

## Management Report of Fund Performance

**For the period from December 9, 2022 to December 31, 2022**

This document contains the Annual Management Report of Fund Performance (“MRFP”) for the Embark Student Plan (the “Plan”).

This MRFP contains financial highlights but does not contain the complete annual financial statements of the Plan. You can obtain a copy of the annual financial statements of the Plan at your request, and at no cost, by calling us at 1-800-363-7377 or by writing to us at 50 Burnhamthorpe Road West, Suite 1000, Mississauga, Ontario, L5B4A5. Alternatively, you can visit our website at [www.knowledgefirstfinancial.ca](http://www.knowledgefirstfinancial.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

The investment policies of the Plan, as well as those contained in the Canadian Securities Administrators (“CSA”) policies, limit the Plan’s investments to government bonds, guaranteed investment certificates, guaranteed mortgages, and corporate debt instruments of financial institutions (the latter with a minimum BBB (low) credit rating at the time of acquisition), Canadian equity securities, and U.S. equities via an exchange-traded fund (ETF), both of which must be traded on a stock exchange in Canada or the U.S.

Any decision on security voting matters has been delegated to each of our portfolio managers as described in their respective Investment Management Agreements.

### Topics Covered in this Report

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## **Management Discussion of Fund Performance**

### **Investment Objectives and Strategies**

The investment objectives of the Plan are foremost to protect the principal of the investor and maximize return over the long term, in accordance with the Plan's investment policy. As the Plan's target end date approaches, the Plan will gradually shift its asset mix from an exposure that is predominantly in equities to an exposure that is primarily in bonds and cash equivalents. The Plan's exposure to different asset classes will be achieved through investing in a diversified mix of equity securities, government and corporate fixed-income securities, as well as exchange-traded funds ("ETFs") which have exposure to these securities.

A Beneficiary will be assigned to a glide path beneficiary age group based on their date of birth. As the Beneficiary ages, the target asset mix for each glide path beneficiary age group will change transitioning to a more conservative investment mix over time. When a glide path beneficiary cohort reaches the maturity date, the investment account is merged with the Graduation investment account, which has an asset mix intended for capital preservation.

The Plan's assets will be managed by BMO Asset Management Inc. via investing in underlying passive ETFs representing different asset mix. The portfolio managers will use active tactical calls to manage the asset mix within set parameters established under the prospectus.

### **Risk**

The Plan is suitable for investors seeking to save for a child's post-secondary education. The risks associated with an investment in the Plan are disclosed in the Plan's prospectus.

### **Results of Operations**

The Plan was established on December 9, 2022 and registered with the OSC on February 6, 2023. The Plan has not yet commenced operations.

### **Investments**

As at December 31, 2022, the Plan has no investments as it has not commenced operations yet.

### **Related Party Transactions**

Initial subscription of \$5,000 was made by Knowledge First Foundation, the Sponsor of the Plan, on December 9, 2022.

### **Management Fees paid by the Plan**

Management fees, which are paid to the Investment Fund Manager, Knowledge First Financial Inc. ("Knowledge First Financial"), will be calculated as a percentage of the sum of the closing balances of net contributions, grants and income. This fee covers ongoing costs of supporting the Plan including Plan administration, depository, portfolio management and custodial-related costs for the Plan. This fee can increase or decrease, but will not exceed 1.99% per annum plus applicable sales taxes. For the period from December 9, 2022 to December 31, 2022, no management fees have been paid as the Plan has not yet commenced its operations.

### **Financial and Operating Highlights**

There were no Financial Highlights to present as the Plan has not commenced operations yet.

**Summary of Investment Portfolio**

As at December 31, 2022, the Plan has no investments as it has not commenced operations yet.

**Past Performance**

**Year by Year Returns**

Year-by-year return information is not available as the Plan has not commenced operations yet.

**Annual Compound Returns**

Annual compound return information is not available as the Plan has not commenced operations yet.