

Financial Statements of

EMBARK STUDENT PLAN

Education savings program provided by Embark Student Foundation

Unaudited Semi-Annual Financial Statements

For the six months ended June 30, 2023

EMBARK STUDENT PLAN

Statements of Financial Position

As at June 30, 2023 and December 31, 2022

(All amounts in Canadian dollars)

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets		
Current Assets		
Cash	\$ 176,665	\$ 4,872
Investments (Note 5)	2,252,836	—
Dividends Receivable	8,682	—
Management Fee Rebate Receivable (Note 8)	1,895	—
Total Assets	\$ 2,440,078	\$ 4,872
Liabilities		
Current Liabilities		
Due to Affiliate (Note 8)	2,414	—
Total Liabilities	\$ 2,414	\$ —
Net Assets Attributable to Subscribers and Beneficiaries (Note 7)	\$ 2,437,664	\$ 4,872

Net Assets attributable to Subscribers and Beneficiaries per unit class

Embark Student 2026	\$ 679,669	\$ 696
Embark Student 2029	456,609	696
Embark Student 2032	148,971	696
Embark Student 2035	253,941	696
Embark Student 2038	60,681	696
Embark Student 2041	158,052	696
Embark Student Graduation	679,741	696
	\$ 2,437,664	\$ 4,872

Units outstanding per unit class (Note 7)

Embark Student 2026	63,946	—
Embark Student 2029	42,804	—
Embark Student 2032	13,964	—
Embark Student 2035	23,844	—
Embark Student 2038	5,663	—
Embark Student 2041	14,682	—
Embark Student Graduation	64,657	—
	229,560	—

Net Assets attributable to Subscribers and Beneficiaries per unit

Embark Student 2026	10.63	—
Embark Student 2029	10.67	—
Embark Student 2032	10.67	—
Embark Student 2035	10.65	—
Embark Student 2038	10.72	—
Embark Student 2041	10.77	—
Embark Student Graduation	10.51	—
	74.62	—

Approved by the Board of Directors of Embark Student Foundation

"David Forster"

"Andrea Bolger"

David Forster, Director

Andrea Bolger, Director

The accompanying notes are an integral part of these financial statements.

EMBARK STUDENT PLAN

Statement of Comprehensive Income (Loss)

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

	June 30, 2023
	(Unaudited)
Income	
Interest Income	\$ 10,664
Net Realized Gains (Losses) on Investments	67
Net Change in Unrealized Gains (Losses) on Investments	4,382
Total Income (Loss) (Net)	\$ 15,113
Expenses	
Bank Charges	1,145
Management Fees (Note 8)	2,457
Transaction Costs	1,260
Total Expenses	\$ 4,862
Increase (Decrease) in Net Assets Attributable to Subscribers and Beneficiaries	\$ 10,251
Increase (decrease) in Net Assets attributable to Subscribers and Beneficiaries per unit class	
Embark Student 2026	\$ (485)
Embark Student 2029	2,601
Embark Student 2032	1,199
Embark Student 2035	2,615
Embark Student 2038	1,203
Embark Student 2041	2,469
Embark Student Graduation	649
	\$ 10,251
Weighted average number of units outstanding	
Embark Student 2026	17,613
Embark Student 2029	15,076
Embark Student 2032	5,747
Embark Student 2035	11,586
Embark Student 2038	2,302
Embark Student 2041	4,607
Embark Student Graduation	14,571
	71,502
Increase (decrease) in Net Assets attributable to Subscribers and Beneficiaries per unit	
Embark Student 2026	(0.03)
Embark Student 2029	0.17
Embark Student 2032	0.21
Embark Student 2035	0.23
Embark Student 2038	0.52
Embark Student 2041	0.54
Embark Student Graduation	0.04
	1.68

* No comparative financial statements have been provided as the Plan was created on December 9, 2022 but commenced its operations on March 1, 2023. See Note 1 for details.

The accompanying notes are an integral part of these financial statements.

EMBARK STUDENT PLAN

Statement of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

	Total	Embark Student 2026	Embark Student 2029	Embark Student 2032	Embark Student 2035	Embark Student 2038	Embark Student 2041	Embark Student Graduation
	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Period	4,872	696	696	696	696	696	696	696
Increase (decrease) in Net Assets attributable to Subscribers and Beneficiaries from operations	10,251	(485)	2,601	1,199	2,615	1,203	2,469	649
Redeemable Unit Transactions								
Proceeds from redeemable units issued	2,507,557	713,758	460,680	153,092	257,135	64,303	161,029	697,560
Redemption of redeemable units	(75,021)	(31,801)	(5,251)	(5,208)	(5,107)	(5,146)	(5,269)	(17,239)
Net increase from redeemable unit transactions	2,432,536	681,957	455,429	147,884	252,028	59,157	155,760	680,321
Distributions to holders of redeemable units								
From net investment income	(9,995)	(2,499)	(2,117)	(808)	(1,398)	(375)	(873)	(1,925)
Total distributions to holders of redeemable units	(9,995)	(2,499)	(2,117)	(808)	(1,398)	(375)	(873)	(1,925)
Increase in Net Assets attributable to holders of redeemable units during the period	2,432,792	678,973	455,913	148,275	253,245	59,985	157,356	679,045
Net Assets Attributable to Subscribers and Beneficiaries, End of Period	2,437,664	679,669	456,609	148,971	253,941	60,681	158,052	679,741

* No comparative financial statements have been provided as the Plan was created on December 9, 2022 but commenced its operations on March 1, 2023. See Note 1 for details.

The accompanying notes are an integral part of these financial statements.

EMBARK STUDENT PLAN

Statement of Cash Flows

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

Cash Provided by (Used in)	June 30, 2023
	(Unaudited)
Operating Activities	
Increase (Decrease) in Net Assets Attributable to Subscribers and Beneficiaries	10,251
Adjustments for:	
Transaction costs	1,260
Realized (gain) loss on sale of investments	(67)
Change in unrealized (appreciation) depreciation in the value of investments	(4,382)
Purchase of investments	(2,330,394)
Proceeds from sale of investments	80,747
(Increase) decrease in dividends receivable	(8,682)
(Increase) decrease in management fee rebate receivable	(1,895)
Increase (decrease) in management fees payable	2,414
Net Cash (Used in) Provided by Operating Activities	\$ (2,250,748)
Financing Activities	
Proceeds from sale of redeemable units	2,507,557
Amounts paid for redeemable units redeemed	(75,021)
Distributions paid to holders of redeemable units, net of reinvested distributions	(9,995)
Net Cash Provided by (Used in) Financing Activities	\$ 2,422,541
Net Increase (Decrease) in Cash During the Period	171,793
Cash, Beginning of Period	4,872
Cash, End of Period	\$ 176,665

Supplementary Disclosure of Cash Flow Information

Dividends received, net of withholding taxes*	1,982
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*Included in operating activities

** No comparative financial statements have been provided as the Plan was created on December 9, 2022 but commenced its operations on March 1, 2023. See Note 1 for details.

The accompanying notes are an integral part of these financial statements.

EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

1 General Information

Embark Student Plan (the “Plan”) is established by Embark Student Foundation (the “Foundation”) as a savings vehicle for subscribers to save for a designated student’s (beneficiary) post-secondary education. The opening Statement of Financial Position was prepared on December 9, 2022. The Plan was registered with the Ontario Securities Commission (the “OSC”) on February 6, 2023.

The distribution and general administration of the Plan is carried out on behalf of the Foundation by Embark Student Corp., (the “Manager”), a wholly owned subsidiary of the Foundation. The Plan commenced its operations on March 1, 2023.

The Plan meets its investment objectives for subscribers by investing contributions, government grants and earnings, according to a glide path long-term investment approach that seeks to match the age of beneficiaries and their expected date to attend post-secondary education with appropriate asset classes and investment mix.

Each class of units represents a glide path beneficiary age group. When an account is opened, each beneficiary is issued units of a class of units based on their date of birth. As the beneficiary ages, the target asset mix for each class of units will change over time with an emphasis on equity investing in the early years transitioning to a more conservative investment mix over time, with an emphasis on fixed income securities. When a particular class of units reaches the maturity date, it is merged with the Embark Student Graduation class of units, which has an asset mix intended for capital preservation. The actual asset mix of each class of units may vary based on changes in the market value of underlying securities and will be rebalanced periodically to maintain the target asset mix.

As at June 30, 2023, the plan consists of 7 different classes of units to which each beneficiary is assigned to based on their date of birth: Embark Student 2026, Embark Student 2029, Embark Student 2032, Embark Student 2035, Embark Student 2038, Embark Student 2041, Embark Student Graduation. Every three years, the Plan intends to create a new class of units for youngest beneficiaries as soon as the class of units with oldest beneficiaries is merged with Embark Student Graduation.

The Plan's investment manager, Bank of Montreal (BMO), invests primarily in a diversified mix of Exchange Traded Plans (“ETFs”) providing exposure to fixed income, money market, cash equivalents and equity securities. It will seek to achieve its objectives where considered appropriate by investing in exchange-traded Plans or ETFs which have exposure to these securities.

The Plan's primary place of business is 50 Burnhamthorpe Road West, Mississauga, Ontario, Canada.

The Trustee of the Plan is Bank of Nova Scotia Trust Company. The Custodian of the Plan is RBC Investor Services Trust.

The financial statements were authorized for issue by the Audit, Finance and Risk Management Committee of the Board of Directors of the Foundation on August 22, 2023.

2 Basis of Accounting

These unaudited semi-annual financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting as issued by the International Accounting Standards Board. The Plan has consistently applied the accounting policies used in the preparation of its financial statements.

EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

3 Summary of Significant Accounting Policies

The significant accounting policies followed by the Plan are as follows.

Financial instruments

The Plan recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss. Regular purchases and sales of financial assets are recognized at their trade date. The Plan's investments are classified as fair value through profit or loss (FVTPL). All other financial assets and liabilities, including interest and dividends receivable, government grants receivable, other receivables and accounts payable, and principal payable to subscribers are measured at amortized cost. The Plan's obligation for net assets attributable to subscribers and beneficiaries is presented at the distribution amount, which is the residual amount of assets of the Plan after deducting all of its liabilities.

Fair Value Measurement

For ETFs, the Plan uses the last traded market price where the last traded price falls between that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Plan determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Plan's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

Income Recognition, Transaction Costs and Expenses

Dividends are recognized as income on the ex-dividend date. The cost of investments is determined using the average cost method. Transaction costs included represent broker's commission.

Impairment of Financial Assets

Financial Instruments ("IFRS 9") requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized cost. With respect to financial assets at amortized cost, the Plan considers both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement dates, interest, dividends, other and government grant receivables are due to be settled within the short term. The Plan considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Plan to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements. The credit rating and trading price of each security incorporate this risk, although such expected credit loss allowance is not segregated and identifiable. Thus, the Plan does not include any incremental loss allowance for its portfolio of fixed income securities.

Foreign Currency

The financial statements are presented in Canadian dollars, which is the Plan's functional and presentation currency.

Cash

Cash is comprised of demand deposits with financial institutions.

EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

Funds Transferred In / (Out)

During the life of an agreement, subscribers of other plans managed by Embark Student Corp. or subscribers at another provider may choose to transfer their agreement to the Plan. Alternatively, subscribers of the Plan may choose to transfer their agreements to another provider. Contributions, government grants and income transferred in/out are reported as changes in net assets attributable to subscribers and beneficiaries.

Management fee rebates

The Manager may reduce the management fees based on size of a unitholder investment or participation in a program offered by the Manager. Following the end of each quarter, the amount of any management fee rebate is distributed to qualified unitholders by the Plan in the form of a reinvestment in additional units of the respective class of the Plan. The management fee rebate, if applicable, is included in “Management fee rebate receivable” in the Statement of Financial Position and Statement of Cash Flow and is netted against “Management fees” in the Statements of Comprehensive Income of each unit class, respectively, if applicable. The Manager may reduce or waive the management fees without giving notice to unitholders.

At June 30, 2023, management fee rebate in the amount of \$1,895 was distributed.

Net Assets Attributable to Subscribers and Beneficiaries

Net assets attributable to subscribers and beneficiaries are comprised of subscribers’ contributions, government grants and income earned on both subscribers’ contributions and government grants. Net assets attributable to subscribers and beneficiaries are classified as a liability as subscribers have the option to withdraw at any point prior to maturity. If a subscriber withdraws before maturity, the subscriber’s contributions are returned to the subscriber, income earned on that subscriber’s contributions is due and payable to the subscriber in the form of an accumulated income payment or payable to a designated educational institution. Government grant contributions are returned to the government and forfeited income on the government grants is owed to a designated educational institution.

Subscribers’ contributions are comprised of deposits received from subscribers. During the life of an agreement, subscribers may choose to change the amount of their contributions.

Government grants represent contributions received from federal and provincial governments. Government grants are recognized upon receipt of an eligible contribution to a registered education savings plan by a subscriber to the Plan.

Accumulated income includes the increase (decrease) in net assets attributable to subscribers and beneficiaries. Education assistance payments, and payments of grant income to beneficiaries and designated financial institutions reduce the accumulated income account.

Taxation

The income on Subscribers’ contributions is currently exempt from income taxes under the Income Tax Act (Canada) prior to the maturity of the plan. Education Assistance Payments, comprising government grants and all accumulated income, made to qualified nominees will be included in their income for the purposes of the Income Tax Act (Canada). The amounts deposited by subscribers are not deductible to the subscribers for tax purposes and are not taxable when returned to subscribers or their designated nominees.

EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

The Plan is exempt from income taxes under Section 146.1 of the Income Tax Act (Canada).

Interests in Unconsolidated Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of a contractual arrangement. The Plan invests in exchange traded Plans (ETFs) and asset-backed securities, which are disclosed on the Schedule of Investment Portfolio, and the Plan has determined that these investments are unconsolidated structured entities. The Plan accounts for its investments in unconsolidated structured entities at fair value through profit and loss. The ETFs finance their operations by issuing redeemable shares, which are puttable at the holder's option and entitle the holder to a proportional stake in the ETF's net asset value. The ETFs are domiciled in Canada and listed on the Toronto Stock Exchange.

New standards and interpretations not yet adopted

The Plan has determined that there are no IFRS standards that are issued but not yet effective that could materially impact the Plan's financial statements.

4 Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant judgments and estimates that the Plan has made in preparing the financial statements.

Investment Entity Status

A significant judgment made in preparing the Plan's financial statements relates to the determination that the Plan meets the definition of an investment entity as described in IFRS 10, Consolidated financial statements. The Plan's objective is to invest subscribers' contributions to maximize their investment return over the long term for the purpose of generating investment income. Fair value is the primary measurement used to evaluate the performance of substantially all investments.

Classification and Measurement of Financial Instruments

In classifying and measuring financial instruments held by the Plan, the manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. In making this judgment, the manager has assessed the Plan's business model for managing the portfolio and the contractual cash flow characteristics and determined the investments are managed on a fair value basis, and that fair value is used to assess performance and make investment decisions. Consequently, all investments are measured at fair value through profit or loss.

5 Financial Instruments Risks

The Plan's investment activities expose it to a variety of risks associated with financial instruments, as follows: credit risk, liquidity risk and market risk (including price risk, currency risk and interest rate risk). The Plan does not conduct any activities in currencies other than the Canadian dollar and is therefore not subject to significant direct currency risk, and only its holdings of US and international equities via unhedged ETFs are exposed to a direct currency risk. The Plan's overall risk management approach includes investment guidelines, objectives, and limits which are designed to ensure that risk is mitigated through allocation of investments across different market sectors, maturity segments and issuers. The Plan employs a third-party investment manager and monitors the investments for

EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

compliance with the stated investment guidelines and relevant securities and tax regulations. Oversight responsibility and authority rests with the Foundation's Board of Directors and its Investment Committee. An Independent Review Committee is also in place.

Credit Risk

The Plan is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is kept on deposit at financial institutions. The majority of the credit risk to which the Plan is exposed arises from its investments in ETFs with underlying debt securities. These ETFs invest in the Canadian investment-grade fixed income market consisting of Federal, Provincial, Municipal and Corporate bonds.

The fair value of debt investments includes consideration of the credit worthiness of the debt issuer. The carrying amount of cash, receivables and debt investments represents the maximum credit risk exposure as at June 30, 2023. The analysis below summarizes the credit quality of the Plan's debt portfolio as at June 30, 2023. Credit ratings for underlying debt securities in the ETFs are obtained from BMO GAM.

Unit Class	"AAA"	"AA"	"A"	"BB"	Total
Embark Student 2026	32.80 %	21.60 %	21.70 %	23.90 %	100.00 %
Embark Student 2029	29.10 %	26.30 %	21.30 %	23.30 %	100.00 %
Embark Student 2032	25.20 %	23.30 %	23.30 %	28.20 %	100.00 %
Embark Student 2035	24.40 %	22.60 %	23.70 %	29.30 %	100.00 %
Embark Student 2038	22.30 %	20.90 %	24.80 %	32.00 %	100.00 %
Embark Student 2041	20.70 %	19.70 %	25.60 %	34.00 %	100.00 %
Embark Student Graduation	16.00 %	11.90 %	43.30 %	28.80 %	100.00 %

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan has current exposure to the subscribers' contributions and government grant balances as subscribers can cancel or terminate their agreement at any time at which point the full balance would become immediately payable to the subscribers or the government. The Plan is also exposed to agreement maturities and obligations with respect to the accumulated income accounts. Therefore, the Plan invests its assets in investments that are traded in an active market and can be easily liquidated. In addition, the Plan endeavors to retain adequate cash positions to maintain adequate liquidity.

Maturity Profile

EAPs (accumulated income and government contributions) are paid upon submission of required documentation to the Manager. Subscriber's principal is paid upon maturity of a respective agreement.

If a subscriber cancels an agreement, subscriber's principal and associated government grants are due upon demand. Government grants payable to the government are presented net of government grants receivable in the Statements of Financial Position, as the Plan has the ability and intent to settle net. Income on the subscriber's principal and returned government grants become immediately payable to the subscriber or to a qualified educational institution, as applicable, and is included in accounts payable and other liabilities in the Statements of Financial Position.

All other liabilities of the Plan are due within three months.

EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

Concentration Risk

The table below summarizes this Plan's concentration risk as a percentage of investments as at June 30, 2023.

Unit Class	Canadian Fixed Income	Money Market	U.S. Equities	International Equities	Canadian Equities	Total
Embark Student 2026	77.10 %	7.70 %	7.00 %	5.20 %	3.00 %	100.00 %
Embark Student 2029	59.70 %	14.50 %	14.00 %	10.00 %	1.80 %	100.00 %
Embark Student 2032	43.30 %	20.30 %	18.20 %	17.10 %	1.10 %	100.00 %
Embark Student 2035	30.40 %	24.70 %	23.50 %	21.40 %	— %	100.00 %
Embark Student 2038	31.80 %	25.00 %	23.60 %	19.60 %	— %	100.00 %
Embark Student 2041	34.00 %	27.10 %	26.50 %	12.40 %	— %	100.00 %
Embark Student Graduation	52.90 %	35.60 %	4.20 %	4.10 %	3.20 %	100.00 %

Market Risk

The Plan's investments are subject to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analysis, as applicable that show how the net assets attributable to subscribers and beneficiaries would be affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ, and the differences could be material.

a) Interest Rate Risk

Interest rate risk is the risk of a change in the fair value or cash flows of a Plan's investments in interest-bearing financial instruments due to fluctuations in market interest rates. There is an inverse relationship between changes in interest rates and changes in the fair value of interest-bearing securities. The Plan manages interest rate risk through the portfolio manager by diversifying in various investments, as well as through Investment Committee oversight.

The tables below summarize the Plan's exposure to interest rate risk as at June 30, 2023.

Unit Class	Less than 1 year	1-5 years	5-10 years	10-30 years	Total
Embark Student 2026	3.70 %	29.50 %	50.40 %	16.40 %	100.00 %
Embark Student 2029	2.80 %	31.20 %	45.00 %	21.00 %	100.00 %
Embark Student 2032	2.30 %	27.20 %	52.20 %	18.30 %	100.00 %
Embark Student 2035	— %	27.00 %	54.90 %	18.10 %	100.00 %
Embark Student 2038	— %	24.60 %	58.90 %	16.50 %	100.00 %
Embark Student 2041	— %	22.80 %	61.80 %	15.40 %	100.00 %
Embark Student Graduation	47.10 %	52.90 %	— %	— %	100.00 %

EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

b) Currency Risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Plan, will fluctuate due to changes in foreign exchange rates. The value of investments denominated in a currency other than the functional currency is affected by changes in the value of the functional currency in relation to the value of the currency in which the investment is denominated. When the value of the functional currency falls in relation to foreign currencies, then the value of the foreign investments rises. When the value of the functional currency rises, the value of the foreign investments falls.

As at June 30, 2023, if the exchange rate had increased or decreased by 5%, with all other variables held constant, the net assets attributable to subscribers and beneficiaries would have increased or decreased by approximately \$26,385.

c) Other Price Risk

The Plan is exposed to other price risk, which is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether the 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. Financial instruments held by the Plan are susceptible to market price risk arising from uncertainties about future prices of those instruments. Market prices of these instruments are predominantly a function of interest rate movements, credit risks, unemployment rates in the North American economy, general business conditions, commodity prices and corporate profits. The maximum risk resulting from financial instruments held by the Plan is equivalent to their fair value. The investment managers manage this risk through the selection of securities within the parameters of the investment strategy. As at June 30, 2023, if the investment in equity ETFs had increased or decreased by 5%, with all other variables held constant, the net assets attributable to subscribers and beneficiaries would have increased or decreased by approximately \$39,469.

Capital Risk Management

The capital of the Plan is represented by the net assets attributable to subscribers and beneficiaries. The capital of the Plan can change daily as the Plan is subject to ongoing contributions and cancellations. In addition, EAPs and maturities occur at specified times during the year. The Plan is not subject to externally imposed capital requirements. The Plan's objective, when managing capital risk, is to safeguard subscribers' contributions and government grants received and earn income on those amounts in order to pay EAPs to qualified beneficiaries. The Plan endeavors to invest subscribers' contributions, government grants received, and income earned in appropriate investments while maintaining sufficient liquidity to meet maturities, EAPs, cancellations and expenses in accordance with its investment objectives and risk management policies as described above. In order to manage the Plan's capital, the Plan's policy is to perform the following:

- Monitor the level of daily subscriber contributions and withdrawals relative to the liquid assets and adjust the amount of cash invested accordingly.
- Monitor the level of expected future payments for maturities and EAPs based on maturity and student applications received, and historical beneficiary qualification rates, and adjust the investment portfolio accordingly.
- Invest in securities which are traded in an active market and can be easily liquidated. There has been no change with respect to the overall capital risk management strategy during the period.

EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

6 Fair Value Measurement

The Plan classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly; and

Level 3 Inputs that are unobservable.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following table illustrates the classification of the Plan's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2023.

June 30, 2023	Level 1	Level 2	Level 3	Total
Embark Student 2026	647,076	—	—	647,076
Embark Student 2029	437,644	—	—	437,644
Embark Student 2032	142,536	—	—	142,536
Embark Student 2035	242,377	—	—	242,377
Embark Student 2038	58,527	—	—	58,527
Embark Student 2041	149,264	—	—	149,264
Embark Student Graduation	575,412	—	—	575,412
	2,252,836	—	—	2,252,836

All fair value measurements above are recurring. If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following tables illustrate the classification of the Plan's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2023. There were no transfers of financial assets between Level 1, Level 2 and Level 3 for the period from March 1, 2023 (commencement of operations) to June 30, 2023.

EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

7 Net Assets Attributable to Subscribers and Beneficiaries

For the period from March 1, 2023 (commencement of operations) to June 30, 2023, changes in outstanding units were as follows:

Class of Units	Number of Units, Beginning of Period	Units Issued	Units Redeemed	Number of Units, End of Period
Embark Student 2026	-	67,078	(3,132)	63,946
Embark Student 2029	-	43,319	(515)	42,804
Embark Student 2032	-	14,474	(510)	13,964
Embark Student 2035	-	24,344	(500)	23,844
Embark Student 2038	-	6,163	(500)	5,663
Embark Student 2041	-	15,192	(510)	14,682
Embark Student Graduation	-	66,370	(1,713)	64,657

8 Related Party Transactions

Management fees

The Foundation is the sponsor of the Plan. Embark Student Corp., a wholly owned subsidiary of the Foundation, carries out the general administration of the Plan on its behalf that includes processing and call center services related to new agreements, payments, government grants, plan modifications, terminations, maturities and EAPs and other back-office functions such as accounting, reporting, compliance, legal and human resources. Embark Student Corp. is entitled to receive from the Plan annual management fees. These fees can increase or decrease but will not exceed 1.99% per annum plus applicable taxes. The actual management fees charged from March 1, 2023 (commencement of operations) to June 30, 2023 were \$4,352 – 1.65%, plus applicable taxes, net of a management fee rebate of \$1,895 described in Note 3. Management fee payable of \$2,414 to Embark Student Corp. is included in "Due to Affiliate" in the Statement of Financial Position.

9 Investments in Underlying Funds

The Plan invests in exchange-traded funds ("ETFs") which provide access to the returns of stock indices, bond indices, or a basket of assets and are intended to replicate the economic effects that would apply had the Plan directly purchased the underlying reference asset or basket of assets. An investment in an ETF is subject to all of the risks of investing in the securities held by the ETF.

The Plan accounts for its investments in these ETFs at fair value. The fair value of such securities, as disclosed in the Schedule of Investment Portfolio, as applicable, represents the maximum exposure to losses at that date. During the period ended June 30, 2023, the Plan did not provide financial support to underlying ETFs and have no intention of providing financial or other support.

EMBARK STUDENT PLAN

Schedule of Investment Portfolio

For the six months ended June 30, 2023

(All amounts in Canadian dollars)

	Number of Units	Average Cost \$	Fair Value \$	% of Net Assets
Exchange-Traded Funds				
BMO Aggregate Bond Index ETF	43,516	\$ 591,294	\$ 589,206	24.18
BMO Short Corporate Bond Index ETF	20,081	262,856	261,655	10.74
BMO Mid Corporate Bond Index ETF	17,987	263,961	261,171	10.71
BMO S&P 500 Index ETF	3,860	239,465	248,777	10.21
BMO Money Market Fund ETF Series	4,673	233,322	233,323	9.57
BMO MSCI EAFE Index ETF	11,399	232,836	232,084	9.52
BMO S&P/TSX Capped Composite Index ETF	8,196	220,449	220,964	9.06
BMO Mid Federal Bond Index ETF	3,421	49,178	48,818	2.00
BMO US Dividend ETF	989	35,492	35,733	1.47
BMO Ultra Short-Term Bond ETF	721	34,986	35,048	1.44
BMO Canadian MBS Index ETF	1,202	34,350	34,221	1.40
BMO Canadian Dividend ETF	1,596	30,737	30,547	1.25
BMO MSCI USA ESG Leaders Index ETF	269	10,603	11,088	0.45
BMO MSCI Canada ESG Leaders Index ETF	317	10,105	10,201	0.42
Total Exchange-Traded Funds		\$ 2,249,634	\$ 2,252,836	92.42
Embedded Broker Commissions			<u>(1,180)</u>	
Total Investments		\$ 2,248,454	\$ 2,252,836	92.42
Other Assets Less Liabilities			<u>\$ 184,828</u>	<u>7.58</u>
Net Assets attributable to Subscribers and Beneficiaries			<u>\$ 2,437,664</u>	<u>100.00</u>