Financial Statements of

# ALITIS DIVIDEND GROWTH POOL

Six months ended June 30, 2022

(Unaudited)

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Alitis Investment Counsel Inc. in its capacity as the Manager of the Pool. The Pool's Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies which the Manager believes are appropriate for the Trust are described in note 3 to the financial statements.

On Behalf of the Manager:

Signed by Kevin Kirkwood

Date: August 29, 2022

## NOTICE TO UNITHOLDERS

**The Auditors of the Pool have not reviewed these financial statements.**

Alitis Investment Counsel Inc., the Manager of the Pool, appoints an independent auditor to audit the Pool's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Pool's interim financial statements, this must be disclosed in an accompanying notice.

# ALITIS DIVIDEND GROWTH POOL

## Statement of Financial Position
## As at June 30, 2022 (Unaudited)

| | | June 30, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | $ | 425,108 | $ | 372,823 |
| Investments | | 12,604,400 | | 10,798,658 |
| Interest and dividends receivable | | 5,560 | | 12,020 |
| Subscriptions receivable | | 149,195 | | 340,158 |
| Expense reimbursement receivable | | 385 | | 16,070 |
| Other assets | | 1,092 | | 5,186 |
| | | 13,185,740 | | 11,544,915 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities | | 36,020 | | 33,557 |
| Performance fees payable (note 5) | | 2,803 | | 52,791 |
| Management fees payable (note 5) | | 1,377 | | 6,088 |
| Payable for investments purchased | | – | | 365,433 |
| Redemptions payable | | – | | 311,458 |
| | | 40,200 | | 769,327 |
| **Net assets attributable to holders of redeemable units** | $ | 13,145,540 | $ | 10,775,588 |
| **Net assets attributable to holders of redeemable units per class** | | | | |
| Class D | $ | 7,116,093 | $ | 5,411,854 |
| Class E | | 6,029,447 | | 5,363,734 |
| | $ | 13,145,540 | $ | 10,775,588 |
| **Number of redeemable units outstanding (note 6)** | | | | |
| Class D | | 713,067 | | 483,292 |
| Class E | | 611,478 | | 482,031 |
| **Net assets attributable to holders of redeemable units per unit** | | | | |
| Class D | $ | 9.98 | $ | 11.20 |
| Class E | | 9.86 | | 11.13 |

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

Approved on behalf of the Trust ____________________ Manager
Alitis Investment Counsel Inc.

# ALITIS DIVIDEND GROWTH POOL

## Statement of Comprehensive Income
## For the six-months ended June 30, 2022 (Unaudited)

| | 2022 | 2021 |
|---|---|---|
| **Income** | | |
| Interest income for distribution purposes | $ 67,254 | $ 1,274 |
| Net change in unrealized (depreciation) appreciation in value of investments | (1,326,608) | 218,432 |
| Net realized (loss) gain on sale of investments, including foreign exchange adjustments | (172,586) | 3,150 |
| Dividends | 60,753 | 28,316 |
| | (1,371,187) | 251,172 |
| **Expenses** | | |
| Fund administration fees | 36,307 | 26,880 |
| Management fees (note 5) | 32,713 | 6,458 |
| Audit fees | 6,002 | 5,741 |
| Commissions and other portfolio transaction costs | 1,419 | 2,188 |
| Custodian fees | 1,249 | 1,195 |
| Operating costs | 16 | – |
| Expense reimbursement | (7,864) | (21,214) |
| Amortization of offering costs | – | 8,925 |
| Performance fees (note 5) | – | 30,635 |
| | 69,842 | 60,808 |
| **(Decrease) Increase in net assets attributable to holders of redeemable units** | $ (1,441,029) | $ 190,364 |
| **(Decrease) Increase in net assets attributable to holders of redeemable units** | | |
| Class D | $ (738,044) | $ 127,665 |
| Class E | (702,985) | 62,699 |
| | $ (1,441,029) | $ 190,364 |
| **(Decrease) Increase in net assets attributable to holders of redeemable units** | | |
| Class D | $ (1.25) | $ 0.74 |
| Class E | (1.30) | 0.54 |

# ALITIS DIVIDEND GROWTH POOL

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
## For the six-months ended June 30, 2022 (Unaudited)

| | Net assets attributable to holders of redeemable units, beginning of period | Proceeds from redeemable units issued | Redemption of redeemable units | Decrease in net assets attributable to holders of redeemable units | Distribution to unitholders of redeemable units* | Reinvestments of distributions to holders of redeemable units | Net assets attributable to holders of redeemable units, end of period |
|---|---|---|---|---|---|---|---|
| **June 30, 2022** | | | | | | | |
| Class D | $ 5,411,854 | $ 2,561,846 | $ (119,563) | $ (738,044) | $ – | $ – | $ 7,116,093 |
| Class E | 5,363,734 | 2,084,970 | (715,899) | (702,985) | (373) | – | 6,029,447 |
| | $ 10,775,588 | $ 4,646,816 | $ (835,462) | $ (1,441,029) | $ (373) | $ – | $ 13,145,540 |

| | Net assets attributable to holders of redeemable units, beginning of period | Proceeds from redeemable units issued | Redemption of redeemable units | Increase in net assets attributable to holders of redeemable units | Distribution to unitholders of redeemable units* | Reinvestments of distributions to holders of redeemable units | Net assets attributable to holders of redeemable units, end of period |
|---|---|---|---|---|---|---|---|
| **June 30, 2021** | | | | | | | |
| Class D | $ – | $ 2,887,490 | $ – | $ 127,665 | $ (1,655) | $ 1,655 | $ 3,015,155 |
| Class E | – | 2,698,825 | (121,843) | 62,699 | (264) | 264 | 2,639,681 |
| | $ – | $ 5,586,315 | $ (121,843) | $ 190,364 | $ (1,919) | $ 1,919 | $ 5,654,836 |

| *Detailed distribution to unitholders of redeemable units | 2022 | 2021 |
|---|---|---|
| **Class D** | | |
| From return of capital | $ – | $ 1,655 |
| | – | 1,655 |
| **Class E** | | |
| From return of capital | $ 373 | $ 264 |
| | 373 | 264 |

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

# ALITIS DIVIDEND GROWTH POOL

## Statement of Cash Flows
## For the six-months ended June 30, 2022 (Unaudited)

| | | 2022 | | 2021 |
|---|---|---|---|---|
| **Cash provided by (used in):** | | | | |
| **Operating Activities** | | | | |
| (Decrease) increase in net assets attributable to holders of redeemable units | $ | (1,441,029) | $ | 190,364 |
| Adjustments for non-cash items | | | | |
| Commissions and other portfolio transaction costs | | 1,419 | | 2,188 |
| Net change in unrealized depreciation (appreciation) in value of investments | | 1,326,608 | | (218,432) |
| Net realized loss (gain) on sale of investments, including foreign exchange adjustments | | 172,586 | | (3,150) |
| Change in non-cash balances | | | | |
| Decrease (increase) in interest and dividends receivable | | 6,460 | | (2,418) |
| Decrease (increase) in expense reimbursement receivable | | 15,685 | | (366) |
| Increase in prepaid expenses | | – | | (2,688) |
| Decrease in other assets | | 4,094 | | – |
| Increase in accounts payable and accrued liabilities | | 2,463 | | 17,454 |
| (Decrease) increase in performance fees payable | | (49,988) | | 53 |
| (Decrease) increase in management fees payable | | (4,711) | | 450 |
| Decrease in payable for investments purchased | | (365,433) | | – |
| Proceeds from sale of investments | | 1,033,671 | | 47,483 |
| Purchase of investments | | (4,340,026) | | (5,116,610) |
| Cash used in operating activities | | (3,638,201) | | (5,085,672) |
| **Financing Activities** | | | | |
| Proceeds from issuances of redeemable units | | 4,837,779 | | 5,194,315 |
| Amount paid on redemption of redeemable units | | (1,146,920) | | (121,843) |
| Distributions paid to holders of redeemable units, net of reinvested distributions | | (373) | | – |
| Cash provided by financing activities | | 3,690,486 | | 5,072,472 |
| Increase (decrease) in cash during the period | | 52,285 | | (13,200) |
| Cash, beginning of period | | 372,823 | | – |
| **Cash, end of period** | $ | 425,108 | $ | (13,200) |
| **Supplemental information*** | | | | |
| Interest received | | 67,254 | | 1,274 |
| Dividends received, net of withholding taxes | | 67,213 | | 25,898 |

*Included as a part of cash flows from operating activities

# ALITIS DIVIDEND GROWTH POOL

## Schedule of Investment Portfolio
## As at June 30, 2022 (Unaudited)

| Number of shares/units | Investments owned | | Average cost | | Fair value | % of net asset value |
|---|---|---|---|---|---|---|
| | **Canadian equities** | | | | | |
| 254,251 | Fiera Canadian Equity Fund Series A | $ | 3,226,634 | $ | 3,227,229 | 24.55 |
| 63,370 | iShares Core MSCI Canadian Quality Dividend Index ETF | | 1,479,098 | | 1,512,008 | 11.50 |
| 35,410 | Vanguard FTSE Canadian High Dividend Yield Index ETF | | 1,418,828 | | 1,490,053 | 11.34 |
| 24,080 | Wisdomtree Canada Quality Dividend Growth Index ETF | | 800,890 | | 759,483 | 5.78 |
| | | | 6,925,450 | | 6,988,773 | 53.17 |
| | **European equities** | | | | | |
| 33,070 | RBC Quant European Dividend Leaders ETF | | 730,924 | | 622,873 | 4.74 |
| | **Global equities** | | | | | |
| 23,910 | CI WisdomTree Emerging Markets Dividend Index ETF | | 683,063 | | 570,732 | 4.34 |
| 39,310 | Dynamic Active Global Dividend ETF | | 2,087,711 | | 1,652,986 | 12.57 |
| | | | 2,770,774 | | 2,223,718 | 16.91 |
| | **Canadian investment fund** | | | | | |
| 90,521 | CI Global Dividend Fund F | | 1,657,565 | | 1,534,806 | 11.68 |
| | **U.S. equities** | | | | | |
| 25,590 | iShares Core MSCI US Quality Dividend Index ETF | | 630,861 | | 620,046 | 4.72 |
| 9,780 | Vanguard US Dividend Appreciation Index ETF | | 654,494 | | 614,184 | 4.67 |
| | | | 1,285,355 | | 1,234,230 | 9.39 |
| | **Total investments owned** | | 13,370,068 | | 12,604,400 | 95.89 |
| | Commissions and other portfolio transaction costs | | (4,751) | | – | – |
| | **Net investments owned** | **$** | **13,365,317** | | 12,604,400 | 95.89 |
| | **Other assets, net** | | | | 541,140 | 4.11 |
| | **Net Assets Attributable to Holders of Redeemable Units** | | | **$** | **13,145,540** | **100.00** |

## 1. Pool organization and nature of operations:

Alitis Dividend Growth Pool (the “Pool”) is an open-ended investment trust established under the laws of the Province of British Columbia by a trust agreement dated September 16, 2020 (the “Trust Agreement”). Alitis Investment Counsel Inc. (the “Manager”), a corporation incorporated under the laws of the Province of British Columbia, is the manager of the Pool pursuant to a management agreement dated September 16, 2020 (the “Management Agreement”). The Manager is responsible for managing the overall business of the Pool as well as investing the Pool’s assets. The Manager has appointed BNY Trust Company of Canada (the “Trustee”) to act as the Trustee of the Pool pursuant to the Trust Agreement. The Pool was established on September 16, 2020 and commenced operations on January 1, 2021.

The address of the Pool’s registered office is c/o Alitis Investment Counsel Inc., 909 Island Highway, Suite 101, Campbell River, British Columbia, V9W 2C2.

The investment objective of the Pool is to generate a high level of dividend income, with the potential for capital appreciation, over the long term. The underlying holdings will be primarily made up of mutual funds, exchange-traded funds (ETFs), closed-end funds, real estate investment trusts (REITs), and other pooled investments. Investments may also be made into individual stocks, T-bills, money market instruments, bank products (e.g. GICs, high-interest savings accounts), and other individual investments. Derivatives and currency hedging contracts may also be used.

The success of the Pool depends on the continued services of the Manager and will be influenced by a number of risk factors associated with investments in underlying funds and pooled investments, and the use of leverage, including derivative hedge risk, market liquidity, short sales, portfolio turnover, foreign currency exposure, foreign market exposure, and interest rate fluctuations.

## 2. Basis of presentation:

(a) Basis of accounting:

These interim financial statements have been prepared in compliance with International Financial Reporting Standards applicable to the preparation of financial statements, and International Accounting Standard 34, Interim Financial Reporting (together IFRS). The Pool reports under this basis of accounting as required by Canadian Securities Legislation and the Canadian Accounting Standards Board.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of August 29, 2022, which is the date on which the interim financial statements were authorized for issue by the Manager.

**2. Basis of presentation (continued):**

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which are the Pool's functional currency.

**3. Significant accounting policies:**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Classification and measurement:

Financial assets are required to be classified into one of the following categories: fair value through profit or loss (FVTPL), amortized cost or fair value through other comprehensive income (FVOCI) based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition.

Assessment and decision on the business model approach used is an accounting judgement.

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL, in which case transaction costs are expensed as incurred.

Financial instruments at FVTPL are recognized initially on the trade date, which is the date on which the Pool becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Pool derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

**3. Significant accounting policies (continued):**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Pool has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At June 30, 2022 and December 31, 2021, no amounts have been offset in the statement of financial position.

(ii) FVTPL:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Pool has classified its investments, derivative financial assets and derivative financial liabilities as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Pool uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Pool'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.

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability. These valuation techniques require assumptions that are based on market conditions existing at each statement of financial position date.

Investments in private companies and other assets for which no published market exists are initially valued at cost and adjusted each reporting period, when appropriate, to reflect the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Manager.

## 3. Significant accounting policies (continued):

Investments in warrants that are liquid and traded on an active stock market have been measured at fair value. Warrants not on an active exchange are valued using a recognized fair value model, being the Black-Scholes Model.

Investments in underlying funds are valued at the series Net Asset Value per unit as of the valuation date. Commissions and other portfolio transaction costs do not apply to investments in underlying funds as these investments do not incur such costs.

The Pool's accounting policies for measuring the fair value of investments are consistent with those used for measuring its net asset value (Trading NAV) for transactions with unitholders.

(iii) Amortized cost:

Financial instruments classified as amortized cost include financial assets that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest and financial liabilities not classified as FVTPL. Such financial assets and liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of these financial assets and financial liabilities is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The Pool classifies cash, interest and dividends receivable, subscriptions receivable, other assets, expense reimbursement receivable, accounts payable and accrued liabilities, redemptions payable, performance fees payable, management fees payable and payable for investments purchased as amortized cost. Cash includes cash on deposit with the custodian.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(iv) Impairment:

For financial assets measured at amortized cost, the Pool uses an expected credit loss (ECL) impairment model. The ECL model uses an allowance for expected credit losses being recorded regardless of whether or not there has been an actual loss event.

The Pool measures the loss allowance at an amount equal to lifetime ECL for trade and other receivables. Lifetime ECL's are the ECL's that result from all possible default events over the expected life of the trade and other receivables. ECL's are a probability-weighted estimate of credit losses.

**3. Significant accounting policies (continued):**

Credit losses are measured as the present value of all cash shortfalls (that being the difference between the cash flows due to the Pool in accordance with the contract and the cash flows that the Pool expects to receive). ECL's are discounted at the effective interest rate of the financial asset.

(v) Redeemable units:

The Pool classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Pool has multiple classes of redeemable units that do not have identical features and therefore, does not qualify as equity under International Accounting Standard (IAS) 32, Financial Instruments - presentation (IAS 32). The redeemable units, which are measured at the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Pool's valuation policies at each redemption date.

(b) Fair value measurements:

The Pool 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). Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The Pool recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The three fair value hierarchy levels are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly including inputs in markets that are not considered to be active.

Level 3 Inputs for the asset or liability that are not based on observable market data.

Refer to note 8 for fair value measurements analysis.

## 3. Significant accounting policies (continued):

(c) Investment transactions and income:

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated on an average cost basis.

The interest for distribution purposes shown on the statement of comprehensive income represents the coupon interest received by the Pool accounted for on an accrual basis.

Realized gain/loss on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero-coupon bonds.

(d) Income tax:

The Pool is taxed as a mutual fund trust or unit trust under the *Income Tax Act* (Canada) (the “Tax Act”), and accordingly, is not subject to tax on net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. The Pool is required to make distributions each year of its net income and net realized capital gains, and therefore will not generally be liable for income tax. It is the intention of the Pool to distribute all of its net income and net realized capital gains on an annual basis. Accordingly, no tax provision has been recorded. The Pool may be subject to alternative minimum tax, which is potentially recoverable.

Non-capital capital losses are available to be carried forward for twenty years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

(e) Translation of foreign currency:

Transactions in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the transaction date. Assets and liabilities denominated in currencies other than the Canadian dollar are translated at the applicable exchange rates prevailing at the reporting date. Foreign exchange gains relating to cash and/or financial instruments are recognized as a component within net realized gain on sale of investments, including foreign exchange adjustments and net change in unrealized appreciation in value of investments in the statement of comprehensive income.

**3. Significant accounting policies (continued):**

(f) Net assets attributable to holders of redeemable units per unit:

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total number of units of that particular class outstanding at the end of the period.

(g) (Decrease) Increase in net assets attributable to holders of redeemable units per unit:

(Decrease) increase in net assets attributable to holders of redeemable units per unit is based on the (decrease) increase in net assets attributable to holders of redeemable units attributed to each class of units, divided by the weighted average number of units outstanding of that class during the period. Refer to note 10 for the calculation.

(h) Investment entity:

The Pool has determined that it is an investment entity as defined by IFRS 10, *Consolidated Financial Statements and the Amendments to IFRS 10*, as the following conditions exist:

(i) The Pool has obtained funds from one or more investors for the purpose of providing those investors with investment management services;

(ii) The Pool has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income; and

(iii) The Pool measures and evaluates the performance of substantially all of its investments on a fair value basis.

As an investment entity, the Pool is exempted from consolidating particular subsidiaries and instead is required to measure its investments in these particular subsidiaries at fair value through profit and loss.

## 4. Critical accounting estimates and judgments:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Pool's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

The COVID-19 pandemic has created uncertainty in the general economy and the duration and full scope of the economic impact is unknown. This has led to increased uncertainties in the estimates and assumptions used by the Pool in preparing the financial statements.

The following discusses the most significant accounting judgments and estimates that the Pool has made in preparing the financial statements:

*Classification and measurement of investments and application of the fair value option:*

In classifying and measuring financial instruments held by the Pool, the Investment Manager is required to make significant judgments about whether or not the business of the Pool is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Pool's investments are classified as FVTPL under IFRS 9.

*Fair value measurement of investments not quoted in an active market:*

The Pool may, from time to time, hold financial instruments that are not quoted in active markets, such as unlisted securities, private securities or derivatives. The valuation methods for these financial instruments are described in note 3(a)(ii). The values of these securities are independently assessed by the Manager to ensure they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair value for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of private securities are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity. Valuation models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty); volatilities and correlations require the Manager to make estimates. Changes in assumption about these factors could affect the reporting fair values of financial instruments.

**5. Related party transactions:**

Related party transactions are incurred for management and incentive allocations. Balances are unsecured, interest free and to be settled in cash.

Management fees:

The Pool pays the Manager a monthly management fee equal to 1/12th of 1.75 percent of the Net Asset Value of the class A, 1.10 percent of the Net Asset Value of the class E and of 0.75 percent of the Net Asset Value of the class F. The management fees are calculated and accrued weekly and payable as of the last valuation date of each month, plus applicable taxes. Management fees in respect of the class D units of the Pool is charged to each individual account by the Manager. Management fees in respect of the class I of the Pool is negotiated and paid directly to the Manager.

For the period ended June 30, 2022, the Pool incurred management fees of $32,713 (2021 - $6,458) and $1,377 (December 31, 2021 - $6,088) was payable to the Manager as at June 30, 2022.

Performance fees:

The Manager also receives a performance fee from each class of units of the Pool. Performance fees accrue weekly and are earned quarterly, as well as on redemption of a unit. Upon the redemption of units of a particular class, the accrued portion of the Performance fees allocated to the redeemed units will be payable by the Pool. Performance fees are calculated as a percentage of any gain on units over a specific hurdle rate as follows:

The Pool pays the Manager a performance fee equal to 20 percent of any gain on units over a specific hurdle rate being 6 percent of the class A units, 8 percent of the class D units, 7 percent of the class E units and 7 percent of the class F units, plus applicable taxes. Performance fees in respect of the class I units of the Pool is negotiated directly with the Manager.

The gain is calculated as the difference between the Net Asset Value before performance fee on each class and the unitholder equity in the class. Unitholder equity is calculated by taking the Net Asset Value of the class on the last day a performance fee was paid on that class, plus the value of all contributions made in that class since a performance fee was paid and subtracting a pro-rata share of equity on every redemption of units in the class. The hurdle amount is calculated on the unitholder equity, on an annualized basis, and subtracted from the gain as defined above. A percentage of the positive difference in gain, calculated using the appropriate performance fee rates is accrued to the Manager, plus applicable taxes.

For the period ended June 30, 2022, the Pool incurred performance fees of $nil (2021 - $30, 635) and $2,803 (December 31, 2021 - $52,791) was payable as at June 30, 2022.

## 6. Net assets attributable to holders of redeemable units:

The Pool is authorized to issue an unlimited number of redeemable units, issuable in an unlimited number of classes, each of which represents an equal, undivided, beneficial interest in the net assets attributable to holders of redeemable units of the Pool. The Pool currently offers class D and class E units. Each unit of each class entitles the holder to vote, with one vote for each unit and to participate equally with respect to any and all distributions made by the Pool. Units of a class may be consolidated and/or redesignated by the Manager.

Units of the Pool surrendered for redemption may be redeemed weekly on the last business day of each week after the valuation of the units has been done (the “Redemption Date”). Orders to redeem must be received by the Manager at least 10 business days prior to such Redemption Date. The redemption proceeds will be equal to the Net Asset Value per unit of such Units being redeemed on the Redemption Date. Redemption of units which were purchased within the last 90 days may be subject to a short-term trading fee equal to 3 percent of the value of the units so redeemed. With units being redeemable at the option of the holder and quarterly distributions of realized income being paid, units have been classified as a liability.

The unit activity during the period ended June 30, 2022 and 2021 is as follows:

| | Redeemable Units, beginning of period | Redeemable Units Issued | Redemptions of Redeemable Units | Reinvestments of Units | Redeemable Units, end of period |
|---|---|---|---|---|---|
| **June 30, 2022** | | | | | |
| Class D | 483,292 | 240,983 | (11,208) | – | 713,067 |
| Class E | 482,031 | 197,131 | (67,684) | – | 611,478 |
| **June 30, 2021** | | | | | |
| Class D | – | 282,861 | – | 161 | 283,022 |
| Class E | – | 260,615 | (12,577) | 26 | 248,064 |

**6. Net assets attributable to holders of redeemable units (continued):**

Capital disclosure:

The capital of the Pool is represented by issued and redeemable units. The redeemable units are entitled to distributions, if any, and to payment of a proportionate share based on the Pool's Net Asset Value per unit upon redemption.

The Pool has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the statement of changes in financial position. In accordance with its investment objectives and strategies, and the risk management practices outlined in note 7, the Pool endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

**7. Financial instruments risk:**

Management of financial instrument risks:

The Pool's activities expose it to a variety of financial risks: interest rate risk, foreign currency risk, price risk, credit risk, liquidity risk and capital risk.

An investment in the Pool is speculative and involves a high degree of risk due to the nature of the portfolio of investments and the strategies employed.

There can be no assurance that the investment objective of the Pool will be achieved. Use of short sales may create special risks and substantially increase the impact of adverse price movements on the portfolio of investments.

Asset allocation is determined by the Manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Manager.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Pool are discussed below.

Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

**7. Financial instruments risk (continued):**

Interest rate risk arises when the Pool invests in interest-bearing financial instruments. The Pool is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

The majority of the Pool's direct financial assets and liabilities are non-interest bearing. Accordingly, the Pool is not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. The Pool is indirectly exposed to the risk from the securities held by the underlying funds through investments in debt instruments and/or derivatives and may be affected by changes in market interest rates and the effect could be material.

As at June 30, 2022 and December 31, 2021, the majority of the Pool's financial assets and liabilities are non-interest bearing.

Foreign currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Pool. The Pool may enter into foreign exchange futures or forward contracts for hedging purposes to reduce their foreign currency exposure, or to establish exposure to foreign currencies.

The Pool may invest in financial instruments denominated in currencies other than its measurement currency.

Consequently, the Pool is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the Pool's assets or liabilities denominated in currencies other than Canadian dollars.

Although investments owned by the Pool are denominated in Canadian dollars, the currency risk of the investment owned may be different than the currency in which it trades. For example, an investment denominated in United States dollars may hold assets that trade in Euros or Pounds. The currency risk for the Pool in this example is to the underlying currency of the investment owned, referred to as the indirect currency, being Euros or Pounds. When calculating the currency risk for the Pool, when an investment's indirect currency is different than its direct currency, the indirect currency is used as this reflects the true currency risk of the Pool.

## 7. Financial instruments risk (continued):

As at June 30, 2022, the Pool has the following currency exposure:

| | Net assets attributable to holders of redeemable units (%) |
|---|---|
| United States dollars | 25.8 |
| European currencies | 18.0 |
| Asia Pacific (developed) currencies | 0.6 |
| Emerging market currencies | 4.4 |

As at December 31, 2021, the Pool has the following currency exposure:

| | Net assets attributable to holders of redeemable units (%) |
|---|---|
| United States dollars | 26.4 |
| European currencies | 12.6 |
| Asia Pacific (developed) currencies | 1.6 |
| Emerging market currencies | 5.1 |

Price risk:

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

As at June 30, 2022, 60% (December 31, 2021 – 77%) of the Pool's net assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges. If security prices on the North American stock exchanges had increased or decreased by 10 percent as at the period end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately $784,000 (December 31, 2021 - $810,000) respectively. In practice, the actual results may differ from this sensitivity analysis and the difference could be material. There was no significant indirect exposure to the risk from securities held by the underlying funds.

**7. Financial instruments risk (continued):**

There is also exposure to other price risk indirectly through the Underlying Funds to the extent that they have direct investments in securities traded on North American and other stock exchanges. As at June 30, 2022, approximately 96.9 percent (December 31, 2021 – 100.0 percent) of the underlying investments net assets attributable to holders of redeemable units were invested in securities traded on North American and other stock exchanges. If security prices on North American and other stock exchanges had increased or decreased by 10 percent as at the period end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately $1,260,000 (December 31, 2021 – $1,080,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Pool.

Where the Pool invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Pool.

All transactions executed by the Pool in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at June 30, 2022 and December 31, 2021, the Pool has no significant investments directly in debt instruments and/or derivatives. The Pool is indirectly exposed to the risk from the securities held by the underlying funds in debt instruments and/or derivatives where there is a concentration of credit risk that may arise. As at June 30, 2022 and December 31, 2021, the Pool has no significant investments indirectly in debt instruments and/or derivatives.

Liquidity risk:

Liquidity risk is defined as the risk that the Pool may not be able to settle or meet their obligation on time or at a reasonable price.

The Pool's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Pool primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Pool generally retains sufficient cash and cash equivalent positions to maintain liquidity, which is maintained in the due from broker account.

## 7. Financial instruments risk (continued):

The Pool may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives.

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Pool's investment objective and strategy.

The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Pool's overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Pool are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Capital risk management:

The Manager manages the capital of the Pool in accordance with the Pool's investment objectives, policies and restrictions, as outlined in the Pool's offering memorandum, while maintaining sufficient liquidity to meet unitholders' withdrawals. The Pool does not have externally imposed capital requirements.

## 8. Fair value measurements:

The following table summarizes the levels in the fair value hierarchy in which the Pool's investments are categorized as of June 30, 2022:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Common stocks | $ 11,069,594 | $ – | $ – | $ 11,069,594 |
| Investment fund | – | – | 1,534,806 | 1,534,806 |
| | $ 11,069,594 | $ – | $ 1,534,806 | $ 12,604,400 |

There were no transfers between levels for the period ended June 30, 2022.

The following table summarizes the levels in the fair value hierarchy in which the Pool's investments are categorized as of December 31, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Common stocks | $ 10,798,658 | $ – | $ – | $ 10,798,658 |
| | $ 10,798,658 | $ – | $ – | $ 10,798,658 |

There were no transfers between levels for the year ended December 31, 2021.

## 8. Fair value measurements (continued):

Financial instruments not measured at fair value:

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

## 9. Expenses:

The Manager has the power to incur and make payment out of the Pool's property for any charges or expenses which, in the opinion of the Manager, are necessary or incidental to, or proper for, carrying out any of the purposes of the Trust Agreement, including without limitation all fees and expenses relating to the management and administration of the Pool. The Pool is responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

## 10. (Decrease) increase in net assets attributable to holders of redeemable units per unit:

The (decrease) increase in net assets attributable to holders of redeemable units per unit for the period ended June 30, 2022 and 2021 is calculated as follows:

| | (Decrease) increase in net assets attributable to holders of redeemable units | Weighted average of redeemable units outstanding during the period: | (Decrease) increase in net assets attributable to holders of redeemable units |
|---|---|---|---|
| **June 30, 2022** | | | |
| Class D | $ (738,044) | 592,392 | $ (1.25) |
| Class E | (702,985) | 538,730 | (1.30) |
| **June 30, 2021** | | | |
| Class D | $ 127,665 | 173,306 | $ 0.74 |
| Class E | 62,699 | 116,788 | 0.54 |

## 11. Indemnification of the Manager:

The Pool, under the terms of their Trust Agreement, shall indemnify the Manager, their principals and their respective affiliates from all claims that may arise for mistakes of judgment or for action or inaction or for losses due to such mistakes, action or inaction so long as they acted honestly and not in bad faith and reasonably believed that their conduct was in the best interests of the Pool.

## 12. Filing exemption:

The Pool is relying on the exemption pursuant to Section 2.11 of National Instrument 81-106 not to file its financial statements with the applicable Provincial Securities Commission.

## 13. Income taxes:

The Pool qualifies as a Mutual Fund Trust under the provisions of the Income Tax Act (Canada) (the “Tax Act”), and accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. However, such part of the Pool’s net income and net realized capital gains that is not paid or payable, is subject to income tax in the Pool. It is the intention of the Pool to distribute all of its income and sufficient net realized capital gains so that the Pool will not be subject to income tax. The Pool may be subject to alternative minimum tax, which is potentially recoverable.

Non-capital losses are available to be carried forward for twenty years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

As at the tax year ended December 31, 2021, the Pool does not have any capital or non-capital losses available for carry-forward.