), representing \$ 26.1 in cash (\$25.1 as at December 31, 2022). Lastly, the Plan also had U.S. currency shares totalling \$1.4M (\$1.2M as at December 31, 2022), representing \$1.9M in investments (\$1.6M as at December 31, 2022). The Plan did not have dividends receivable in U.S. currency (\$1.8 as at December 31, 2022).

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9. Financial instruments (continued)

Risk management related to financial instruments (continued)

• **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Changes in interest rates have a direct impact on the value of the investment portfolio's fixed-maturity securities.

This risk is mitigated by a duration range for the active portion of the bond portfolio and by developing a target duration correlated to the economic outlook for the passive portion of the bond portfolio.

The maturity allocation of bonds is regularly adjusted based on anticipated interest rate movements, in compliance with the established maturities under the Plan's investment policy. The target duration is based on an analysis of the economic situation, prospects and risk based on the very nature of the plan.

As at June 30, 2023, 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 \$0.4M (\$0.4M as at December 31, 2022). In practice, actual results may differ materially from this analysis.

Investments that present interest rate risk are as follows:

	June 30, 2023	December 31, 2022
	%	%
Maturing in less than one year	68.8	71.4
Maturing in one to five years	18.0	20.1
Maturing after five years	13.2	8.5

• **Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or to its issuer, or factors affecting all similar financial instruments traded in the market.

Stock market volatility mostly influences the value of the equities held by the Plan. It should be noted, however, that this exposure is spread in various market sectors, especially in Canadian and U.S. large-cap securities, which reduces this risk. The stock market index for equities is the S&P/TSX.

A 10% change in the stock market index, with all other variables remaining constant, would create a change of approximately \$0.6M as at June 30, 2023 (\$0.6M 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.

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9. Financial instruments (continued)

Risk management related to financial instruments (continued)

• **Concentration risk (continued)**

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

Market sectors	June 30, 2023	December 31, 2022
	%	%
Energy	10.7	10.9
Materials	0.7	0.8
Communication Services	8.6	17.5
Utilities	8.7	5.1
Financials	28.0	26.1
Consumer Staples	6.4	4.3
Consumer Discretionary	3.3	2.6
Health	6.6	12.8
Industrials	12.9	10.1
Information Technology	12.9	9.7
Real Estate	1.2	0.0

Offsetting

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

	June 30, 2023	December 31, 2022
Canada Education Savings Grant (CESG) receivable		
Gross financial assets	11	61
Financial liabilities offset	(6)	(16)
	5	45

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.

Kaleido Growth Inc.

Distributor and manager of the scholarship plans
promoted by Kaleido Foundation

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