KALEIDO

Management Report of Fund Performance

REFLEX Plan

for the financial year ended December 31, 2020

This annual management report of fund performance presents financial highlights but does not contain the complete annual financial statements of the investment fund. You can 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 can also visit our website (kaleido.ca) or the SEDAR website (sedar.com). Subscribers may contact us using one of the above methods to also request a copy of the prior interim financial report.

Any decision relating to proxy voting of the REFLEX Plan's portfolio securities has been delegated to each of our portfolio managers as described in their respective investment management mandates.

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Performance Review

Objectives and Investment Strategies

The Kaleido Foundation (hereinafter the "Foundation") guarantees you, on behalf of the REFLEX Plan (hereinafter the "Plan"), the refund of your savings at any time and the refund of an amount matching the sales charges you paid once your contract reaches maturity. The earnings from subscribers' savings, the government grants—offered by the Canada Education Savings Program (CESP) and, if applicable, *Revenu Québec* (RQ)—and their earnings make up the educational assistance payments (EAPs) paid to or on behalf of your beneficiary, if applicable. It is therefore important to ensure the protection and growth of these funds through low-risk investments.

To achieve this objective, three investment policies have been developed based on the source of the funds. The sums invested are divided into six funds to allow the Foundation to meet its obligations, that is, to ensure capital protection, prudent portfolio risk management, an advantageous long-term rate of return and greater latitude in the implementation of its investment strategies. The following summary presents the funds and their respective investment policies.

Policy No. 1 Contributions Before Plan Maturity and Government Grants

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 and U.S. equities.

Policy No. 2 Contributions After Plan Maturity

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by a Canadian government, or held as cash and cash equivalents to ensure investment liquidity as these sums may be withdrawn at any time.

Policy No. 3 Other Funds

The other funds correspond to the portion of income on contributions and on grants earmarked for refund of a sum matching the sales charges 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 and U.S. equities. Where appropriate, the balance is invested in bonds, money market securities guaranteed by a Canadian government, or held as cash and cash equivalents.

As investment fund manager, Kaleido Growth Inc. (hereinafter "Kaleido Growth") is responsible for mandating the portfolio managers and ensuring their compliance with the investment policies developed in the best interest of subscribers and beneficiaries.

The Investment Committee, for its part, is responsible for developing the investment policies and establishing the mandates of the portfolio managers in collaboration with Kaleido Growth, and for recommending the approval of these investment policies to Kaleido Growth's Board of Directors.

The management of assets is entrusted to the portfolio managers based on their area of expertise. Accordingly, AlphaFixe Capital Inc., Fiera Capital Corporation and Montrusco Bolton Investments Inc. are responsible for the management of fixed-income securities, whereas the management of investments in equities is entrusted to Jarislowsky Fraser Ltd., State Street Global Advisors Ltd. and Montrusco Bolton Investments Inc.

Given the time horizon of an RESP, the general objective of the REFLEX Plan consists in achieving a maximum long-term rate of return while maintaining a degree of risk deemed appropriate. Investments must comply at all times with applicable legislation and with the Foundation's investment policies.

Portfolio Management Strategies

The favoured portfolio management strategies are passive (indexing) and active bond management, as well as value and low-volatility equity strategies. Environmental, social and governance (ESG) factors are considered in all investment strategies implemented by portfolio managers. Further details regarding the sustainable investment strategies implemented by portfolio managers are provided in the "Recent Events" section herein.

Indexing aims to reproduce the performance of market benchmarks and offers the advantage of generally lower portfolio management fees. The portfolio managers are evaluated on their capacity to meet the market index. As for active management, performance-enhancement strategies are preferred and applied to create value-added returns over market indices. These strategies primarily include sector allocation, security selection, duration management, credit analysis, anticipation of interest rates, portfolio positioning on the yield curve, and fundamental analysis. The managers responsible for active management are evaluated based on the added value they generate over a benchmark.

The value equity strategy consists in investing in undervalued equities, with a focus on large-capitalization companies distributing significant dividends. As for the low-volatility equity strategy, its objective is to provide competitive returns while maintaining low volatility relative to the benchmark on a long-term basis.

In 2020, the market indices used to assess the performance of portfolio managers were as follows:

Asset Category	Market Index
Fixed-income securities guaranteed by a government or municipality	FTSE Mid-Term Provincial FTSE Short-Term Provincial FTSE Mid-Term Provincial - Ontario FTSE Mid-Term Provincial - Quebec FTSE Short-Term Provincial - Ontario FTSE Short-Term Provincial – Quebec
Corporate bonds	FTSE Mid-Term Corporate FTSE Short-Term Corporate
Money market securities guaranteed by a Canadian government or held as cash and cash equivalents	91-Day Treasury Bills*
Canadian equities	S&P/TSX Capped S&P/TSX Canadian Dividend Aristocrats
U.S. equities	S&P 500 S&P 500 High Yield Dividend Aristocrats

* The 91-day T-Bill index is used for money market investments. Otherwise, the performance index is adjusted to that of the high-interest bank account.

Bond Management: Active Investment Strategies

Fiera Capital Corporation's strategy is based on thorough analyses of the economy and markets, integrated to scenarios that reflect the current and expected financial context. The investment philosophy of this portfolio manager is founded on a top-down analysis with emphasis on the macroeconomic environment. Specifically, the strategy focuses on interest rate anticipation, yield curve positioning, sector selection and active duration management.

Equity Management Strategies

The strategy of Jarislowsky Fraser Ltd. is based on fundamental analyses, capital growth and low-risk levels. Assets in the Canadian equity portfolio are divided into three risk categories: non-cyclical larger-capitalization securities, cyclical companies with operations on international markets and small-market capitalizations in a lesser proportion. The manager builds diversified portfolios, specifically designed to preserve capital and provide long-term returns.

The fundamental investment objective of the Canadian equity income fund managed by Montrusco Bolton Investments Inc. is to ensure the combination of returns and long-term capital growth by investing in the Canadian stock market. The fund invests primarily in common shares and convertible equivalents and, to a lesser extent, in short-term securities, various types of income trusts and in other securities when necessary to protect capital. This firm's quality growth investment philosophy aims to build concentrated and actively managed portfolios with the potential to earn superior long-term risk-adjusted returns. Stock section reflects solid long-term management and superior asset allocation, which translates into higher returns on capital and leading per share growth metrics.

The fundamental investment objective of the U.S. equity fund managed by Montrusco Bolton Investments Inc. is to ensure long-term capital growth by investing assets mainly in U.S. shares. The fund invests primarily in common shares and securities convertible into common shares and, to a lesser extent, in short-term securities and other securities when necessary to protect capital. The firm favours high conviction quality growth GARP strategies anchored in fundamental, bottom-up analysis, relying on independent thinking to seek out questions of substance. These help forecast inflection points, errors of perception and catalysts through a repeatable process that promotes consistency and sustainability of alpha in various market conditions. ESG considerations are incorporated in the process, from defining the investment universe to making selection, fundamental analysis, monitoring and sales decisions.

State Street Global Advisors Ltd. invests in companies listed in the S&P/TSX Canadian Dividend Aristocrats index and S&P 500 High Yield Dividend Aristocrats index. The manager uses a systematic quantitative investment process to select portfolio securities. In selecting securities for the strategy, the manager seeks to minimise the portfolio's exposure to absolute risk. To achieve appropriate levels of diversification, State Street Global Advisors Ltd. implements constraints to weight levels in each stock, sector and industry. As a result of this quantitative stock selection and portfolio diversification process, the manager expects limited exposure to absolute risk for the portfolio and therefore lower long-term volatility relative to the benchmark, namely a 50/50 allocation between the S&P/TSX Composite Index and the S&P 500 Index.

Risk

The stock prices of the securities held by the Plan may fluctuate and affect the value of investments, thereby affecting the EAP amounts beneficiaries could receive. The investment strategy of the Plan remains focused on a long-term perspective and is intended for investors who wish to save for post-secondary education and who generally have a low-risk tolerance. The risk factors are presented in the Plan's prospectus.

Operating Results for 2020

An RESP is, by definition, a long-term investment vehicle. Consequently, any performance analysis of RESP investments should be carried out in this perspective. In 2020, the REFLEX Plan's portfolio generated a gross return at market value of 7.65%. The total net return was 6.16%, after a 1.49% deduction for total administration and management fees. These fees include input taxes (GST/QST) on goods and services acquired to provide financial services.

In 2020, the administrative and management fees relative to net assets were 0.01% higher than those of 2019, meaning there were no notable changes in the fee structure.

The following chart presents the gross return, the market index and the added value for each investment policy as at December 31, 2020:

Funds	Asset Category	Gross Return	Market Index	Added Value
Contributions before plan maturity and grants	Fixed-income securities guaranteed by a government or municipality, corporate bonds, Canadian and U.S. equities	7.96%	7.83%	**0.13%**
Contributions after plan maturity	Money market securities guaranteed by a Canadian government or cash and cash equivalents	1.18%	1.18%	**0.00%**
Other funds	Canadian and U.S. equities, bonds, money market securi- ties guaranteed by a Canadian government, or cash and cash equivalents	5.35%	5.97%	**-0.62%**

Contributions Before Plan Maturity and Government Grants

The contributions before plan maturity are invested exclusively in fixed-income securities guaranteed by a government or municipality, as well as in corporate bonds, whereas the government grants are invested in corporate bonds, in Canadian and U.S. equities, and in fixed-income securities guaranteed by a government or municipality. Five portfolio managers oversee these investments using different strategies, as shown in the chart hereunder:

Portfolio Manager	Asset Category	Investment Strategy
AlphaFixe Capital Inc.	Fixed-income securities guaranteed by a government or municipality	Indexing strategy
Fiera Capital Corp.		Active strategy
Montrusco Bolton Investments Inc.		Indexing strategy
AlphaFixe Capital Inc.	Corporate bonds	Active strategy
Fiera Capital Corp.		Active strategy
Montrusco Bolton Investments Inc.	Canadian equities	Value strategy
Jarislowsky Fraser Ltd.		Value strategy
State Street Global Advisors Ltd.		Canadian high dividend equity and low-volatility strategy
Montrusco Bolton Investments Inc.	U.S. equities	Value strategy
State Street Global Advisors Ltd.		U.S. high dividend equity and low-volatility strategy

In 2020, the management of these funds achieved a gross return at market value of 7.96%, while that of the market benchmark totalled 7.83%. The value added of 0.13% is mainly attributable to our bond portfolio managed by Fiera Capital Corporation and its exposure to corporate bonds invested at the right time as well as to efficient duration management. Corporate bonds were introduced to bond portfolios at the beginning of the year due to the investment policy being amended at the end of 2019, aiming mainly to invest the Plan's assets in asset classes allowing greater portfolio diversification and a higher potential for investment returns.

As a reminder, in 2019, the Plan's investment policy was amended to incorporate some of the new asset classes permitted under the exemption granted by the Autorité des marchés financiers (AMF) in order to adjust the investment strategy based on prudent portfolio diversification. The exemption and revised investment policy took effect on December 20, 2019, and were fully implemented to fund management operations during the first quarter of 2020.

Contributions After Plan Maturity

The contributions of subscribers whose plans have reached maturity and their refundable sales charges are invested exclusively in money market securities guaranteed by a Canadian government, or held as cash and cash equivalents.

In 2020, the management of these funds achieved a gross return at market value of 1.18%. The investment policy for contributions after plan maturity protects sums within the REFLEX Plan. In 2020, the funds were invested in high-interest bank accounts offering more attractive return prospects than the money market guaranteed by a Canadian government.

Other Funds

The other funds comprise the portion of accumulated income on contributions and grants earmarked for the refund of a sum matching the sales charges to the subscriber at plan maturity, as well as the other earnings on subscriber contributions (EAP account) and on government grants. Three portfolio managers oversee these investments using different strategies, as shown in the chart hereunder:

Portfolio Manager	Asset Category	Investment Strategy
Montrusco Bolton Investments Inc.	Canadian equities	Value strategy
Jarislowsky Fraser Ltd.		Value strategy
State Street Global Advisors Ltd.		Canadian high dividend equity and low-volatility strategy
Montrusco Bolton Investments Inc.	U.S. equities	Value strategy
State Street Global Advisors Ltd.		U.S. high dividend equity and low-volatility strategy

In 2020, the management of these funds achieved a gross return at market value of 5.35%, while that of the market benchmark totalled 5.97%. The negative added value of 0.62% mainly results from our Canadian equity portfolios using a value strategy, which underperformed compared to the benchmark. Our portfolio managers, using value strategies, invest in companies which seem to be undervalued, with a lower risk than the market, and which declare relatively high dividends. The managers didn't invest much in the Materials and Information Technology sectors, resulting in the portfolio's underweight allocation in both these sectors which performed the best in the S&P/TSX Capped Composite Index in 2020.

Economic Overview

Stock Market

Worldwide, stock markets started 2020 on a positive note by setting record highs for the major stock indexes. The abating of the U.S.-China trade tensions at the end of 2019 allowed the stock markets to rely on the hope that the phase 1 trade agreement signed in December 2019 would improve the relationship between these two major economies of the world.

However, this uptrend ended abruptly when COVID-19 started spreading quickly around the globe, resulting in a global stock market crash that occurred at an almost unprecedented speed, to reach a trough on March 23, 2020. This crash is the worst since the 2008 financial crisis and is characterized by its suddenness, intensity and synchronism. During that period, volatility levels reached record highs before coming back down in a surge of optimism strongly contrasting with the economic reality.

After the economic trough in March, there was a spectacular rebound of stock markets due to a combination of recovery programs introduced by central banks and governments, seemingly reducing investor anxiety. The Bank of Canada (the "BoC") and the U.S. Federal Reserve (the "Fed") lowered their key rates, from 1.75% to 0.25%, and introduced quantitative easing programs. This upturn is one of the strongest and fastest in history due to the combined strength of recovery measures worldwide. Then, as the infection curve started flattening and many major economies gradually reopened, the global stock markets once again reached all-time highs in August. The many monetary and budgetary measures implemented to support the economy and markets seem to have been successful, and the progression of clinical trials to develop a vaccine gave way to optimism.

During September and October, the upturn of the global economy and stock markets was faced with an increase in COVID-19 cases resulting in the pandemic's second wave, in addition to high unemployment rates, supply chain disruptions, rising government, corporate and household debt, as well as the uncertainty surrounding the U.S. presidential election, and the inaction of the U.S. Congress regarding relief measures. Consequently, volatility increased. Stock markets suffered a slight downturn again, showing a certain slowdown in economic recovery.

The announcement of promising vaccines in November and their approval by health authorities led to the start of vaccination campaigns in December. Unsurprisingly, the start of vaccination campaigns and the announcement of new budgetary measures in the U.S. and Canada contributed to rekindling the optimism of stock markets and even led to the U.S. stock indexes reaching new highs at the end of 2020.

Canada was simultaneously affected by the pandemic and the oil price collapse. The decreasing global demand due to the halt of economic activity and the price war within oil-producing countries caused an unprecedented collapse in oil prices in April 2020. Low oil prices made economic recovery more complicated in Canada. Nonetheless, despite a trough of 34% on March 23, 2020, the S&P/TSX Capped Composite Index ended the year on a positive note with 5.60%.

Seven of the eleven sectors[1] of the S&P/TSX Index closed the year in positive territory. The Information Technology sector delivered the best performance, achieving an exceptional return of 80.68% in 2020. The Materials sector came second, adding 21.24% to its value. The Consumer Discretionary, Industrials and Utilities sectors posted positive returns of 17.05%, 17.02% and 15.28% respectively. Unsurprisingly, the sector with the lowest return in 2020 is the Energy sector, which suffered a 26.57% drop, followed by the Health Care sector which ended the year in negative territory at 22.95%.

U.S. stock market indexes outperformed the S&P/TSX Index due to the important weight of the Information Technology sector and underexposure to the Energy and Financials sectors which did not perform as well. In the United States, the S&P 500 Index posted a 16.32% gain for 2020 despite its 34% plunge from the February 19th peak to a low on March 23rd.

Like the sectors of the S&P/TSX Index, seven of the eleven sectors[1] of the S&P 500 Index posted positive returns. The Information Technology sector, which heavily contributed to the rise of U.S. markets, closed the year with a 41.37% gain. The Consumer Discretionary, Communication Services and Materials sectors also performed well in 2020, posting gains of 30.96%, 21.44% and 18.61% respectively. Conversely, the Energy, Real Estate and Financials sectors had the worst performances and closed on a negative note, at respectively 34.84%, 4.03% and 3.42%.

1. Source: Global Industry Classification Standard (GICS)

Bond Market

The bond market was strongly impacted by the events related to the spread of COVID-19 as well as the physical distancing measures and stay-at-home orders issued by governments around the world. Consequently, the economy of many countries, including Canada, abruptly entered a recession. To reduce the impact, central banks lowered their key rates, provided a massive injection of liquidity and introduced quantitative easing programs. The accommodating policies of central banks and relatively weak economic growth caused bond rates to plummet to historic lows on the entire curve.

The Fed lowered its key rate twice in March 2020, by 0.50% the first time and 1.00% the second time, to finally set its target at 0.25%. Over the same period, the BoC also lowered its key rate three times by 0.50%, setting its target at 0.25% on March 27, 2020.

Government of Canada bond yields to maturity were negatively impacted by the events related to the spread of COVID-19 and the price war within oil-producing countries throughout 2020. The corporate bond market experienced a strong depreciation during the first quarter, but greatly improved over the second quarter after the BoC introduced corporate bond purchase programs. At the end of 2020, short-term rates remained low due to the continued commitment of central banks to support the markets and economy by keeping key rates as low as possible. Conversely, the long end of the curve slightly increased compared to the short end. Consequently, the yield curve steepened.

Canada 10-year bond yields ended 2020 at 0.68%, a drop of 1.03%. For the same period, Canada 2-year bond yields plummeted to 0.20%, down 1.50%. U.S. 10-year Treasury bond yields posted a 1.00% drop at the end of 2020, falling to 0.91%, and U.S. 2-year Treasury yields sank to 0.12%, down 1.45%.

The FTSE Canada Universe bond index posted a positive return of 8.68%, while the FTSE Canada Short-Term, Mid-Term and Long-Term indexes posted respective gains of 5.29%, 10.08% and 11.90%. Provincial bonds yielded higher returns than Government of Canada bonds. Consequently, the provincial FTSE Canada index closed at 9.86% higher than the federal FTSE Canada index which achieved a 7.28% gain. The FTSE Canada Corporate bond index closed at 8.74% behind the provincial bond index.

Economic Context

Over March 2020, the various economies of the world entered a recession caused by the rapid spread of COVID-19. In an effort to contain the spread of the virus, many countries issued stay-at-home orders and introduced physical distancing measures, including closing many non-essential businesses and borders, which brought much of the global economic activity to a halt. After a forced pause, the economy significantly rebounded over the summer due to an unprecedented combination of very accommodating budgetary and monetary policies of central banks and governments. However, throughout the year the economy progressed in a context of alternating targeted lockdowns and reopenings as governments attempted to maintain a balance between population health and economic growth.

To support economic recovery, the Fed officially reviewed its monetary policy framework in August. In the past, the Fed adopted a tightening monetary policy when inflation exceeded 2%. Now, the Fed will wait for full employment and for inflation to moderately exceed 2% before starting to raise its key rate. The Fed is the first central bank to adopt this new monetary policy. The BoC will instead maintain the key rate at its lowest level until the 2% inflation target is reached. Inflation could slightly increase in the medium and long term, when considering all the economic recovery measures that were introduced, but several elements, such as a spike in COVID-19 cases and a high unemployment rate, should contain inflationary pressures in the short term.

2020 was also the year of the 59th U.S. presidential election, which took place in November and resulted in a change of presidents as Democrat Joe Biden was elected to become the 46th president of the United States on January 20, 2021. Furthermore, after laborious negotiations between the United Kingdom and European Union, the Brexit withdrawal agreement was signed, thus confirming the withdrawal of the United Kingdom more than four years after the 2016 referendum.

The distribution of safe and effective vaccines as well as the new economic recovery measures of various governments inspired optimism about the economy for 2021. Yet, the future remains uncertain, and prospects of economic growth remain fragile. Global economic recovery will depend, on the one hand, on the evolution of the pandemic, the measures taken to contain its spread and the availability of vaccine doses, and, on the other hand, on the continuation of the very accommodating monetary and budgetary measures of central banks and governments.

Recent Events

Important Changes to the Plan

Sustainable Investment

In December 2020, the Board of Directors of Kaleido Growth Inc. adopted a sustainable investment policy aiming to reinforce Kaleido Growth Inc.'s commitment to include sustainable investment considerations in the investment methods applied to all assets under management and to the portfolio manager selection process. The policy is intended to result in better assessment of the ESG risks and opportunities of the securities to be selected, portfolios that are as resilient as possible in times of crisis, and better investment decisions for Kaleido Growth Inc.'s clients.

Sustainable investment is an important pillar of the asset management strategy implemented by Kaleido Growth Inc. and helps to manage risk effectively while always remaining focused on returns. The objective is to select securities from issuers that are more likely to generate long-term value for portfolios, while taking into account the analysis of additional risks, i.e., ESG risks. ESG factors are taken into account in many ways, both when decisions are made and during the investment holding period. First, Kaleido Growth Inc. deals solely with portfolio managers who are signatories to the Principles for Responsible Investment (PRI), an investor initiative launched in partnership with the United Nations. ESG factors are considered in all investment strategies implemented by portfolio managers. This approach promotes a more informed analysis of risks and opportunities in investment decisions.

Furthermore, Kaleido Growth Inc. contributes to a lower-carbon economy by setting targets to gradually increase the proportion of green bonds held in the Plans' portfolios, based, of course, on issue opportunities in the bond market, until reaching a 10% target. Kaleido Growth Inc. wishes to engage in dialogue with the various stakeholders by promoting active shareholding practices among the portfolio managers it does business with and to exert a positive influence beyond investments by supporting industry initiatives that help foster best practices. Lastly, guided by sustainable investment considerations, the Plans apply exclusion filters so as to avoid securities issued by companies operating directly or indirectly in certain industries and whose activities or products and services are deemed harmful to humans. A company will be deemed ineligible if it derives more than 15% of its revenues from the following industries:

1) Tobacco;

2) Weapons*

Prudent Portfolio Diversification

On October 28, 2019, the *Autorité des marchés financiers* (AMF) granted an exemption allowing greater investment portfolio diversification for the Plan. Accordingly, Kaleido Growth Inc. and the Kaleido Foundation can henceforth invest scholarship plan assets—among others, and according to the origin of the funds—in bonds issued and guaranteed by the U.S. government, in corporate bonds, in mortgage-backed securities, in Canadian and U.S. equities, and in index participation units.

The Plan's investment policy was amended to incorporate some of the new asset classes permitted under the exemption granted by the AMF in order to adjust the investment strategy based on prudent portfolio diversification. Although the exemption and revised investment policy took effect on December 20, 2019, they were fully implemented to fund management operations during the first quarter of 2020.

Independent Review Committee

On April 29, 2020, Jacques Jobin began his mandate as member of the Independent Review Committee (IRC) for a three-year term (until April 2023). He succeeds Luc Paradis, whose term ended on April 29, 2020.

Accounting Standards and Interpretations Issued but Not Yet Effective

No accounting standards and interpretations issued but not yet effective apply to the REFLEX Plan.

* Military or offensive weapons, i.e., weapons that are primarily used to cause injury to individuals.

Transactions Between Related Parties

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. At the end of the fiscal year, any surplus in these fees which is not required for the preservation or development of the organization is returned in full to the Plan account (as an administration fee reduction) for the benefit of the Plan's beneficiaries. These transactions are carried out during the course of normal operating activities and are measured based on their exchange amount, i.e. the amount established between the parties to the agreement.

Furthermore, the sales charges the Foundation collects from subscribers are transferred over 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 the course of normal operating activities 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 five portfolio managers with the mandate to ensure their growth. Annual portfolio management fees represent a declining percentage calculated on the total value of assets under management. These management fees totalled 0.08% in 2020. Eterna Trust Inc. is responsible for the safeguard and preservation of the Plan's assets, and oversees their investment and management activities. 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 Operational Highlights

The following table presents key financial data concerning the REFLEX plan; it is intended to help you better understand the Plan's financial results:

	REFLEX Plan				
(in thousands of $)	Dec. 31, **2020**	Dec. 31, **2019**	Dec. 31, **2018**	Dec. 31, **2017**	Dec. 31, **2016**
Statement of financial position					
Total assets	$1,084,130	$919,529	$785,782	$695,584	$595,262
Net assets	$1,061,480	$914,253	$781,281	$691,543	$592,425
Changes in net assets (%)	16.10%	17.02%	12.98%	16.73%	21.70%
Statement of net and comprehensive income					
Net investment income	$11,762	$12,988	$11,842	$9,305	$8,183
Realized and unrealized gains on investments	$46,623	$32,218	$(13,630)	$(4,071)	$8,442
Net income attributable to contracts	$58,385	$45,206	$(1,788)	$5,234	$16,625
Statement of changes in net assets attributable to contracts					
Educational Assistance Payments (EAPs)	$(8,889)	$(7,444)	$(5,903)	$(2,395)	$(1,591)
Net CESG received	$24,403	$23,827	$23,680	$25,414	$24,251
Net QESI received	$9,122	$9,315	$9,161	$9,194	$8,513
Others					
Number of units (in thousands)	571.0	555.2	541.4	521.9	481.7
Variation (%)	2.85%	2.55%	3.74%	8.35%	12.18%

Administration Fee

The Plan pays an administration fee to the Foundation as the Plan's promotor, 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 investment policies and strategies with the guidance of its Investment Committee.

As at December 31, 2020, the annual administration fee totalled $13,096,449 and represented 1.23% of the Plan's assets under management. Moreover, the surplus in this fee that was not required for the preservation or development of the organization was returned in full to the Plan to the benefit of the beneficiaries.

Trustee and Custodian Fee

The Plan pays an annual fee to Eterna Trust Inc. as the Plan's trustee. The latter assumes the safeguarding and conservation of the Plan's assets and oversees its investment and management activities. The fee paid to this trustee in 2020 totalled $21,018 and represented 0.002% of the Plan's assets under management. As the custodian, CIBC Mellon receives in trust the subscribers' savings and all other amounts to which the latter are entitled. The custodian acts 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 2020, the custodian's fee totalled $162,189 or 0.015% of the Plan's assets under management.

Independent Review Committee Fee

In 2020, the fee paid to the Independent Review Committee totalled $20,464, which represented 0.002% of the Plan's assets under management.

Portfolio Management Fees

AlphaFixe Capital Inc., Montrusco Bolton Investments Inc. and Fiera Capital Corp. are responsible for the management of fixed-income securities, whereas the management of investments in Canadian equities is entrusted to Jarislowsky Fraser Ltd., State Street Global Advisors Ltd. and Montrusco Bolton Investments Inc. In 2020, the fees paid to these managers totalled $906,453, namely 0.09% 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. Fees are determined by the broker and totalled $119,300 in 2020, or 0.01% of the Plan's assets under management.

U.S. Tax Fee

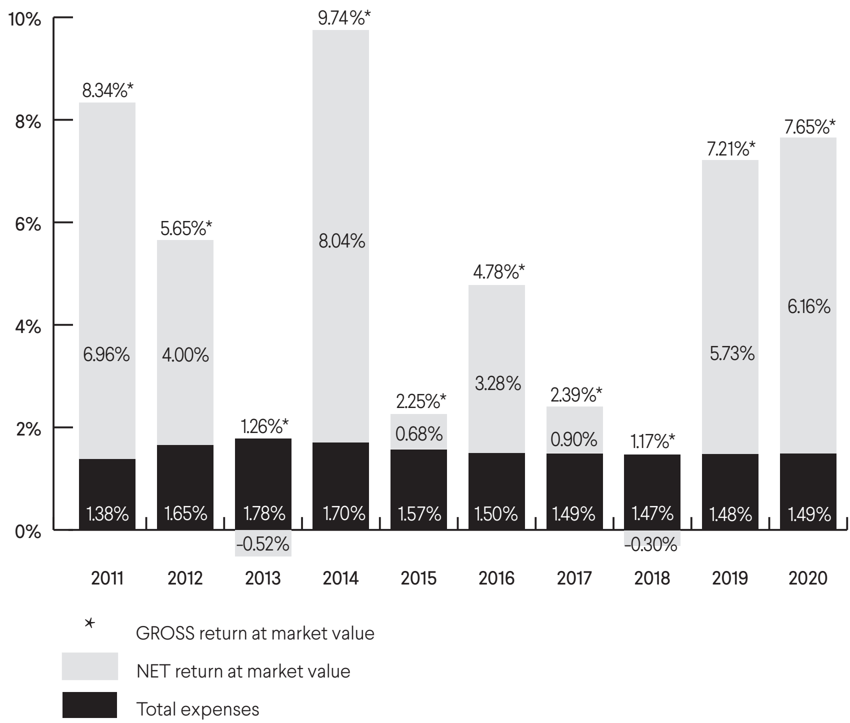
Since 2020, the plans trade on the U.S. stock markets. The National Revenue Agency collects an income tax on U.S. stock sales. In 2020, this fee totalled $104,508 or 0.01% of the Plan's assets under management.

Past Performance

Annual Returns

The Kaleido Foundation's investment policies reflect the great care management takes deciding how the funds entrusted to the organization are invested. For over 55 years, the Foundation's investment strategy has been based on the balance between security and performance.

The bar graph below presents the annual returns of the REFLEX Plan's total assets under management for each of the last ten (10) years, i.e., 2011 to 2020. The variation in the investment fund's total performance from one year to the next is also presented.



Notes on 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. Furthermore, these returns exclude the group plan advantage of income redistribution within beneficiary groups (attrition). Past fund performance is not a guarantee for future results.

Compound Annual Returns

	Returns as at December 31, 2020, for a period of			
	1 year	3 years	5 years	10 years
Net Return at Market Value	6.16%	3.82%	3.12%	3.45%
Market Indices[1]	8.03%	5.12%	4.52%	3.89%

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

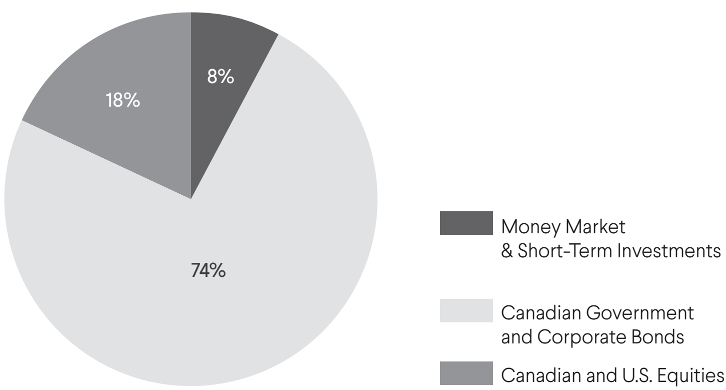
The relevant market benchmarks used for comparison purposes are described in the section "Performance Review" and take into account current and past investment policies. A comparison between the returns achieved by the Plan's various funds and those of the market indices is presented in the "Operating Results" section.

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.

Composition of the investment portfolio as at December 31, 2020



Did you know that...

An RESP is, by definition, a long-term investment vehicle. The performance of your plan should therefore be measured over a period of approximately ten years.

Top Holdings of the REFLEX Plan Portfolio

The chart below presents the main securities of the portfolio as at December 31, 2020. It should be noted that these are all presented from a long position. Our investment policy does not permit margin buying and short sales.

Also note that the portfolio overview can change as a result of the operations carried out by the fund; it is recommended that you consult our interim financial statements.

Securities	Maturity	Rate (%)	Market Value ($)	Portfolio Assets (%)
Fixed-Income Securities				
Province of Ontario	8-Mar-29	6.500	8,992,066	0.86%
Province of Ontario	8-Mar-33	5.850	14,549,576	1.39%
Province of Quebec	1-Sep-24	3.750	22,720,522	2.17%
Province of Ontario	2-Jun-24	3.500	54,497,057	5.22%
Province of Quebec	1-Dec-22	3.500	16,145 653	1.55%
Province of Ontario	2-Jun-22	3.150	18,707,443	1.79%
Fédération des caisses Desjardins du Québec	11-Sep-23	3.056	8,098,024	0.78%
Province of Quebec	1-Sep-23	3.000	26,865,903	2.57%
Province of Ontario	2-Jun-28	2.900	45,957,892	4.40%
Province of Ontario	2-Jun-23	2.850	8,039,761	0.77%
Province of Quebec	1-Sep-25	2.750	25,857,514	2.47%
Province of Quebec	1-Sep-28	2.750	9,995,710	0.96%
Province of Quebec	1-Sep-27	2.750	9,919,522	0.95%
Province of Ontario	2-Jun-29	2.700	9,586,190	0.92%
Province of Ontario	2-Jun-27	2.600	12,871,413	1.23%
Province of Ontario	2-Jun-25	2.600	10,308,746	0.99%
Province of Alberta	1-Jun-27	2.550	7,066,380	0.68%
Province of Quebec	1-Sep-26	2.500	12,160,241	1.16%
Province of Ontario	2-Jun-26	2.400	7,658,078	0.73%
Province of Quebec	1-Sep-29	2.300	10,516,300	1.01%
Province of Ontario	2-Jun-30	2.050	39,765,549	3.81%
Province of Quebec	1-Sep-30	1.900	16,872,893	1.61%
Province of Ontario	1-Feb-27	1.850	22,443,843	2.15%
Equities				
Toronto-Dominion Bank			7,322,253	0.70%
Canadian National Railway Company			6,881,535	0.66%
Top 25 long positions as a percentage of the total value of securities			**433,800,064**	**41.53%**

ECKLER

Actuarial Certificate

For Subscribers Holding a Plan with the Kaleido Foundation

An audit was performed for the four following elements:

1. **Contribution schedule in the 2020-2021 prospectus:**
   These schedules must be established so that the contributions of each subscriber earn roughly the same income per unit of the beneficiary group's EAP (Educational assistance payments) account.
   Schedules must take into account the age of the beneficiary at the time the plan is opened and the contribution option selected by the subscriber.

2. **Distribution of income and expenditures for the years 2019 and 2020:**
   The distribution of the income and expenditures of the UNIVERSITAS and REFLEX group plans, by beneficiary group, must be fair and equitable.

3. **Calculation of EAP amounts per unit payable from January 15, 2021 to December 31, 2021:**
   The EAP amounts per unit issued to beneficiaries must be calculated so that, as of their payment dates, these EAPs represent a fair and equitable share of the income accumulated in the EAP account maintained per beneficiary group.

4. **Valuation of the sales charge refund obligation at maturity as at December 31, 2019 and 2020:**
   The valuation of the sales charge refund obligation at maturity represents the actual value of the obligation payable to subscribers at maturity of the scholarship plan agreement, which corresponds to the amount equal to the sales charges paid, regardless of the revenue generated on the subscribers' contributions.

It is our opinion that the methodology used, as well as the assumptions made by the Kaleido Foundation regarding these four elements are proper and fair, and well documented.

Our audit was carried out in compliance with the general standard of the Canadian Institute of Actuaries (CIA) and generally accepted actuarial principles.

Luc Farmer

Luc Farmer, F.S.A., F.I.C.A

Montreal, February 17, 2021

1035 Wilfrid-Pelletier Avenue
Suite 500
Quebec, QC G1W 0C5

1 877 710-RESP (7377)
Fax: 418 651-8030

info@kaleido.ca
kaleido.ca