

The logo for Kaleido, featuring the word "KALEIDO" in a bold, blue, sans-serif font. The letter "A" is stylized with a triangle inside it. The background is a light orange color with two large, stylized, blue mountain-like shapes at the bottom.

Management Report of Fund Performance

IDEO+ ADAPTIVE Plan

for the financial year ended December 31, 2023

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 IDEO+ ADAPTIVE Plan's portfolio securities are delegated to our portfolio managers as described in their respective investment management mandates.

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Performance Review

Objectives and Investment Strategies

The fundamental investment objectives of the IDEO+ Adaptive Plan (hereinafter the “Plan”) consist of investing subscriber contributions and government grants in a diversified combination of investments according to a flexible investment strategy to generate a reasonable and competitive long-term return while assuming a level of risk considered low to moderate. The subscriber is not guaranteed a full reimbursement of the contributions that were made. However, the flexible investment strategy provides for the adjustment of the asset allocation over the years to reduce exposure to risk as the beneficiary approaches the age of undertaking eligible postsecondary studies and thus promote the preservation of the capital accumulated over time.

The Plan funds are invested primarily in variable-income securities (equities, ETFs and mutual fund units), as well as fixed-income securities (government securities, corporate debt and money market securities). The flexible investment policy carries a low to moderate investment risk depending on the beneficiary’s age, as it provides for a significant proportion of variable-income securities which decreases gradually as the beneficiary ages. The proportion of variable-income securities diminishes over time and is thus surpassed towards the end by the proportion invested in fixed-income securities, which are less volatile.

The target distributions for each age group are:

Age of beneficiary	Cash and cash equivalents	Fixed-income securities	Variable-income securities	Maximum proportion of variable-income securities
0	5%	10%	85%	90%
1	5%	10%	85%	90%
2	5%	11%	84%	89%
3	5%	12%	83%	88%
4	5%	14%	81%	86%
5	5%	16%	79%	84%
6	5%	18%	77%	82%
7	5%	21%	74%	79%
8	5%	24%	71%	76%
9	5%	27%	68%	73%
10	5%	29%	66%	71%
11	5%	32%	63%	68%
12	5%	35%	60%	65%
13	5%	38%	57%	62%
14	5%	41%	54%	59%
15	5%	47%	48%	53%
16	5%	53%	42%	47%
17	5%	60%	35%	40%
18 and over	25%	58%	17%	22%

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 areas of expertise. Accordingly, Monrusco Bolton Investments Inc. is responsible for the management of fixed-income and variable-income securities.

Given the time horizon of an RESP, the general objective of the Plan consists of achieving a maximum long-term rate of return while maintaining a degree of risk deemed appropriate. Investments must always comply with applicable legislation and with the investment policies of the Kaleido Foundation (hereinafter the “Foundation”).

In 2023, the following market indices were used to assess the performance of portfolio managers:

Asset Classes

Fixed-income securities

Assets	Market Index
Cash and cash equivalents	91-Day Treasury Bills ¹
Government securities (provincial, federal and municipal)	FTSE TMX Canada Mid Term Provincial Bond Index
Corporate debt	FTSE TMX Canada Short Term Corporate Bond Index

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

Variable-income securities

Assets	Market Index
Cash and cash equivalents	91-Day Treasury Bills ¹
Canadian equities	S&P/TSX Composite Index
Large-cap foreign equities (developed countries)	MSCI World Index (CAD)
Small-cap foreign equities (developed countries)	MSCI World Small Cap Index (CAD)
Emerging markets equities	MSCI Emerging Markets Index (CAD)
Global real estate	FTSE EPRA/NAREIT Developed Index (CAD)
Global infrastructure	S&P Global Infrastructure Index (CAD)

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

Risk

The stock prices of the securities held by the Plan may fluctuate and affect the value of investments, thereby affecting the educational assistance payments (EAP) that the beneficiaries could receive. During the year, 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 to moderate risk tolerance. The risk factors are presented in the Plan's prospectus.

Operating Results for 2023

A RESP is, by definition, a long-term investment vehicle. Consequently, any performance analysis of RESP investments should be carried out in this perspective. For the year 2023, the Plan's portfolio generated a gross market value return of 8.99 %. The total net return was 6.57 % after deducting total administration and management fees of 2.42 %. These fees include input taxes (GST/QST) on goods and services acquired to provide financial services.

In 2023, the administration fee rate was set at 1.65% plus taxes annually.

The following chart presents the gross return, the market index, and the added value for each investment policy as of December 31, 2023:

Asset Category	Gross Return	Market Index	Added Value
Fixed-income securities guaranteed by a government or municipality and corporate bonds	6.38 %	6.28 %	0.10 %
Money market securities guaranteed by a Canadian government, or held as cash and cash equivalents	5.24 %	5.24 %	0.00 %
Canadian and global equities	14.20 %	15.02 %	-0.82 %

Assets of the IDEO+ Adaptive Plan

Before the 60-day deadline after the contract is signed, your contributions and government grants are invested in cash and cash equivalents. At the end of the first 60 days, the income generated on contributions and grants, less applicable fees, will be allocated to the account.

The target allocation within each beneficiary age group with a flexible profile will change over time, and the income credited to the accounts will be allocated according to the respective profiles. A weighted target for fixed income, variable income, cash and cash equivalent asset classes will be determined on a monthly basis by weighting the investments in the different age groups with the targets set for the same age groups.

A portfolio manager oversees these investments using different investment strategies, as shown in the chart below:

Portfolio Manager	Asset Category	Investment Strategy
Montrusco Bolton Investments Inc.	Fixed-income securities guaranteed by a government or municipality and corporate bonds	Bond strategy
Montrusco Bolton Investments Inc.	Variable-income securities	Canadian equities Emerging markets equities Global equities (small-cap and large-cap) Global real estate Global infrastructure

Economic Overview

Canada's economic context

The Bank of Canada, like other central banks around the world, continued its restrictive monetary policy in 2023, with the primary aim of bringing the inflation rate closer to the target range of 1 % to 3 % on an annual basis.

Following the numerous rate hikes that marked the year 2022, the Bank of Canada kept up its momentum in 2023, albeit more moderately. In fact, the Bank raised its key rate three times by a further 0.25 %, most recently on July 12, 2023, bringing it to 5.00 %.

Inflation continued to fall in 2023, a sign that our monetary policy is producing the desired results. The consumer price index (CPI), which stood at 5.9 % at the start of 2023, fell to 3.1 % at the end of the year. The CPI peaked at 8.1 % in June 2022.

Faced with the challenges of inflation and rate hikes, the Canadian economy contracted in 2023. However, the economy continues to show a degree of resilience, thanks to a robust job market and strong demographic growth. After growing by 3.8 % in 2022 and 2.6 % in the first quarter of 2023, the Canadian economy contracted slightly in the second and third quarters. As a result, at the time of writing, preliminary estimates for Canada's GDP stood at 1.10 % for 2023, a significant decline compared to the 3.8 % increase recorded in 2022. The unemployment rate in Canada in November 2023 stood at 5.8 %, representing a slight increase on the 5.0 % recorded in December 2022.

Global economic context

In the U.S., the Federal Reserve (the Fed), which is responsible for American monetary policy, raised its key interest rate a total of four times, again to slow inflation and cool a heating job market, with the unemployment rate remaining very low at 3.7 %. As a result, the Fed raised rates by 100 basis points in 2023, bringing rates to a range of 5.25 % to 5.50 %.

The tightening of monetary conditions is beginning to bear fruit, with the inflation rate falling from 6.4 % at the start of 2023 to 3.1 % in November 2023.

In China, the government’s various stimulus policies and interventions have revived domestic demand, which had been weakened by the ailing real estate sector. The Chinese economy rebounded in 2023 with GDP growth of 5 %, a marked increase on the 3 % growth rate recorded in 2022.

In Europe, the eurozone is on track for a soft landing with estimated growth of 1.3 % for 2023, down from last year’s 2.7 %. The European Central Bank raised its key interest rate six times in 2023, from 2.5 % to 4.5 %.

Finally, the past year was marked by soaring prices for several commodities and raw materials, notably gold, coffee, cocoa, and orange juice. In addition to smaller harvests due to the war in Ukraine, climate upheaval is also a factor. Oil did less well, down by around 10 % over the year, with surplus production pushing down the price of a barrel of oil.

Bond market

The year 2023 began on an optimistic note, with the bond market anticipating possible rate cuts by central banks due to falling inflation. However, the market’s enthusiasm was dampened by inflation which, although falling, proved persistent in the first half of the year, ultimately pushing up bond yields and depressing bond prices. Fortunately, the last quarter saw bonds rise sharply on the back of encouraging economic news on the inflation front.

Finally, the bond market recorded gains of 6.6 % in 2023, as measured by the FTSE Universe bond index, contrasting positively with the significant 11.6 % decline experienced by the same index in 2022.

The yield curve spent most of the year in inverted mode, with bond yields on shorter maturities higher than those on longer maturities.

2023 Bond Market

Canadian Bond Index Performance			Canadian Rates and variations			Central Bank Rates as at December 31, 2022		
	2023	2022		Dec. 2023	Dec.2022		2023	2022
Universe	6.69%	-11.69%	Universe	3.94%	4.28%	Canada	5.00%	4.25%
Federal	5.00%	-9.34%	Short Term	4.09%	4.40%	United-States	5.50%	4.50%
Provincial	7.31%	-15.05%	Medium Term	3.61%	3.96%			
Corporate	8.37%	-9.87%	Corporate (High return)	7.07%	7.34%			

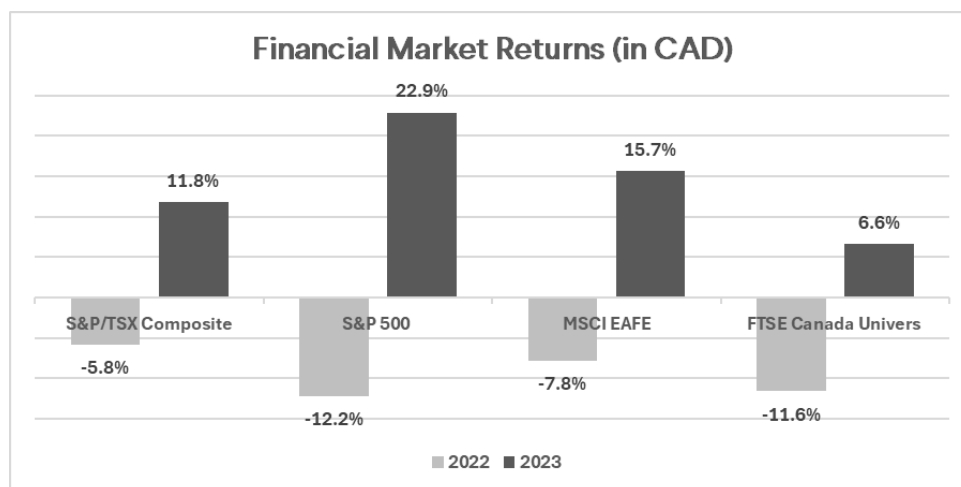
Stock market

Following major declines in the main indices in 2022, global stock markets rebounded in 2023, propelled in particular by technology stocks and the possibility of an interest rate cut materializing in early 2024. After a positive first six months, markets retreated for most of the next semester, before resuming an upward trajectory from November onwards and ending the year strongly.

In Canada, the S&P/TSX Composite Index, representing the Canadian market, recorded an 11 % increase for the year, contrasting favourably with the 5.8 % decline of 2022. The best-performing subsectors in the index were information technology (+69.2%), healthcare (+18.3 %) and finance (+13.9 %). Conversely, the subsectors that performed the least well were communication services (-3.9 %) and materials (-1.3 %).

The U.S. S&P 500 index climbed 24 % in 2023, close to its all-time high, propelled by technology sectors, particularly those linked to the emergence of artificial intelligence. The NASDAQ soared by more than 43 %, boosted by the “Magnificent Seven” tech giants such as Microsoft, Alphabet, Apple and Nvidia.

Elsewhere in the world, investors also did well, with the MSCI World composite index of global equities posting a positive return of 21 % over the year. The MSCI EAFE index representing the Europe-Asia region climbed 15.7 %, while the index representing emerging markets gained 7.3 %. Finally, in Japan, the Nikkei index of the Tokyo Stock Exchange rebounded by 28 % in 2023, its best annual performance in ten years.



Kaleido. S&P/TSX, S&P 500 in CAD, MSCI EAFE in CAD, FTSE Universe

Recent Events

There were no changes to the Plan in 2023.

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. The transactions concluded 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.

The Plan’s assets are invested and managed—pursuant to the investment policies adopted by Kaleido Growth’s Board of Directors—by one portfolio manager 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 0.20 % of assets under management for 2023.

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 Inc. 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 is intended to help you better understand the Plan's financial results:

IDEO+ Adaptive Plan		
<i>(in thousands of \$)</i>	Dec. 31, 2023	Dec. 31, 2022 (Period of 333 days)
Statement of financial position		
Total assets	\$ 13,121	\$ 4,251
Net assets	\$ 13,076	\$ 3,891
Changes in net assets (%)	236.06 %	-
Statement of net and comprehensive income		
Net investment income	\$ 28	\$ 6
Realized and unrealized gains on investments	\$ 501	\$(3)
Net income attributable to contracts	\$ 529	\$ 3
Statement of changes in net assets attributable to contracts		
Net income/savings	\$ 429	-
Net income/incentive	\$ 102	\$ 4
Net Canada Education Savings Grant (CESG) received	\$ 1,598	\$ 731
Net QESI received	\$ 678	\$ 294
Others		
Total number of contracts in the plan	8,096	2,953
Change in total number of contracts	174,16 %	-

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, 2023, the annual administrative fees totalled \$ 132,263 and represented 1.9 % (including applicable taxes) 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 2023 amounted to \$ 145 and represented 0.0002 % 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 2023, the custodian's fee was \$ 16,579, which represents 0.23 % of the Plan's assets under management.

Independent Review Committee Fees

In 2023, the fee paid to the Independent Review Committee totalled \$ 178, which represented 0.002 % of the Plan's assets under management.

Portfolio Management Fees

Montrusco Bolton Investments Inc. manages the fixed- and variable-income portfolios. In 2023, the fees paid to these managers came to \$ 14,358, representing 0.20 % 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 \$ 4,079 in 2023, representing 0.04 % of the Plan's assets under management.

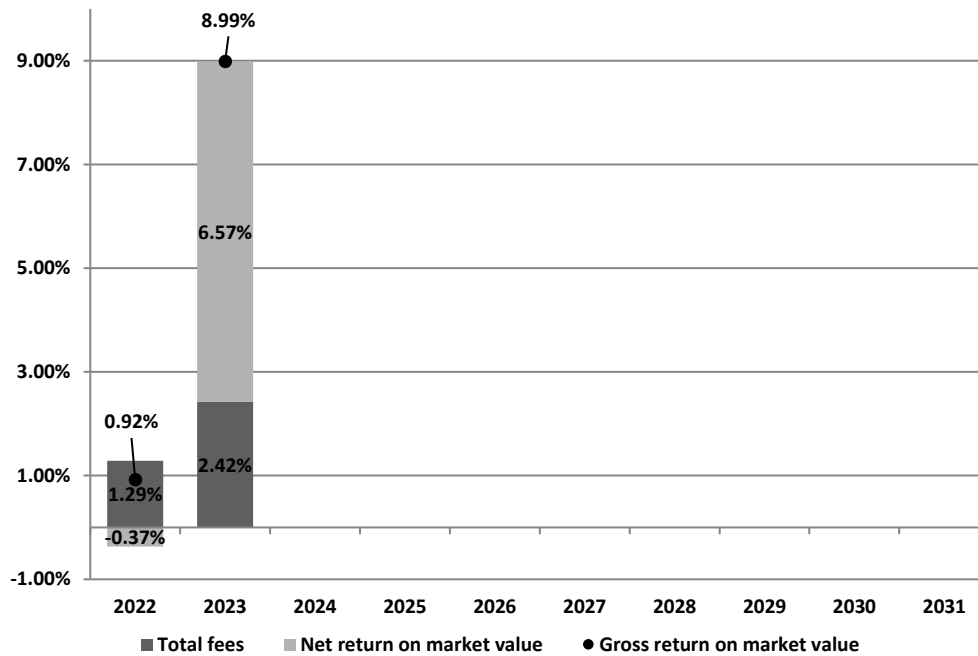
U.S. Tax Fees

Since 2020, the Kaleido Foundation has been trading on the U.S. stock markets. The Internal Revenue Service charges an income tax on U.S. stock sales. In 2023, these fees were \$ 2,076 or 0.03 % of the Plan's assets under management.

Past Performance

Annual Returns

The bar chart below shows the annual returns on all assets under management for the Plan for the last two years, 2022 and 2023. Note that this plan has been available since May 1, 2022. 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.



On May 1, 2022, the new line of IDEO+ plans became available.

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, and any other expenses paid by the Plan, including taxes. 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.

Compound Annual Returns

	Returns as of December 31, 2023, for a period of			
	1 year	3 years	5 years	Since creation
Gross Return at Market Value	8.99 %	n/a	n/a	5.89 %
Market Indices ¹	9.96 %	n/a	n/a	6.81 %
Total costs	2.42 %	n/a	n/a	2.23 %
Net Return at Market Value	6.57 %	n/a	n/a	3.66 %

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

The relevant general benchmarks used for comparison are the same as those listed in the “Objectives and Investment Strategies” section and are briefly described below. They take into account current and past investment policies. A comparison between the returns achieved by the Plan’s funds and those of the market indices is presented in the “Operating Results for 2023” section.

As of December 31, 2023, 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 (15.65 %)
- FTSE TMX Canada Short Term Corporate Bond Index (15.65 %)
- S&P/TSX CAN Index (9.94 %)
- MSCI World Index (27.16 %)
- MSCI World Small Cap Index (5.85 %)
- MSCI Emerging Markets Index (7.82 %)
- FTSE EPRA/NAREIT Developed Index (2.71 %)
- S&P Global Infrastructure Index (USD) (2.6 2%)
- 91-Day Treasury Bill¹ Index (12.59 %)

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

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. These securities are guaranteed by the provinces. The corporate indices cover the Canadian universe of corporate issuers with a credit rating equal to or greater than BBB.

The S&P/TSX Composite Index is Canada's leading stock market index. It covers approximately 95 % of the Canadian equity market and is the primary indicator of Canadian companies listed on the Toronto Stock Exchange.

MSCI World is a market index grouping 1,600 securities traded on the stock markets in 23 different developed countries. It is frequently used to compare the performance of a portfolio of global stocks.

The MSCI World Small Cap Index represents small-cap companies from 23 different developed countries. It includes more than 4,000 companies representing approximately 14 % of the equity markets in those countries, making it an excellent benchmark for Montrusco Bolton Investments Inc.

The MSCI Emerging Markets Index tracks the equities of 24 global emerging countries. With more than 1,300 different stocks, this index covers nearly 85 % of the adjusted market capitalization of these countries.

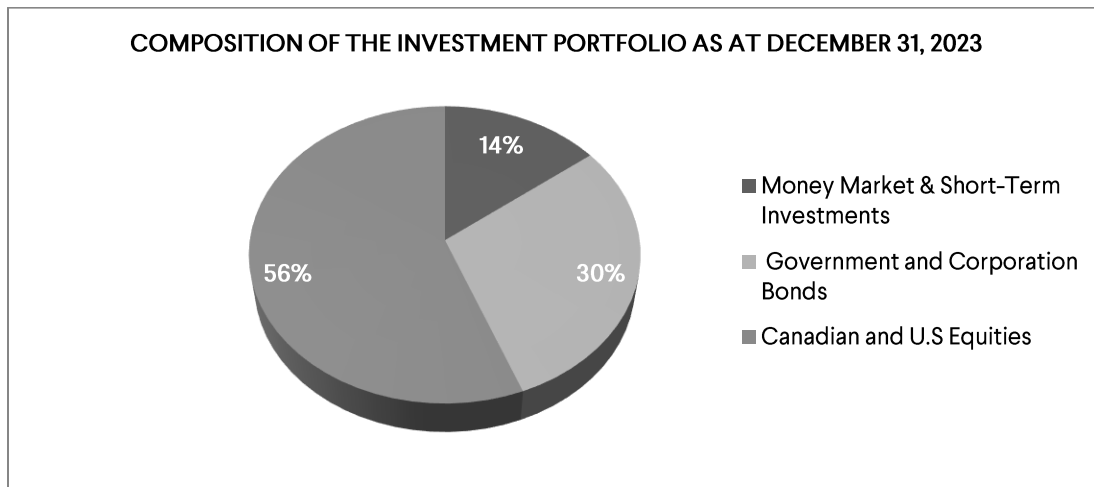
The FTSE EPRA/NAREIT Developed Index is used to represent general trends in real estate in developed countries. This index is often used to compare the performance of funds invested in real estate.

The S&P Global Infrastructure Index is designed to track 75 international infrastructure companies from the energy, transportation and utility sectors.

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.



Did you know that...

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

Top Holdings of the IDEO+ Adaptive Plan Portfolio

The table below presents the main holdings of the portfolio on December 31, 2023. 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.

It should also be noted that portfolio managers were allowed to invest in indexed securities, such as ETFs (exchange-traded funds), until they had accumulated sufficient assets per strategy. This temporary strategy was used to facilitate portfolio diversification early in the life of the IDEO+ plans.

Also note that the portfolio overview can change as a result of the operations carried out by the fund, and you are therefore advised to consult our interim financial statements.

Securities	Maturity	Rate (%)	Market value (\$)	Portfolio Assets (%)
Fixed-Income Securities				
PROV OF ONTARIO	2-Feb-32	4.050	164,223	1.59 %
TORONTO DOMINION BANK	26-Jan-32	3.060	137,575	1.33 %
PROV OF ONTARIO	2-Jun-33	3.650	128,824	1.25 %
BELL CANADA	29-May-28	2.200	114,794	1.11 %
NATIONAL BANK OF CANADA	3-Nov-25	5.296	111,038	1.08 %
IVANHOE CAMBRIDGE II INC	12-Dec-24	2.296	107,204	1.04 %
FEDERATION DES CAISSES	10-Sep-26	1.587	93,242	0.90 %
ROYAL BANK OF CANADA	3-Nov-31	2.140	92,764	0.90 %
Equities				
ISHARE ESG MSCI EMERGING			919,928	8.91 %
ISHARES ESG MSCI EAFE			915,610	8.87 %
ISHARES ESG SCREEN SP SMALL			418,811	4.06 %
ISHARES GLOBAL REIT ETF			323,110	3.13 %
ISHARES GLOBAL INFRASTRUCTUR			312,992	3.03 %
ISHARES MSCI EAFE SMALL-CAP			252,536	2.45 %
MICROSOFT CORP			203,793	1.97 %
APPLE INC			126,427	1.23 %
AMAZON.COM INC			117,604	1.14 %
WASTE CONNECTIONS INC			113,963	1.10 %
ROYAL BANK OF CANADA			112,024	1.09 %
ALPHABET INC			107,017	1.04 %
MASTERCARD INC			103,481	1.00 %
NVIDIA CORP			95,991	0.93 %
ISHARES ESG MSCI CDA INDEX ETF			93,106	0.90 %
ADOBE INC			92,828	0.90 %
AMGEN INC			92,667	0.90 %
Top 25 long positions as a percentage of the total value of securities			5,351,553	51.86 %

Kaleido Growth Inc.

Distributor and manager of the scholarship plans
promoted by Kaleido Foundation

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