



Management Report of Fund Performance

REFLEX Plan

for the financial year ended December 31, 2024

This annual management report of fund performance presents financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements on request at no cost by calling us at 1 877 710-7377, or by writing to us at Centre d'affaires Henri-IV, 1035, Wilfrid-Pelletier Ave., Suite 500, Quebec (QC) G1W 0C5. You may also visit our website (kaleido.ca) or the SEDAR+ website (sedarplus.ca). Subscribers may contact us using one of the above methods to also request a copy of the prior interim financial report.

All decisions relating to proxy voting of the REFLEX Plan's portfolio securities are delegated to our portfolio managers as described in their respective investment management mandates.

Table of Contents

Performance Review	1
Financial and Operating Highlights	6
Management Fees	7
Past Performance	8
Portfolio Overview.....	10

Performance Review

Objectives and Investment Strategies

Given the time horizon of a RESP, the general objective of the Reflex Plan (“the Plan”) consists of achieving a maximum long-term rate of return while maintaining a degree of risk deemed appropriate. The Plan, managed by the Kaleido Foundation (hereinafter “the Foundation”), is designed to guarantee the repayment of subscriber contributions and subscription fees when the contract matures. The income generated by these contributions, combined with government grants and their accumulated earnings, finance beneficiaries’ Education Assistance Payments (EAPs).

To achieve these objectives, the Foundation applies three distinct investment policies:

Policy no. 1 – Pre-expiry contributions and government subsidies

The contributions received from subscribers before plan maturity (fund No. 1) are invested entirely in fixed-income securities guaranteed by a government or municipality, as well as in corporate bonds. The government grants (fund No. 2) are invested in fixed-income securities guaranteed by a government or municipality, as well as in corporate bonds and in Canadian, U.S. and international equities via passive exchange-traded funds (ETFs).

Policy no. 2 – Contributions at maturity

The contributions received from subscribers whose plans have reached maturity and the subscription fees (fund No. 3) are invested exclusively in money market securities guaranteed by a Canadian government, or held as cash or cash equivalents to ensure investment liquidity as these sums may be withdrawn at any time.

Policy No. 3 – Other Funds

Other funds correspond to the portion of income on contributions and on grants earmarked for refund of a sum matching the subscription fees to the subscriber at plan maturity (fund No. 4), as well as the income earned on subscriber contributions (EAP Account) (fund No. 5) and on grants (fund No. 6). These funds are invested in Canadian, U.S. and international equities via passive ETFs. Where appropriate, the balance is invested in bonds, money market securities guaranteed by a Canadian government, or held as cash and cash equivalents.

The management of assets is entrusted to the portfolio managers based on their areas of expertise. Accordingly, Jarislowsky Fraser Ltd., Montrusco Bolton Investments Inc., Fiera Capital Corporation and Amundi Canada are responsible for the management of equities. The fixed-income securities are managed by AlphaFixe Capital Inc. and Fiera Capital Corporation.

Risk

The risks associated with the Plan remain unchanged from those indicated in the prospectus, as no new risks were identified during 2024.

Operating Results for 2024

For 2024, the Plan's portfolio generated a gross rate of return at market value of 8.31%. The total net return was 6.65% after deducting total administration and management fees of 1.66%. These fees include input taxes (GST and QST) on goods and services acquired to provide financial services.

The following chart presents the gross return, the market index, and the added value for each investment policy as of December 31, 2024:

Investment policy	Asset Category	Gross Return	Market Index	Added Value
Contributions Before Plan Maturity and Government Grants	Fixed-income securities guaranteed by a government or municipality, corporate bonds, Canadian and U.S. equities	7.03 %	6.82 %	0.21 %
Contributions After Plan Maturity	Money market securities guaranteed by a Canadian government, or held as cash or cash equivalents	5.06 %	5.06 %	0.00 %
Other Funds	Canadian, U.S. and international equities, bonds, money market securities guaranteed by a Canadian government, or held as cash and cash equivalents	23.90 %	27.84 %	-3.94 %

The performance of investment policies over the past year can largely be explained by the global economic conditions that marked 2024. Despite moderate inflation, this period was characterized by a gradual economic recovery, supported by prudent monetary policies. Variable and fixed-income markets posted solid returns. To understand this performance, details of the economic context are presented below.

Economic Overview

Canada's Economic Context

While the year began with concerns about a possible recession, the Canadian economy ultimately demonstrated notable resilience in 2024. Indeed, by keeping interest rates at high levels for most of the year, there was concern that the restrictive policy would significantly dampen business spending and investment and thus cause the unemployment rate to rise.

As the Bank of Canada's objective is to bring inflation back within its target range of 1% to 3% on an annual basis, it waited until June before making its first rate cut. It went on to make a total of five rate cuts in 2024, reducing the key rate from 5% to 3.25%.

Finally, the Canadian economy grew by a moderate 1.5% in 2024 (annualized after three quarters), and the unemployment rate rose slightly over the year, reaching 6.8 % in November, up from 5.8 % a year earlier.

Global Economic Context

In the United States, the Federal Reserve (the Fed), responsible for American monetary policy, maintained a restrictive monetary policy during the first half of the year, with the federal funds rate reaching 5.50%. However, faced with signs of economic slowdown and a sustained decline in inflation, the Fed began cutting interest rates in September, bringing them down to 4.25% in December. This stimulated consumption and investment, contributing to estimated economic growth of 2.7% for the year.

In Europe, the European Central Bank lowered its key rates four times during the year, to prop up an ailing economy. Political and economic tensions also affected European markets, particularly in France, Italy and Spain.

In Asia, Japan suffered a stock market crash in August, triggered by economic concerns and geopolitical tensions. China, meanwhile, continued to navigate between economic stimulus policies and structural challenges. Chinese markets experienced significant fluctuations, influenced by government policies and trade tensions with the United States.

Bond Market

The year 2024 was marked by persistent inflation in the first half of the year, which delayed the first cuts to the Bank of Canada's key interest rate. Despite a gradual decline, inflation remained above expectations, leading to higher bond yields and downward pressure on bond prices.

However, from the third quarter onwards, signs of economic stabilization and interest rate cuts by the Bank of Canada restored investor confidence. The Bank of Canada cut its key interest rate by 25 basis points in June, the first of five cuts before the end of 2024.

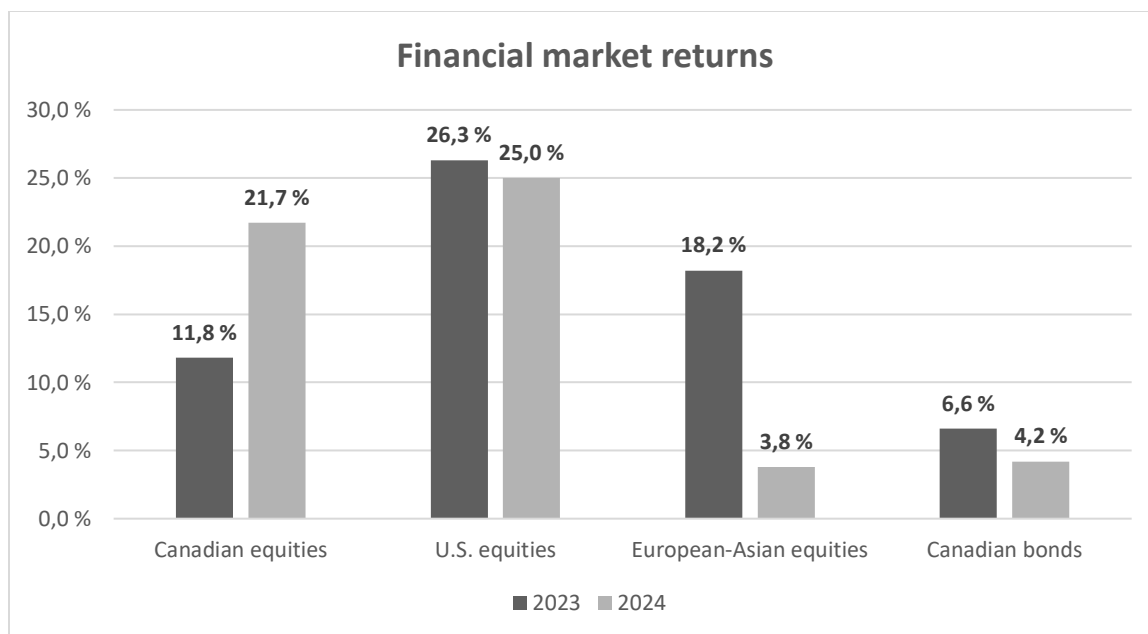
Finally, the Canadian bond market recorded gains of 4.2% in 2024, as measured by the FTSE Universe bond index. Although these gains are slightly lower than in 2023, they compare favourably with the more volatile performances of previous years. The yield curve remained inverted for much of the year, with short-term bond yields higher than long-term ones.

Stock Market

In 2024, global stock markets maintained their positive momentum of the previous year. In Canada, the S&P/TSX Composite index, representing the Canadian market, recorded an 22 % rise over the year, following the 12 % gain achieved in 2023. The best-performing subsectors in the index were information technology (+38 %), finance (+30 %) and energy (+24 %). Conversely, the subsectors that performed the least well were telecommunications (-21 %) and real estate (+6 %).

In the United States, stock markets had an exceptional year. The S&P 500 index climbed 25%, buoyed by a resilient economy, sustained growth in corporate earnings and an accommodating U.S. Federal Reserve that cut its key interest rates. The technology sector was the year's big winner, recording gains of 37%. Companies specializing in artificial intelligence and semiconductors, such as NVIDIA, did particularly well.

Investors also did well elsewhere in the world, with MSCI World, the composite index of global equities, recording growth of 19%, underpinned by significant gains in the technology and health care sectors. The MSCI EAFE index, representing the Europe-Asia zone, gained 4 %. Finally, in Japan, the Nikkei index on the Tokyo Stock Exchange climbed 21%, buoyed by the weak yen and solid earnings from exporting companies.



Source Kaleido: S&P/TSX, S&P 500 in US\$, MSCI EAFE in US\$, FTSE Universe Canada Bond

Recent Events

Important Change to the Plan – Change of Custodian

In October 2024, the custodian CIBC Mellon was replaced by RBC Investor Services Trust (RBC IS).

Transactions Between Related Parties

Kaleido Growth Inc. (hereinafter “Kaleido Growth”), the wholly owned subsidiary of the Foundation, is the distributor of the products promoted by the Foundation and the Plan’s investment fund manager. It is authorized, with the assistance of its Investment Committee, to define the Plan’s investment policies and strategies, which is the definition of related parties for accounting purposes. Transactions with Kaleido Growth during the year correspond to the administrative fees the Plan pays the company for its services as investment fund manager, and to the Foundation as the Plan’s promoter.

Furthermore, the subscription fees the Foundation collects from subscribers are transferred to Kaleido Growth, as well as the fees for the management of the Canada Learning Bond the Foundation collects from the Government of Canada. These transactions are carried out during normal operations and are measured based on their exchange amount.

The Plan’s assets are invested and managed—pursuant to the investment policies adopted by Kaleido Growth’s Board of Directors—by two portfolio managers with the mandate to ensure growth. Annual portfolio management fees represent a declining percentage calculated on the total value of assets under management. These management fees total 0.122% of assets under management for 2024.

The Independent Review Committee (IRC) at Kaleido plays an essential role in monitoring and protecting the interests of plan holders. Composed of independent members, the IRC reviews plan management activities, makes recommendations and ensures that decisions are taken in the best interests of customers. In 2024, the IRC issued a recommendation concerning the replacement of CIBC Mellon by RBC IS as custodian of the Plans. Kaleido has carried out the recommended changes.

Eterna Trust Inc. acts as a trustee and as such, assumes custody and safekeeping of the Plan's assets. It assumes control and acts on behalf of Kaleido Growth and the Foundation, carrying out their responsibilities, with the necessary adjustments, should either one refuse or be unable to act. For these services, the Plan pays Eterna Trust Inc. a fixed annual fee determined by contract. No director or officer of Kaleido Growth or of the Foundation has a material personal interest in this company.

Financial and Operating Highlights

The following table presents key financial data on the Plan and its financial results for the last five (5) financial years:

	REFLEX Plan				
<i>(In thousands of \$)</i>	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022	Dec. 31 2021	Dec. 31 2020
Statement of Financial Position					
Total assets	\$1,322,475	\$1,231,288	\$1,128,339	\$1,160,362	\$1,084,130
Net assets	\$1,319,226	\$1,226,598	\$1,124,776	\$1,152,783	\$1,061,480
Change in net assets (%)	7.55 %	9.05 %	-2.43 %	8.60 %	16.10 %
Statement of net and comprehensive income					
Net investment income	\$25,103	\$21,411	\$11,726	\$9,766	\$11,762
Realized and unrealized gains on investments	\$58,022	\$46,673	\$(101,106)	\$893	\$46,623
Net income attributable to contracts	\$83,125	\$68,084	\$(89,379)	\$10,659	\$58,385
Statement of changes in net assets attributable to contracts					
Education Assistance Payments (EAP)	\$(34,355)	\$(26,305)	\$(20,417)	\$(15,584)	\$(8,889)
Net Canada Education Savings Grant (CESG) received	\$16,629	\$18,861	\$22,020	\$24,214	\$24,403
Net Quebec Education Savings Incentive (QESI) received	\$6,930	\$7,564	\$9,022	\$9,923	\$9,122
Other					
Number of units (in thousands)	561.2	572.2	582.6	583.1	571
Variation (%)	-1.92 %	-1.79 %	-0.09 %	2.12 %	2.85 %

Management Fees

Administration Fees

The Plan pays an administration fee to the Foundation as the Plan's promoter, and to Kaleido Growth as the investment fund manager. The latter is responsible for managing the Plan's operations and activities. Furthermore, Kaleido Growth is responsible for establishing the Plan's investment policies and strategies with the guidance of its Investment Committee.

As of December 31, 2024, the annual administrative fees (including taxes) totalled \$18,906,660 and represented 1.51 % of the Plan's assets under management.

Trustee and Custodian Fees

The Plan pays annual fees to Eterna Trust Inc. as the Plan's trustee. The fees paid to this trustee in 2024 amounted to \$26,761 and represented 0.002% of the Plan's assets under management. The custodians CIBC and RBC IS received in trust the subscribers' savings and all other amounts to which the latter are entitled. The custodians acted as the guardian of securities and other instruments in which these amounts are invested, and as a third-party record keeper for the Plan. In 2024, the custodian's fee was \$195,998, which represents 0.016 % of the Plan's assets under management.

Independent Review Committee Fee

In 2024, the Plan paid the Independent Review Committee a fee totalling \$29,325, which represented 0.002% of the Plan's assets under management.

Portfolio Management Fees

AlphaFixe Capital Inc. and Fiera Capital Corporation are responsible for the management of fixed-income securities. Jarislowsky Fraser Ltd., Montrusco Bolton Investments Inc., Fiera Capital Corporation and Amundi Canada Inc. acted as equity portfolio managers. In 2024, the fees paid to these managers came to \$1,534,380 representing 0.122% of the Plan's assets under management.

Brokerage Fees

Brokerage fees paid to brokers represent a commission calculated as a percentage of the purchase or sale of securities. This percentage is determined by the broker and was \$78,995 in 2024, representing 0.006% of the Plan's assets under management.

U.S. Tax Fees

Since 2020, the plans have traded on the U.S. stock markets. The Internal Revenue Service charges an income tax on U.S. stock sales. In 2024, these fees amounted to \$2,200 or 0.000 2 % of the Plan's assets under management.

Past Performance

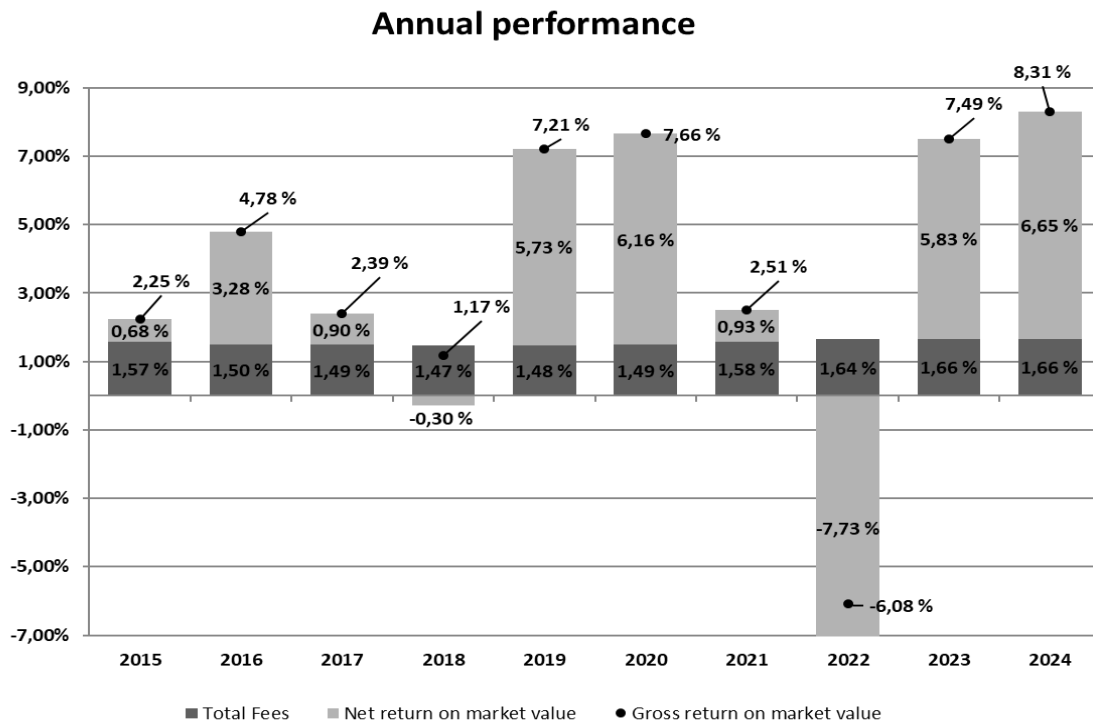
Annual Returns

The Plan's investment returns have been calculated using market values and time-weighted cash flows during the reporting period. Performance information assumes that all income earned, interest, and capital gains are reinvested in the Plan.

Total expenses incurred by the Plan are presented and consist of administration and management fees, including the fees paid to the custodian, trustee, portfolio managers, and the Independent Review Committee, as well as any other expenses paid by the Plan, including taxes.

Furthermore, these returns exclude the group plan characteristic of income redistribution within beneficiary groups (attrition). Performance information does not take into account sales, redemption, distribution, or other optional charges that may have reduced returns. Past fund performance is not a guarantee of future results.

The bar graph below presents the annual returns of the Plan's total assets under management for each of the last ten (10) years, i.e., 2015 to 2024. It presents year-over-year change in the overall return of the investment fund. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



Compound Annual Returns

	Returns as of December 31, 2024			
	1 year	3 years	5 years	10 years
Net Return at Market Value	6.65 %	1.36 %	2.22 %	2.13 %
Market Indices ¹	8.50 %	3.08 %	3.97 %	3.65 %

¹ It should be noted that benchmarks exclude management fees incurred by an investor and the administration fee of a scholarship plan.

On December 31, 2024, the weighted benchmark index of the Plan was composed as follows, based on the value of the different funds and their respective investment policies, as previously described under the heading “Objectives and Investment Strategies”:

- FTSE TMX Canada Mid Term Provincial Bond Index (12.02 %)
- FTSE TMX Canada Short Term Provincial Bond Index (12.02 %)
- FTSE TMX Canada Mid Term Corporate Bond Index (20.07 %)
- FTSE TMX Canada Short Term Corporate Bond Index (36.12 %)
- S&P/TSX Composite Index (3.84 %)
- S&P 500 Index (CAD) (3.84 %)
- S&P/TSX Small Cap Index (1.25 %)
- MSCI North America Minimum Volatility Index (2.41 %)
- MSCI EAFE Minimum Volatility Index (1.30 %)
- 91-Day Treasury Bill Index¹ (7.13 %)

¹ The 91-Day Treasury Bill Index is used for money market investments. Otherwise, the index performance is adjusted to that of a high-interest bank account.

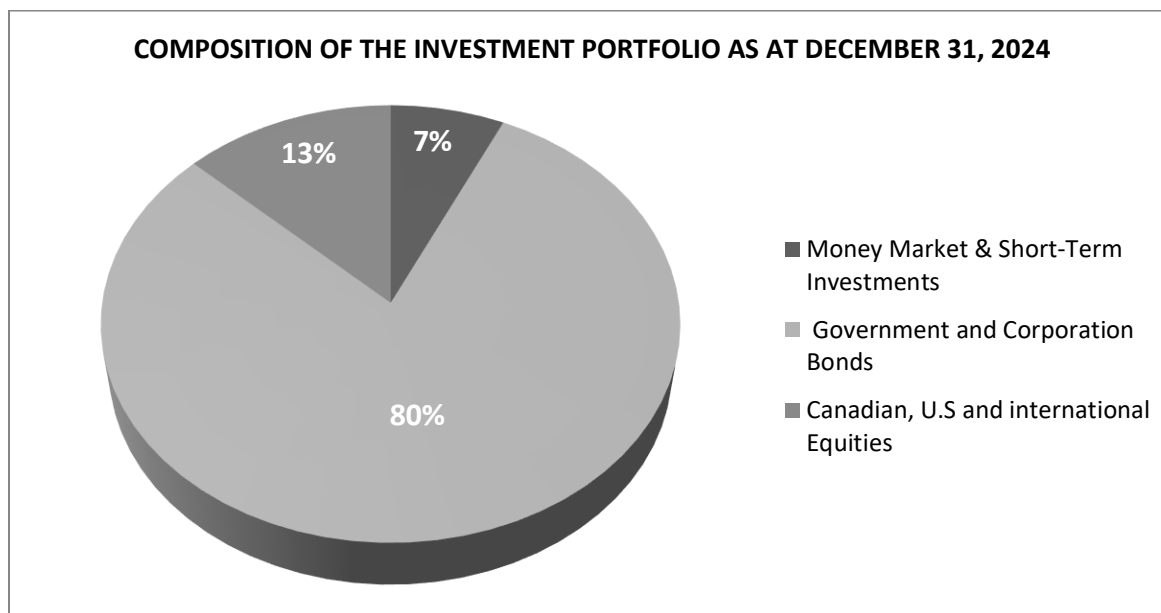
Here is a brief description of the Plan’s benchmarks:

- The FTSE TMX Canada bond indices used for the Plan measure the performance of Canadian fixed-income securities under several issuer segments (provincial or corporate bonds) and at various maturities (short- or mid-term). The provincial indices cover the bonds issued by the Canadian provinces as well as by the various Canadian municipalities. The corporate indices cover the Canadian universe of corporate issuers with a credit rating equal to or greater than BBB.
- The S&P/TSX Capped Composite Index applies a maximum weighting of 10% to each constituent of the S&P/TSX Composite Index, which covers approximately 95% of the Canadian equity market and is the primary indicator of Canadian companies listed on the Toronto Stock Exchange.
- The S&P 500 Index is considered a good indicator of the performance of U.S. large-capitalization stocks. The index includes 500 leading companies and covers approximately 80% of the market capitalization in the United States.
- The MSCI North America Minimum Volatility Index represents the performance of North American equity markets, with a focus on reducing volatility. The objective is to provide exposure to North American equities, while minimizing price fluctuations.
- The MSCI EAFE Minimum Volatility Index represents the performance of developed-country equity markets, excluding the United States and Canada. This index focuses on reducing volatility, offering exposure to international markets with a potentially lower level of risk.

Portfolio Overview

Breakdown of the Portfolio into Subgroups

The Plan's investment portfolio comprises three distinct groups, as illustrated in the following pie chart. The chart also presents the percentage of the portfolio's total value invested in each of these groups.



Top Holdings of the REFLEX Plan Portfolio

The table below presents the main holdings of the portfolio on December 31, 2024. It should be noted that these are all presented from a long position. Our investment policy stipulates that margin buying and short sales are not permitted.

Also note that the portfolio overview can change because of the operations carried out by the fund,

Securities	Maturity	Rate (%)	Market value (\$)	Portfolio Assets (%)
Fixed-Income Securities				
PROV OF ONTARIO	4-Mar-33	4.100	45,662,874	3.51%
PROV OF ONTARIO	2-Feb-32	4.050	33,591,136	2.58%
PROV OF ONTARIO	1-Nov-29	1.550	24,824,409	1.91%
PROV OF ONTARIO	1-Feb-27	1.850	23,239,482	1.79%
PROV OF QUEBEC	20-May-32	3.650	23,072,697	1.77%
BANK TORONTO DOMINION	8-Mar-28	1.888	22,669,774	1.74%
PROV OF QUEBEC	22-Nov-32	3.900	22,559,393	1.73%
PROV OF QUEBEC	27-May-31	2.100	20,943,883	1.61%
ROYAL BANK OF CANADA	1-Feb-33	5.010	17,525,672	1.35%
ROYAL BANK OF CANADA	24-Jun-30	5.228	14,572,455	1.12%
BANK OF MONTREAL	7-Dec-27	4.709	14,430,047	1.11%
TRANSCANADA PIPELINES LTÉE	5-Apr-27	3.800	13,927,352	1.07%
WEST EDMONTON MALL PROPERTY	4-Oct-27	7.791	12,406,406	0.95%
FEDERATION DES CAISSES	10-Sep-26	1.587	11,551,893	0.89%
TELLUS CO RP.	13-Nov-31	2.850	10,834,232	0.83%
ONTARIO POWER GENERATION INC	8-Apr-30	3.215	9,983,718	0.77%
CHOICE PROPERTIES REIT	1-Mar-33	5.400	9,623,425	0.74%
BELL CANADA	17-Mar-31	3.000	9,577,139	0.74%
PROV OF QUEBEC	13-Feb-27	1.850	9,401,129	0.72%
ENBRIDGE	21-Sep-33	3.100	9,354,927	0.72%
DOLLARAMA INC	26-Apr-30	5.165	9,350,068	0.72%
SUN LIFE FINANCIAL	15-May-36	5.500	9,154,586	0.70%
BROOKFIELD FINANCE II INC	14-Dec-32	5.431	9,110,404	0.70%
SUN LIFE FINANCIAL	4-Jul-35	5.500	8,736,885	0.67%
Equities				
ISHARES MSCI EAFE MIN VOL FA			16,291,547	1.25%
Top 25 long positions as a percentage of the total value of securities			412,395,533	31.69%

Kaleido Growth Inc.

Distributor and manager of the scholarship plans
promoted by Kaleido Foundation

**1035 Wilfrid-Pelletier Ave., Suite 500
Quebec QC G1W 0C5**

**Phone: 1 877 410-7333
Fax: 418 651-8030
Email: info@kaleido.ca**

