

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, 2024

## EMBARK STUDENT PLAN

Statements of Financial Position

As at June 30, 2024 and December 31, 2023

(All amounts in Canadian dollars)

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
	(Unaudited)	(Audited)
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 926,097	\$ 2,160,360
Investments (Note 5)	63,607,398	43,792,371
Interest and Dividends Receivable	252,404	164,187
Due from Affiliate (Note 8)	8,500	—
Subscriptions Receivable	66,872	1,372,865
<b>Total Assets</b>	<b>\$ 64,877,731</b>	<b>\$ 47,489,783</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Payable for Investments Purchased	—	2,237,281
Due to Affiliate (Note 8)	—	90,590
Redemptions Payable	52,701	33,551
Accrued Liabilities	—	272
<b>Total Liabilities</b>	<b>\$ 52,701</b>	<b>\$ 2,361,694</b>
<b>Net Assets Attributable to Subscribers and Beneficiaries</b>	<b>\$ 64,825,030</b>	<b>\$ 45,128,089</b>
<b>Net Assets Attributable to Subscribers and Beneficiaries for each unit class</b>		
Embark Student 2026	\$ 20,733,116	\$ 15,800,793
Embark Student 2029	15,245,781	10,748,709
Embark Student 2032	8,507,458	5,709,376
Embark Student 2035	6,036,038	3,822,303
Embark Student 2038	4,923,522	2,863,819
Embark Student 2041	4,595,096	1,997,816
Embark Student 2044	96,321	—
Embark Student Graduation	4,687,698	4,185,273
	<b>\$ 64,825,030</b>	<b>\$ 45,128,089</b>
<b>Units Outstanding per unit class (Note 7)</b>		
Embark Student 2026	1,965,887	1,464,873
Embark Student 2029	1,407,308	990,609
Embark Student 2032	768,381	523,707
Embark Student 2035	533,903	349,185
Embark Student 2038	425,654	259,450
Embark Student 2041	391,590	179,552
Embark Student 2044	8,747	—
Embark Student Graduation	448,015	395,489

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

**EMBARK STUDENT PLAN**  
**Statements of Financial Position**  
**As at December 31, 2023, and December 31, 2022**  
(All amounts in Canadian dollars)

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<b>Net Assets attributable to Subscribers and Beneficiaries per unit</b>		
Embark Student 2026	10.55	10.79
Embark Student 2029	10.83	10.85
Embark Student 2032	11.07	10.90
Embark Student 2035	11.31	10.95
Embark Student 2038	11.57	11.04
Embark Student 2041	11.73	11.13
Embark Student 2044	11.01	—
Embark Student Graduation	10.46	10.58

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Approved by the Board of Directors of Embark Student Foundation

Alice Keung, Director

Andrea Bolger, Director

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

## EMBARK STUDENT PLAN

Statements of Comprehensive Income

For the six months ended June 30, 2024 and June 30, 2023

(All amounts in Canadian dollars)

	June 30, 2024	June 30, 2023
	(Unaudited)	(Unaudited)
<b>Income</b>		
Interest Income	\$ 652,340	\$ 10,664
Dividend Income	248,677	—
Net Realized Gain on Investments	70,665	67
Net change in Unrealized Gains on Investments	1,614,915	4,382
<b>Total Income (Net)</b>	<b>\$ 2,586,597</b>	<b>\$ 15,113</b>
<b>Expenses</b>		
Management Fees (Note 8)	527,230	4,352
Management Fee Rebates (Note 8)	(133,140)	(1,895)
Transaction Costs	11,546	1,260
Independent Review Committee Fees	428	—
Other Expenses	14,453	1,145
<b>Total Expenses</b>	<b>\$ 420,517</b>	<b>\$ 4,862</b>
<b>Increase in Net Assets attributable to Subscribers and Beneficiaries</b>	<b>\$ 2,166,080</b>	<b>\$ 10,251</b>
<b>Increase (Decrease) in Net Assets attributable to Subscribers and Beneficiaries per unit class</b>		
Embark Student 2026	\$ 280,357	\$ (485)
Embark Student 2029	475,650	2,601
Embark Student 2032	376,817	1,199
Embark Student 2035	336,151	2,615
Embark Student 2038	315,514	1,203
Embark Student 2041	259,542	2,469
Embark Student 2044	2,062	—
Embark Student Graduation	119,987	649
	<b>\$ 2,166,080</b>	<b>\$ 10,251</b>
<b>Weighted Average Number of units outstanding</b>		
Embark Student 2026	1,881,196	17,613
Embark Student 2029	1,314,066	15,076
Embark Student 2032	707,589	5,747
Embark Student 2035	479,062	11,586
Embark Student 2038	369,533	2,302
Embark Student 2041	291,356	4,607
Embark Student 2044	2,851	—
Embark Student Graduation	450,822	14,571
<b>Increase (decrease) in Net Assets Attributable to Subscribers and Beneficiaries per unit</b>		
Embark Student 2026	0.15	(0.03)
Embark Student 2029	0.36	0.17
Embark Student 2032	0.53	0.21
Embark Student 2035	0.70	0.23
Embark Student 2038	0.85	0.52
Embark Student 2041	0.89	0.54
Embark Student 2044	0.72	—
Embark Student Graduation	0.27	0.04

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

## EMBARK STUDENT PLAN

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the six months ended June 30, 2024 and June 30, 2023

(All amounts in Canadian dollars)

Period ended June 30, 2024	Total	Embark Student 2026	Embark Student 2029	Embark Student 2032	Embark Student 2035	Embark Student 2038	Embark Student 2041	Embark Student 2044	Embark Student Graduation
<b>Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Period</b>	\$ 45,128,089	\$ 15,800,793	\$ 10,748,709	\$ 5,709,376	\$ 3,822,303	\$ 2,863,819	\$ 1,997,816	\$ —	\$ 4,185,273
<b>Increase (decrease) in Net Assets attributable to Subscribers and Beneficiaries from operations</b>	\$ 2,166,080	\$ 280,357	\$ 475,650	\$ 376,817	\$ 336,151	\$ 315,514	\$ 259,542	\$ 2,062	\$ 119,987
<b>Redeemable Unit Transactions</b>									
Proceeds from redeemable units issued	19,039,357	5,050,052	4,181,416	2,519,367	1,920,748	1,822,077	2,407,442	94,372	1,043,883
Redemption of redeemable units	(1,508,496)	(398,086)	(159,994)	(98,102)	(43,164)	(77,888)	(69,704)	(113)	(661,445)
Reinvestments of distributions to holders of redeemable units	343,738	126,677	79,102	39,377	23,045	15,489	14,344	395	45,309
<b>Net increase from redeemable unit transactions</b>	\$ 17,874,599	\$ 4,778,643	\$ 4,100,524	\$ 2,460,642	\$ 1,900,629	\$ 1,759,678	\$ 2,352,082	\$ 94,654	\$ 427,747
<b>Distributions to holders of redeemable units</b>									
From net investment income	(343,738)	(126,677)	(79,102)	(39,377)	(23,045)	(15,489)	(14,344)	(395)	(45,309)
<b>Total distributions to holders of redeemable units</b>	\$ (343,738)	\$ (126,677)	\$ (79,102)	\$ (39,377)	\$ (23,045)	\$ (15,489)	\$ (14,344)	\$ (395)	\$ (45,309)
<b>Increase in Net Assets attributable to holders of redeemable units during the period</b>	\$ 19,696,941	\$ 4,932,323	\$ 4,497,072	\$ 2,798,082	\$ 2,213,735	\$ 2,059,703	\$ 2,597,280	\$ 96,321	\$ 502,425
<b>Net Assets Attributable to Subscribers and Beneficiaries, End of Period</b>	\$ 64,825,030	\$ 20,733,116	\$ 15,245,781	\$ 8,507,458	\$ 6,036,038	\$ 4,923,522	\$ 4,595,096	\$ 96,321	\$ 4,687,698

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

## EMBARK STUDENT PLAN

Statements of Changes in Net Assets Attributable to Subscribers and Beneficiaries

For the six months ended June 30, 2024 and June 30, 2023

(All amounts in Canadian dollars)

Period ended June 30, 2023	Total	Embark Student 2026	Embark Student 2029	Embark Student 2032	Embark Student 2035	Embark Student 2038	Embark Student 2041	Embark Student Graduation
<b>Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Period</b>	\$ 4,872	\$ 696	\$ 696	\$ 696	\$ 696	\$ 696	\$ 696	\$ 696
<b>Increase (decrease) in Net Assets attributable to Subscribers and Beneficiaries from operations</b>	\$ 10,251	\$ (485)	\$ 2,601	\$ 1,199	\$ 2,615	\$ 1,203	\$ 2,469	\$ 649
<b>Redeemable Unit Transactions</b>								
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)
Reinvestments of distributions to holders of redeemable units	—	—	—	—	—	—	—	—
<b>Net increase from redeemable unit transactions</b>	\$ 2,432,536	\$ 681,957	\$ 455,429	\$ 147,884	\$ 252,028	\$ 59,157	\$ 155,760	\$ 680,321
<b>Distributions to holders of redeemable units</b>								
From net investment income	(9,995)	(2,499)	(2,117)	(808)	(1,398)	(375)	(873)	(1,925)
From net realized capital gains	—	—	—	—	—	—	—	—
<b>Total distributions to holders of redeemable units</b>	\$ (9,995)	\$ (2,499)	\$ (2,117)	\$ (808)	\$ (1,398)	\$ (375)	\$ (873)	\$ (1,925)
<b>Increase in Net Assets attributable to holders of redeemable units during the period</b>	\$ 2,432,792	\$ 678,973	\$ 455,913	\$ 148,275	\$ 253,245	\$ 59,985	\$ 157,356	\$ 679,045
<b>Net Assets Attributable to Subscribers and Beneficiaries, End of period</b>	\$ 2,437,664	\$ 679,669	\$ 456,609	\$ 148,971	\$ 253,941	\$ 60,681	\$ 158,052	\$ 679,741

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

## EMBARK STUDENT PLAN

Statements of Cash Flows (Unaudited)

For the six months ended June 30, 2024 and June 30, 2023

(All amounts in Canadian dollars)

<b>Cash Provided by (Used in)</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>
	(Unaudited)	(Unaudited)
<b>Operating activities</b>		
Increase (decrease) in Net Assets Attributable to Subscribers and Beneficiaries	\$ 2,166,080	\$ 10,251
Adjustments for:		
Transaction Costs	—	1,260
Realized Gain on Sale of Investments	(70,665)	(67)
Change in Unrealized Loss (Gain) in the Value of Investments	(1,614,915)	(4,382)
Purchase of Investments	(19,706,611)	(2,330,394)
Proceeds from Sale of Investments	1,577,164	80,747
Increase in Payable for Investments Purchased	(2,237,281)	—
(Increase) decrease in Interest and Dividends Receivable	(88,217)	(8,682)
(Increase) decrease in Management Fee Rebate Receivable	—	(1,895)
Increase (decrease) in Due from Affiliate	(8,500)	2,414
(Increase) decrease in Other Receivable	(16,460)	—
Increase (decrease) in Due to Affiliate	(90,590)	—
Increase (decrease) in Accrued Expenses	(272)	—
<b>Net Cash Provided by (Used in) operating activities</b>	<b>\$ (20,090,267)</b>	<b>\$ (2,250,748)</b>
<b>Cash flows from (used in) Financing activities</b>		
Subscribers' Contributions	13,572,363	—
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)
Government Grant Contributions	1,759,217	—
Government Grant Repayments	(58,985)	—
Government Grant Transfers (out) in	1,782,349	—
Government Grant Payments to Beneficiaries	(249,338)	—
Income Payment to Education Institution	(7,457)	—
Income Transferred In (Out), Net	390,922	—
Education Assistance Payments	1,666,933	—
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>\$ 18,856,004</b>	<b>\$ 2,422,541</b>
Net Increase (Decrease) in Cash	(1,234,263)	171,793
Cash, Beginning of Period	2,160,360	4,872
<b>Cash, End of Period</b>	<b>\$ 926,097</b>	<b>\$ 176,665</b>
Supplementary Disclosure of Cash Flow Information:		
Dividends Received, Net of Withholding Taxes*	\$ 635,894	\$ 1,982
Interest Received*	12,720	—
Interest Paid*	187	—

\*included in operating activities

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, 2024**

(All amounts in Canadian dollars)

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

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 Manager 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 (Education Assistance Payments) and other back-office functions such as accounting, reporting, compliance, legal and human resources. The Plan commenced its operations on March 1, 2023.

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

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

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, 2024, the plan consists of eight 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 2044, Embark Student Graduation. Every three



## **EMBARK STUDENT PLAN**

Notes to the Financial Statements

**For the six months ended June 30, 2024**

(All amounts in Canadian dollars)

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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.

On December 12, 2023, subscribers of the Family Single Student Education Savings Plan and Flex First Plan voted in favour of winding-up and transferring their assets to the Plan or Embark Select Conservative Plan 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 will be entitled to a management fee rebate of 0.66% beginning July 1, 2024 until January 1, 2026. Flex First Plan subscribers will be 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 ESP (Education Savings Plan) contracts, and creation of Education Assistance Agreements by the Foundation were completed on July 2, 2024. The Foundation is also authorized to amend the Trust Agreement, as it deems necessary, to permit the transfer of assets held to the appropriate Embark Plan.

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 29, 2024.

## **2 Basis of Accounting**

These unaudited semi-annual financial statements have been prepared in accordance with IFRS Accounting 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.

## **3 Material Accounting Policies**

The material accounting policies followed by the Plan are as follows:

### **Financial instruments**

The financial instruments held by the Plan include financial assets and liabilities such as investments (third party exchange-traded funds), cash, due from affiliate, interest and dividend receivable, subscription receivable, management fees payable, due to affiliate, redemptions payable and accrued liabilities. 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 are measured at amortized cost. The Plan’s obligation for net assets attributable to subscribers

## **EMBARK STUDENT PLAN**

Notes to the Financial Statements

**For the six months ended June 30, 2024**

(All amounts in Canadian dollars)

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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**

Interest income for distribution purposes from investments in fixed income securities and short-term investments represents the coupon interest received by the Plan accounted for on an accrual basis. Interest receivable is recognized based on the debt instruments' stated rates of interest. Dividends are recognized as income on the ex-dividend date. The cost of investments is determined using the average cost method. Average cost includes amortization of premiums and discounts on the Plan's debt securities. Transaction costs represent broker's commissions.

### **Foreign Currency**

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

### **Cash and Cash Equivalents**

Cash is comprised of demand deposits with financial institutions.

### **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.

## **EMBARK STUDENT PLAN**

Notes to the Financial Statements

**For the six months ended June 30, 2024**

(All amounts in Canadian dollars)

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### **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 series of the Plan. The management fee rebate, if applicable, is included in “Due from Affiliate” and in “Management fee rebates” in the Statement of Financial Position and Statements of Comprehensive Income of each Series, respectively, if applicable. The Manager may reduce or waive the management fees without giving notice to unitholders.

At June 30, 2024, management fee rebates in the amount of \$133,140 were 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

## **EMBARK STUDENT PLAN**

Notes to the Financial Statements

**For the six months ended June 30, 2024**

(All amounts in Canadian dollars)

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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.

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 ETFs 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 and Revised Standards and Interpretations Issued but Not Yet Effective**

The Plan has determined there are no IFRS Accounting 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.

## **EMBARK STUDENT PLAN**

Notes to the Financial Statements

**For the six months ended June 30, 2024**

(All amounts in Canadian dollars)

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### **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. 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 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. The Plan may have been indirectly exposed to credit risk, to the extent that its investment in the ETFs have underlying investments in debt instruments, preferred securities and derivatives.

### **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.

## **EMBARK STUDENT PLAN**

Notes to the Financial Statements

**For the six months ended June 30, 2024**

(All amounts in Canadian dollars)

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### **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.

### **Concentration Risk**

The table below summarizes this Plan's concentration risk as a percentage of investments as at June 30, 2024.

## EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in Canadian dollars)

	Percentage of Investments (%) as at June 30, 2024							
	2026	2029	2032	2035	2038	2041	2044	Graduation
<b>Canadian Fixed Income</b>								
BMO Aggregate Bond Index ETF	45.7 %	47.0 %	31.5 %	22.4 %	12.2 %	7.4 %	4.5 %	— %
BMO Mid Corporate Bond Index ETF	19.5 %	15.1 %	16.4 %	11.6 %	8.7 %	6.2 %	3.6 %	— %
BMO Mid Federal Bond Index ETF	7.5 %	— %	— %	— %	— %	— %	— %	— %
BMO Short Corporate Bond ETF	5.6 %	— %	— %	— %	— %	— %	— %	39.3 %
BMO Canadian MBS Index ETF	— %	— %	— %	— %	— %	— %	— %	5.2 %
BMO Ultra Short-Term Bond ETF	— %	— %	— %	— %	— %	— %	— %	5.1 %
<b>Money Market</b>								
BMO Money Market ETF	6.5 %	3.8 %	1.4 %	— %	— %	— %	— %	39.3 %
<b>U.S Equities</b>								
BMO S&P 500 Index ETF	5.3 %	12.1 %	16.2 %	20.8 %	27.2 %	27.6 %	34.6 %	4.4 %
BMO US Dividend ETF	1.2 %	1.4 %	2.1 %	2.4 %	3.1 %	4.3 %	2.2 %	— %
BMO MSCI USA ESG Leaders Index ETF	— %	0.7 %	0.9 %	1.2 %	1.6 %	2.6 %	— %	— %
<b>Canadian Equities</b>								
BMO S&P TSX Capped Composite Index ETF	4.0 %	9.9 %	14.2 %	18.8 %	20.2 %	20.9 %	26.5 %	3.1 %
BMO Canadian Dividend ETF	1.0 %	1.1 %	1.6 %	2.1 %	2.3 %	3.2 %	1.3 %	— %
BMO MSCI Canada ESG Leaders Index ETF	— %	0.6 %	0.7 %	1.0 %	1.1 %	1.9 %	— %	— %
<b>International Equities</b>								
BMO MSCI EAFE Index ETF	3.7 %	8.3 %	15.0 %	19.7 %	23.6 %	25.9 %	27.3 %	3.6 %
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### 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.

## **EMBARK STUDENT PLAN**

Notes to the Financial Statements

**For the six months ended June 30, 2024**

(All amounts in Canadian dollars)

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### **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 its portfolio managers by diversifying in various investments, as well as through investment committee oversight. The Plan is indirectly exposed to the interest rate risk, to the extent that the underlying ETFs have invested in interest bearing financial instruments.

### **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, 2024, the Plan is indirectly exposed to the currency risk, to the extent that the underlying ETFs have invested in financial instruments that were denominated in a currency other than the functional currency of the ETF.

### **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, 2024, if the fair value of the 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 \$3.1 million.



## EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in Canadian dollars)

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### 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.

## 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 for the asset or liability, either directly or indirectly: and
Level 3	Inputs are unobservable for the asset or liability.

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. All investments

## EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in Canadian dollars)

outlined in Note 5 are classified as Level 1 with no transfers between Level 1, Level 2 and Level 3 for the period ended June 30, 2024.

### 7 Net Assets Attributable to Subscribers and Beneficiaries

For the period ended June 30, 2024, changes in outstanding units were as follows:

<b>Class of Units</b>	<b>Number of Units, Beginning of Period</b>	<b>Units Issued</b>	<b>Units Redeemed</b>	<b>Units Reinvested</b>	<b>Number of Units, End of Period</b>
<b>Embark Student 2026</b>	1,464,873	527,217	(38,352)	12,149	1,965,887
<b>Embark Student 2029</b>	990,609	424,530	(15,224)	7,393	1,407,308
<b>Embark Student 2032</b>	523,707	250,193	(9,123)	3,604	768,381
<b>Embark Student 2035</b>	349,185	186,621	(3,970)	2,067	533,903
<b>Embark Student 2038</b>	259,450	171,880	(7,036)	1,360	425,654
<b>Embark Student 2041</b>	179,552	216,937	(6,139)	1,240	391,590
<b>Embark Student 2044</b>	—	8,721	(10)	36	8,747
<b>Embark Student Graduation</b>	395,489	112,525	(64,378)	4,379	448,015

For the period ended June 30, 2023, changes in outstanding units were as follows:

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

## **EMBARK STUDENT PLAN**

Notes to the Financial Statements

**For the six months ended June 30, 2024**

(All amounts in Canadian dollars)

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### **8 Related Party Transactions**

#### **Management fees**

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 management fee is based on the total market value of the Plan and is deducted before income is allocated to the subscribers. The management fees charged for the period ended June 30, 2024 were \$527,230 (June 30, 2023 - \$4,352) or 1.65% (June 30, 2023 - 1.65%), plus applicable taxes. Additionally, a management fee rebate of \$133,140 was included in the Statement of Comprehensive Income as described in Note 3.

At June 30, 2024, management fee payable of \$52,707 (December 31, 2023 - \$121,025) to Embark Student Corp. is included in "Due from Affiliate" in the Statement of Financial Position. This is netted off against \$61,207 (December 31, 2023 - \$21,694) of management fee rebate receivable leaving a net receivable of \$8,500 (December 31, 2023 net payable of \$90,590).

### **9 Investments in Underlying Funds**

The Plan invests in ETFs which provide access to the returns of stock indices, bond indices, money market instruments, or a basket of assets and are intended to replicate the performance that would apply had the Plan directly purchased the underlying 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 can also invest in cash and cash equivalents.

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, 2024, the Plan did not provide financial support to underlying ETFs and have no intention of providing financial or other support.

## EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in Canadian dollars)

### Investments in Unconsolidated Structured Entities

	Country of Establishment and Principal Place of Business	% Ownership in the Underlying Fund	Plan's Shares in the Underlying Fund
<b>Underlying Fund as at June 30, 2024</b>			
BMO Mid Corporate Bond Index ETF	Canada	0.67%	603,132
BMO MSCI Canada ESG Leaders Index ETF	Canada	0.34%	10,227
BMO MSCI USA ESG Leaders Index ETF	Canada	0.29%	8,505
BMO Mid Federal Bond Index ETF	Canada	0.24%	106,611
BMO Aggregate Bond Index ETF	Canada	0.23%	1,567,821
BMO US Dividend ETF	Canada	0.21%	27,208
BMO Money Market Fund ETF Series	Canada	0.16%	76,563
BMO Short Corporate Bond Index ETF	Canada	0.12%	219,681
BMO Canadian Dividend ETF	Canada	0.09%	44,389
BMO MSCI EAFE Index ETF	Canada	0.08%	304,015
BMO S&P/TSX Capped Composite Index ETF	Canada	0.08%	228,116
BMO S&P 500 Index ETF	Canada	0.06%	101,118
BMO Canadian MBS Index ETF	Canada	0.05%	8,122
BMO Ultra Short-Term Bond ETF	Canada	0.01%	4,801

	Country of Establishment and Principal Place of Business	% Ownership in the Underlying Fund	Plan's Shares in the Underlying Fund
<b>Underlying Fund as at December 31, 2023</b>			
BMO Aggregate Bond Index ETF	Canada	2.21 %	1,087,306
BMO Mid Corporate Bond Index ETF	Canada	12.66 %	406,007
BMO MSCI EAFE Index ETF	Canada	0.62 %	192,179
BMO S&P/TSX Capped Composite Index ETF	Canada	0.63 %	166,266
BMO Short Corporate Bond Index ETF	Canada	1.13 %	119,781
BMO Mid Federal Bond Index ETF	Canada	2.75 %	78,511
BMO S&P 500 Index ETF	Canada	0.43 %	73,570
BMO Money Market Fund ETF Series	Canada	0.33 %	62,863
BMO Canadian Dividend ETF	Canada	0.65 %	33,226
BMO US Dividend ETF	Canada	1.64 %	18,659
BMO MSCI Canada ESG Leaders Index ETF	Canada	2.69 %	7,227
BMO Canadian MBS Index ETF	Canada	0.68 %	6,922
BMO MSCI USA ESG Leaders Index ETF	Canada	0.01 %	5,805
BMO Ultra Short-Term Bond ETF	Canada	0.18 %	4,101

## EMBARK STUDENT PLAN

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in Canadian dollars)

### 10 Scholarship Plan Summary

For the period ended June 30, 2024, changes in the scholarship plan as it pertains to contributions, grants, and accumulated income were as follows.

	June 30, 2024
<b>Net Assets Attributable to Subscribers and Beneficiaries, Beginning of Period</b>	<b>\$ 45,128,089</b>
Subscribers' Contributions	
Contributions	13,413,827
Return of Contributions and Transfers Out	(920,122)
	<b>\$ 12,493,705</b>
Government Grants	
Government Grant Contributions	1,759,217
Government Grant Repayments	(58,985)
Government Grant Transfers In	1,782,349
Government Grant Payments to Beneficiaries	(249,338)
	<b>\$ 3,233,243</b>
Accumulated Income	
Increase in Net Assets Attributable to Subscribers and Beneficiaries	2,166,080
Income Transferred In, Net	390,922
Education Assistance Payments	1,666,933
Payments of Government Grant Income to Beneficiaries	(246,485)
Payments of Government Grant Income to Educational Institutions	(7,457)
	<b>\$ 3,969,993</b>
<b>Net Assets Attributable to Subscribers and Beneficiaries, End of Period</b>	<b>\$ 64,825,030</b>

### 11 Subsequent Events

As described in Note 1, on December 12, 2023, subscribers of Flex First Plan and Family Single Student Education Savings Plan voted in favour of winding-up and transferring their assets to the Plan or Embark Select Conservative Plan in the manner described in the Vote Information Circular dated September 20, 2023. The transfer of all assets, termination of ESP (Education Savings Plan) contracts, and creation of Education Assistance Agreements by the Foundation was completed on July 2, 2024.

The asset transfer from Flex First Plan and Family Single Student Education Savings Plan to the Plan totaled to \$5,795,450,137.

## **EMBARK STUDENT PLAN**

Notes to the Financial Statements

**For the six months ended June 30, 2024**

(All amounts in Canadian dollars)

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In connection with the transfer of net assets to the Plan:

- (1) the assets were transferred at fair value; and,
- (2) the components of the Plan's subscribers' principal and income that were transferred into the Plan included: subscribers' contributions; government grants; and accumulated income associated with the Plan.

**EMBARK STUDENT PLAN**

Schedule of Investment Portfolio (Unaudited)

**As at June 30, 2024**

(All amounts in Canadian dollars)

	<b>Number of Units</b>	<b>Average Cost \$</b>	<b>Fair Value \$</b>	<b>% of Investments</b>
<b>Exchange-Traded Funds</b>				
BMO Aggregate Bond Index ETF	1,567,821	\$ 20,902,736	\$ 21,228,296	32.75
BMO Mid Corporate Bond Index ETF	603,132	8,763,925	8,992,698	13.87
BMO S&P 500 Index ETF	101,118	6,884,128	8,250,218	12.73
BMO MSCI EAFE Index ETF	304,015	6,327,413	6,892,020	10.63
BMO S&P/TSX Capped Composite Index ETF	228,116	6,250,256	6,667,831	10.29
BMO Money Market Fund ETF	76,563	3,829,402	3,819,728	5.89
BMO Short Corporate Bond Index ETF	219,681	2,956,053	2,961,300	4.57
BMO Mid Federal Bond Index ETF	106,611	1,495,614	1,521,339	2.35
BMO US Dividend ETF	27,208	1,018,039	1,120,153	1.73
BMO Canadian Dividend ETF	44,389	844,851	879,346	1.35
BMO MSCI USA ESG Leaders Index ETF	8,505	378,795	454,252	0.70
BMO MSCI Canada ESG Leaders Index ETF	10,227	335,394	346,798	0.53
BMO Canadian MBS Index ETF	8,122	232,698	239,274	0.37
BMO Ultra Short-Term Bond ETF	4,801	233,074	234,145	0.36
<b>Total Exchange-Traded Funds</b>		<b>\$ 60,452,378</b>	<b>\$ 63,607,398</b>	<b>98.12</b>
Embedded Broker Commissions		(33,192)	—	
<b>Total Investments</b>		<b>\$ 60,419,186</b>	<b>\$ 63,607,398</b>	<b>98.12</b>
<b>Other Assets Less Liabilities</b>			<b>\$ 1,217,632</b>	<b>1.88</b>
<b>Net Assets attributable to Subscribers and Beneficiaries</b>			<b>\$ 64,825,030</b>	<b>100.00</b>