



Management Report of Fund Performance

REFLEX Plan

for the financial year ended December 31, 2022

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 (sedar.com). 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 UNIVERSITAS Plan's portfolio securities are delegated to our portfolio managers as described in their respective investment management mandates.

Table of Contents

Performance Review1

Financial and Operational Highlights..... 11

Past Performance..... 13

Portfolio Overview..... 16

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 or 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 a 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 areas of expertise. Accordingly, Jarislowsky Fraser Ltd., State Street Global Advisors Ltd. and Montrusco Bolton Investments Inc. are responsible for the management of equities.

With respect to management of fixed-income securities, the Investment Committee made the decision in September 2022 to withdraw the bond mandate that had been entrusted to Montrusco Bolton Investments Inc. In addition, the bond mandates entrusted to AlphaFixe Capital Inc. and Fiera Capital Corporation are maintained. As a result of these changes, 55% of the bond assets will now be held by AlphaFixe Capital Inc., and 45% will be held by Fiera Capital.

Given the time horizon of an RESP, the general objective of the REFLEX Plan consists of 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 preferred portfolio management approaches are active bond management, value equity, Growth at a Reasonable Price (GARP), and low-volatility equity strategies. Environmental, social and governance (ESG) factors are considered in all investment strategies implemented by the portfolio managers.

From an active management perspective, 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 of 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.

The GARP investment strategy combines the characteristics of both the value and growth strategies. It invests in securities with earnings growth that outstrips the market.

In 2022, the following market indices were used to assess the performance of portfolio manager:

Asset Category	Market Index
Fixed-income securities guaranteed by a government or municipality	FTSE TMX Canada Mid Term Provincial Bond Index FTSE TMX Canada Short Term Provincial Bond Index
Corporate bonds	FTSE TMX Canada Mid Term Corporate Bond Index FTSE TMX Canada Short Term Corporate Bond Index
Money market securities guaranteed by a Canadian government, or held as cash or cash equivalents	91-day Treasury Bills*
Canadian equities	S&P/TSX Capped S&P/TSX Canadian Dividend Aristocrats S&P/TSX Small Cap
U.S. equities	S&P 500 (expressed in Canadian dollars) S&P 500 High Yield Dividend Aristocrats (expressed in Canadian dollars)

* The 91-Day Treasury Bill Index is used for money market investments. Otherwise, the performance index is adjusted to that of a term deposit receipt.

Bond Management 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.

AlphaFixe Capital Inc.'s investment philosophy was partly inspired by the aftermath of the 2008 financial crisis and relies on a rigorous risk management process and capital preservation. As part of their approach, investment strategy decisions are based on fundamental analysis to reflect a long-term view, while making the most of short-term opportunities by executing tactical transactions.

The bond management philosophy of Montrusco Bolton Investments Inc. is based on prudence, income, and capital protection. The bond portion of a balanced portfolio should not put capital at risk, and therefore should be managed with caution and discipline. As part of the investment process and with a view to optimal strategic management, Montrusco Bolton Investments Inc. analyzes weighting management by asset class and sector, as well as credit rating review, and duration and curve 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 achieve a combination of high current income 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. The 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 selection reflects solid long-term management and superior asset allocation, which translates into higher returns on capital and leading per-share growth metrics. In May 2022, following a recommendation of the Investment Committee, it was agreed that Fiera Capital Corporation would assume this mandate.

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 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 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 minimize 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. In 2022, the benchmark index consisted of 40% S&P/TSX Canadian Dividend Aristocrats Index and 60% S&P 500 High Yield Dividend Aristocrats 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 2022

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 2022, the REFLEX Plan's portfolio generated a gross return at market value of -6.08%. The total net return was -7.73% after a 1.64% deduction for total administrative and management fees. These fees include input taxes (GST/QST) on goods and services acquired to provide financial services.

In 2022, the administrative and management fees relative to net assets were lower than those of 2021. This decrease is essentially attributable to the change in the administrative fee rate from 1.350% to 1.305% in April 2022.

The following chart presents the gross return, the market index, and the added value for each investment policy as at December 31, 2022:

Investment Policy	Asset Category	Gross Return	Market Index	Added Value
Contributions before plan maturity and government grants	Fixed-income securities guaranteed by a government or municipality, corporate bonds, Canadian and U.S. equities	-6.25 %	-6.18 %	-0.07 %
Contributions after plan maturity	Money market securities guaranteed by a Canadian government, or held as cash or cash equivalents	2.16 %	2.16 %	0.00 %
Other funds	Canadian and U.S. equities, bonds, money market securities guaranteed by a Canadian government, or held as cash and cash equivalents	-5.37 %	-3.35 %	-2.02 %

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 below:

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

In 2022, management of these funds achieved a gross return at market value of -6.25% compared to the market benchmark of -6.18%. The 0.07% shortfall is mainly due to the underperformance of one of our managers of active bond management portfolios. The general rise in interest rates observed in 2022 had a greater impact on the performance of this manager's strategy, which had used an average portfolio duration longer than that of the index, and therefore had greater exposure to interest rate changes than the benchmark index. As contributions before plan maturity and government grants were invested almost entirely in fixed-income securities, the performance of equity managers did not have a major impact on the return on these assets.

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 2022, management of these funds achieved a gross return at market value of 2.16%. The investment policy for contributions after plan maturity protects sums within the REFLEX Plan. In 2022, the funds were only 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 income on contributions and grants earmarked for a refund of an amount equal to the sales charges to the subscriber at plan maturity, as well other earnings on subscriber contributions (Educational Assistance Payment Account) and on government grants.

Three portfolio managers oversee these investments using different strategies, as shown in the chart below:

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 and low-volatility equity strategy
Montrusco Bolton Investments Inc.	U.S. equities	Growth at a Reasonable Price (GARP)
State Street Global Advisors Ltd.		U.S. high dividend and low-volatility equity strategy

In 2022, these funds achieved a gross return at market value of -5.37%, while that of the market benchmark totalled -3.35%. The negative added value of -2.02% mainly results from underweighting of the energy and financial sectors in some of the strategies used. The Plan's portfolio therefore benefited less from the significant rise in these two sectors, particularly due to the rebound in oil prices, a sub-sector that Kaleido Growth and its portfolio managers prefer to avoid for ESG considerations. However, the small-capitalization strategy performed well, offsetting much of the value lost by the Canadian equity managers who dragged down the plan's performance. Consequently, the equity portfolio did not perform as well as the benchmark index.

Economic Overview

Canada's economic context

The year 2022 will be remembered for a strong resurgence of inflation. In fact, the inflation rate, which was already pointing upward at the end of 2021, accelerated in 2022 at a pace not seen since the early 1980s.

Numerous factors led to this acceleration in inflation: the fiscal stimulus measures and extremely accommodative monetary policies of the pandemic period; the build-up of demand; the disruption of global supply chains and the spike in energy prices caused by Russia's invasion of Ukraine, etc. All contributed to an accelerated rise in consumer prices and a sense that inflation was getting out of control.

As a result, central banks around the world have embarked on a cycle of significant monetary tightening, with successive large rate hikes, in an effort to slow the economy and thus slash the inflation rate. Their objective was clear and specific: they had to bring the inflation rate closer to their target ranges of 1 to 3% on an annual basis.

The Bank of Canada began tightening monetary policy by raising its policy rate by 1% in January, the first of seven rate hikes over the course of 2022, bringing its policy rate from 0.25% at the beginning of the year to 4.25% last December.

Although rate increases take 18 to 24 months to reach their full impact, the effect is already being felt as the inflation rate, as measured by the consumer price index (CPI), began to decline in the second half of the year, dropping from its peak of 8.1% in June to 6.7% in November, and then to 6.1% in December.

The Bank of Canada is taking a firm stance on its inflation-slashing objective and is adamant that it will not budge from its restrictive policy until the objective is met, but it is also supported by a resilient Canadian economy. After growing by 1.7% in the last quarter of 2021, Canadian GDP increased by 0.7%, 0.8% and 0.7% in the first three quarters of 2022, despite the rate hikes. Another element supporting the Bank of Canada's restrictive policy is the strength of the labour market. In fact, the Canadian economy created 104,000 jobs in December as the unemployment rate fell for the third time in four months, bringing it close to its record low of 4.9% achieved last June and July.

Global economic context

Throughout the developed market economies, central banks have faced the same inflationary pressures with the same remedy: successive and pronounced rate hikes.

In the United States, the Federal Reserve (the Fed), which is responsible for U.S. monetary policy, was also grappling with indicators of an overheating U.S. economy: December's unemployment rate of 3.5%, the lowest in 50 years, and an inflation rate that peaked at 9.1% in June, to name just two.

As a result, the Fed made seven rate hikes in 2022, bringing rates to a range of 4.25% to 4.50%, the highest level since 2007. The tightening of monetary conditions is beginning to pay off, with the inflation rate falling steadily since June and reaching a low of 6.5% in December.

The Chinese economy has been plagued by the strict enforcement of China's "zero COVID" policy and the ongoing real estate crisis. In 2022, China recorded its worst economic growth since 1976—except for 2020, when COVID-19 appeared. A rebound is expected in 2023, but there are still many uncertainties to deal with.

Finally, last year was also marked by Russia's invasion of Ukraine and the ensuing war. Beyond the human tragedy, the impacts of this war had many repercussions on the world economy, but particularly in Europe. Since the beginning of the conflict, energy, fertilizer and grain prices have increased by an average of 20 to 30%, stemming from a drop in Ukrainian exports, on the one hand, and economic sanctions imposed on Russia on the other.

Bond market

In 2022, the sharp increases in interest rates resulted in a significant decline for the overall Canadian bond market. For reference, the FTSE Universe bond index declined by 11.69% over the past year. The market value of bonds declines when market interest rates rise, since the coupon rate on outstanding bonds is generally fixed to maturity.

Over the past year as a whole, 10-year yields on the Government of Canada bonds rose dramatically by over 187 basis points (bps), reaching a level of 3.30%. The increases were especially pronounced in the first half of the year.

They subsequently fluctuated in a range of 2.75% to 3.50%, in line with reported economic data and the market's expectation of an upcoming pause in restrictive central bank policy.

Bond Market 2022

Canadian Bond Index Performance		Canadian Rates and variations			American Rates and variations			Central Bank Rates as at December 31, 2022	
	2022		Value	2022		Value	2022		Value
Universe	-11.69%	2 years	4.05%	3.10%	2 years	4.43%	3.69%	Canada	4.25%
Federal	-9.34%	5 years	3.41%	2.15%	5 years	4.00%	2.74%	United-States	4.50%
Provincial	-15.05%	10 years	3.30%	1.87%	10 years	3.87%	2.36%	England	3.50%
Corporate	-9.87%	30 years	3.28%	1.60%	30 years	3.96%	2.06%		

Stock market

After 2021, a favourable year for stock investors, the markets spent much of the past year adjusting to high inflation and rising interest rates, resulting in high levels of volatility and declining returns for the major stock indices.

It should also be noted that after three consecutive quarters of negative performance, the last quarter of 2022 ended on a positive note, specifically in October and November. However, the sustainability of these gains was uncertain, due to the lasting high inflationary environment worldwide as well as the perception of a never-ending Russian-Ukrainian war.

In Canada, the S&P/TSX Composite Index, which represents the Canadian market, was down 5.8% for the year. While sub-sectors of the index, such as health care, information technology and utilities, fared poorly with declines of 57.8%, 35.5% and 10.6%, respectively, others, such as energy, consumer staples and materials, fared better with increases of 54%, 9.6% and 1.7%, respectively.

In the U.S., the Dow Jones and S&P 500 indices fell 8.8% and 18.1%, respectively. The flagship technology index, the NASDAQ 100, fell 33.1%.

Elsewhere in the world, investors found little respite. The MSCI World Composite Index of global equities posted a negative return of 18.1% for the year, while the MSCI EAFE Composite Index of European, Australasian and Far Eastern markets declined by 14.5%.



Recent events

Important Changes to the Plan—End of marketing of the Plan

On March 15, 2022, Kaleido Growth and the Foundation announced the launch of new individual scholarship plans and the end of distribution for currently promoted group plans, including the REFLEX Plan. The new line of IDEO+ plans has been available since May 1, 2022, while the distribution of current group plans ended on April 30, 2022.

Kaleido Growth and the Foundation will continue to honour the contracts already signed until the end of the term, including the payment of planned contributions, and will allow units to be added to the REFLEX Plan under existing agreements until April 30, 2022. After this date, the Plan's assets will continue to be invested in accordance with the same investment policies currently in effect, and there should be no direct impact on the plan's return.

Lower rate for administrative fees

On April 30, 2022, the Plan's rate for administrative fees was reduced from 1.35% to 1.305%. This had a direct impact on the net return of the Plan for subscribers and their beneficiaries. Since the expenses paid by the Plan will be lower, the net return will be higher.

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 accumulated by Kaleido Growth 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 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 operations and are measured based on their exchange amount.

The Plan's assets are invested and managed—pursuant to the investment policies adopted by Kaleido Growth's Board of Directors—by five portfolio managers with the mandate to ensure growth. Annual portfolio management fees represent a declining percentage calculated on the total value of assets under management. These management fees total 0.09% of assets under management for 2022. 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 Operational Highlights

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

	REFLEX Plan				
<i>(In thousands of \$)</i>	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Statement of financial position					
Total assets	\$1,128,339	\$1,160,362	\$1,084,130	\$919,529	\$785,782
Net assets	\$1,124,776	\$1,152,783	\$1,061,480	\$914,253	\$781,281
Changes in net assets (%)	- 2.43%	8.60%	16.10%	17.02%	12.98%
Statement of net and comprehensive income					
Net investment income	\$11,726	\$9,766	\$11,762	\$12,988	\$11,842
Realized and unrealized gains on investments	\$(101,106)	\$893	\$46,623	\$32,218	\$(13,630)
Net income attributable to contracts	\$(89,379)	\$10,659	\$58,385	\$45,206	\$(1,788)
Statement of changes in net assets attributable to contracts					
Educational Assistance Payments (EAPs)	\$(20,417)	\$(15,584)	\$(8,889)	\$(7,444)	\$(5,903)
Net CESG received	\$22,020	\$24,214	\$24,403	\$23,827	\$23,680
Net QESI received	\$9,022	\$9,923	\$9,122	\$9,315	\$9,161
Other					
Number of units (in thousands)	582.6	583.1	571	555.2	541.4
Variation (%)	-0.09%	2.12%	2.85%	2.55%	3.74%

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 Plan's investment policies and strategies with the guidance of its Investment Committee.

As at December 31, 2021, the annual administrative fees totalled \$16,595,256 and represented 1.51% of the Plan's assets under management. The surplus amount of 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 Fees

The Plan pays annual fees to Eterna Trust Inc. as the Plan's trustee. The fees paid to this trustee in 2022 amounted to \$25,862 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 2022, the custodian's fees came to \$208,541 or 0.02% of the Plan's assets under management.

Independent Review Committee Fee

In 2022, the fee paid to the Independent Review Committee totalled \$22,680, which represented 0.002% of the Plan's assets under management.

Portfolio Management Fees

AlphaFixe Capital Inc, Montrusco Bolton Investments Inc. and Fiera Capital Corporation act as managers of the fixed-income portfolio, whereas the management of the equity portfolio is entrusted to Jarislowsky Fraser Ltd., State Street Global Advisors Ltd. and Montrusco Bolton Investments Inc. In 2022, the fees paid to these managers came to \$1,026,135, representing 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. This percentage is determined by the broker and was \$106,294 in 2022 or 0.01% of the Plan's assets under management.

U.S. Tax Fee

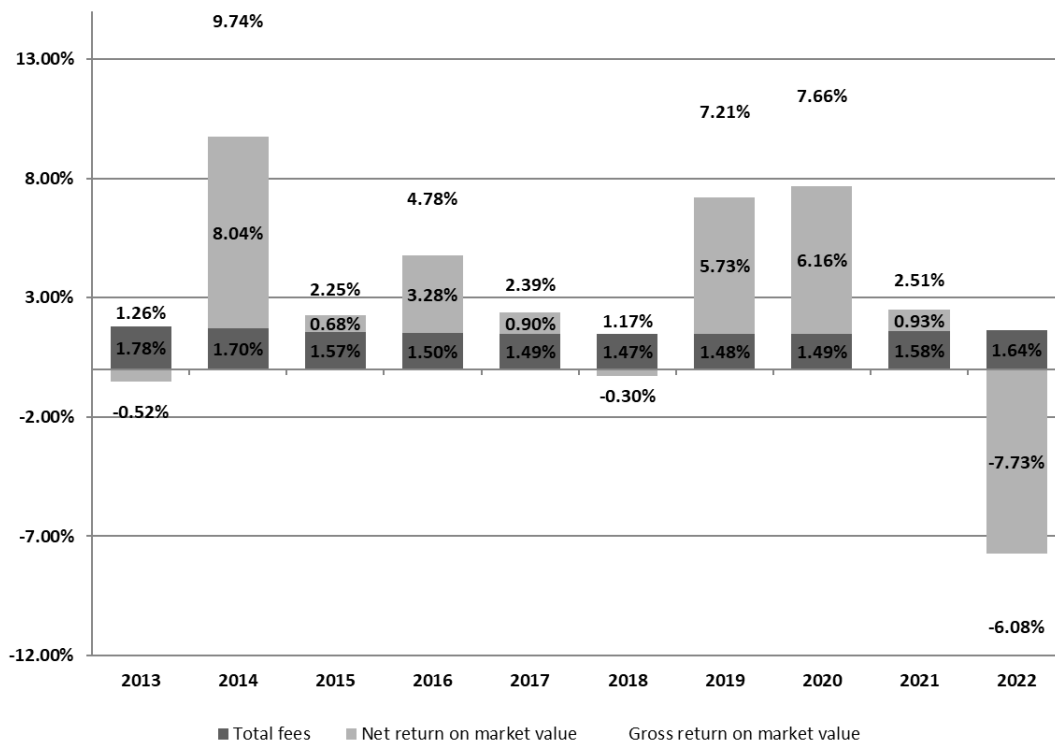
Since 2020, the plans have traded on the U.S. stock markets. The Internal Revenue Service collects an income tax on U.S. stock sales. In 2022, these fees were \$98,428 or 0.01% of the Plan's assets under management.

Past Performance

Annual Returns

Kaleido Growth's investment policies reflect the great care management takes in deciding how the funds entrusted to the organization are invested. For over 55 years, Kaleido Growth's investment strategy has been based on a 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., 2013 to 2022. It presents year-over-year change in the overall return of the investment fund. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



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). Performance information does not take into account sales, redemption, distribution, or other optional charges that would have reduced returns. Past fund performance is not a guarantee of future results.

Compound Annual Returns

	Returns as at December 31, 2022, for a period of			
	1 year	3 years	5 years	10 years
Net Return at Market Value	-7.73%	-0.38%	0.83%	1.63%
Market Indices ¹	-5.82%	1.47%	2.35%	3.07%

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 2022” section.

As of December 31, 2022, the weighted benchmark index of the REFLEX 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 (13.05%)
- FTSE TMX Canada Short Term Provincial Bond Index (13.05%)
- FTSE TMX Canada Mid Term Corporate Bond Index (21.75%)
- FTSE TMX Canada Short Term Corporate Bond Index (39.14%)
- S&P/TSX Composite Index (3.21%)
- S&P/TSX Canadian Dividend Aristocrats Composite Index (0.75%)
- S&P 500 Index (CAD) (2.00%)
- S&P/TSX Small Cap Index (0.79%)
- S&P 500 High Yield Dividend Aristocrats Index (CAD) (1.14%)
- 91-day Treasury Bill Index¹ (5.12%)

¹The 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 REFLEX 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 Capped Composite Index tracks major Canadian stocks listed on the Toronto Stock Exchange. The index applies a maximum weighting of 10% to each of the constituents of the S&P/TSX index.

The S&P/TSX Canadian Dividend Aristocrats Index covers Canadian companies that have followed a policy of steadily increasing dividends every year for at least 5 years.

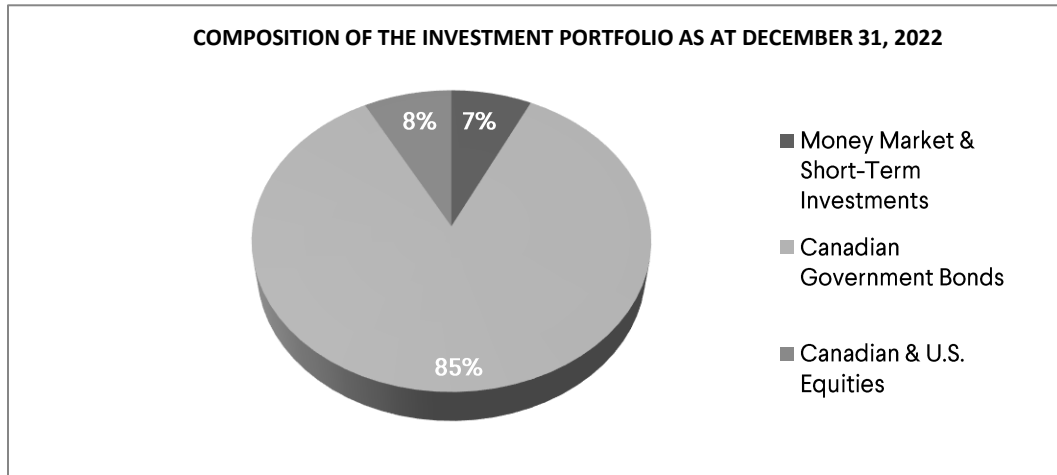
The S&P 500 Index represents the U.S. large-cap market. Stock returns are not hedged for currency risk.

The S&P 500 High Yield Dividend Aristocrats Index covers U.S. companies that have followed a policy of steadily increasing dividends every year for at least 20 years.

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...

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 table below presents the main holdings of the portfolio on December 31, 2022. It should be noted that these are all presented from a long position. Our investment policy stipulates that margin buying and short sales are not permitted.

Also note that the portfolio overview can change 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	1-Nov-29	1.550	30,053,306.85	2.86 %
PROVINCE OF ONTARIO	1-Feb-27	1.850	17,991,144.92	1.71 %
TRANSCANADA PIPELINES LTD	5-Apr-27	3.800	17,990,069.26	1.71 %
PROV OF QUEBEC	27-May-31	2.100	16,411,101.62	1.56 %
CANADIAN IMPERIAL BK OF COMM	17-Apr-25	2.000	16,377,368.01	1.56 %
PROV OF QUEBEC	20-May-32	3.650	15,771,446.50	1.50 %
THE BANK OF NOVA SCOTIA	8-May-26	5.500	14,939,104.83	1.42 %
PROV OF ONTARIO	2-Jun-29	2.700	13,318,311.28	1.27 %
HYDRO ONE INC	27-Jan-28	4.910	12,948,670.21	1.23 %
PROV OF QUEBEC	1-Sep-30	1.900	12,231,449.02	1.17 %
HYDRO-QUEBEC	1-Sep-28	2.000	12,072,250.92	1.15 %
THE BANK OF NOVA SCOTIA	3-May-32	3.934	11,902,460.34	1.13 %
PROV OF ONTARIO	5-Feb-25	2.650	11,817,699.85	1.13 %
TORONTO DOMINION BANK	8-Mar-28	1.888	11,595,132.82	1.10 %
BANK OF MONTREAL	1-Jun-27	4.309	11,205,400.82	1.07 %
FEDERATION DES CAISSES	10-Sep-26	1.587	10,536,484.32	1.00 %
TORONTO DOMINION BANK	27-Jan-26	4.344	10,406,998.36	0.99 %
BANK OF NOVA SCOTIA	3-Feb-25	2.160	10,361,597.62	0.99 %
ENBRIDGE INC	9-Nov-27	5.700	10,345,369.19	0.99 %
PROV OF ONTARIO	2-Jun-25	2.600	10,315,295.63	0.98 %
Canadian Equities				
CANADIAN NATIONAL RAILWAY CO			2,811,072.75	0.27 %
BANK OF NOVA SCOTIA			1,956,627.50	0.19 %
MICROSOFT CORP			1,808,313.97	0.17 %
INTACT FINANCIAL CORP			1,701,880.54	0.16 %
THOMSON REUTERS CORP			1,649,335.82	0.16 %
Top 25 long positions as a percentage of the total value of securities			288,517,892.95	27.48 %

Kaleido Growth Inc.

Distributor and manager of the scholarship plans
promoted by Kaleido Foundation

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

**Phone: 1 877 710-7377
Fax: 418 651-8030
Email: info@kaleido.ca**

