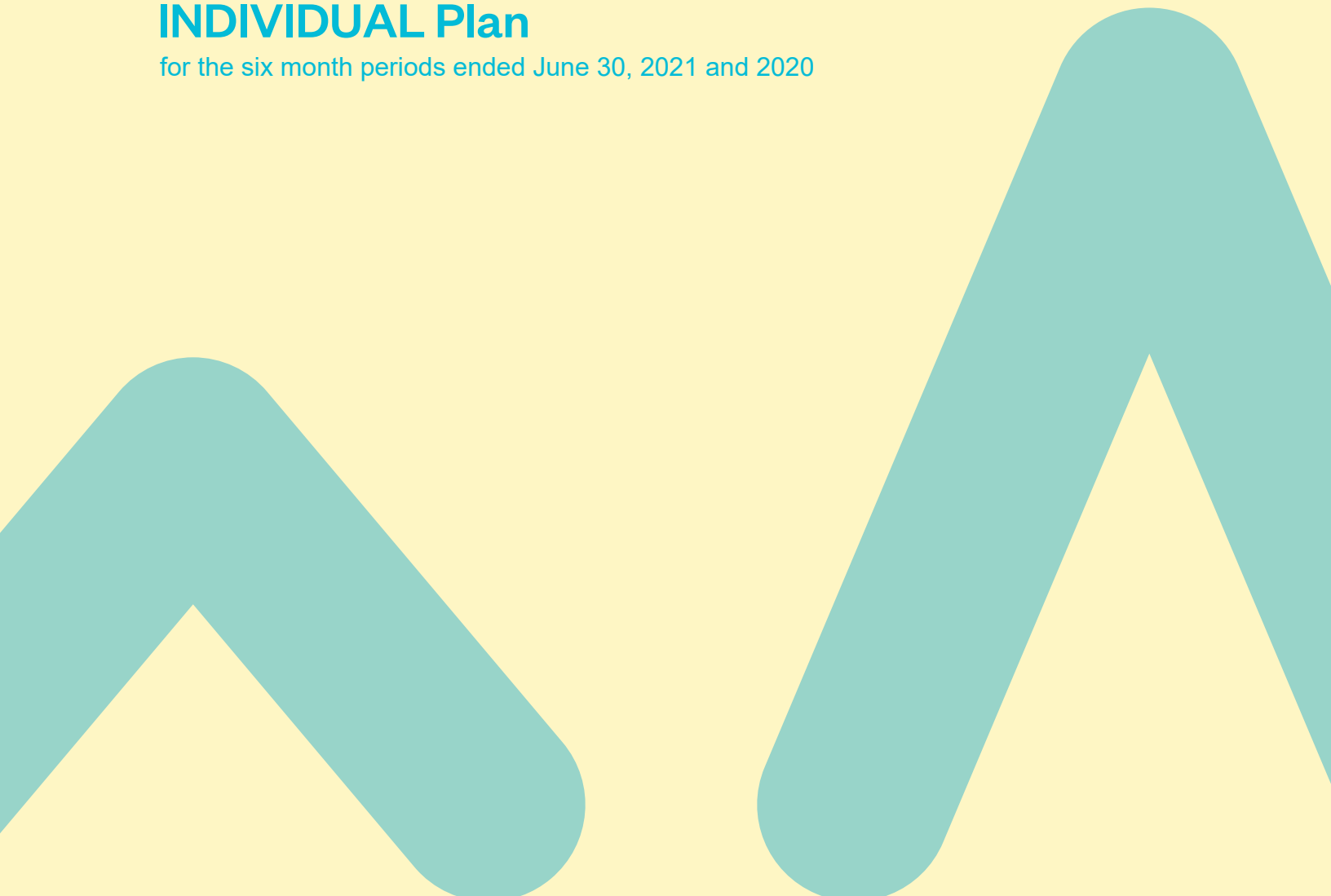


Unaudited condensed interim

# Financial statements

## INDIVIDUAL Plan

for the six month periods ended June 30, 2021 and 2020



**KALEIDO**

# The INDIVIDUAL Plan

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**Statements of financial position  
condensed interim unaudited**

(in thousands of Canadian \$)

	Notes	June 30, 2021	December 31, 2020
<b>Assets</b>			
Cash		364	471
Sales pending settlement		440	39
Other accounts receivable	7	106	2,230
Dividends receivable		15	16
Interest receivable		89	89
Canada Education Savings Grant (CESG) receivable	9	100	1,114
Quebec Education Savings Incentive (QESI) receivable		145	1,223
Investments	4, 9	40,213	38,327
		<b>41,472</b>	43,509
<b>Liabilities</b>			
Purchases pending settlement		647	2
Accounts payable and other liabilities	6	128	128
Quebec Education Savings Incentive (QESI) refundable		123	121
		<b>898</b>	251
<b>Net assets attributable to contracts</b>		<b>40,574</b>	43,258

The notes are an integral part of these unaudited condensed interim financial statements.

## Statements of net income and comprehensive income

### condensed interim unaudited

for the six month periods ended June 30

(in thousands of Canadian \$)

	Notes	2021	2020
<b>Revenues from ordinary activities</b>			
Interest income for educational assistance payments		279	232
Dividends		149	122
Realized gain on disposal of investments		571	406
Change in unrealized gain (loss) on investments		866	(32)
		<b>1,865</b>	728
<b>Operating expenses</b>			
Brokerage fee		4	15
American tax fees		5	-
Portfolio management fees		23	17
Custodian fee		13	15
Administration fee	7	264	192
		<b>309</b>	239
<b>Net income and comprehensive income attributable to contracts</b>		<b>1,556</b>	489

The notes are an integral part of these unaudited condensed interim financial statements.

## Statements of changes in net assets attributable to contracts

### condensed interim unaudited

for the six month periods ended June 30

(in thousands of Canadian \$)

	Subscribers' savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
<b>Net assets as at December 31, 2020</b>	21,358	1,423	11,657	4,279	3,758	783	43,258
Net income and comprehensive income	-	(233)	-	1,474	-	315	1,556
<b>Increase</b>							
Subscribers' savings	2,126	-	-	-	-	-	2,126
Transfers between plans	47	-	73	14	8	1	143
Grants received from the government	-	-	722	-	194	-	916
Transfers from other promoters	-	1	10	-	2	-	13
	2,173	1	805	14	204	1	3,198
<b>Decrease</b>							
Refund of savings at maturity	(5,860)	-	-	-	-	-	(5,860)
Grants returned to the government	-	-	-	-	(7)	-	(7)
Transfers to other promoters	-	-	(15)	(6)	(1)	(1)	(23)
Grants and income on grants	-	-	(866)	(127)	(360)	(39)	(1,392)
Accumulated income payment (AIP)	-	(4)	-	-	-	-	(4)
Educational assistance payments (EAPs)	-	(152)	-	-	-	-	(152)
	(5,860)	(156)	(881)	(133)	(368)	(40)	(7,438)
<b>Net assets as at June 30, 2021</b>	17,671	1,035	11,581	5,634	3,594	1,059	40,574

## Statements of changes in net assets attributable to contracts

### condensed interim unaudited

for the six month periods ended June 30

(in thousands of Canadian \$)

	Subscribers' savings	EAP account	CESG	Accumulated income CESG	QESI	Accumulated income QESI	Total
<b>Net assets as at December 31, 2019</b>	15,604	784	9,743	3,324	2,974	555	32,984
Net income and comprehensive income	-	674	-	(161)	-	(24)	489
<b>Increase</b>							
Subscribers' savings	751	-	-	-	-	-	751
Transfers between plans	122	-	156	41	36	5	360
Grants received from the government	-	-	288	-	72	-	360
Outflow of accumulated income on savings	-	-	1	-	-	-	1
	873	-	445	41	108	5	1,472
<b>Decrease</b>							
Refund of savings at maturity	(4,003)	-	-	-	-	-	(4,003)
Grants returned to the government	-	-	-	-	(11)	-	(11)
Transfers to other promoters	-	-	(7)	(2)	-	-	(9)
Grants and income on grants	-	-	(531)	(98)	(146)	(21)	(796)
Outflow of accumulated income on grants for payments to a designated educational institution	-	1	-	-	-	-	1
Accumulated income payment (AIP)	-	(6)	-	-	-	-	(6)
Educational assistance payments (EAPs)	-	(49)	-	-	-	-	(49)
	(4,003)	(54)	(538)	(100)	(157)	(21)	(4,873)
<b>Net assets as at June 30, 2020</b>	12,474	1,404	9,650	3,104	2,925	515	30,072

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

	2021	2020
<b>Cash flows from operational activities</b>		
Income received		
Interest	279	227
Dividends	143	142
	422	369
Operating expenses paid		
Brokerage fee	(4)	(15)
American tax fees	(5)	-
Portfolio management fees	(22)	(13)
Custodian fee	(13)	(11)
Administration fee	(258)	(197)
	(302)	(236)
Other operational activities		
Disposal of investments	29,103	26,839
Acquisition of investments	(29,313)	(24,955)
	(210)	1,884
Net cash flows from (used in) operational activities	(90)	2,017
<b>Cash flows from financing activities</b>		
Savings received	4,261	1,679
Savings paid to other promoters	(9)	(1)
Refunds of savings to subscribers	(5,855)	(3,993)
CESG and income on CESG received	1,726	1,271
QESI and income on QESI received	1,274	-
QESI and income on QESI paid	(7)	(6)
Transfers between plans	142	360
Educational assistance payments (EAPs)	(1,549)	(851)
Net cash flows used in financing activities	(17)	(1,541)
<b>Net increase (decrease) in cash</b>	<b>(107)</b>	<b>476</b>
<b>Cash, beginning of period</b>	<b>471</b>	<b>174</b>
<b>Cash, end of period</b>	<b>364</b>	<b>650</b>

## Schedule of investment portfolio

### condensed interim unaudited

as at June 30, 2021

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
<b>Short-term investments</b>					
4,205	Cash	-	-	4,205	4,205
800	Province of Ontario	8 Mar 2022	1.350	811	806
350	Government of Canada	5 Aug 2021	-	350	350
305	Province of Ontario	2 Jun 2022	3.150	315	313
201	Cash sweep	-	-	201	201
75	City of Boucherville	28 Sep 2021	2.000	74	75
69	City of Sainte Catherine	23 Apr 2022	2.100	68	70
53	City of Alma	23 Aug 2021	1.850	52	53
50	Société de transport de l'Outaouais	9 Nov 2021	3.850	53	51
50	City of Saguenay	20 Apr 2022	1.850	49	51
50	City of Varennes	3 Aug 2021	1.800	49	50
50	City of Beaconsfield	26 Jul 2021	1.750	49	50
50	City of Val-d'Or	1 Dec 2021	0.600	50	50
43	City of Saint-Constant	23 Aug 2021	1.850	42	43
25	City of Magog	2 Oct 2021	2.650	25	25
25	Société de transport de l'Outaouais	9 Nov 2021	1.800	25	25
25	City of Granby	6 Jul 2021	1.750	25	25
25	Transit in Quebec City	18 Nov 2021	0.550	25	25
20	City of Saint-Jean-sur-Richelieu	11 Jun 2022	2.000	20	20
20	City of Sept-Îles	25 Sep 2021	2.050	20	20
20	City of Longueuil	13 Jul 2021	1.850	20	20
19	Municipality of La Prairie	8 Sep 2021	1.850	19	19
15	Regional Municipality of Niagara	24 Jul 2021	1.950	15	15
10	City of Lévis	4 Jun 2022	2.100	10	10
10	Réseau de transport métropolitain	30 Apr 2022	0.500	10	10
<b>Total - Short-term investments</b>				<b>6,582</b>	<b>6,582</b>
<b>Bonds</b>					
<b>Bonds issued or guaranteed by the Government of Canada</b>					
200	Export Development Canada	1 Sep 2022	1.800	205	203
				<b>205</b>	<b>203</b>
<b>Bonds issued or guaranteed by a Canadian province</b>					
1,715	Province of Ontario	2 Jun 2023	2.850	1,794	1,790
1,095	Province of Quebec	1 Sep 2025	2.750	1,198	1,168
1,075	Province of Ontario	1 Feb 2027	1.850	1,105	1,101
900	Province of Ontario	2 Jun 2028	2.900	971	975
400	Province of Quebec	13 Feb 2027	1.850	400	411
350	Province of Quebec	27 May 2031	2.100	349	355
310	Province of Ontario	2 Jun 2024	3.500	339	334
260	Province of Quebec	1 Dec 2022	3.500	276	271
200	Province of Ontario	2 Jun 2026	2.400	204	210
100	Province of Quebec	22 Feb 2024	2.250	100	104



## Schedule of investment portfolio

condensed interim unaudited

as at June 30, 2021

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
<b>Bonds (continued)</b>					
<b>Bonds issued or guaranteed by a Canadian province (continued)</b>					
25	Province of Manitoba	2 Jun 2028	3.000	25	27
25	Province of Quebec	1 Sep 2028	2.750	26	27
25	Province of Alberta	1 Sep 2022	1.600	25	25
				<b>6,812</b>	<b>6,798</b>
<b>Bonds issued or guaranteed by a municipality</b>					
280	Réseau de transport métropolitain	30 Apr 2026	1.350	276	276
223	Société de transport de l'Outaouais	11 Apr 2023	2.550	232	230
200	City of Saint-Jean-sur-Richelieu	17 Jun 2025	1.300	200	199
200	Transit in Quebec City	18 Nov 2025	1.000	198	195
175	City of Val-d'Or	1 Dec 2025	1.000	172	171
150	Régie d'assainissement des eaux Terrebonne-Mascouche	9 Sep 2025	1.000	147	147
150	City of Brossard	5 Nov 2025	0.950	148	146
140	City of Mascouche	7 Oct 2025	0.950	139	137
125	TransLink	4 Jun 2025	3.050	135	134
106	Réseau de transport de Longueuil	17 Dec 2024	2.100	110	109
110	City of Beloeil	15 Oct 2025	0.950	109	107
100	Transit in Quebec City	18 Nov 2024	0.900	99	99
75	Société de transport de Lévis	9 Jul 2025	1.200	74	74
75	City of Sainte-Marthe-Sur-Le-Lac	9 Sep 2025	1.100	75	74
50	City of St-Hyacinthe	17 Oct 2022	2.900	49	51
50	City of Magog	2 Oct 2022	2.750	49	51
50	City of Brossard	5 Nov 2022	0.700	50	50
50	City of Val-d'Or	1 Dec 2022	0.700	50	50
50	City of Brossard	5 Nov 2023	0.800	50	50
50	City of Val-d'Or	1 Dec 2023	0.800	50	50
50	City of Brossard	5 Nov 2024	0.900	50	49
50	City of Val-d'Or	1 Dec 2024	0.900	50	49
50	City of Mascouche	7 Oct 2024	0.800	50	49
40	City of Brossard	25 Jul 2023	2.900	40	42
40	Société de transport de Lévis	5 Jul 2022	0.550	40	40
39	City of Beloeil	7 May 2023	2.200	39	40
40	Société de transport de Lévis	5 Jul 2023	0.700	40	40
40	Société de transport de Lévis	5 Jul 2024	0.900	40	40
40	Société de transport de Lévis	5 Jul 2025	1.150	40	40
40	Société de transport de Lévis	5 Jul 2026	1.350	39	39
31	City of Sainte Catherine	23 Apr 2023	2.200	31	32
30	City of Sorel-Tracy	11 Jun 2023	2.100	30	31
30	TransLink	3 Jul 2030	1.600	30	29
25	City of Toronto	21 May 2024	3.400	25	27
25	City of Longueuil	19 Jul 2023	2.800	25	26
25	Transit in Quebec City	18 Nov 2022	0.650	25	25
25	Transit in Quebec City	18 Nov 2023	0.800	25	25

## Schedule of investment portfolio

### condensed interim unaudited

as at June 30, 2021

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
<b>Bonds (continued)</b>					
<b>Bonds issued or guaranteed by a municipality (continued)</b>					
20	City of Sept-Îles	25 Sep 2023	2.150	20	21
20	City of Saint-Jean-sur-Richelieu	11 Jun 2023	2.100	20	20
20	City of Sept-Îles	25 Sep 2022	2.100	20	20
20	City of Mascouche	7 Oct 2023	0.700	20	20
15	City of Candiac	31 Jul 2023	2.750	15	16
10	City of Lévis	4 Jun 2023	2.200	10	10
10	Société de transport de l'Outaouais	12 Sep 2023	1.950	10	10
10	Société de transport de l'Outaouais	12 Sep 2022	1.900	10	10
10	Regional Municipality of Niagara	24 Jul 2022	1.950	10	10
10	Réseau de transport métropolitain	30 Apr 2023	0.650	10	10
10	Réseau de transport métropolitain	30 Apr 2024	0.850	10	10
10	Réseau de transport métropolitain	30 Apr 2025	1.100	10	10
10	City of Beloeil	15 Oct 2024	0.850	10	10
				3,206	3,200
<b>Bonds issued by a corporation</b>					
300	BCI QuadReal	12 Mar 2024	1.056	300	300
210	Fédération des caisses Desjardins du Québec	11 Sep 2023	3.056	219	220
200	Royal Bank of Canada	26 Sep 2023	3.296	211	210
200	Bank of Montreal	29 Jul 2024	2.280	209	206
200	Toronto-Dominion Bank	13 Mar 2025	1.943	204	204
200	National Bank of Canada	15 Jun 2026	1.534	200	199
175	Greater Toronto Airport Authority	3 Apr 2029	2.730	183	183
175	Laurentian Bank of Canada	3 Jun 2024	2.730	175	174
150	The Bank of Nova Scotia	18 Jan 2029	3.890 (floating)	160	160
150	Altalink, L.P.	29 May 2026	2.747	156	158
148	Lower Mattagami Energy L.P.	20 Jun 2024	3.416	162	158
150	Toronto Hydro Corporation	10 Apr 2023	2.910	156	155
150	Canadian Imperial Bank of Commerce	17 Apr 2025	2.000	150	153
140	Enbridge Inc.	8 Jun 2027	3.200	147	148
125	TransCanada Pipelines Ltd.	5 Apr 2027	3.800	135	136
125	OMERS Realty Corporation	4 Oct 2027	3.244	135	135
125	Shaw Communications Inc.	31 Jan 2024	4.350	135	134
125	bcIMC Realty Corporation	31 Mar 2027	3.000	137	133
125	bcIMC Realty Corporation	3 Jun 2025	2.840	131	132
130	Saputo Inc.	16 Jun 2027	2.242	132	131
125	Fairfax Financial	3 Mar 2031	3.950	125	129
105	Toronto-Dominion Bank	22 Apr 2030	3.105	106	111
100	Alimentation Couche-Tard Inc.	2 Jun 2025	3.600	110	107
100	407 International Inc.	16 May 2024	3.350	106	106
100	CT Real Estate Investment	1 Jun 2026	3.289	106	106
100	Hydro One Inc.	24 Feb 2026	2.770	107	105
100	OMERS Realty Corporation	23 Feb 2024	2.858	107	105

## Schedule of investment portfolio

### condensed interim unaudited

as at June 30, 2021

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
<b>Bonds (continued)</b>					
<b>Bonds issued by a corporation (continued)</b>					
100	Bank of Montreal	6 Mar 2024	2.850	103	104
100	Canadian Tire Corporation Ltd.	6 Jul 2023	3.167	104	104
100	Choice Properties Real Estate Investment Trust	21 May 2027	2.848	103	103
100	Manulife Financial Corporation	12 May 2030	2.237 (floating)	100	102
100	Wells Fargo & Company	18 Feb 2027	2.493	100	102
90	TELUS Corporation	8 Jul 2026	2.750	92	94
70	The Bank of Nova Scotia	20 Jun 2025	8.900	91	89
75	North West Redwater Partnership	1 Jun 2029	4.250	84	84
80	Alimentation Couche-Tard Inc.	1 Nov 2022	3.899	85	83
75	Great-West Lifeco Inc.	14 May 2030	2.379	75	76
75	Bell Canada	29 May 2028	2.200	75	75
70	Royal Bank of Canada	24 Nov 2080	4.500 (floating)	72	74
75	Allied Properties Real Estate Investment Trust	12 Feb 2026	1.726	75	74
75	Sun Life Financial Inc.	1 Oct 2035	2.060	75	72
60	Epcor Utilities Inc.	19 May 2023	1.299	60	60
50	Intact Financial Corp.	24 Mar 2025	3.691	50	54
50	Rogers Communications Inc.	13 Mar 2024	4.000	53	53
50	Choice Properties Real Estate Investment Trust	10 Jan 2025	3.546	53	53
50	TMX Group Inc.	11 Dec 2024	2.997	51	53
50	TELUS Corporation	1 Apr 2024	3.350	52	53
50	Bell Canada	22 Mar 2023	3.350	52	52
50	Sun Life Financial Inc.	10 May 2032	2.580 (floating)	50	52
50	Intact Financial Corp.	18 May 2028	2.179	50	50
50	OMERS Realty Corporation	22 Sep 2023	1.298	50	50
50	Bell Canada	16 Aug 2027	1.650	50	49
50	Intact Financial Corp.	16 Dec 2030	1.928	50	48
40	Rogers Communications Inc.	1 May 2029	3.250	39	42
40	Royal Bank of Canada	1 May 2025	1.936	42	41
40	Énergir	16 Apr 2027	2.100	40	41
35	TMX Group Inc.	5 Jun 2028	3.779	39	39
30	Shaw Communications Inc.	1 Mar 2027	3.800	31	32
30	407 International Inc.	22 May 2025	1.800	30	31
30	Royal Bank of Canada	30 Jun 2030	2.088 (floating)	30	30
25	Toronto-Dominion Bank	4 Mar 2031	4.859	28	28
25	Enbridge Gas Inc.	1 Apr 2030	2.900	25	26
25	Wells Fargo & Company	19 May 2026	2.975	26	26
25	Intact Financial Corp.	7 Jun 2027	2.850	26	26
25	Allied Properties Real Estate Investment Trust	15 Aug 2029	3.394	25	26
25	Loblaw Companies Ltd.	7 May 2030	2.284	25	25
20	Allied Properties Real Estate Investment Trust	15 May 2028	3.131	20	21

## Schedule of investment portfolio

### condensed interim unaudited

as at June 30, 2021

(in thousands of Canadian \$)

Par value	Security	Maturity	Rate (%)	Cost	Carrying amount
<b>Bonds (continued)</b>					
<b>Bonds issued by a corporation (continued)</b>					
10	Loblaw Companies Ltd.	11 Dec 2028	4.488	12	11
10	Allied Properties Real Estate Investment Trust	8 Apr 2027	3.113	10	10
				<u>6,507</u>	<u>6,516</u>
<b>Total - Bonds</b>				<u>16,730</u>	<u>16,717</u>

Number of shares	Security	Cost	Carrying amount
<b>Equities</b>			
<b>Energy</b>			
9,868	Enbridge Inc.	448	489
7,823	Parkland Fuel Corporation	280	312
2,992	TC Energy Corp.	173	183
1,623	Eog Resources Inc.	112	168
		<u>1,013</u>	<u>1,152</u>
<b>Materials</b>			
842	Linde plc	253	301
		<u>253</u>	<u>301</u>
<b>Communication Services</b>			
11,234	TELUS Corporation	278	311
1,814	BCE Inc.	105	111
		<u>383</u>	<u>422</u>
<b>Utilities</b>			
5,201	Brookfield Infrastructure Finance Limited	336	357
4,612	Brookfield Renewable partners	199	220
4,091	Hydro One Limited	110	123
2,229	Fortis Inc.	114	122
2,544	Algonquin Power & Utilities Corp.	49	47
		<u>808</u>	<u>869</u>

## Schedule of investment portfolio

### condensed interim unaudited

as at June 30, 2021

(in thousands of Canadian \$)

Number of shares	Security	Cost	Carrying amount
<b>Equities (continued)</b>			
<b>Financials</b>			
5,600	Royal Bank of Canada	535	702
6,010	Toronto-Dominion Bank	405	522
7,689	Brookfield Asset Management Inc.	367	485
1,065	Mastercard Inc.	458	481
1,420	CME Group Inc.	360	374
1,945	Intact Financial Corp.	252	328
3,844	The Bank of Nova Scotia	236	310
5,218	Canadian Apartment Properties REIT	268	303
242	BlackRock Inc.	202	262
3,050	Granite Real Estate Investment Trust	211	251
1,719	Cullen/Frost Inc.	189	238
3,432	IA Financial corp Inc.	208	231
2,446	Sun Life Financial Inc.	127	156
1,862	Interactive Brokers Group Inc.	149	151
286	Public Storage	85	106
1,113	National Bank of Canada	71	103
787	TMX Group Inc.	100	103
		<hr/>	<hr/>
		4,223	5,106
<b>Consumer Staples</b>			
1,746	Pepsico Inc.	321	320
1,068	Five Below	242	256
1,703	Premium Brands Holdings Corporation	172	214
7,448	Maple Leaf Foods	204	192
351	Costco	148	172
1,294	The TJX Companies Inc.	96	108
848	D.R. Horton	97	95
469	George Weston Ltd.	47	55
714	Loblaw Companies Ltd.	49	54
847	Metro Inc.	47	50
		<hr/>	<hr/>
		1,423	1,516
<b>Consumer Discretionary</b>			
2,443	Thomson Reuters Corporation	228	300
5,854	Shaw Communications Inc.	177	209
3,063	Quebecor Inc.	93	101
		<hr/>	<hr/>
		498	610



Individual Plan

## Schedule of investment portfolio

condensed interim unaudited

as at June 30, 2021

(in thousands of Canadian \$)

Number of shares	Security	Cost	Carrying amount
<b>Equities (continued)</b>			
<b>Health</b>			
1,498	Danaher Corporation	371	498
807	Charles River Laboratories	262	370
921	Amgen	270	278
		<u>903</u>	<u>1,146</u>
<b>Industrials</b>			
3,071	Waste Connections Inc.	407	454
3,301	Canadian National Railway Company	414	431
2,717	Groupe WSP Global Inc.	254	392
676	Rockwell Automation	215	239
558	Allegion plc	82	96
		<u>1,372</u>	<u>1,612</u>
<b>Technology</b>			
2,417	Microsoft Corporation	624	811
158	Amazon.com Inc.	593	673
703	Adobe Inc.	399	510
2,772	Apple Inc.	342	470
141	Alphabet Inc. Class A	306	426
224	Constellation Software Inc.	335	420
945	FaceBook Inc.	286	407
975	Texas Instruments Inc.	197	232
347	Netflix Inc.	206	227
59	Brookfield Asset Management Reinsurance Partners	4	4
		<u>3,292</u>	<u>4,180</u>
<b>Total - Equities</b>		<u>14,168</u>	<u>16,914</u>
<b>Total - Schedule of investment portfolio</b>		<u>37,480</u>	<u>40,213</u>

**Unaudited condensed interim notes**  
**for the six month periods ended June 30, 2021 and 2020**  
**(in thousands of Canadian \$)**

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**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. 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 an individual scholarship plan intended for beneficiaries of all ages. Eligible studies that qualify for the Educational Assistance Payment (EAP) are general or technical, full-time or part-time post-secondary educational programs (college, community college or university) offered in Canada or the 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; they are postsecondary programs of study with a minimum duration of three consecutive weeks and to which a student must dedicate 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 EAPs that a beneficiary is eligible to receive are dependent on the revenues generated by the investments made by the portfolio managers. The Plan invests in equities, debt securities and short-term debt securities.

The release of these financial statements was authorized by the Audit Committee on August 25th, 2021.

**2. Significant accounting policies**

**Statement of compliance**

The interim condensed statements of financial position, the interim condensed statements of net and comprehensive income, the interim condensed statements of changes in net assets attributable to contracts, the interim condensed statements of cash flows and the accompanying interim condensed notes were prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim condensed financial statements should be read in conjunction with the financial statements for the year ended December 31, 2020. 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, 2020.

**3. Significant accounting judgments, estimates and assumptions**

In the application of the Plan’s accounting policies, as described in Note 2 of financial statements for the year ended December 31, 2020, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The main sources of uncertainty regarding estimates and the main judgments made by management for the unaudited interim condensed financial statements are identical to those presented in the annual financial statements for the year ended December 31, 2020.

**Unaudited condensed interim notes**  
for the six month periods ended June 30, 2021 and 2020  
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**4. Investments**

	June 30, 2021	December 31, 2020
Short-term investments	6,582	8,491
Bonds	16,717	18,009
Equities	16,914	11,827
	<b>40,213</b>	<b>38,327</b>

**5. Current assets and liabilities**

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

**6. Accounts payable and other liabilities**

	Notes	June 30, 2021	December 31, 2020
Amount payable to Kaleido Growth Inc.	7	68	62
Accumulated income on grants for payment to a designated educational institution		59	59
Other		1	7
		<b>128</b>	<b>128</b>

**7. Related party transactions**

**Kaleido Growth Inc.**

Kaleido Growth Inc., a wholly-owned subsidiary of the Foundation, is the distributor of the products promoted by the Foundation and serves as the Plan's distributor and investment fund manager.

**Kaleido Foundation**

The Foundation is the promoter of the INDIVIDUAL Plan. The Plan and the Foundation report to the same Board of Directors.

	June 30, 2021	June 30, 2020
<b>Administration fee</b>		
Kaleido Growth Inc.	264	190
Kaleido Foundation	-	2
	<b>264</b>	<b>192</b>



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**7. Related party transactions (continued)**

**Kaleido Foundation (continued)**

<b>Amount receivable (payable)</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Kaleido Growth Inc.	(68)	(62)
Kaleido Foundation	106	2,230
	<b>38</b>	<b>2,168</b>

**8. Capital management**

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

- Preserving the value of the subscribers' savings and government grants;
- Achieving a maximum net investment return while maintaining an appropriate degree of risk to reach satisfactory EAP values.

In order to meet these objectives, the portfolio managers have a mandate to optimize total returns through high-quality investments, diversification and strategic asset allocation, security selection, duration management and credit analysis. The Plan reviews and revises its policies and procedures regularly.

For the period ended June 30, 2021, the following policies and procedures were applied:

- Subscribers' savings: The Plan commits to refund subscribers' savings and to invest the savings solely in fixed-income securities guaranteed by a Canadian government or bonds issued by a corporation before plans' maturity. After plans' maturity, the Plan invests exclusively in money-market securities guaranteed by a Canadian government or held as cash or cash equivalents to ensure the liquidity of investments, as these sums may be withdrawn at any time.
- Government grants: Grants received before April 20, 2012, are currently invested entirely in American and Canadian equities. The government grants received on or after April 20, 2012, are invested entirely in government bonds guaranteed by a Canadian government.
- Grants earnings and EAP account: The target asset allocation for these funds is 100% in American and Canadian equities.
- For individual plans established following a transfer from a group plan at maturity, the sums held as part of the contract are invested in cash or cash equivalents, as these sums may be withdrawn at any time.

During the period ended June 30, 2021, the Plan maintained the same strategy of prudent portfolio management as that of previous reporting periods by maintaining the investment philosophy adopted by the Investment Committee and portfolio managers.

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

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**9. Financial instruments**

**Fair value**

▪ **Establishing fair value**

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

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

The fair value of equity investments is established from the bid price values. If quoted prices in active markets are unavailable, the fair value of investments in short-term investments and bonds is determined through the use of current industry-specific valuation methods, such as a model whose application is based on discounting the expected future cash flows or similar techniques. These methods take into account current observable data on the market for financial instruments with a similar risk profile and comparable terms. The important data used in these models include, but are not limited to, yield curves and credit risks.

▪ **Fair value hierarchy**

For financial reporting, fair value measurements are classified in accordance with a hierarchy (levels 1-2-3). This classification is based on the level at which input data concerning fair value measurements 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 have 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. as prices) or indirectly (i.e. derived from prices). For example, inputs such as yield curves and indices.
- Level 3 - Valuation using inputs for assets or liabilities that are not based on observable market data (unobservable inputs). For example, private investment valuations by investment fund managers.

The hierarchy that applies as part of the determination of fair value requires the use of observable market inputs whenever such inputs exist. Fair values are classified as Level 1 when the security is traded on an active market and a quoted price is available. If a financial instrument classified as Level 1 ceases to trade in an active market, it is transferred to the next level (Level 2). If valuation of its fair value requires significant use of unobservable market inputs, then it is classified as 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, 2021	Level 1	Level 2	Level 3	Total
Short-term investments	4,406	2,176	-	6,582
Bonds	-	16,717	-	16,717
Equities	16,914	-	-	16,914
	21,320	18,893	-	40,213

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**9. Financial instruments (continued)**

**Fair value (continued)**

▪ **Fair value hierarchy (continued)**

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Short-term investments	7,241	1,246	-	8,487
Bonds	-	18,008	-	18,008
Equities	11,832	-	-	11,832
	19,073	19,254	-	38,327

Over the course of the periods ended June 30, 2021 and December 31, 2020, 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 other price risk, currency risk and interest rate risk). The Plan's overall risk management program seeks to maximize the returns achieved without exposing subscribers' savings to undue risks and by minimizing potential adverse impacts on financial performance. All investments present a risk of loss of capital. The main risks stemming from financial instruments to which the Plan is exposed and the main actions taken to manage these are the following:

▪ **Credit risk**

The Plan is exposed to credit risk, which is the possibility of incurring financial losses resulting from the inability of a company, an issuer or counterparty to meet its financial commitments to the Plan. The Plan's exposure to credit risk arises from its investments in debt securities. The Plan has established qualitative selection criteria for investments to limit this risk. As for investments related to subscribers' savings and a portion of the government grants received prior to April 20, 2012, the Plan only selects securities issued by the Government of Canada, a provincial government, a municipality or a corporation guaranteed by a government. 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 fair value of the fixed-income securities entrusted to the portfolio manager. A minimum BBB rating is required when purchasing.

As at June 30, 2021, and as at December 31, 2020, the Plan invested in fixed-income securities that are neither past due nor impaired, and presented the following credit rating:

Credit rating	Percentage of total debt securities*	
	June 30, 2021	December 31, 2020
	%	%
AAA	1.2	3.2
AA	50.3	53.7
A	35.4	34.3
BBB	13.1	8.8

\*Excludes short-term investments

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**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**

This risk pertains to the Plan's ability to meet its commitments in terms of financial liabilities and therefore, its capacity to carry out payments as required. The Plan is exposed to daily refunds to subscribers, who are entitled to request the refund of their savings at any time. However, the majority of subscribers hold their investment until the contract's maturity date. The liquidity risk is noticeably reduced by the fact that the subscribers' savings are invested only 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 other price risk. Certain parameter changes in financial markets influence the Plan's statements of financial position and comprehensive income. The Plan considers these risks when deciding on the global distribution of its assets. More specifically, market risk is reduced through portfolio diversification, meaning the Plan holds a portfolio that includes several asset categories (money market, bond and stock exchange), diverse products with varying risk profiles (participative or fixed-income securities) and multiple market sectors (government, municipal, energy, materials, communication services, utilities, financials, consumer staples, consumer discretionary, industrials and technology).

▪ **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan carries out transactions denominated in foreign currencies and is therefore exposed to currency risk when selling and buying investments in United States dollars (USD) and when the Plan has US currency in its cash. As of June 30, 2021, the Plan had USD 13.3 (USD 15.1 as of December 31, 2020) representing \$16.5 (\$20.0 as of December 31, 2020) in cash. The Plan also had shares in USD for a total of USD 7.0M (USD 4.0M as of December 31, 2020) representing \$8.7M (\$5.3M as of December 31, 2020) in investments. Finally, the Plan had USD 1.7 in dividends receivable (\$3.5 as at December 31, 2020) representing \$2.1 (\$4.5 as of December 31, 2020) in dividends receivable.

▪ **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. Maturity allocation of bonds is regularly adjusted based on the anticipated movement of interest rates, in compliance with the established maturities under the Plan's investment policy. The target duration is based on an analysis of the economic situation, future prospects and risk based on the very nature of the Plan.

As at June 30, 2021, a change of 100 basis points in the interest rates on the market, assuming a parallel shift in the yield curve with all other variables remaining constant, would cause the fair value of the bonds held in the Plan's investment portfolio, the net income, the comprehensive income and the net assets attributable to contracts to change by approximately \$0.7M (\$0.7M as at December 31, 2020). In practice, actual results may differ materially.

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**9. Financial instruments (continued)**

**Risk management related to financial instruments (continued)**

▪ **Interest rate risk (continued)**

The Plan's bond portfolio by maturity date is distributed as follows:

	June 30, 2021	December 31, 2020
	%	%
Maturing in less than one year	39.2	41.2
Maturing in one to five years	43.1	58.8
Maturing after five years	17.7	28.6

▪ **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 its issuer, or factors affecting all similar financial instruments traded in the market. The stock exchange market volatility mostly influences the value of the equities held by the Plan. It should be noted, however, that this exposure is spread in various market sectors, especially in Canadian large-cap securities, which reduces risk. The market index related to equities is the S&P/TSX. A 10% variation in the market index, with all other variables held constant, would create a change of approximately \$1.7M as at June 30, 2021 (\$1.2M as at December 31, 2020), 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. Sensitivity analysis on the fair value of bonds and Treasury bills is described in the "Interest rate risk" section.

▪ **Concentration risk**

The concentration risk arises from the concentration of positions within a given category, whether a geographical location, a product type, an market sector or a 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, 2021	December 31, 2020
	%	%
Energy	3.1	3.9
Materials	9.4	1.6
Communication Services	2.7	3.6
Utilities	3.3	7.0
Financials	20.6	28.9
Consumer Staples	16.8	8.9
Consumer Discretionary	10.1	4.1
Health	4.9	7.3
Industrials	14.6	8.8
Technology	14.5	25.9

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**9. Financial instruments (continued)**

**Risk management related to financial instruments (continued)**

▪ **Offsetting**

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Canada Education Savings Grant (CESG) receivable</b>		
Gross financial assets	<b>114</b>	1,133
Financial liabilities offset	<b>(14)</b>	(19)
	<b>100</b>	1,114

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.

**10. COVID-19**

Since the first quarter of calendar 2020, global financial markets have experienced, and may continue to experience, significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The situation is still evolving and the economy remains volatile for now, which could impact the financial results, as the duration of the pandemic remains unknown.

The financial statements of the Plan take into account the impacts of Covid-19 that are known at closing date.

## **Kaleido Growth Inc.**

Distributor and manager of the scholarship plans  
promoted by Kaleido Foundation

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