

Financial Statements of

**ALITIS STRATEGIC INCOME POOL
ALITIS INCOME AND GROWTH POOL
ALITIS GROWTH POOL**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Alitis Strategic Income Pool, Alitis Income and Growth Pool and Alitis Growth Pool

Opinion

We have audited the accompanying financial statements of Alitis Strategic Income Pool, Alitis Income and Growth Pool and Alitis Growth Pool (the "Entities"), which comprise the statement of financial position as at December 31, 2021, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entities as at December 31, 2021, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entities in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entities' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entities or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entities' financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entities' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

April 15, 2022

ALITIS STRATEGIC INCOME POOL

Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Investments	\$ 28,914,751	\$ 29,605,194
Future contracts	4,521	—
Cash	702,724	1,441,547
Interest and dividends receivable	54,534	51,422
Subscriptions receivable	57,315	675,058
	\$ 29,733,845	\$ 31,773,221
Liabilities		
Future contracts	\$ —	\$ 4,327
Accounts payable and accrued liabilities	41,981	38,576
Management fees payable (note 5)	21,849	22,532
Redemptions payable	54,842	39,350
	118,672	104,785
Net assets attributable to holders of redeemable units	\$ 29,615,173	\$ 31,668,436
Net assets attributable to holders of redeemable units per class:		
Class D	\$ 10,180,312	\$ 10,531,633
Class E	19,434,861	21,136,803
Number of units outstanding (note 6):		
Class D	940,763	943,854
Class E	1,820,896	1,920,921
Net assets attributable to holders of redeemable units per unit:		
Class D	\$ 10.82	\$ 11.16
Class E	10.67	11.00

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

Approved on behalf of the Trust,
Alitis Investment Counsel Inc.

Signed by Cecil Baldry-White

ALITIS STRATEGIC INCOME POOL

Statement of Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Income:		
Interest income for distribution purposes	\$ 939,879	\$ 819,507
Dividends	92,365	80,582
Net changes in fair value on financial assets at fair value through profit or loss:		
Net realized gain on sale of investments, including foreign exchange adjustments	70,004	375,798
Net change in unrealized appreciation (depreciation) in value of investments	(1,070,891)	303,446
	<u>31,357</u>	<u>1,579,333</u>
Expenses:		
Management fees (note 5)	237,903	228,999
Fund administration fees	64,483	62,498
Operating costs	32,710	22,463
Audit fees	12,535	11,602
Withholding tax	6,420	6,729
Custodian fees	2,520	2,520
Commissions and other portfolio transaction costs	2,321	1,744
Performance fees (note 5)	—	1
	<u>358,892</u>	<u>336,556</u>
Increase (decrease) in net assets attributable to holders of redeemable units	<u>\$ (327,535)</u>	<u>\$ 1,242,777</u>
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class D	\$ (29,098)	\$ 464,670
Class E	(298,437)	778,107
	<u>\$ (327,535)</u>	<u>\$ 1,242,777</u>
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class D	\$ (0.03)	\$ 0.57
Class E	(0.16)	0.43

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

ALITIS STRATEGIC INCOME POOL

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Net assets attributable to holders of redeemable units, beginning of year:		
Class D	\$ 10,531,633	\$ 8,494,454
Class E	21,136,803	18,096,740
	<u>31,668,436</u>	<u>26,591,194</u>
Increase (decrease) in net assets attributable to holders of redeemable units:		
Class D	(29,098)	464,670
Class E	(298,437)	778,107
	<u>(327,535)</u>	<u>1,242,777</u>
Capital transactions:		
Proceeds from redeemable units issued:		
Class D	2,613,690	2,859,552
Class E	4,461,623	5,168,167
	<u>7,075,313</u>	<u>8,027,719</u>
Redemption of redeemable units:		
Class D	(2,935,913)	(1,287,043)
Class E	(5,865,128)	(2,906,211)
	<u>(8,801,041)</u>	<u>(4,193,254)</u>
Distribution to unitholders of redeemable units*:		
Class D	(290,919)	(276,103)
Class E	(324,470)	(362,896)
	<u>(615,389)</u>	<u>(638,999)</u>
Reinvestments of distributions to holders of redeemable units:		
Class D	290,919	276,103
Class E	324,470	362,896
	<u>615,389</u>	<u>638,999</u>
Net assets attributable to holders of redeemable units, end of year:		
Class D	10,180,312	10,531,633
Class E	19,434,861	21,136,803
	<u>\$ 29,615,173</u>	<u>\$ 31,668,436</u>
*Detailed distribution to unitholders:		
Class D:		
From net investment income	\$ 290,919	\$ 276,103
Class E:		
From net investment income	\$ 324,470	\$ 362,896
Total distribution to unitholders	<u>\$ 615,389</u>	<u>\$ 638,999</u>

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

ALITIS STRATEGIC INCOME POOL

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash flow from (used in) operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units, for the year	\$ (327,535)	\$ 1,242,777
Adjustments for non-cash items:		
Commissions and other portfolio transaction costs	2,321	1,744
Net realized gain on investments, including foreign exchange adjustments	(70,004)	(375,798)
Net change in unrealized appreciation (depreciation) in value of investments	1,070,891	(303,446)
Change in non-cash balances:		
Interest and dividends receivable	(3,112)	(15,602)
Accounts payable and accrued liabilities	3,405	1,714
Management fees payable	(683)	4,215
Due to broker	—	(1,250,000)
Proceeds from sale of investments	6,378,434	3,162,329
Purchase of investments	(6,698,408)	(10,706,592)
Net cash flow from (used in) operating activities	355,309	(8,238,659)
Cash flow from (used in) financing activities:		
Proceeds from issuances of redeemable units	7,693,056	7,723,309
Amount paid on redemption of redeemable units	(8,785,549)	(4,392,390)
Net cash flow from (used in) financing activities	(1,092,493)	3,330,919
Decrease in cash during the year	(737,184)	(4,907,740)
Foreign exchange loss on cash	(1,639)	(122)
Cash, beginning of year	1,441,547	6,349,409
Cash, end of year	\$ 702,724	\$ 1,441,547
Supplemental information*:		
Interest paid	\$ 1,450	\$ 235
Interest received	928,900	795,240
Dividends received, net of withholding taxes	85,282	65,990

*Included as part of "cash flow from operating activities".

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

ALITIS STRATEGIC INCOME POOL

Schedule of Investment Portfolio

December 31, 2021

Number of shares/units	Investments owned	Average cost	Fair value	% of net assets
Canadian alternative fixed income:				
94,881	RP Debt Opportunities Fund Trust Series FA Lead	\$ 1,141,683	\$ 1,452,308	4.90
122,925	YTM Capital Credit Opportunities Fund - Class F JUL-15 Consolidated	1,258,576	1,268,941	4.28
90,682	YTM Capital Fixed Income Alternative Fund Series F	934,625	922,926	3.12
		3,334,884	3,644,175	12.30
Canadian bonds:				
62,060	BMO Floating Rate High Yield ETF	902,033	901,111	3.04
62,160	BMO Mid Provincial Bond Index ETF	995,581	951,048	3.21
24,440	BMO Short Provincial Bond Index ETF	327,645	315,032	1.06
6,380	BMO Ultra Short-Term Bond ETF	324,051	314,725	1.06
51,820	iShares Core Canadian Universe Bond Index ETF	1,642,342	1,647,358	5.56
125,230	Leith Wheeler Corporate Fixed Income Fund	1,210,691	1,250,157	4.22
357,417	PH&N Bond Fund Series O	3,821,761	3,751,775	12.67
190,877	PH&N High Yield Bond Fund Series O	2,180,172	2,149,125	7.26
		11,404,276	11,280,331	38.08
Canadian private debt:				
14,822	Bridging Income Fund LP	1,475,333	958,966	3.24
105,889	Cortland Credit Strategies LP Class F	1,240,723	1,245,649	4.21
2,861	Crown Capital Partner Funding, LP	1,361,599	1,365,890	4.61
161,354	Ninepoint Canadian Senior Debt Fund Class S (SPR825)	1,742,851	2,145,105	7.24
174,422	The Next Edge Private Debt Fund - Class F1 (NEC452)	1,752,720	1,730,820	5.84
		7,573,226	7,446,430	25.14
Canadian real estate:				
63,234	Dream Impact Trust	414,469	388,889	1.31
Global bonds:				
81,602	RP Alternative Global Bond Fund Class F	814,299	796,620	2.69
184,379	RP Strategic Income Plus Fund Class F	1,904,627	1,954,417	6.60
		2,718,926	2,751,037	9.29
U.S. bonds:				
98,890	BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF	1,595,854	1,501,150	5.07
17,755	Vanguard Total Bond Market ETF	1,667,305	1,902,739	6.42
		3,263,159	3,403,889	11.49
Total investments owned		28,708,940	28,914,751	97.61
Commissions and other portfolio transaction costs		(4,231)	-	-
Net investments owned		\$ 28,704,709	28,914,751	97.61
Unrealized gain, U.S. futures currency contracts, notional amount \$1,100,000, matures March 15, 2022, average contract rate of 0.7873			4,521	0.02
Other assets, net			695,901	2.37
Net assets attributable to holders of redeemable units			\$ 29,615,173	100.00

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

ALITIS INCOME AND GROWTH POOL

Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Investments	\$ 158,170,200	\$ 131,485,681
Future contracts	28,059	—
Cash	3,739,323	—
Interest and dividends receivable	352,064	328,479
Subscriptions receivable	2,349,492	308,729
Fee rebate - investments owned	8,022	2,033
	\$ 164,647,160	\$ 132,124,922
Liabilities		
Future contracts	\$ —	\$ 35,327
Bank indebtedness	—	1,495,602
Accounts payable and accrued liabilities	56,018	64,195
Management fees payable (note 5)	118,996	103,788
Redemptions payable	2,318,338	352,816
Distributions payable	3,498	529
Performance fees payable (note 5)	181	190,877
Loans payable to investee, non-interest bearing	14,530,945	—
	17,027,976	2,243,134
Net assets attributable to holders of redeemable units	\$ 147,619,184	\$ 129,881,788
Net assets attributable to holders of redeemable units per class:		
Class D	\$ 42,346,133	\$ 33,756,391
Class E	105,273,051	96,125,397
Number of units outstanding (note 6):		
Class D	3,542,067	2,858,375
Class E	8,931,557	8,256,310
Net assets attributable to holders of redeemable units per unit:		
Class D	\$ 11.96	\$ 11.81
Class E	11.79	11.64

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

Approved on behalf of the Trust, Signed by Cecil Baldry-White
Alitis Investment Counsel Inc.

ALITIS INCOME AND GROWTH POOL

Statement of Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Income:		
Interest income for distribution purposes	\$ 3,404,994	\$ 2,694,324
Dividends	1,122,186	367,524
Fee rebate - investments owned	24,575	20,108
Net changes in fair value on financial assets at fair value through profit or loss:		
Net realized gain on sale of investments, including foreign exchange adjustments	4,512,902	6,366,320
Net change in unrealized appreciation in value of investments	3,694,951	969,090
	<u>12,759,608</u>	<u>10,417,366</u>
Expenses:		
Management fees (note 5)	1,168,450	1,053,649
Performance fees (note 5)	543,739	191,798
Fund administration fees	127,713	133,566
Withholding tax	101,414	45,900
Operating costs	50,500	45,749
Audit fees	12,284	13,979
Commissions and other portfolio transaction costs	34,705	11,675
Custodian fees	2,520	2,520
	<u>2,041,325</u>	<u>1,498,836</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 10,718,283</u>	<u>\$ 8,918,530</u>
Increase in net assets attributable to holders of redeemable units per class:		
Class D	\$ 3,233,268	\$ 2,562,006
Class E	7,485,015	6,356,524
	<u>\$ 10,718,283</u>	<u>\$ 8,918,530</u>
Increase in net assets attributable to holders of redeemable units per unit		
Class D	\$ 1.05	\$ 0.87
Class E	0.90	0.77

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

ALITIS INCOME AND GROWTH POOL

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Net assets attributable to holders of redeemable units, beginning of year:		
Class D	\$ 33,756,391	\$ 34,084,424
Class E	96,125,397	94,079,895
	<u>129,881,788</u>	<u>128,164,319</u>
Increase in net assets attributable to holders of redeemable units:		
Class D	3,233,268	2,562,006
Class E	7,485,015	6,356,524
	<u>10,718,283</u>	<u>8,918,530</u>
Capital transactions:		
Proceeds from redeemable units issued:		
Class D	11,078,225	3,151,264
Class E	19,331,661	8,685,773
	<u>30,409,886</u>	<u>11,837,037</u>
Redemption of redeemable units:		
Class D	(5,721,751)	(6,041,303)
Class E	(17,664,927)	(12,995,883)
	<u>(23,386,678)</u>	<u>(19,037,186)</u>
Distribution to unitholders of redeemable units*:		
Class D	(2,875,224)	(797,585)
Class E	(6,476,653)	(1,537,235)
	<u>(9,351,877)</u>	<u>(2,334,820)</u>
Reinvestments of distributions to holders of redeemable units:		
Class D	2,875,224	797,585
Class E	6,472,558	1,536,323
	<u>9,347,782</u>	<u>2,333,908</u>
Net assets attributable to holders of redeemable units, end of year:		
Class D	42,346,133	33,756,391
Class E	105,273,051	96,125,397
	<u>\$ 147,619,184</u>	<u>\$ 129,881,788</u>

*Detailed distribution to unitholders:

Class D:		
From net investment income	\$ (1,592,786)	\$ (747,897)
From capital gains	(1,282,438)	(49,688)
	<u>\$ (2,875,224)</u>	<u>\$ (797,585)</u>
Class E:		
From net investment income	\$ (3,241,031)	\$ (1,047,971)
From capital gains	(3,235,622)	(489,264)
	<u>\$ (6,476,653)</u>	<u>\$ (1,537,235)</u>
Total distribution to unitholders	<u>\$ (9,351,877)</u>	<u>\$ (2,334,820)</u>

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

ALITIS INCOME AND GROWTH POOL

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash flow from (used in) operating activities:		
Increase in net assets attributable to holders of redeemable units for the year	\$ 10,718,283	\$ 8,918,530
Adjustments for non-cash items:		
Net realized gain on investment transactions, including foreign exchange adjustments	(4,512,902)	(6,366,320)
Net change in unrealized appreciation in value of investments	(3,694,951)	(969,090)
Commissions and other portfolio transaction costs	11,354	11,675
Change in non-cash balances:		
Interest and dividends receivable	(23,585)	33,886
Fee rebate - investments owned	(5,989)	4,016
Accounts payable and accrued liabilities	(8,177)	(1,659)
Management fees payable	15,208	7,390
Distributions payable	2,969	(881)
Performance fees payable	(190,696)	190,877
Due to broker	—	(1,800,000)
Loans payable	14,530,945	(7,924,355)
Proceeds from sale of investments	42,124,758	51,309,811
Purchase of investments	(60,650,846)	(42,507,713)
Net cash flow from (used in) operating activities	(1,683,629)	906,167
Cash flow from (used in) financing activities:		
Proceeds from issuances of redeemable units	28,369,123	12,386,664
Amount paid on redemption of redeemable units	(21,421,156)	(19,514,018)
Distributions paid to holders of redeemable units, net of reinvested distributions	(4,095)	(912)
Net cash flow from (used in) financing activities	6,943,872	(7,128,266)
Increase (decrease) in cash during the year	5,260,243	(6,222,099)
Foreign exchange gain (loss) on cash	(25,318)	13,136
Cash (bank indebtedness), beginning of year	(1,495,602)	4,713,361
Cash (bank indebtedness), end of year	\$ 3,739,323	\$ (1,495,602)
Supplemental information*:		
Interest paid	\$ 15,018	\$ 7,272
Interest received	3,355,566	2,736,921
Dividends received, net of withholding taxes	1,005,857	301,347

*Included as part of "cash flow from operating activities".

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

ALITIS INCOME AND GROWTH POOL

Schedule of Investment Portfolio

December 31, 2021

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
Canadian alternative equities:				
91,323	EHP Advantage Alternative Fund Class F	\$ 979,352	\$ 1,167,949	0.79
95,871	EHP Advantage International Alternative Fund Class F	1,017,808	1,122,727	0.76
176,147	EHP Global Arbitrage Alternative Fund Class F	2,075,717	2,230,894	1.51
		4,072,877	4,521,570	3.06
Canadian alternative fixed income:				
124,469	RP Debt Opportunities Fund Trust Series FA Lead	1,501,084	1,905,184	1.29
146,907	YTM Capital Credit Opportunities Fund - Class F JUL-15 Consolidated	1,506,538	1,516,500	1.03
105,083	YTM Capital Fixed Income Alternative Fund Series F	1,083,253	1,069,499	0.72
		4,090,875	4,491,183	3.04
Canadian bonds:				
77,940	BMO Floating Rate High Yield ETF	1,132,844	1,131,689	0.77
74,880	BMO Mid Provincial Bond Index ETF	1,201,109	1,145,664	0.78
95,260	BMO Short Provincial Bond Index ETF	1,274,813	1,227,901	0.83
28,470	BMO Ultra Short-Term Bond ETF	1,447,599	1,404,425	0.95
65,120	iShares Core Canadian Universe Bond Index ETF	2,006,423	2,070,165	1.40
152,082	Leith Wheeler Corporate Fixed Income Fund	1,472,204	1,518,214	1.03
449,019	PH&N Bond Fund Series O	4,720,991	4,713,311	3.19
235,745	PH&N High Yield Bond Fund Series O	2,700,975	2,654,299	1.80
		15,956,958	15,865,668	10.75
Canadian equities:				
32,675	iShares S&P/TSX 60 Index ETF	742,626	1,062,862	0.72
Canadian mortgage:				
2,000,945	Antrim Balanced Mortgage Fund Class F Series C	2,000,945	2,000,945	1.36
68,300	Atrium Mortgage Investment Corp.	697,554	959,615	0.65
3,000,000	Cambridge Mortgage Investment Corporation Class B	3,000,000	3,000,000	2.03
283,330	Cameron Stephens High Yield Mortgage Trust	2,833,296	2,833,296	1.92
52,600	CMCC High Yield Mortgage Investment Corporation Class A	526,000	526,000	0.36
962,500	KingSett Senior Mortgage Fund LP	962,500	962,500	0.65
240,000	KV Mortgage Fund Inc.	2,400,000	2,400,000	1.63
146,322	MCAN Mortgage Corp.	1,929,530	2,528,444	1.71
4,550,000	Neighbourhood Holdings Limited Partnership - Class F	4,550,009	4,550,000	3.08
348,700	Timbercreek Financial Corp.	2,835,700	3,351,007	2.27
1,150,000	Ryan Mortgage Income Fund	1,150,000	1,150,000	0.78
		22,885,534	24,261,807	16.44
Canadian private debt:				
500,000	Anthem 585 Austin Developments GP LTD., 5%, 29OCT2026	500,000	500,000	0.34
37,970	Bridging Income Fund LP	3,779,381	2,456,597	1.66
121,630	Cortland Credit Strategies LP Class F	1,423,881	1,430,811	0.97
3,766	Crown Capital Partner Funding, LP	1,792,304	1,797,952	1.22
193,853	Ninepoint Canadian Senior Debt Fund Class S (SPR825)	2,091,088	2,577,156	1.75
189,960	The Next Edge Private Debt Fund - Class F1 (NEC452)	1,911,872	1,885,016	1.28
		11,498,526	10,647,532	7.22
Canadian private equity:				
1,300,000	CAI Capital Partners VI Limited Partnership	751,649	831,090	0.56
Canadian real estate:				
511	Anthem 6075 Wilson Developments LP Series 2	-	117,715	0.08
2,400	Anthem Class A Investment LP	2,400,000	2,400,000	1.63
1,000,000	Anthem Coyote Creek Developments Limited Partnership	1,000,000	1,582,224	1.07
511	Anthem Metro Vancouver High-Rise Development Fund LP - Class B	511,000	511,000	0.35
1,000	Anthem Steveston Development Limited Partnership	-	61,681	0.04
750	Anthem West Clayton Developments Limited Partnership	-	14,167	0.01

ALITIS INCOME AND GROWTH POOL

Schedule of Investment Portfolio (continued)

December 31, 2021

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
Canadian real estate (continued):				
3,000	Boardwalk Real Estate Investment Trust	\$ 89,172	\$ 164,490	0.11
60	CMCC Capital Fund V Limited Partnership	676,200	679,201	0.46
879,815	Dream Impact Trust	5,731,874	5,410,862	3.67
1,389,500	Ironclad Developments Aurora LP Class A-2	1,389,500	1,645,543	1.11
3,273,550	Ironclad Developments Bishop Grandin LP Class A-2	3,273,550	3,473,127	2.35
2,300,000	Ironclad Developments Bridgewater Limited Partnership Class A-2	1,330,120	2,013,155	1.36
1,700,000	Ironclad Developments Costin & Carlow LP Class A-2	1,700,000	1,700,000	1.15
2,362,500	Ironclad Developments Eagleson Limited Partnership - Class A	111,058	2,142,536	1.45
4,062,500	Ironclad Developments Elliot Limited Partnership - Class A	4,062,500	6,917,980	4.69
4,977,000	Ironclad Developments Goldstream Limited Partnership - Class A	4,977,000	7,709,004	5.22
1,409,091	Ironclad Developments Jubilee Limited Partnership Class A-2	1,409,091	2,083,863	1.41
969,456	Ironclad Developments Main & Benn Limited Partnership Class A-2	969,456	1,354,855	0.92
3,300,000	Ironclad Developments Pembina Limited Partnership - Class A	—	1,338,841	0.91
1,700,000	Ironclad Developments Tenth Line Limited Partnership Class A-2	1,700,000	1,791,795	1.21
2,000,000	Ironclad Developments Treanor Limited Partnership Class A-2	2,000,000	2,963,712	2.01
1,054	Kingsett Canadian Real Estate Income Fund LP	1,207,227	1,283,164	0.87
26,508	Starlight Canadian Residential Growth Fund II - Class C	2,603,914	2,895,097	1.96
247	The Mercury Block Limited Partnership Class E	2,008,935	2,008,935	1.36
		39,150,597	52,262,947	35.40
Global bonds:				
91,424	RP Alternative Global Bond Fund Class F	912,186	892,508	0.60
231,638	RP Strategic Income Plus Fund Class F	2,402,381	2,455,364	1.66
		3,314,567	3,347,872	2.26
Global equities:				
185,558	Canoe Defensive Global Equity Fund	3,471,521	4,570,209	3.10
73,240	Dynamic Global Discovery Fund - Series F	3,596,158	4,433,150	3.00
137,986	Edgepoint Global Portfolio Series F(N) Non Hst	3,965,626	4,541,567	3.08
		11,033,305	13,544,926	9.18
Global Infrastructure:				
200	Eaglecrest Infrastructure Canada LP	2,000,000	2,029,492	1.37
U.S. bonds:				
124,220	BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF	1,992,775	1,885,660	1.28
22,440	Vanguard Total Bond Market ETF	1,997,366	2,404,813	1.63
		3,990,141	4,290,473	2.91
Asia-Pacific equities:				
52,250	iShares MSCI Australia ETF	1,564,103	1,640,521	1.11
10,000	iShares MSCI Japan ETF	856,891	846,709	0.57
10,800	iShares MSCI South Korea Capped ETF	1,209,728	1,063,439	0.72
		3,630,722	3,550,669	2.40
European equities:				
23,525	iShares MSCI Germany ETF	969,415	975,119	0.66
39,000	iShares MSCI Poland Capped ETF	1,096,537	1,038,584	0.70
27,200	iShares MSCI Sweden ETF	1,602,443	1,593,493	1.08
37,550	iShares MSCI United Kingdom ETF	1,484,227	1,573,553	1.07
		5,152,622	5,180,749	3.51

ALITIS INCOME AND GROWTH POOL

Schedule of Investment Portfolio (continued)

December 31, 2021

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
Global private equity:				
10,876	Overbay Fund XIV LP	1,102,569	1,372,862	0.93
Latin American equities:				
78,325	iShares MSCI Brazil Capped ETF	3,382,733	2,780,108	1.88
19,850	iShares MSCI Mexico Capped ETF	1,010,210	1,270,076	0.86
		4,392,943	4,050,184	2.74
U.S. mortgage:				
3,557	Timbercreek Real Estate Finance US LP	\$ 4,653,956	\$ 4,495,900	3.05
U.S. real estate:				
98,499	Rise Properties Trust Class F USD	1,174,277	2,362,414	1.60
Total investments owned		139,594,745	158,170,200	107.14
Commissions and other portfolio transaction costs		(15,421)	—	—
Net investments owned		\$ 139,579,324	158,170,200	107.14
Unrealized gain, U.S. futures currency contracts, notional amount \$6,900,000, matures March 15, 2022, average contract rate of 0.7873			28,059	0.02
Other net liabilities			(10,579,075)	(7.16)
Net assets attributable to holders of redeemable units			\$ 147,619,184	100.00

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

ALITIS GROWTH POOL

Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Investments	\$ 25,914,745	\$ 21,187,249
Cash	408,963	2,277,990
Interest and dividends receivable	31,163	7,029
Subscriptions receivable	104,614	112,785
Other assets	2,836	—
	\$ 26,462,321	\$ 23,585,053
Liabilities		
Accounts payable and accrued liabilities	\$ 32,068	\$ 31,708
Management fees payable (note 5)	16,626	15,367
Redemptions payable	104,076	60,625
Distributions payable	358	—
	153,128	107,700
Net assets attributable to holders of redeemable units	\$ 26,309,193	\$ 23,477,353
Net assets attributable to holders of redeemable units per class:		
Class D	\$ 11,486,561	\$ 9,261,425
Class E	14,822,632	14,215,928
Number of units outstanding (note 6):		
Class D	880,037	721,878
Class E	1,223,619	1,179,144
Net assets attributable to holders of redeemable units per unit:		
Class D	\$ 13.05	\$ 12.83
Class E	12.11	12.06

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

Approved on behalf of the Trust,
Alitis Investment Counsel Inc.

Signed by Cecil Baldry-White

ALITIS GROWTH POOL

Statement of Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Income:		
Interest income for distribution purposes	\$ 376,446	\$ 76,191
Dividends	557,061	184,786
Net changes in fair value on financial assets at fair value through profit or loss:		
Net realized gain on sale of investments, including foreign exchange adjustments	1,477,639	1,707,562
Net change in unrealized depreciation in value of investments	(82,813)	(593,881)
	<u>2,328,333</u>	<u>1,374,658</u>
Expenses:		
Management fees (note 5)	166,709	150,612
Performance fees (note 5)	82,565	—
Fund administration fees	61,906	59,125
Withholding tax	66,036	19,395
Audit fees	12,271	12,127
Commissions and other portfolio transaction costs	5,919	4,961
Custodian fees	2,520	2,520
Operating costs	1,092	965
	<u>399,018</u>	<u>249,705</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 1,929,315</u>	<u>\$ 1,124,953</u>
Increase in net assets attributable to holders of redeemable units per class:		
Class D	\$ 895,793	\$ 480,330
Class E	1,033,522	644,623
	<u>\$ 1,929,315</u>	<u>\$ 1,124,953</u>
Increase in net assets attributable to holders of redeemable units per unit:		
Class D	\$ 1.11	\$ 0.68
Class E	0.90	0.55

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

ALITIS GROWTH POOL

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Net assets attributable to holders of redeemable units, beginning of year:		
Class D	\$ 9,261,425	\$ 8,686,711
Class E	14,215,928	13,033,059
	<u>23,477,353</u>	<u>21,719,770</u>
Increase in net assets attributable to holders of redeemable units:		
Class D	895,793	480,330
Class E	1,033,522	644,623
	<u>1,929,315</u>	<u>1,124,953</u>
Capital transactions:		
Proceeds from redeemable units issued:		
Class D	2,678,251	1,107,547
Class E	2,804,030	2,639,798
	<u>5,482,281</u>	<u>3,747,345</u>
Redemption of redeemable units:		
Class D	(1,348,907)	(1,013,163)
Class E	(3,230,194)	(2,101,552)
	<u>(4,579,101)</u>	<u>(3,114,715)</u>
Distribution to unitholders of redeemable units*:		
Class D	(742,893)	-
Class E	(1,005,248)	-
	<u>(1,748,141)</u>	<u>-</u>
Reinvestments of distributions to holders of redeemable units:		
Class D	742,892	-
Class E	1,004,594	-
	<u>1,747,486</u>	<u>-</u>
Net assets attributable to holders of redeemable units, end of year:		
Class D	11,486,561	9,261,425
Class E	14,822,632	14,215,928
	<u>\$ 26,309,193</u>	<u>\$ 23,477,353</u>
*Detailed distribution to unitholders:		
Class D:		
From net investment income	\$ 279,743	-
From capital gains	463,150	-
	<u>\$ 742,893</u>	<u>\$ -</u>
Class E:		
From net investment income	\$ 362,103	-
From capital gains	643,145	-
	<u>\$ 1,005,248</u>	<u>\$ -</u>
Total distribution to unitholders	<u>\$ 1,748,141</u>	<u>\$ -</u>

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

ALITIS GROWTH POOL

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash flow from (used in) operating activities:		
Increase in net assets attributable to holders of redeemable units, for the year	\$ 1,929,315	\$ 1,124,953
Adjustments for non-cash items:		
Net change in unrealized depreciation in value of investments	82,813	593,881
Net realized gain on investments, including foreign exchange adjustments	(1,477,639)	(1,707,562)
Commissions and other portfolio transaction costs	5,005	4,961
Change in non-cash balances:		
Interest and dividends receivable	(24,134)	(756)
Other assets	(2,836)	—
Accounts payable and accrued liabilities	360	386
Management fees payable	1,259	2,056
Distribution payable	358	(565)
Loans payable	—	(3,656,490)
Proceeds from sale of investments	12,908,277	13,425,797
Purchase of investments	(16,229,651)	(12,832,078)
Net cash used in operating activities	(2,806,873)	(3,045,417)
Cash flow from (used in) financing activities:		
Proceeds from issuances of redeemable units	5,490,452	3,641,571
Amount paid on redemption of redeemable units	(4,535,650)	(3,055,418)
Distributions paid to holders of redeemable units, net of reinvested distributions	(655)	—
Net cash flow from financing activities	954,147	586,153
Decrease in cash during the year	(1,852,726)	(2,459,264)
Foreign exchange gain (loss) on cash	(16,301)	13,976
Cash, beginning of year	2,277,990	4,723,278
Cash, end of year	\$ 408,963	\$ 2,277,990
Supplemental information*:		
Interest paid	\$ 920	\$ 581
Interest received	376,538	76,525
Dividends received, net of withholding taxes	466,799	164,302

*Included as part of "cash flow from operating activities".

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

ALITIS GROWTH POOL

Schedule of Investment Portfolio

December 31, 2021

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
Canadian alternative equities:				
53,330	EHP Advantage Alternative Fund Class F	\$ 570,422	\$ 682,050	2.59
57,663	EHP Advantage International Alternative Fund Class F	612,070	675,286	2.57
103,358	EHP Global Arbitrage Alternative Fund Class F	1,212,510	1,309,032	4.98
		2,395,002	2,666,368	10.14
Canadian equities:				
23,740	iShares S&P/TSX 60 Index ETF	568,968	772,222	2.94
Canadian private debt:				
300,000	Anthem 585 Austin Developments GP LTD., 5%, 29OCT2026	300,000	300,000	1.14
Canadian private equity:				
1,000,000	CAI Capital Partners VI Limited Partnership	578,191	639,300	2.43
Canadian real estate:				
256	Anthem 6075 Wilson Developments LP Series 2	—	58,973	0.22
300	Anthem Chesterfield Developments Limited Partnership	81,443	223,699	0.85
256	Anthem Metro Vancouver High-Rise Development Fund LP - Class B	256,000	256,000	0.97
250	Anthem West Clayton Developments Limited Partnership	—	4,722	0.02
105,449	Dream Impact Trust	543,834	648,511	2.46
1,200,000	Ironclad Developments Pembina Limited Partnership - Class A	—	486,851	1.85
		881,277	1,678,756	6.37
Global equities:				
110,694	Canoe Defensive Global Equity Fund	2,070,083	2,726,337	10.36
43,670	Dynamic Global Discovery Fund - Series F	2,128,556	2,643,332	10.05
82,308	Edgepoint Global Portfolio Series F(N) Non Hst	2,349,828	2,709,018	10.30
		6,548,467	8,078,687	30.71
Global Infrastructure:				
150	Eaglecrest Infrastructure Canada LP	1,500,000	1,522,119	5.79
Asia-Pacific equities:				
37,925	iShares MSCI Australia ETF	1,128,820	1,190,752	4.53
7,275	iShares MSCI Japan ETF	623,391	615,981	2.34
7,825	iShares MSCI South Korea Capped ETF	873,000	770,501	2.93
		2,625,211	2,577,234	9.80
European equities:				
17,075	iShares MSCI Germany ETF	701,998	707,764	2.69
28,300	iShares MSCI Poland Capped ETF	796,454	753,639	2.86
19,750	iShares MSCI Sweden ETF	1,164,588	1,157,040	4.40
27,250	iShares MSCI United Kingdom ETF	1,069,816	1,141,926	4.34
		3,732,856	3,760,369	14.29
Global private equity:				
7,739	Overbay Fund XIV LP	778,839	976,912	3.71
Latin American equities:				
56,950	iShares MSCI Brazil Capped ETF	2,442,715	2,021,413	7.68
14,400	iShares MSCI Mexico Capped ETF	729,744	921,365	3.50
		3,172,459	2,942,778	11.18

ALITIS GROWTH POOL

Schedule of Investment Portfolio (continued)

December 31, 2021

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
	Total investments owned	\$ 23,081,270	\$ 25,914,745	98.50
	Commissions and other portfolio transaction costs	(3,770)	—	—
	Net investments owned	\$ 23,077,500	25,914,745	98.50
	Other net assets		394,448	1.50
	Net assets attributable to holders of redeemable units		\$ 26,309,193	100.00

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

ALITIS POOLS

Notes to Financial Statements

Year ended December 31, 2021

1. Pool organization and nature of operations:

Alitis Strategic Income Pool, Alitis Income and Growth Pool, and Alitis Growth Pool (the “Pools” or the “Pool”) are open-ended investment trusts established under the laws of the Province of British Columbia pursuant to a Trust Indenture dated September 24, 2009 (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 Pools pursuant to a management agreement dated September 24, 2009 (the “Management Agreement”). The Manager is responsible for managing the overall business of the Pools as well as investing each Pool’s assets. The Manager has appointed BNY Trust Company of Canada (the “Trustee”) to act as the Trustee of the Pools pursuant to the Declaration of Trust dated September 24, 2009. The Pools were established September 28, 2009 and commenced operations on December 4, 2009.

The address of the Pools 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 Alitis Strategic Income Pool is to generate a high level of income. The underlying investments will primarily be made up of mutual funds, exchange-traded funds (ETFs), closed-end funds, hedge funds and other fund-type investments. To a lesser extent, investments may be made into individual bonds, T-bills, money market instruments, bank products, preferred shares and other individual investments.

The investment objective of the Alitis Income and Growth Pool is to generate a moderate level of income and a moderate level of capital appreciation over the long-term. The underlying investments will primarily be made up of mutual funds, ETFs, closed-end funds, hedge funds, MICs, REITs, and other fund-type investments. To a lesser extent, investments may be made into individual bonds, T-bills, money market instruments, bank products, stocks, preferred shares and other individual investments.

The investment objective of the Alitis Growth Pool is to generate a high level of capital appreciation with the potential for some income generation over the long term. The underlying investments will primarily be made up of mutual funds, ETFs, closed-end funds, hedge funds, and other fund-type investments. To a lesser extent, investments may be made into individual stocks, T-bills, money market instruments, bank products, and other individual investments.

The success of the Pools depends on the continued services of the Manager and will be influenced by a number of risk factors associated with investments in equities, options, and other instruments 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Basis of presentation and adoption of IFRS:

(a) Basis of accounting:

These annual financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS). The Pools report under this basis of accounting as required by Canadian Securities Legislation and the Canadian Accounting Standards Board.

The policies applied in these annual financial statements are based on IFRS issued and outstanding as of April 15, 2022, which is the date on which the annual financial statements were authorized for issue by the Manager.

(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 Pools' 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Significant accounting policies (continued):

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 Pools become 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 Pools derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Pools have 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 December 31, 2021 and 2020, 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 year in which they occur. The Pools have classified their 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 Pools use 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 Pools 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Significant accounting policies (continued):

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.

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. The Pools invest in direct real estate investments through an equity interest in a limited partnership (note 9). These real estate investments are valued at cost from the date of acquisition or initial investment until: (1) an updated valuation is received from the manager, (2) a preferred return or accrual rate is applied to the investment and is expected to be collected or (3) an internal valuation will be conducted using industry-standard approaches. Where the Manager is of the opinion that the most recent appraisal value is no longer considered to be reflective of the fair value of the property, the Manager may estimate the property's fair value until an updated appraisal is received. The Pools also invest in privately held mortgages through equity investments in corporations, operating as MICs, and similar entities. These mortgage investments are valued at their fair value according to the value prescribed in their annual audited financial statements.

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 Pools' 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Significant accounting policies (continued):

(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 Pools classify cash, interest and dividends receivable, subscriptions receivable, accounts payable and accrued liabilities, bank indebtedness, management fees payable, redemptions payable, distributions payable, performance fees payable, due to broker and loans payable, 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 Pools use 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 Pools measure 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. Credit losses are measured as the present value of all cash shortfalls (that being the difference between the cash flows due to the Pools in accordance with the contract and the cash flows that the Pools expect to receive). ECL's are discounted at the effective interest rate of the financial asset.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Significant accounting policies (continued):

(v) Redeemable units:

The Pools classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Pools have 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 Pools' valuation policies at each redemption date.

(b) Fair value measurements:

The Pools classify 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 Pools recognize 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

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 Pools 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 Pools are taxed as a mutual fund trust or unit trust under the *Income Tax Act (Canada)* (the "Tax Act"), and accordingly, are 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 Pools are required to make distributions each year of their net income and net realized capital gains, and therefore will not generally be liable for income tax. It is the intention of the Pools to distribute all of their net income and net realized capital gains on an annual basis. Accordingly, no tax provision has been recorded. The Pools 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Significant accounting policies (continued):

Foreign exchange gains are presented as net realized gain (loss) on foreign exchange in the statement of comprehensive income except those arising from financial instruments at fair value through profit or loss which are recognized as a component within net realized gain (loss) on sale of investments, including foreign exchange adjustments and net change in unrealized appreciation (depreciation) in value of investments in the statement of comprehensive income.

(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 year.

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

Increase in net assets attributable to holders of redeemable units per unit is based on the 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 year. Refer to note 12 for the calculation.

(h) Investment entity:

The Pools have determined that they are investment entities as defined by IFRS 10, *Consolidated Financial Statements and the Amendments to IFRS 10*, as the following conditions exist:

- (i) The Pools have obtained funds from one or more investors for the purpose of providing those investors with investment management services;
- (ii) The Pools have committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income; and
- (iii) The Pools measure and evaluate the performance of substantially all of their investments on a fair value basis.

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

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

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 Pools' 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 Pools in preparing the financial statements.

The following discusses the most significant accounting judgments and estimates that the Pools have 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 Pools, the Investment Manager is required to make significant judgments about whether or not the business of the Pools 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 Pools 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 is 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

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:

Each Pool pays the Manager a monthly management fee equal to 1/12th of 1.10 percent of the Net Asset Value of the class E. The management fee is calculated and accrued weekly, in arrears, on the last business day of each week based on each Pool's Net Asset Value on such day and is paid on the last valuation date of each month, plus applicable taxes. Management fees in respect of the class D units of each pool are charged to each individual account by the Manager.

For the year ended December 31, 2021, Alitis Strategic Income Pool incurred management fees of \$237,903 (2020 - \$228,999) and \$21,849 (2020 - \$22,532) was payable to the Manager at December 31, 2021.

For the year ended December 31, 2021, Alitis Income and Growth Pool incurred management fees of \$1,168,450 (2020 - \$1,053,649) and \$118,996 (2020 - \$103,788) was payable to the Manager at December 31, 2021.

For the year ended December 31, 2021, Alitis Growth Pool incurred management fees of \$166,709 (2020 - \$150,612) and \$16,626 (2020 - \$15,367) was payable to the Manager at December 31, 2021.

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 Fee 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:

Alitis Strategic Income Pool pays the Manager a performance fee equal to 15 percent of any gain on units over a specific hurdle rate being 6 percent of the class D units and 5 percent of the class E units, plus applicable taxes.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Related party transactions (continued):

Alitis Income and Growth Pool pays the Manager a performance fee equal to 17.5 percent of any gain on units over a specific hurdle rate being 7 percent of the class D units and 6 percent of the class E units, plus applicable taxes.

Alitis Growth Pool pays the Manager a performance fee equal to 20 percent of any gain on units over a specific hurdle rate being 8 percent of the class D units and 7 percent of the class E units, plus applicable taxes.

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 such class, plus the value of all contributions net of redemptions made in such 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. A percentage of the positive difference in gain is accrued to the manager, plus applicable taxes.

For the year ended December 31, 2021, Alitis Strategic Income Pool incurred performance fees of nil (2020 - \$1).

For the year ended December 31, 2021, Alitis Income and Growth Pool incurred performance fees of \$543,739 (2020 - \$191,798) and \$181 (2020 - \$190,877) was payable at December 31, 2021.

For the year ended December 31, 2021, Alitis Growth Pool incurred performance fees of \$82,565 (2020 - nil).

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Net assets attributable to holder of redeemable units:

Each 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 Pools. The Pools currently offer 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 Pools. Units of a class may be consolidated and/or redesignated by the Manager.

Units of the Pools surrendered for redemption may be redeemed weekly on the last valuation date in each week (the "Redemption Date") by giving the Manager written notice 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 year ended December 31, 2021 is as follows:

2021	Alitis Strategic Income Pool	Alitis Income and Growth Pool	Alitis Growth Pool
Redeemable units, beginning of year:			
Class D	943,854	2,858,375	721,878
Class E	1,920,921	8,256,310	1,179,144
Sale of redeemable units:			
Class D	236,502	910,390	203,331
Class E	410,910	1,597,827	223,273
Redemption of redeemable units:			
Class D	(266,253)	(466,450)	(101,724)
Class E	(541,140)	(1,470,560)	(260,899)
Distribution re-invest:			
Class D	26,660	239,752	56,552
Class E	30,205	547,980	82,101
Redeemable units, end of year:			
Class D	940,763	3,542,067	880,037
Class E	1,820,896	8,931,557	1,223,619

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

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

The unit activity during the year ended December 31, 2020 is as follows:

2020	Alitis Strategic Income Pool	Alitis Income and Growth Pool	Alitis Growth Pool
Redeemable units, beginning of year:			
Class D	777,627	3,047,853	713,422
Class E	1,679,323	8,520,930	1,125,897
Sale of redeemable units:			
Class D	257,900	281,086	93,840
Class E	475,137	785,737	241,554
Redemption of redeemable units:			
Class D	(116,839)	(541,869)	(85,384)
Class E	(266,997)	(1,185,772)	(188,307)
Distribution re-invest:			
Class D	25,166	71,305	–
Class E	33,458	135,415	–
Redeemable units, end of year:			
Class D	943,854	2,858,375	721,878
Class E	1,920,921	8,256,310	1,179,144

Capital disclosure:

The capital of each 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. Each 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 Pools endeavour 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Financial instruments:

Management of financial instrument risks:

The Pools' 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 Pools 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 objectives of the Pools 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 Pools 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.

Interest rate risk arises when the Pools invest in interest-bearing financial instruments. The Pools are 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.

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 Pools. The Pools 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Financial instruments (continued):

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.

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).

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 Pools.

Where the Pools invest 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 Pools.

All transactions executed by the Pools 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.

Liquidity risk:

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

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Financial instruments (continued):

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

The Pools 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 Pools' investment objective and strategy.

The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Pools' overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Pools 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 Pools in accordance with the Pools' investment objectives, policies and restrictions, as outlined in the Pools' offering memorandum, while maintaining sufficient liquidity to meet Unitholders' withdrawals. The Pools do not have externally imposed capital requirements.

Refer to note 15 for the Discussion of Financial Instrument Risk Management for each Pool for specific risk disclosure.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Fair value measurements:

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Pools' investments fall as of December 31, 2021:

Assets	Level 1	Level 2	Level 3	Total
Alitis Strategic Income Pool:				
Assets:				
Common stocks	\$ 1,852,159	\$ –	\$ 1,365,890	\$ 3,218,049
Fixed income securities	16,506,024	2,721,249	–	19,227,273
Private debt	–	1,245,649	958,966	2,204,615
Real estate	388,889	–	3,875,925	4,264,814
	<u>\$ 18,747,072</u>	<u>\$ 3,966,898</u>	<u>\$ 6,200,781</u>	<u>\$ 28,914,751</u>
Alitis Income and Growth Pool:				
Assets:				
Common stocks	\$ 31,910,960	\$ –	\$ 2,203,952	\$ 34,114,912
Fixed income securities	31,412,578	3,421,684	21,918,641	56,752,903
Private debt	–	1,430,811	9,216,721	10,647,532
Real estate	5,575,352	2,362,414	48,717,087	56,654,853
	<u>\$ 68,898,890</u>	<u>\$ 7,214,909</u>	<u>\$ 82,056,401</u>	<u>\$ 158,170,200</u>
Alitis Growth Pool:				
Assets:				
Common stocks	\$ 20,797,658	\$ –	\$ 1,616,212	\$ 22,413,870
Private debt	–	–	300,000	300,000
Real estate	648,511	–	2,552,364	3,200,875
	<u>\$ 21,446,169</u>	<u>\$ –</u>	<u>\$ 4,468,576</u>	<u>\$ 25,914,745</u>

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Fair value measurements (continued):

The following is a reconciliation of Level 3 fair value measurements for the year ended December 31, 2021:

Alitis Strategic Income Pool:

Balance, beginning of year	\$ 3,603,090
Purchases	2,062,708
Sales	(537,812)
Reserve for impairment of investments	(516,367)
Net transfers into Level 3	1,438,618
Change in unrealized appreciation included in net income	150,544
Balance, end of year	\$ 6,200,781

Alitis Income and Growth Pool:

Balance, beginning of year	\$ 49,599,766
Purchases	33,493,946
Sales	(8,583,600)
Reserve for impairment of investments	(1,322,783)
Net transfers into Level 3	3,779,381
Realized gains included in net income	758,486
Change in unrealized appreciation included in net income	4,331,205
Balance, end of year	\$ 82,056,401

Alitis Growth Pool:

Balance, beginning of year	\$ 3,171,223
Purchases	2,505,199
Sales	(956,320)
Realized gains included in net income	259,350
Change in unrealized depreciation included in net income	(510,876)
Balance, end of year	\$ 4,468,576

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Fair value measurements (continued):

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Pools' investments fall as of December 31, 2020:

Assets	Level 1	Level 2	Level 3	Total
Alitis Strategic Income Pool:				
Assets:				
Fixed income securities	\$ 18,410,582	\$ 3,136,064	\$ –	\$ 21,546,646
Private debt	–	2,643,397	3,603,090	6,246,487
Real estate	1,812,061	–	–	1,812,061
	<u>\$ 20,222,643</u>	<u>\$ 5,779,461</u>	<u>\$ 3,603,090</u>	<u>\$ 29,605,194</u>
Alitis Income and Growth Pool:				
Assets:				
Fixed income securities	\$ 34,066,127	\$ 4,709,346	\$ 10,124,261	\$ 48,899,734
Common stocks	29,857,775	–	410,564	30,268,339
Private debt	–	5,610,191	6,341,058	11,951,249
Real estate	5,659,554	1,982,922	32,723,883	40,366,359
	<u>\$ 69,583,456</u>	<u>\$ 12,302,459</u>	<u>\$ 49,599,766</u>	<u>\$ 131,485,681</u>
Alitis Growth Pool:				
Assets:				
Common stocks	\$ 17,304,794	\$ –	\$ –	\$ 17,304,794
Real estate	711,232	–	3,171,223	3,882,455
	<u>\$ 18,016,026</u>	<u>\$ –</u>	<u>\$ 3,171,223</u>	<u>\$ 21,187,249</u>

The following is a reconciliation of Level 3 fair value measurements for the year ended December 31, 2020:

Alitis Strategic Income Pool:	
Balance, beginning of year	\$ 3,323,392
Purchases	439,586
Sales	(300,000)
Change in unrealized appreciation included in net income	140,112
<u>Balance, end of year</u>	<u>\$ 3,603,090</u>

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Fair value measurements (continued):

Alitis Income and Growth Pool:

Balance, beginning of year	\$ 51,320,032
Purchases	9,997,419
Sales	(17,412,573)
Realized gains included in net income	3,982,802
Change in unrealized appreciation included in net income	1,712,086
Balance, end of year	\$ 49,599,766

Alitis Growth Pool:

Balance, beginning of year	\$ 7,330,026
Purchases	315,819
Sales	(4,910,880)
Realized gains included in net income	1,735,964
Change in unrealized depreciation included in net income	(1,299,706)
Balance, end of year	\$ 3,171,223

During the year ended December 31, 2021, \$1,438,618 (2020 - nil) in the Alitis Strategic Income Pool and \$3,779,381 (2020 - nil) in the Alitis Income and Growth Pool of private debt were transferred from level 2 to level 3 due to the decrease in availability of observable inputs used in the measurement of fair value of certain investments.

The significant unobservable inputs used in the fair value measurement of this investment were:

Alitis Strategic Income Pool:

Description	Held as of December 31, 2021	Held as of December 31, 2020	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Investment Trust	\$ 1,730,820	\$ 1,622,147	Net asset value	N/A	N/A	N/A
Investment Trust	2,145,105	1,980,943	Net asset value	N/A	N/A	N/A
Investment Trust	958,966	–	Net asset value	N/A	N/A	N/A
Investment Trust	1,365,890	–	Net asset value	N/A	N/A	N/A

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Fair value measurements (continued):

Alitis Income and Growth Pool:

Description	Held as of December 31, 2021	Held as of December 31, 2020	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Investment Trust	\$ 1,885,016	\$ 2,634,343	Net asset value	N/A	N/A	N/A
Investment Trust	2,577,156	3,706,715	Net asset value	N/A	N/A	N/A
Investment Trust	2,833,296	918,141	Net asset value	N/A	N/A	N/A
Investment Trust	4,550,000	1,000,000	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	1,150,000	1,150,000	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	2,400,000	2,400,000	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	4,495,900	4,656,120	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	\$ 831,090	\$ 410,564	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	1,372,862	–	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	639,300	315,819	Net asset value	N/A	N/A	N/A
Investment Trust	499,999	–	Net asset value	N/A	N/A	N/A
Investment Trust	2,456,598	–	Net asset value	N/A	N/A	N/A
Investment Trust	300,000	–	Net asset value	N/A	N/A	N/A
Investment Trust	1,797,952	–	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	2,000,945	–	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	3,000,000	–	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	526,000	–	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	962,500	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,582,224	1,275,900	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	14,167	14,167	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	61,681	1,032,510	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,338,841	1,937,100	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,142,536	3,200,715	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	6,917,980	6,183,531	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,083,863	1,502,373	Net asset value	N/A	N/A	N/A

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Fair value measurements (continued):

Alitis Income and Growth Pool (continued):

Description	Held as of December 31, 2021	Held as of December 31, 2020	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Partnership	\$ 2,013,155	\$ 2,537,360	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	7,709,004	7,546,625	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,354,855	1,020,934	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,283,164	666,666	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,963,712	2,000,000	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,895,097	725,081	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	117,715	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,400,000	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	511,000	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,029,492	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,700,000	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,008,935	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	679,201	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,645,543	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	3,473,127	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,791,795	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	–	2,775	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	–	1,910,897	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	–	500,000	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	–	667,259	Net asset value	N/A	N/A	N/A

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Fair value measurements (continued):

Alitis Growth Pool:

Description	Held as of December 31, 2021	Held as of December 31, 2020	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Real Estate Limited Partnership	\$ 4,722	\$ 4,722	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	223,699	529,309	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	486,851	704,400	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	58,973	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	256,000	–	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	976,912	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,522,119	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	–	1,425	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	–	981,266	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	–	334,282	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	–	300,000	Net asset value	N/A	N/A	N/A

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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Investment in Underlying Funds:

The table below describes the types of structured entities that the Pools do not consolidate, but in which they hold an interest.

Alitis Strategic Income Pool:

Type of structured entity	Nature and purpose	Interest held by the Pool
Investment funds, mortgage investments, corporations and limited partnerships	To manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed the issue of units or shares to investors.	Investment in units issued by funds or limited partnership or shares issued by corporations.

The table below sets out interests held by the Pool in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

December 31, 2021	Number of investments	Average cost	Carrying amount included in investments at FVTPL
Investments in structured entities:			
Canadian alternative fixed income	3	\$ 3,334,884	\$ 3,644,175
Canadian bonds	8	11,404,275	11,280,331
Canadian real estate	1	414,469	388,889
Canadian private debt	5	7,573,226	7,962,797
U.S. bonds	2	3,263,160	3,403,889
Global bonds	2	2,718,926	2,751,037
Total		\$ 28,708,940	\$ 29,431,118

December 31, 2020	Number of investments	Average cost	Carrying amount included in investments at FVTPL
Investments in structured entities:			
Canadian alternative fixed income	6	\$ 3,669,223	\$ 4,048,161
Canadian bonds	7	12,522,897	12,881,060
Canadian real estate	1	493,947	426,526
Canadian private debt	4	6,007,461	6,246,487
U.S. bonds	2	3,332,606	3,650,873
Global bonds	2	2,291,969	2,352,087
Total		\$ 28,318,103	\$ 29,605,194

During the year, the Pool did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Investment in Underlying Funds (continued):

Alitis Strategic Income Pool (continued):

It is estimated that the Alitis Strategic Income Pool could redeem between \$3,900,000 and \$5,300,000 in the above structured entities per month.

Alitis Income and Growth Pool:

Type of structured entity	Nature and purpose	Interest held by the Pool
Investment funds, mortgage investments, corporations and limited partnerships	To manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed the issue of units or shares to investors.	Investment in units issued by funds or limited partnership or shares issued by corporations.

The table below sets out interests held by the Pool in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

December 31, 2021	Number of investments	Average cost	Carrying amount included in investments at FVTPL
Investments in structured entities:			
Canadian alternative fixed income	3	\$ 4,090,875	\$ 4,491,183
Canadian alternative equities	3	4,072,877	4,521,570
Canadian bonds	8	15,956,958	15,865,668
Canadian equities	1	742,626	1,062,862
Canadian mortgage	11	22,885,533	24,261,807
Canadian private debt	6	11,498,527	11,970,315
Canadian private equity	1	751,649	831,090
Canadian real estate	24	39,150,598	52,262,947
U.S. bonds	2	3,990,141	4,290,473
U.S. real estate	1	1,174,277	2,362,414
U.S. mortgage	1	4,653,956	4,495,900
Asia-Pacific equities	3	3,630,722	3,550,669
European equities	4	5,152,621	5,180,749
Latin American equities	2	4,392,943	4,050,184
Global equities	3	11,033,305	13,544,926
Global bonds	2	3,314,568	3,347,872
Global private equity	1	1,102,569	1,372,862
Global infrastructure	1	2,000,000	2,029,492
Total		\$ 139,594,745	\$ 159,492,983

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Investment in Underlying Funds (continued):

Alitis Income and Growth Pool (continued):

December 31, 2020	Number of investments	Average cost	Carrying amount Included in investments at FVTPL
Investments in structured entities:			
Canadian alternative fixed income	4	\$ 5,289,565	\$ 5,861,160
Canadian alternative equities	3	3,768,168	3,803,195
Canadian bonds	7	16,387,307	17,074,359
Canadian equities	1	2,119,529	2,666,309
Canadian mortgage	7	12,288,423	13,262,637
Canadian private debt	4	11,500,831	11,951,249
Canadian private equity	1	410,564	410,564
Canadian real estate	19	29,874,848	38,383,437
U.S. bonds	2	4,081,678	4,644,834
U.S. real estate	1	1,268,207	1,982,922
U.S. mortgage	1	4,653,956	4,656,120
Asia-Pacific equities	1	2,036,652	2,218,615
European equities	2	4,368,901	4,488,285
Latin American equities	2	4,761,979	5,288,361
Global equities	3	10,399,597	11,393,010
Global bonds	2	3,329,701	3,400,624
Total		\$ 116,539,906	\$ 131,485,681

During the year, the Pool did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

It is estimated that the Alitis Income and Growth Pool could redeem between \$12,700,000 and \$17,300,000 in the above structured entities per month.

Alitis Growth Pool:

Type of structured entity	Nature and purpose	Interest held by the Pool
Investment funds, mortgage investments, corporations and limited partnerships	To manage assets on behalf of third party investors and generate fees for the investment manager.	Investment in units issued by funds or limited partnership or shares issued by corporations
	These vehicles are financed the issue of units or shares to investors.	

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Investment in Underlying Funds (continued):

Alitis Growth Pool (continued):

The table below sets out interests held by the Pool in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

December 31, 2021	Number of investments	Average cost	Carrying amount Included in investments at FVTPL
Investments in structured entities:			
Canadian equities	1	\$ 568,968	\$ 772,222
Canadian real estate	8	881,276	3,500,875
Canadian alternative equities	3	2,395,002	2,666,368
Canadian private equity	1	578,191	639,300
Canadian private debt	1	300,000	300,000
Asia-Pacific equities	3	2,625,211	2,577,234
European equities	4	3,732,856	3,760,369
Global equities	3	6,548,467	8,078,687
Latin American equities	2	3,172,459	2,942,778
Global Infrastructure	1	1,500,000	1,522,119
Global private equity	1	778,839	976,912
Total		\$ 23,081,269	\$ 27,736,864

December 31, 2020	Number of investments	Average cost	Carrying amount Included in investments at FVTPL
Investments in structured entities:			
Canadian equities	1	\$ 1,323,929	\$ 1,536,566
Canadian real estate	8	2,029,283	3,566,636
Canadian alternative equities	3	2,189,450	2,215,122
Canadian private equity	1	315,819	315,819
Asia-Pacific equities	1	1,163,685	1,280,410
European equities	2	2,504,493	2,589,848
Global equities	3	6,024,377	6,632,900
Latin American equities	2	2,717,490	3,049,948
Total		\$ 18,268,526	\$ 21,187,249

During the year, the Pool did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

It is estimated that the Pool could redeem between \$2,000,000 and \$2,700,000 in the above structured entities per month.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

10. Expenses:

The Manager has the power to incur and make payment out of the Pools' 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 each Pool. Each Pool is responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

11. Increase (decrease) in net assets attributable to holders of redeemable units per unit:

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the years ended December 31, 2021 and 2020 is calculated as follows:

Alitis Strategic Income Pool:

	Increase in net assets attributable to holders of redeemable units	Weighted average of redeemable units outstanding during the year	Increase (decrease) in net assets attributable to holders of redeemable units per unit
2021:			
Class D	\$ (29,098)	970,178	\$ (0.03)
Class E	(298,437)	1,896,763	(0.16)
2020:			
Class D	\$ 464,670	821,209	\$ 0.57
Class E	778,107	1,814,591	0.43

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

11. Increase (decrease) in net assets attributable to holders of redeemable units per unit (continued):

Alitis Income and Growth Pool:

	Increase in net assets attributable to holders of redeemable units	Weighted average of redeemable units outstanding during the year	Increase in net assets attributable to holders of redeemable units per unit
2021:			
Class D	\$ 3,233,268	3,083,684	\$ 1.05
Class E	7,485,015	8,358,057	0.90
2020:			
Class D	\$ 2,562,006	2,932,220	\$ 0.87
Class E	6,356,524	8,288,887	0.77

Alitis Growth Pool:

	Increase in net assets attributable to holders of redeemable units	Weighted average of redeemable units outstanding during the year	Increase in net assets attributable to holders of redeemable units per unit
2021:			
Class D	\$ 895,793	810,399	\$ 1.11
Class E	1,033,522	1,148,186	0.90
2020:			
Class D	\$ 480,330	708,687	\$ 0.68
Class E	644,623	1,167,640	0.55

12. Indemnification of the Manager:

The Pools, 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 each Pool.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

13. Filing exemption:

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

14. Income taxes:

The Pools qualify as Mutual Fund Trusts under the provisions of the Income Tax Act (Canada) (the "Tax Act"), and accordingly, are not subject to tax on their net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to their 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 Pools. It is the intention of each 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 Pools may be subject to alternative minimum tax, 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, Alitis Strategic Income Pool has \$8,729 (2020 - \$19,434), Alitis Income and Growth Pool has \$60,409 (2020 - nil) and Alitis Growth Pool has nil (2020 - nil) capital losses carried forward available for income tax purposes.

As at the tax year ended December 31, 2021, Alitis Growth Pool has does not have any non-capital losses carried forward available for income tax purposes (2020 - \$87,409). As at the tax year ended December 31, 2021 and 2020, Alitis Income and Growth Pool and Alitis Strategic Income Pool do not have any non-capital losses available for carry-forward.

15. Financial instrument risk:

Alitis Strategic Income Pool:

Risk management:

The investment objective of the Alitis Strategic Income Pool is to generate a high level of income. The holdings are primarily made up of mutual funds, exchange-traded funds (ETFs), closed-end funds, hedge funds, mortgage investment corporations (MICs), real estate investment Pools (REITs), and other fund-type investments. To a lesser extent, investments may be made into individual bonds, T-bills, money market instruments, bank products, stocks, preferred shares and other individual investments.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Strategic Income Pool (continued):

Managing risk is the most important factor of the decision-making process and is pervasive throughout the investment process. The investment manager attempts to manage risk by diversifying the portfolio across multiple asset classes, geographic regions, and investment styles. Numerous external managers are used (through investment in their funds) in order to access their expertise and knowledge of specific asset classes, regions, or investment styles. The Pool's overall risk management program seeks to minimize the potentially adverse effect of risk on the Pool's financial performance in a manner consistent with the Pool's investment objective.

The Alitis Strategic Income Pool is primarily a fund of funds. The Schedule of Investment Portfolio presents the Underlying Funds held by the Pool, which expose the Pool to financial instrument risk indirectly through the investments of the Underlying Funds.

Credit risk:

As at 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 December 31, 2021, it is estimated that the underlying investments had exposure to debt instruments and derivatives, as applicable, with the following credit ratings:

Debt instruments* by credit rating	Percentage of net assets attributable to holders of redeemable units (%)
AAA	10.1
AA	13.1
A	11.7
BBB	25.6
BB and below	9.4
Not rated	22.2
Mortgages	—

* Excludes cash and cash equivalents.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Strategic Income Pool (continued):

As at December 31, 2020, the Pool had no significant investments directly in debt instruments (does not include cash and cash equivalents) 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 December 31, 2020, it is estimated that the underlying investments had exposure to debt instruments and derivatives, as applicable, with the following credit ratings:

Debt instruments* by credit rating	Percentage of net assets attributable to holders of redeemable units (%)
AAA	11.0
AA	15.7
A	13.7
BBB	27.3
BB and below	4.7
Not rated	20.0
Mortgages	—

* Excludes cash and cash equivalents.

Interest rate risk:

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 the holdings in the underlying investments have a significant high yield (or below investment grade) exposure, as well as exposure to unrated debt and mortgages, net assets attributable to holders of redeemable units may be affected more by changes in overall economic growth rather than changes in interest rates.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Strategic Income Pool (continued):

As at December 31, 2021, the underlying investments estimated exposure to debt instruments by maturity is as follows:

Debt instruments** by maturity date	
Less than 1 year	\$ 6,423,445
1 - 5 years	11,610,849
5 - 10 years	6,446,397
Greater than 10 years	3,489,704

** Excludes cash and cash equivalents and preferred shares, as applicable.

As at December 31, 2020, the underlying investments estimated exposure to debt instruments by maturity is as follows:

Debt instruments** by maturity date	
Less than 1 year	\$ 6,159,679
1 - 5 years	9,293,970
5 - 10 years	5,741,096
Greater than 10 years	4,400,088

** Excludes cash and cash equivalents and preferred shares, as applicable.

Price risk:

As at December 31, 2021, 27.0 percent (2020 - 33.4 percent) 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 year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$792,000 (2020 - \$1,042,000) 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Strategic Income Pool (continued):

Currency risk:

As at December 31, 2021, the Pool had direct investments denominated in United States dollars of \$1,902,739 or 6.5 percent of net assets attributable to holders of redeemable units (2020 - \$2,123,342 or 6.8 percent).

Although investments owned by the Pool are denominated in Canadian or United States 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 Pools, 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.

Currencies to which the Pool had exposure as at December 31, 2021, are approximately as follows:

	Net assets attributable to holders of redeemable units (%)
United states dollars	2.7

Currencies to which the Pool had exposure as at December 31, 2020, are approximately as follows:

	Net assets attributable to holders of redeemable units (%)
United states dollars	3.5

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Strategic Income Pool (continued):

The amounts in the above table are based on a fair estimate of the Pool's underlying investments and financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of future or forward currency contracts, as applicable. Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities (including payable for investments purchased) that are denominated in foreign currencies do not expose the Pool to significant currency risk.

As at December 31, 2021, if the Canadian dollar had strengthened or weakened by 1 percent in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$8,000 (2020 - \$11,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Alitis Income and Growth Pool:

Risk management:

The investment objective of the Alitis Income and Growth Pool is to generate a moderate level of income and a moderate level of capital appreciation over the long-term. The holdings are primarily made up of mutual funds, ETFs, closed-end funds, hedge funds, MICs, REITs, and other fund-type investments. To a lesser extent, investments may be made into individual bonds, T- bills, money market instruments, bank products, stocks, preferred shares and other individual investments.

Managing risk is the most important factor of the decision-making process and is pervasive throughout the investment process. The investment manager attempts to manage risk by diversifying the portfolio across multiple asset classes, geographic regions, and investment styles. Numerous external managers are used (through investment in their funds) in order to access their expertise and knowledge of specific asset classes, regions, or investment styles. The Pool's overall risk management program seeks to minimize the potentially adverse effect of risk on the Pool's financial performance in a manner consistent with the Pool's investment objective.

Alitis Income and Growth Pool is primarily a fund of funds. The statement of Investment Portfolio presents the Underlying Funds held by the Pool, which expose the Pool to financial instrument risk indirectly through the investments of the Underlying Funds.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Income and Growth Pool (continued):

Credit risk:

As at 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 investments held by the Underlying Funds in debt instruments and/or derivatives where there is a concentration of credit risk that may arise. As at December 31, 2021, it is estimated that the underlying investments had exposure to debt instruments and derivatives, as applicable, with the following credit ratings:

Debt instruments* by credit rating	Percentage of net assets attributable to holders of redeemable units (%)
AAA	2.9
AA	4.2
A	3.2
BBB	6.7
BB and below	2.5
Not rated	5.9
Mortgages	20.6

* Excludes cash and cash equivalents.

As at December 31, 2020, the Pool has no significant investments directly in debt instruments (does not include cash and cash equivalents) and/or derivatives. The Pool is indirectly exposed to the risk from the investments held by the Underlying Funds in debt instruments and/or derivatives where there is a concentration of credit risk that may arise. As at December 31, 2020, it is estimated that the underlying investments had exposure to debt instruments and derivatives, as applicable, with the following credit ratings:

Debt instruments* by credit rating	Percentage of net assets attributable to holders of redeemable units (%)
AAA	3.6
AA	4.9
A	4.5
BBB	9.2
BB and below	1.9
Not rated	9.3
Mortgages	13.9

* Excludes cash and cash equivalents.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Income and Growth Pool (continued):

Interest rate risk:

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 the holdings in the underlying investments have a significant high yield (or below investment grade) exposure, as well as exposure to unrated debt and mortgages, net assets attributable to holders of redeemable units may be affected more by changes in overall economic growth rather than changes in interest rates.

As at December 31, 2021, the underlying investments estimated exposure to debt instruments by maturity is as follows:

Debt instruments** by maturity date	
Less than 1 year	\$ 34,228,172
1-5 years	18,479,353
5-10 years	8,524,070
Greater than 10 years	4,364,563

** Excludes cash and cash equivalents and preferred shares, as applicable.

As at December 31, 2020, the underlying investments estimated exposure to debt instruments by maturity is as follows:

Debt instruments** by maturity date	
Less than 1 year	\$ 23,914,961
1-5 years	15,022,935
5-10 years	8,548,701
Greater than 10 years	6,151,826

** Excludes cash and cash equivalents and preferred shares, as applicable.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Income and Growth Pool (continued):

Price risk:

As at December 31, 2021, 27.8 percent (2020 - 31.8 percent) 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 year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$3,867,000 (2020 - \$4,089,000) respectively. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

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 December 31, 2021, approximately 22.5 percent (2020 - 22.8 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 year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$3,138,000 (2020 - \$2,926,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk:

As at December 31, 2021, the Pool had direct investments denominated in United States dollars of \$23,417,592 or 16.8 percent of net assets attributable to holders of redeemable units (2020 - \$21,541,762 or 16.8 percent).

Although investments owned by the Pool are denominated in Canadian or United States 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 Pools, 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Income and Growth Pool (continued):

Currencies to which the Pool had exposure as at December 31, 2021, are approximately as follows:

	Net assets attributable to holders of redeemable units (%)
United States dollars	8.8
European currencies	6.5
Asia-Pacific (developed) currencies	2.9
Emerging market currencies	4.4

Currencies to which the Pool had exposure as at December 31, 2020, are approximately as follows:

	Net assets attributable to holders of redeemable units (%)
United States dollars	5.1
European currencies	5.9
Asia-Pacific (developed) currencies	3.3
Emerging market currencies	4.2

The amounts in the above table are based on a fair estimate of the Pool's underlying investments and financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of future or forward currency contracts, as applicable. Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities (including payable for investments purchased) that are denominated in foreign currencies do not expose the Pool to significant currency risk.

As at December 31, 2021, if the Canadian dollar had strengthened or weakened by 1 percent in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$315,000 (2020 - \$239,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Growth Pool:

Risk management:

The investment objective of the Alitis Growth Pool is to generate a high level of capital appreciation with the potential for some income generation over the long term. The holdings are primarily made up of mutual funds, ETFs, closed-end funds, hedge funds, MICs, REITs, and other fund-type investments. To a lesser extent, investments may be made into individual stocks, preferred shares, bonds, T-bills, money market instruments, bank products, and other individual investments.

Managing risk is the most important factor of the decision-making process and is pervasive throughout the investment process. The investment manager attempts to manage risk by diversifying the portfolio across multiple asset classes, geographic regions, and investment styles. Numerous external managers are used (through investment in their funds) in order to access their expertise and knowledge of specific asset classes, regions, or investment styles. The Pool's overall risk management program seeks to minimize the potentially adverse effect of risk on the Pool's financial performance in a manner consistent with the Pool's investment objective.

Alitis Growth Pool is primarily a fund of funds. The statement of investment portfolio presents the Underlying Funds held by the Pool, which expose the Pool to financial instrument risk indirectly through the investments of the Underlying Funds.

Credit risk:

As at December 31, 2021, the Pool had no significant investments directly in debt instruments and/or derivatives. The Pool is indirectly exposed to the risk from the investments held by the Underlying Funds in debt instruments and/or derivatives where there is a concentration of credit risk that may arise. As at December 31, 2021, it is estimated that the underlying investments had exposure to debt instruments and derivatives, as applicable, with the following credit ratings:

Debt instruments* by credit rating	Percentage of net assets attributable to holders of redeemable units (%)
AAA	—
AA	—
A	—
BBB	—
BB and below	—
Not rated	1.2
Mortgages	—

* Excludes cash and cash equivalents

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Growth Pool (continued):

As at December 31, 2020, the Pool had no significant investments directly in debt instruments and/or derivatives. The Pool is indirectly exposed to the risk from the investments held by the Underlying Funds in debt instruments and/or derivatives where there is a concentration of credit risk that may arise. As at December 31, 2020, it is estimated that the underlying investments had exposure to debt instruments and derivatives, as applicable, with the following credit ratings:

Debt instruments* by credit rating	Percentage of net assets attributable to holders of redeemable units (%)
AAA	—
AA	—
A	—
BBB	—
BB and below	0.1
Not rated	—
Mortgages	—

* Excludes cash and cash equivalents.

Interest rate risk:

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 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 the holdings in the underlying investments have a significant high yield (or below investment grade) exposure, as well as exposure to unrated debt and mortgages, net assets attributable to holders of redeemable units may be affected more by changes in overall economic growth rather than changes in interest rates.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Growth Pool (continued):

As at December 31, 2021, the underlying investments estimated exposure to debt instruments by maturity is as follows:

Debt instruments** by maturity date	
Less than 1 year	\$ —
1-5 years	300,000
5-10 years	—
Greater than 10 years	—

** Excludes cash and cash equivalents and preferred shares, as applicable.

As at December 31, 2020, the underlying investments estimated exposure to debt instruments by maturity is as follows:

Debt instruments** by maturity date	
Less than 1 year	\$ 15,152
1-5 years	84,660
5-10 years	83,471
Greater than 10 years	30,540

** Excludes cash and cash equivalents and preferred shares, as applicable.

Price risk:

As at December 31, 2021, 42.9 percent (2020 - 39.0 percent) 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 year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$1,070,000 (2020 - \$917,000) respectively. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Growth Pool (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 December 31, 2021, approximately 81.7 percent (2020 - 71.5 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 year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$2,038,000 (2020 - \$1,682,000). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk:

As at December 31, 2021, the Pool had direct investments denominated in United States dollars of \$10,257,292 or 41.1 percent of net assets attributable to holders of redeemable units (2020 - \$6,983,094 or 29.7 percent).

Although investments owned by the Pool are denominated in Canadian or United States 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 Pools, 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Financial instrument risk (continued):

Alitis Growth Pool (continued):

Currencies to which the Pool had exposure as at December 31, 2021, are approximately as follows:

	Net assets attributable to holders of redeemable units (%)
United States dollars	24.7
European currencies	24.3
Asia-Pacific (developed) currencies	11.0
Emerging markets currencies	17.9

Currencies to which the Pool had exposure as at December 31, 2020, are approximately as follows:

	Net assets attributable to holders of redeemable units (%)
United States dollars	14.2
European currencies	18.8
Asia-Pacific (developed) currencies	10.6
Emerging markets currencies	13.2

The amounts in the above table are based on a fair estimate of the Pool's underlying investments and financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of future or forward currency contracts, as applicable. Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities (including payable for investments purchased) that are denominated in foreign currencies do not expose the Pool to significant currency risk.

As at December 31, 2021, if the Canadian dollar had strengthened or weakened by 1 percent in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$194,000 (2020 - \$134,000). In practice, the actual trading results may differ from the sensitivity analysis and the difference could be material.