

Condensed interim unaudited

Financial statements

INDIVIDUAL Plan

for the six months periods ended June 30, 2025 and 2024

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

Table of contents

Financial Statements Condensed Interim Unaudited

Statements of financial position.....	1
Statements of net income and comprehensive income	2
Statements of changes in net assets attributable to contracts.....	3
Statements of cash flows	5
Schedule of investment portfolio	6
Notes to the Financial Statements.....	11

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

Assets	Notes	June 30, 2025	December 31, 2024
Cash		429	336
Sales pending settlement		123	-
Dividends receivable		6	8
Interest receivable		102	112
Quebec Education Savings Incentive (QESI) receivable		6	11
Investments	4, 9	28,583	29,549
		29,249	30,016
Liabilities			
Purchases pending settlement		45	-
Accounts payable and other liabilities	7	91	74
Canada Education Savings Grant (CESG) refundable	9	2	2
Quebec Education Savings Incentive (QESI) refundable		34	82
		172	158
Net assets attributable to contracts		29,077	29,858

Approved by

[François Lavoie] Chairman of the Board of Directors

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

The notes are an integral part of these financial statements

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

	Notes	2025	2024
Revenues from ordinary activities			
Interest income		341	576
Dividends		100	91
Realized gain on disposal of investments		622	416
Change in unrealized appreciation of investments		36	125
		1,099	1,208
Operating expenses			
Brokerage fees		-	1
Portfolio management fees		15	14
Custodian fees		20	10
Administration fees	7	218	235
		253	260
Net income and comprehensive income attributable to contracts		846	948

The notes are an integral part of these financial statements

Statements of changes in net assets attributable to contracts

Condensed interim unaudited

for the six months periods ended June 30

(in thousands of Canadian \$)

	Subscribers savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
Net assets as at December 31, 2024	8,499	2,699	9,415	6,663	1,464	1,120	29,860
Net income and comprehensive income	-	436	-	351	-	58	845
Increase							
Subscribers savings	36	-	-	-	-	-	36
Grants received from the government	-	-	-	-	136	-	136
	36	-	-	-	136	-	172
Decrease							
Refund of savings at maturity	(943)	-	-	-	-	-	(943)
Grants returned to the government	-	-	-	-	(98)	-	(98)
Transfers to other promoters	-	-	(5)	(3)	-	(1)	(9)
Grants and income on grants	-	-	(345)	(154)	(139)	(42)	(680)
Outflow of accumulated income on grants for payments to a designated educational institution	-	(1)	-	(3)	-	-	(4)
Paiement de revenus accumulés (PRA)	-	(11)	-	-	-	-	(11)
Educational assistance payments (EAPs)	-	(55)	-	-	-	-	(55)
	(943)	(67)	(350)	(160)	(237)	(43)	(1,800)
Net assets as at June 30, 2025	7,592	3,068	9,065	6,854	1,363	1,135	29,077

Statements of changes in net assets attributable to contracts

Condensed interim unaudited

for the six months periods ended June 30

(in thousands of Canadian \$)

	Subscribers savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
Net assets as at December 31, 2023	11,342	1,632	10,427	5,980	1,817	1,063	32,261
Net income and comprehensive income	-	556	-	328	-	64	948
Increase							
Subscribers savings	51	-	-	-	-	-	51
Grants received from the government	-	-	7	-	7	-	14
	51	-	7	-	7	-	65
Decrease							
Refund of savings at maturity	(1,471)	-	-	-	-	-	(1,471)
Transfers between plans	-	-	-	-	-	-	-
Grants returned to the government	-	-	-	-	141	-	141
Transfers to other promoters	-	-	(6)	(2)	-	-	(8)
Grants and income on grants	-	-	(554)	(155)	(251)	(49)	(1,009)
Accumulated income payment (AIP)	-	(3)	-	-	-	-	(3)
Educational assistance payments (EAPs)	-	(73)	-	-	-	-	(73)
	(1,471)	(76)	(560)	(157)	(110)	(49)	(2,423)
Net assets as at June 30, 2024	9,922	2,112	9,874	6,151	1,714	1,078	30,851

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

	2025	2024
Cash flows from operational activities		
Income received		
Interest	351	580
Dividends	122	93
	473	673
Operating expenses paid		
Brokerage fees	-	(2)
Portfolio management fees	(2)	(13)
Custodian fees	(15)	(9)
Administration fees	(260)	(276)
	(277)	(300)
Other operational activities		
Disposal of investments	5,336	8,719
Acquisition of investments	(3,783)	(6,587)
	1,553	2,132
Net cash flows from operational activities	1,749	2,505
Cash flows from financing activities		
Savings received	36	27
Refunds of savings to subscribers	(938)	(1,471)
CESG and income on CESG received	(7)	5
QESI and income on QESI received	14	14
QESI and income on QESI paid	(20)	(27)
Educational assistance payments (EAPs)	(741)	(1,079)
Net cash flows used in financing activities	(1,655)	(2,531)
Net increase (decrease) in cash	94	(26)
Cash, beginning of period	335	357
Cash, end of period	429	331

Schedule of investment portfolio
Condensed interim unaudited
as at June 30, 2025
(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Short-term investments					
10,160	Encaisse		-	10,160	10,160
150	BCI QUADREA	24 juin 2026	0.026	147	149
34	GATINEAU	26 avr. 2026	0.032	34	34
125	NATL BK	15 juin 2026	0.015	119	124
40	SLEVIS	5 juil. 2025	0.012	40	40
Total - Short-term investments				10,500	10,507
Bonds					
Bonds issued or guaranteed by a Canadian province					
225	ONTARIO	2 déc. 2030	0.014	188	205
75	ONTARIO	1 févr. 2027	0.019	75	74
200	ONTARIO	3 févr. 2034	0.037	199	200
210	ONTARIO	2 févr. 2032	0.041	207	219
375	ONTARIO	4 mars 2033	0.041	379	389
150	QUEBEC	20 mai 2032	0.037	148	152
170	QUEBEC	22 nov. 2032	0.039	171	175
105	QUEBEC	1 sept. 2034	0.045	110	111
200	QUEBEC	27 mai 2031	0.021	190	188
30	SOUTH COAST	3 juil. 2030	0.016	30	28
				1,697	1,741
Bonds issued or guaranteed by a municipality					
115	55 SCHOOL BOARD TRUST	2 juin 2033	0.059	129	131
50	LONGUEUIL	2 mai 2029	0.035	50	50
50	SAINT BRUNO	30 juin 2030	0.035	49	50
40	SLEVIS	5 juil. 2026	0.014	39	39
35	TROIS-RIVIÈRES	16 Oct 2029	0.036	34	35
				301	305
Bonds issued or guaranteed by a corporation					
23	407 EAST DEVELPMNT GRP	23 juin 2045	0.045	22	23
125	407 INTL	25 mai 2032	0.026	108	118
40	AEROPORTS DE MONTREAL	17 sept. 2035	0.052	42	43
50	ALTALINK	11 sept. 2030	0.015	42	46
20	ALTALINK	28 nov. 2032	0.047	20	21
30	BC FERRY SVCS	20 mars 2037	0.050	30	31
25	BCI QUADREA	14 mars 2028	0.033	25	25
100	BELL	17 mars 2031	0.030	91	95
25	BELL	10 nov. 2032	0.059	25	27
100	BELL	14 mai 2030	0.025	87	95
195	BANQUE NOUVELLE-ÉCOSSE	1 févr. 2029	0.047	197	203
35	BANQUE NOUVELLE-ÉCOSSE	1 nov. 2027	0.014	30	34
40	BANQUE NOUVELLE-ÉCOSSE	3 mai 2032	0.039	38	40
50	BANQUE NOUVELLE-ÉCOSSE	27 juil. 2082	0.070	50	52
75	BANQUE DE MONTRÉAL	5 mars 2035	0.041	75	75
125	BANQUE DE MONTRÉAL	1 juin 2027	0.043	123	128

Schedule of investment portfolio
Condensed interim unaudited
as at June 30, 2025
(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds (continued)					
Bonds issued or guaranteed by a corporation (continued)					
250	BANQUE DE MONTRÉAL	7 déc. 2027	0.047	248	258
45	BANQUE DE MONTRÉAL	26 nov. 2082	0.073	44	47
100	BRIT C INV	2 juin 2033	0.049	100	109
50	CGI INC	7 sept. 2027	0.040	50	51
20	CGI INC	5 sept. 2029	0.041	20	20
50	CHOICE REIT	8 mars 2028	0.042	49	51
50	CHOICE REIT	1 mars 2033	0.054	50	53
50	CHOICE REIT	24 juin 2032	0.060	50	55
135	BANQUE IMPÉRIALE DE COMMERCE	29 juin 2027	0.050	136	139
75	CT REIT	5 févr. 2029	0.030	72	73
60	DOLLARAMA	9 juil. 2029	0.024	59	58
100	ENBRIDGE	3 oct. 2029	0.030	88	98
100	ENBRIDGE	21 sept. 2033	0.031	83	92
50	ENBRIDGE	17 août 2032	0.042	49	51
50	ENBRIDGE	27 sept. 2077	0.054	46	51
105	ENERGIR	27 sept. 2032	0.047	106	110
50	EPCOR	30 juin 2031	0.024	47	47
75	FAIRFAX FIN	3 mars 2031	0.040	72	75
200	FED CAISS	10 sept. 2026	0.016	187	197
75	FED CAISS	17 nov. 2028	0.055	78	80
80	FED CAISS	16 août 2028	0.055	82	85
25	FORTIS INC	26 mars 2032	0.041	25	25
75	GRANITE REI	30 août 2028	0.022	75	72
35	GRANITE REI	18 déc. 2030	0.024	32	32
75	GREAT WEST	31 déc. 2081	0.036	75	68
15	GREAT WEST	28 févr. 2028	0.033	14	15
70	GREATER TORONTO AIRPORT	4 juin 2031	0.071	80	82
45	GREATER TORONTO AIRPORT	1 juin 2037	0.033	40	40
50	HYDRO ONE	28 févr. 2030	0.022	45	48
50	HYDRO ONE	17 sept. 2031	0.022	43	47
20	HYDRO ONE	30 nov. 2029	0.039	20	21
50	HYDRO ONE	1 mars 2034	0.044	49	52
100	HYDRO ONE	27 janv. 2028	0.049	101	105
20	IA FINL CORP	25 févr. 2032	0.032	20	20
60	IA FINL CORP	30 juin 2082	0.066	60	62
25	IA FINL CORP	30 sept. 2084	0.069	25	26
40	INTACT FIN	30 juin 2083	0.073	39	42
60	IVANHOE CAM	2 juin 2028	0.050	60	63
45	LOBLAW CO	11 déc. 2028	0.045	46	47
25	LOBLAW CO	13 sept. 2032	0.050	25	27
50	LOWER MATTA	14 mai 2031	0.024	47	47
65	LOWER MATTA	31 oct. 2033	0.049	68	69
50	MANULF FIN	23 févr. 2034	0.051	50	52
50	MANULF FIN	19 juin 2082	0.071	50	52
75	METRO INC	6 déc. 2027	0.034	72	75
100	NATL BK	7 déc. 2026	0.050	100	103
50	NATL BK	16 août 2032	0.054	50	52
50	NORTH WEST REDWATER	1 juin 2029	0.043	52	51
25	NORTH WEST REDWATER	1 juin 2033	0.042	23	25
35	NW REDWATER 2.8% 01-	1 juin 2031	0.028	30	33
110	OMERS REALT	14 nov. 2028	0.054	114	117
50	ONT TEACH	2 juin 2032	0.045	51	53

Schedule of investment portfolio
Condensed interim unaudited
as at June 30, 2025
(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
Bonds (continued)					
Bonds issued or guaranteed by a corporation (continued)					
125	ONTARIO POW	8 avr. 2030	0.032	118	124
40	ONTARIO POW	28 juin 2034	0.048	41	42
16	OTTAWA MACDONALD CARTIER	25 mai 2032	0.070	17	17
25	PEMBINA	1 févr. 2030	0.033	25	25
70	PEMBINA	10 déc. 2031	0.035	67	68
20	BANQUE ROYALE	28 janv. 2027	0.023	18	20
20	BANQUE ROYALE	24 nov. 2080	0.045	21	20
50	BANQUE ROYALE	26 juil. 2027	0.046	50	51
220	BANQUE ROYALE	17 janv. 2028	0.046	219	228
25	BANQUE ROYALE	1 févr. 2033	0.050	25	26
50	BANQUE ROYALE	3 avr. 2034	0.051	50	52
25	RLNCE	16 avr. 2032	0.044	25	25
30	RLNCE	1 août 2028	0.027	27	29
55	ROGERS	1 mai 2029	0.033	53	54
40	ROGERS	15 avr. 2032	0.043	40	40
50	ROGERS	2 nov. 2028	0.044	46	51
55	SAPUTO	16 juin 2027	0.022	56	54
25	SAPUTO	20 nov. 2030	0.055	25	27
75	SUN LIFE	15 mai 2036	0.051	75	79
125	SUN LIFE	4 juil. 2035	0.055	122	134
150	TELUS	13 nov. 2031	0.029	132	141
75	TELUS	2 mai 2029	0.033	69	74
50	TELUS	1 mars 2028	0.036	48	50
300	BANQUE TORONTO-DOMINION	8 mars 2028	0.019	263	290
65	BANQUE TORONTO-DOMINION	8 janv. 2029	0.047	65	67
50	BANQUE TORONTO-DOMINION	31 oct. 2082	0.073	50	53
70	TORONTO HYD	20 oct. 2031	0.025	62	66
50	TORONTO HYD	26 sept. 2034	0.040	50	50
50	TORONTO HYD	14 juin 2033	0.046	50	52
90	TRANSCA PIP	9 juin 2031	0.030	77	86
25	TRANSCA PIP	18 sept. 2029	0.030	22	25
50	VERIZON COM	22 mars 2028	0.024	44	49
20	VIDEOTRON	15 juil. 2034	0.050	20	21
				6,374	6,669
Total - Bonds				8,372	8,715
Par value	Security				Carrying amount
Equities					
Energy					
4,020	ALTAGAS LTD COMMON				159
4,551	ENBRIDGE INC				281
2,588	KEYERA CORP COMMON				115
2,358	PEMBINA PIPELINE CORP COMMON				121
				605	676

Schedule of investment portfolio
Condensed interim unaudited
as at June 30, 2025
(in thousands of Canadian \$)

Par value	Security	Cost	Carrying amount
Equities (continued)			
Communication Services			
2,923	ALAMOS GOLD INC NEW CLASS A COMMON	120	106
6,972	QUEBECOR INC CL B SUB VTG	214	289
6,897	TELUS CORPORATION COM	155	151
		<u>489</u>	<u>546</u>
Utilities			
1,568	CANADIAN NATIONAL RAILWAY	235	222
203	PUBLIC STORAGE COMMON REIT	84	81
		<u>319</u>	<u>303</u>
Financials			
1,354	BANK OF MONTREAL	200	204
938	ELEMENT FLEET MANAGEMENT CORP COMMON	31	32
1,045	IA FINANCIAL CORPORATION INC COMMON	97	156
510	JPMORGAN CHASE & CO	169	202
107	MASTERCARD INCORPORATED CLASS A COMMON	64	82
574	NATIONAL BANK CANADA	59	81
2,760	ROYAL BANK OF CANADA	390	495
2,532	SUN LIFE FINANCIAL INC	202	229
3,721	TORONTO DOMINION BANK	297	373
		<u>1,509</u>	<u>1,854</u>
Consumer Staples			
511	LOBLAW COS LTD	95	115
1,415	MAPLE LEAF FOODS INC (NEW)	35	40
1,208	MONSTER BEVERAGE CORP COM NEW NPV	86	103
361	WALMART INC	36	48
		<u>252</u>	<u>306</u>
Consumer Discretionary			
1,870	ALIM COUCHE-TARD RG COMMON	143	127
841	AMAZON.COM INC	194	252
2,344	BROOKFIELD A SHS REIT	126	177
1,316	CHIPOTLE MEXICAN GRILL INC CLASS A COMMON	109	101
3,911	DEFINITY FINANCIAL CORPORATION COMMON	165	310
2,545	GRANITE REIT /REIT COMMON	196	176
890	KEYERA CORP 17.06.26/SRCT	35	39
40	LILLY ELI & CO COMM	40	43
664	RB GLOBAL INC COMMON	96	96
1,193	ROLLINS INC	73	92
634	SYSCO CORP	66	66
648	THOMSON REUTERS CORP COMMON	124	177
		<u>1,367</u>	<u>1,656</u>

Schedule of investment portfolio

Condensed interim unaudited

as at June 30, 2025

(in thousands of Canadian \$)

Par value	Security	Cost	Carrying amount
Equities (continued)			
Health			
521	DANAHER CORP	159	140
142	IDEXX LABORATORIES INC COMMON	83	104
376	ZOETIS INC CL A COMMON	84	80
		<u>326</u>	<u>324</u>
Industrial			
1,255	AGNICO EAGLE MINES LTD COM	207	205
400	FRANCO-NEVADA CORP COMMON	76	90
3,666	LUNDIN MINING CORP COMMON	44	52
159	SHERWIN WILLIAMS CO	73	74
671	TRACTOR SUPPLY CO COMMON	53	48
573	VALERO ENERGY CORPORATION COMMON	99	105
590	WASTE CONNECTIONS INC COMMON	131	150
825	WHEATON PRECIOUS METALS CORP COM	73	101
893	WSP GLOBAL INC COMMON	141	248
		<u>897</u>	<u>1,073</u>
Information Technology			
142	ADOBE SYSTEMS INC	96	75
870	ALPHABET INC CAPITAL STOCK CL A COMMON	172	209
626	APPLE INC	147	175
106	BLACKROCK RG COMMON	148	152
424	CGI GROUP INC -A COMMON	66	61
81	CONSTELLATION SOFTWARE INC COMMON	208	404
169	FACEBOOK INC CL A COMMON	100	170
676	FORTINET INC COMMON	92	98
727	LAM RESEARCH CORP COMMON	79	97
511	MICROSOFT CORP	225	347
1,594	NVIDIA CORPORATION COMMON	193	344
1,133	RYAN SPECIALTY RG-A COMMON	112	105
132	SYNOPSYS INC COMMON	90	92
756	UBER TECHNOLOGIES INC COMMON	76	96
		<u>1,804</u>	<u>2,425</u>
Real Estate			
4,340	BROOKFIELD INFRASTRUCTURE PARTNERS LP	187	198
		<u>187</u>	<u>198</u>
Total - Equities		<u>7,755</u>	<u>9,361</u>
Total - Schedule of investment portfolio		<u>26,627</u>	<u>28,583</u>

Notes

Condensed interim unaudited for the six months periods ended June 30, 2025 and 2024 (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 and Risk Management Committee on August 27, 2025.

2. Material accounting policy information

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, 2024. 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 2024.

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, 2024, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year during which the estimate is revised if the revision affects only that year or in the year of the revision and future years if said revision affects both current and future years.

Notes

Condensed interim unaudited for the six months periods ended June 30, 2025 and 2024 (in thousands of Canadian \$)

3. Significant accounting judgments, estimates and assumptions (continued)

Management exercised judgment and made estimates and underlying assumptions regarding the QESI receivable.

4. Investments

	June 30, 2025	December 31, 2024
Short-term investments	10,507	11,632
Bonds	8,715	9,070
Equities	9,361	8,847
	28,583	29,549

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, 2025	December 31, 2024
Amount payable to Kaleido Growth Inc.	7	23	37
Amount payable to the Kaleido Foundation	7	12	-
Accumulated income on grants for payment to a designated educational institution		21	16
Other		35	21
		91	74

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.

Notes

Condensed interim unaudited for the six months periods ended June 30, 2025 and 2024 (in thousands of Canadian \$)

7. Related party transactions (continued)

Administration fees	June 30, 2025	June 30, 2024
Kaleido Growth Inc.	218	235
	218	235

Amount payable	June 30, 2025	December 31, 2024
Kaleido Growth Inc.	23	37
Kaleido Foundation	12	-
	35	37

8. Capital management

The capital of the Plan Individual consists of the net assets attributable to subscribers and beneficiaries.

The Plan's principal is subject to daily variation as it is continually subject to contributions and terminations. The investment strategy aims to invest subscriber contributions, government grants and income in a diversified mix of investments in order to generate a reasonable and competitive long-term return, while assuming a lower level of risk.

This strategy involves adjusting the asset mix over the years, so as to reduce exposure to risk as the beneficiary approaches the age of eligible studies and thus promote the preservation of accumulated capital over time.

Capital management 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**

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. When estimating the fair value of an asset or liability, scholarship plans take into account the characteristics of the asset or liability in a manner consistent with what market participants would do to price the asset or liability at the measurement date.

The fair value of equity investments is based on closing prices. The fair value of bond investments is based on median closing prices.

Notes
Condensed interim unaudited
for the six months periods ended June 30, 2025 and 2024
(in thousands of Canadian \$)

9. Financial instruments (continued)

Fair value (continued)

• **Fair value hierarchy**

For short-term investments and bonds, if quoted prices in active markets are not available, fair value is determined using current valuation methods, such as a model based on discounted expected cash flows or other similar techniques. These methods take into account current observable market data for financial instruments with a similar risk profile and comparable terms and conditions. Important inputs to these models include yield curves and credit risks.

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.

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, 2025	Level 1	Level 2	Level 3	Total
Short-term investments	10,160	348	-	10,507
Bonds	-	8,715	-	8,715
Equities	9,361	-	-	9,361
	19,521	9,063	-	28,583

Notes
Condensed interim unaudited
for the six months periods ended June 30, 2025 and 2024
(in thousands of Canadian \$)

9. Financial instruments (continued)

Fair value (continued)

• **Fair value hierarchy (continued)**

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Short-term investments	11,428	205	-	11,632
Bonds	-	9,070	-	9,070
Equities	8,847	-	-	8,847
	20,275	9,275	-	29,549

Over the course of the periods ended ended June 30, 2025 and December 31, 2024, 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.

As at June 30, 2025 and as at December 31, 2024, 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, 2025	December 31, 2024
	%	%
AAA	2.5	2.1
AA	28.6	27.5
A	38.7	41.6
BBB	30.2	28.9

*Excludes short-term investments. Unclassified securities are included in the BBB category.

9. Financial instruments (continued)

Risk management related to financial instruments (continued)

- **Credit risk (continued)**

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. More specifically, 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 and industrial).

- **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, 2025, the Plan had \$51.3M in U.S. currency (\$22.6M as at December 31, 2024), representing \$70.0M in cash (\$32.6M as at December 31, 2024). Also, the Plan had U.S. currency shares totalling \$2.6M (\$2.4M as at December 31, 2024), representing \$3.6M in investments (\$3.5M as at December 31, 2024).

Lastly, the Plan had \$89.9 in U.S. currency, representing \$122.6, in sales settlement balance receivable (no balance as of December 31, 2024) and \$10.2 in U.S. currency purchase settlement balance, representing \$13.9, in liabilities (no balance as of December 31, 2024).

- **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.

9. Financial instruments (continued)

Risk management related to financial instruments (continued)

- **Interest rate risk (continued)**

As at June 30, 2025, 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, 2024). In practice, actual results may differ materially from this analysis.

Investments that present interest rate risk are as follows:

	June 30, 2025	December 31, 2024
	%	%
Maturing in less than one year	54.7	56.1
Maturing in one to five years	19.5	21.6
Maturing after five years	25.8	22.2

- **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 mainly influences the value of the shares held by the Plan. It should be noted, however, that this exposure is spread across a variety of sectors, and in predominantly large-cap Canadian, which reduces this risk. The Plan also invests in foreign equities, real estate and infrastructure, via mutual funds or ETFs.

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 \$0.9M as at June 30, 2025 (\$0.7M as at December 31, 2024) 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.

Notes

Condensed interim unaudited for the six months periods ended June 30, 2025 and 2024 (in thousands of Canadian \$)

9. Financial instruments (continued)

Risk management related to financial instruments (continued)

- **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, 2025	December 31, 2024
	%	%
Energy	7.2	10.2
Communication Services	5.8	4.8
Utilities	3.2	4.5
Financials	19.8	19.1
Consumer Staples	3.3	10.6
Consumer Discretionary	17.7	14.1
Health	3.5	1.7
Industrials	11.5	12.9
Information Technology	25.8	21.2
Real Estate	2.1	0.9

Offsetting

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

Canada Education Savings Grant (CESG) receivable (refundable)	June 30, 2025	December 31, 2024
Canada Education Savings Grant (CESG) receivable	2	4
Canada Education Savings Grant (CESG) refundable	(4)	(6)
	(2)	(2)

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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