

## **Management Report of Fund Performance**

**For the year ended December 31, 2025**

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.embark.ca](http://www.embark.ca) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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**

Management Discussion of Fund Performance

Investment Objectives and Strategies

Risk

Results of Operations

Investments

Related Party Transactions

Financial and Operating Highlights

Summary of Investment Portfolio

Past Performance

Year by Year Returns

Annual Compound Returns

## 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 unit class 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 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 mixes. The portfolio manager 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.

### Investments

The year 2025 delivered strong returns for diversified, balanced investors who remained disciplined through periods of volatility and market turbulence. The first half of the year was dominated by trade concerns, as the United States raised tariff rates to levels not seen since the 1930s. The "Liberation Day" tariff announcements in early April triggered a large market selloff. Despite this turbulence, major equity markets demonstrated remarkable resilience, posting double-digit gains for the third consecutive year.

The second half of the year was marked by growing optimism surrounding fiscal and monetary stimulus. Overall, the year's stellar equity market performance served as a powerful reminder that a disciplined, long-term investment approach can deliver strong results even in challenging market environments.

The Bank of Canada reduced its overnight interest rate by 100 basis points to 2.25% to support a weakening economy in light of U.S.-imposed tariffs. This rate is broadly consistent with maintaining inflation near the 2% target while providing support during a period of structural adjustment. The current easing phase appears to be on hold for now, with any future rate changes—either upward or downward—expected to be driven by incoming economic data rather than a pre-set schedule.

Similarly, the U.S. Federal Reserve cut its policy rate by 75 basis points, bringing it to a range of 3.50% to 3.75%. The combination of lower interest rates and easing inflation supported corporate profitability, creating favorable tailwinds for risk assets.

As of December 31, 2025, global equities—as measured by the S&P Global Broad Market Index—were up 22.5%. Market performance broadened meaningfully over the year, with international equities, and Emerging Markets in particular, leading the advance. Emerging Markets returned 34.4% in USD terms.

U.S. equities, represented by the S&P 500 Index, gained 17.9% for the year. Artificial intelligence (AI) remained the dominant theme driving U.S. equity markets, with mega-cap companies serving as the primary contributors to returns. However, concerns over elevated valuations contributed to periods of heightened volatility. The Communication Services and Information Technology sectors significantly outperformed the broader market, posting returns of 33.6% and 24.0%, respectively.

Canadian equities delivered a stellar performance, with the S&P/TSX Composite Index rising 31.7%. Sector composition played a key role, led by exceptional gains in Materials, which rose 100.6%, followed by Financials, up 35.3%. Gold dominated headlines as global central banks continued to diversify their reserve holdings, while gold exchange-traded funds experienced strong inflows.

Fixed-income markets generated positive returns in 2025, with the FTSE Canada Universe Bond Index gaining 2.6% for the year.

The Canadian dollar strengthened against the U.S. dollar in 2025, appreciating from CAD \$1.44 per USD to CAD \$1.37. This appreciation was primarily driven by stronger-than-expected economic data and continued interest rate cuts by the U.S. Federal Reserve, particularly after the Bank of Canada signaled comfort with its current policy rate.

Looking ahead, geopolitical tensions remain a significant risk. Ongoing conflicts in Ukraine, Venezuela, and the Middle East continue to add uncertainty and contribute to elevated market volatility, leaving the longer-term implications for asset prices unclear.

### **Results of Operations**

During the year ended December 31, 2025, net assets attributable to subscribers and beneficiaries of the Plan decreased from \$5,843,747,959 as of December 31, 2024 to \$5,716,554,041 as of December 31, 2025. The decrease primarily resulted from withdrawals due to maturity, partially offset by positive investment experience.

### **Related Party Transactions**

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

Management fees, which are paid to the Investment Fund Manager, Embark Student Corp., 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, 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 year ended December 31, 2025, management fees charged to the Plan were \$107,727,246 (1.65% plus applicable taxes) (December 31, 2024 - \$55,297,534). The Plan also received a management fee rebate in the amount of \$45,906,856 for the year ended December 31, 2025 (December 31, 2024 - \$23,238,391)

#### **Independent Review Committee Fees paid by the Plan**

The Independent Review Committee reviews all conflict-of-interest matters referred to it by the Foundation. For the year ended December 31, 2025, the Plan paid the Independent Review Committee, a committee mandated by regulation, fees of \$87,314 (December 31, 2024 - \$91,634).

**Subscriber Vote**

On December 12, 2023, subscribers of the Family Single Student Education Savings Plan and Flex First Plan (collectively, the “Terminating Plans”) voted in favour of winding-up and transferring their assets to the Plan or Embark Select Conservative Plan (collectively, the “Embark Plans”) in the manner described in the Vote Information Circular dated September 20, 2023. As part of the vote, Family Single Student Education Savings Plan subscribers are entitled to a management fee rebate of 0.66% which was in effect until December 31, 2025 and ceased effective January 1, 2026. Flex First Plan subscribers are entitled to a lifetime management fee rebate of 1.16% and enrollment fee refund and loyalty bonus features were removed effective December 31, 2023. The transfer of all assets, termination of Education Savings Plan contracts, and creation of Education Assistance Agreements by the Foundation were completed on July 2, 2024. Based on its authority, the Foundation amended the Trust Agreement to permit the transfer of assets held to the appropriate Embark Plan.

**Financial and Operating Highlights (with comparative figures)**

The following table shows key financial and operating data for the Plan and is intended to help you understand the Plan’s financial and operating results for the past three fiscal periods. This information is derived from the Plan’s annual audited financial statements.

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
<b>Statements of Financial Position</b>			
Total Assets <sup>(1)</sup>	\$5,732,391,901	\$5,864,162,053	\$47,489,783
Net Assets	\$5,716,554,041	\$5,843,747,959	\$45,128,089
% Change of Net Assets <sup>(2)</sup>	(2)%	12,849%	926,174%
<b>Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries</b>			
Educational Assistance Payments	\$(409,256,259)	\$(184,017,414)	\$(163,761)
Government Grants (net) <sup>(3)</sup>	\$47,304,946	\$978,966,973	\$9,399,739
<b>Statements of Comprehensive Income</b>			
Net Investment Income <sup>(4)</sup>	\$116,969,658	\$60,905,594	\$183,929

(1) “Total Assets” represents cash, investments, and receivables.

(2) The significant increase in total assets and net assets in 2023 is primarily attributable to the asset transfer pursuant to the subscriber vote discussed above.

(3) Government grants are net of repayments to beneficiaries upon eligibility and grants transferred to or from other institutions and other plans.

(4) Net investment income excludes realized gains (losses) on investments and the net change in unrealized gains (losses) on investments.

## Embark Student Plan

Portfolio of each unit class by Category as at December 31, 2025

	Canadian Equities	Canadian Fixed Income	International Equities	Money Market	US Equities	Total
Embark Student Graduation	3.9 %	50.5 %	3.7 %	37.7 %	4.2 %	100.0 %
Embark Student 2026	3.9 %	54.4 %	3.8 %	33.6 %	4.3 %	100.0 %
Embark Student 2029	9.5 %	71.4 %	5.8 %	3.7 %	9.6 %	100.0 %
Embark Student 2032	16.5 %	54.5 %	10.1 %	2.3 %	16.6 %	100.0 %
Embark Student 2035	20.9 %	40.5 %	16.9 %	— %	21.7 %	100.0 %
Embark Student 2038	24.1 %	26.1 %	20.8 %	— %	29.0 %	100.0 %
Embark Student 2041	26.4 %	17.2 %	23.6 %	— %	32.8 %	100.0 %
Embark Student 2044	28.8 %	10.0 %	25.7 %	— %	35.5 %	100.0 %

The following table indicates the largest 25 holdings of each unit class of the Plan as at December 31, 2025. This summary of investment portfolio may change due to ongoing portfolio transactions. The Plan is prohibited from holding short positions in securities.

Embark Student Graduation Top Holdings	% of Investment
BMO Short Corporate Bond Index ETF	40.2%
BMO Money Market Fund ETF Series	37.7%
BMO Canadian MBS Index ETF	5.1%
BMO Ultra Short-Term Bond ETF	5.1%
BMO MSCI EAFE Index ETF	3.7%
BMO S&P/TSX Capped Composite Index ETF	3.1%
BMO S&P 500 Index ETF	3.1%
BMO US Dividend ETF	0.8%
BMO Canadian Dividend ETF	0.8%
BMO S&P 500 Hedged to CAD Index ETF	0.4%
Total	100.0%

Embark Student 2026 Top Holdings	% of Investment
BMO Short Corporate Bond Index ETF	43.8%
BMO Money Market Fund ETF Series	33.6%
BMO Aggregate Bond Index ETF	6.9%
BMO MSCI EAFE Index ETF	3.7%
BMO S&P/TSX Capped Composite Index ETF	3.2%
BMO S&P 500 Index ETF	3.1%
BMO Mid Corporate Bond Index ETF	2.1%
BMO Mid Federal Bond Index ETF	1.6%
BMO US Dividend ETF	0.9%
BMO Canadian Dividend ETF	0.8%
BMO S&P 500 Hedged to CAD Index ETF	0.3%
Total	100.0%

## Embark Student Plan

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<b>Embark Student 2029 Top Holdings</b>	<b>% of Investment</b>
BMO Aggregate Bond Index ETF	51.0%
BMO Mid Corporate Bond Index ETF	17.1%
BMO S&P/TSX Capped Composite Index ETF	7.6%
BMO S&P 500 Index ETF	7.0%
BMO MSCI EAFE Index ETF	5.8%
BMO Money Market Fund ETF Series	3.7%
BMO Mid Federal Bond Index ETF	2.2%
BMO US Dividend ETF	1.8%
BMO Canadian Dividend ETF	1.8%
BMO S&P 500 Hedged to CAD Index ETF	0.8%
BMO Short Corporate Bond Index ETF	0.7%
BMO Ultra Short-Term Bond ETF	0.5%
Total	100.0%

<b>Embark Student 2032 Top Holdings</b>	<b>% of Investment</b>
BMO Aggregate Bond Index ETF	38.9%
BMO S&P/TSX Capped Composite Index ETF	13.3%
BMO Mid Corporate Bond Index ETF	13.1%
BMO S&P 500 Index ETF	12.0%
BMO MSCI EAFE Index ETF	10.1%
BMO US Dividend ETF	3.2%
BMO Canadian Dividend ETF	3.2%
BMO Money Market Fund ETF Series	2.3%
BMO Mid Federal Bond Index ETF	1.7%
BMO S&P 500 Hedged to CAD Index ETF	1.4%
BMO Short Corporate Bond Index ETF	0.5%
BMO Ultra Short-Term Bond ETF	0.3%
Total	100.0%

<b>Embark Student 2035 Top Holdings</b>	<b>% of Investment</b>
BMO Aggregate Bond Index ETF	24.9%
BMO MSCI EAFE Index ETF	16.9%
BMO S&P/TSX Capped Composite Index ETF	16.8%
BMO S&P 500 Index ETF	15.7%
BMO Mid Corporate Bond Index ETF	13.3%
BMO US Dividend ETF	4.2%
BMO Canadian Dividend ETF	4.1%
BMO S&P 500 Hedged to CAD Index ETF	1.8%
BMO Mid Federal Bond Index ETF	1.7%
BMO Short Corporate Bond Index ETF	0.6%
Total	100.0%

## Embark Student Plan

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<b>Embark Student 2038 Top Holdings</b>	<b>% of Investment</b>
BMO S&P 500 Index ETF	21.1%
BMO MSCI EAFE Index ETF	20.8%
BMO S&P/TSX Capped Composite Index ETF	19.3%
BMO Aggregate Bond Index ETF	15.1%
BMO Mid Corporate Bond Index ETF	9.5%
BMO US Dividend ETF	5.6%
BMO Canadian Dividend ETF	4.7%
BMO S&P 500 Hedged to CAD Index ETF	2.3%
BMO Mid Federal Bond Index ETF	1.2%
BMO Short Corporate Bond Index ETF	0.4%
Total	100.0%

<b>Embark Student 2041 Top Holdings</b>	<b>% of Investment</b>
BMO S&P 500 Index ETF	23.9%
BMO MSCI EAFE Index ETF	23.6%
BMO S&P/TSX Capped Composite Index ETF	21.2%
BMO Aggregate Bond Index ETF	10.1%
BMO Mid Corporate Bond Index ETF	6.4%
BMO US Dividend ETF	6.3%
BMO Canadian Dividend ETF	5.1%
BMO S&P 500 Hedged to CAD Index ETF	2.6%
BMO Mid Federal Bond Index ETF	0.8%
Total	100.0%

<b>Embark Student 2044 Top Holdings</b>	<b>% of Investment</b>
BMO S&P 500 Index ETF	25.8%
BMO MSCI EAFE Index ETF	25.7%
BMO S&P/TSX Capped Composite Index ETF	23.2%
BMO US Dividend ETF	6.9%
BMO Aggregate Bond Index ETF	5.8%
BMO Canadian Dividend ETF	5.6%
BMO Mid Corporate Bond Index ETF	3.7%
BMO S&P 500 Hedged to CAD Index ETF	2.9%
BMO Mid Federal Bond Index ETF	0.4%
Total	100.0%

The following table illustrates the Plan's assets in appropriate sub-groups and indicates the percentage of the overall investment asset value that each sub-group represents, excluding cash.

## Embark Student Plan

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<b>Embark Student Graduation Portfolio Allocation</b>	<b>Market Value</b>	<b>% of Investments</b>
Canadian Fixed Income	\$792,565,638	50.5%
Money Market	\$591,630,554	37.7%
US Equities	\$66,416,284	4.2%
Canadian Equities	\$61,542,964	3.9%
International Equities	\$58,645,881	3.7%
<b>Total</b>	<b>\$1,570,801,321</b>	<b>100.0%</b>

<b>Embark Student 2026 Portfolio Allocation</b>	<b>Market Value</b>	<b>% of Investments</b>
Canadian Fixed Income	\$680,375,598	54.4%
Money Market	\$420,635,097	33.6%
US Equities	\$54,398,691	4.3%
Canadian Equities	\$49,243,015	3.9%
International Equities	\$46,702,125	3.8%
<b>Total</b>	<b>\$1,251,354,526</b>	<b>100.0%</b>

<b>Embark Student 2029 Portfolio Allocation</b>	<b>Market Value</b>	<b>% of Investments</b>
Canadian Fixed Income	\$1,220,108,552	71.4%
US Equities	\$164,727,282	9.6%
Canadian Equities	\$162,199,418	9.5%
International Equities	\$98,803,569	5.8%
Money Market	\$63,345,843	3.7%
<b>Total</b>	<b>\$1,709,184,664</b>	<b>100.0%</b>

<b>Embark Student 2032 Portfolio Allocation</b>	<b>Market Value</b>	<b>% of Investments</b>
Canadian Fixed Income	\$298,609,846	54.5%
US Equities	\$90,820,968	16.6%
Canadian Equities	\$90,272,089	16.5%
International Equities	\$55,197,047	10.1%
Money Market	\$12,699,282	2.3%
<b>Total</b>	<b>\$547,599,232</b>	<b>100.0%</b>

<b>Embark Student 2035 Portfolio Allocation</b>	<b>Market Value</b>	<b>% of Investments</b>
Canadian Fixed Income	\$138,007,565	40.5%
US Equities	\$73,851,224	21.7%
Canadian Equities	\$71,234,589	20.9%
International Equities	\$57,527,899	16.9%
<b>Total</b>	<b>\$340,621,277</b>	<b>100.0%</b>

<b>Embark Student 2038 Portfolio Allocation</b>	<b>Market Value</b>	<b>% of Investments</b>
US Equities	\$51,758,841	29.0%
Canadian Fixed Income	\$46,685,788	26.1%
Canadian Equities	\$42,972,958	24.1%
International Equities	\$37,177,733	20.8%
<b>Total</b>	<b>\$178,595,320</b>	<b>100.0%</b>

## Embark Student Plan

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<b>Embark Student 2041 Portfolio Allocation</b>	<b>Market Value</b>	<b>% of Investments</b>
US Equities	\$18,075,201	32.8%
Canadian Equities	\$14,531,362	26.4%
International Equities	\$12,982,074	23.6%
Canadian Fixed Income	\$9,512,512	17.2%
<b>Total</b>	<b>\$55,101,149</b>	<b>100.0%</b>

<b>Embark Student 2044 Portfolio Allocation</b>	<b>Market Value</b>	<b>% of Investments</b>
US Equities	\$1,758,360	35.5%
Canadian Equities	\$1,423,506	28.8%
International Equities	\$1,269,162	25.7%
Canadian Fixed Income	\$496,326	10.0%
<b>Total</b>	<b>\$4,947,354</b>	<b>100.0%</b>

## Past Performance

Past performance of the Plan is set out in the following chart and compound returns table. Investment returns have been calculated using market values and time-weighted cash flows during the year(s). Rates of return shown below for the Plan are:

- For the investment portfolio only;
- After administration, investment counsel, custodial and independent review committee fees have been deducted; and
- Assume that all of the income, interest earned, and capital gains distributions are reinvested in the Plan.

Past performance does not necessarily indicate how the Plan's investment portfolio will perform in the future.

### Year by Year Returns

The following bar chart illustrates the Plan’s annual performance in each of the past three fiscal years to December 31, 2025. The chart illustrates in percentage terms how much an investment made in the investment portfolio on the first day of each financial year would have increased or decreased by the last day of that financial year.



### Annual Compound Returns

The following table illustrates the Plan’s annual compound returns for the periods shown ended December 31, 2025.

	1 Year	3 Year	5 Year	10 Year
Embark***	6.7 %	N/A	N/A	N/A
FTSE Canada Universe All Government Bond Index*	2.1 %	3.8 %	(1.0)%	1.4 %
S&P TSX Composite Index**	31.7 %	21.4 %	16.1 %	12.7 %
S&P 500 Index **	17.9 %	23.0 %	14.4 %	14.8 %
S&P 500 Index (\$C)	12.4 %	23.5 %	16.1 %	14.7 %

\* The FTSE Canada Universe All Government Bond Index (formerly called DEX All Government Bond Index) measures Canadian investment grade fixed income securities issued by the Government of Canada (including Crown Corporations), provincial bonds (including provincially guaranteed securities) and municipal bonds.

\*\* The S&P/TSX Composite Index is the flagship index for the Canadian equity market and measures the performance of the largest stocks listed on the Toronto Stock Exchange. The S&P 500 Index is the flagship index for the US equity market and measures the performance of the largest 500 US stocks.

\*\*\* The Plan commenced operations on March 1, 2023 therefore the 3 Year, 5 Year and 10 Year annual compound returns are not available.