

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S 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 for each 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, 2022, the statements of comprehensive income (loss), 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, 2022 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



Auditor's 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 auditor's 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 auditor's 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 auditor's 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 26, 2023

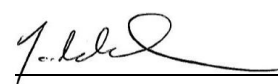
ALITIS STRATEGIC INCOME POOL

Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Investments	\$ 21,901,923	\$ 28,914,751
Future contracts	11,649	4,521
Cash	–	702,724
Interest and dividends receivable	51,094	54,534
Subscriptions receivable	40,035	57,315
Prepaid expenses	2,567	–
	\$ 22,007,268	\$ 29,733,845
Liabilities		
Bank indebtedness	\$ 894,139	\$ –
Accounts payable and accrued liabilities	38,082	41,981
Management fees payable (note 5)	13,017	21,849
Redemptions payable	26,000	54,842
	971,238	118,672
Net assets attributable to holders of redeemable units	\$ 21,036,030	\$ 29,615,173
Net assets attributable to holders of redeemable units per class:		
Class D	\$ 7,497,662	\$ 10,180,312
Class E	13,538,368	19,434,861
Number of units outstanding (note 6):		
Class D	737,371	940,763
Class E	1,356,013	1,820,896
Net assets attributable to holders of redeemable units per unit:		
Class D	\$ 10.17	\$ 10.82
Class E	9.98	10.67

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

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

ALITIS STRATEGIC INCOME POOL

Statement of Comprehensive Loss

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Income:		
Interest income for distribution purposes	\$ 682,977	\$ 939,879
Dividends	84,252	92,365
Net change in fair value on financial assets at fair value through profit or loss:		
Net realized gain (loss) on sale of investments, including foreign exchange adjustments	(114,678)	70,004
Net change in unrealized depreciation in value of investments	(1,959,162)	(1,070,891)
	(1,306,611)	31,357
Expenses:		
Management fees (note 5)	161,415	237,903
Fund administration fees	63,097	64,483
Operating costs	28,094	32,710
Audit fees	14,601	12,535
Withholding tax	5,159	6,420
Custodian fees	2,520	2,520
Commissions and other portfolio transaction costs	1,559	2,321
	276,445	358,892
Decrease in net assets attributable to holders of redeemable units	\$ (1,583,056)	\$ (327,535)
Decrease in net assets attributable to holders of redeemable units per class:		
Class D	\$ (496,733)	\$ (29,098)
Class E	(1,086,323)	(298,437)
	\$ (1,583,056)	\$ (327,535)
Decrease in net assets attributable to holders of redeemable units per unit:		
Class D	\$ (0.59)	\$ (0.03)
Class E	(0.72)	(0.16)

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, 2022, with comparative information for 2021

	2022	2021
Net assets attributable to holders of redeemable units, beginning 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>
Decrease in net assets attributable to holders of redeemable units:		
Class D	(496,733)	(29,098)
Class E	(1,086,323)	(298,437)
	<u>(1,583,056)</u>	<u>(327,535)</u>
Capital transactions:		
Proceeds from redeemable units issued:		
Class D	756,581	2,613,690
Class E	1,314,718	4,461,623
	<u>2,071,299</u>	<u>7,075,313</u>
Redemption of redeemable units:		
Class D	(2,942,498)	(2,935,913)
Class E	(6,124,888)	(5,865,128)
	<u>(9,067,386)</u>	<u>(8,801,041)</u>
Distribution to unitholders of redeemable units:		
Class D	(102,903)	(290,919)
Class E	(88,140)	(324,470)
	<u>(191,043)</u>	<u>(615,389)</u>
Reinvestment of distributions to holders of redeemable units:		
Class D	102,903	290,919
Class E	88,140	324,470
	<u>191,043</u>	<u>615,389</u>
Net assets attributable to holders of redeemable units, end of year:		
Class D	7,497,662	10,180,312
Class E	13,538,368	19,434,861
	<u>\$ 21,036,030</u>	<u>\$ 29,615,173</u>

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

ALITIS STRATEGIC INCOME POOL

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash flow from (used in) operating activities:		
Decrease in net assets attributable to holders of redeemable units, for the year	\$ (1,583,056)	\$ (327,535)
Adjustments for non-cash items:		
Commissions and other portfolio transaction costs	1,559	2,321
Net realized loss (gain) on sales of investments, including foreign exchange adjustments	114,678	(70,004)
Net change in unrealized depreciation in value of investments	1,959,162	1,070,891
Change in non-cash balances:		
Interest and dividends receivable	3,440	(3,112)
Accounts payable and accrued liabilities	(2,567)	—
Management fees payable	(3,899)	3,405
Due to broker	(8,832)	(683)
Proceeds from sale of investments	7,864,966	6,378,434
Purchase of investments	(2,952,217)	(6,698,408)
Net cash flow from operating activities	5,393,234	355,309
Cash flow from (used in) financing activities:		
Proceeds from issuances of redeemable units	2,088,579	7,693,056
Amount paid on redemption of redeemable units	(9,096,228)	(8,785,549)
Net cash flow used in financing activities	(7,007,649)	(1,092,493)
Decrease in cash during the year	(1,614,415)	(737,184)
Foreign exchange gain (loss) on cash	17,552	(1,639)
Cash, beginning of year	702,724	1,441,547
Cash (bank indebtedness), end of year	\$ (894,139)	\$ 702,724
Supplemental information*:		
Interest paid	\$ 2,510	\$ 1,450
Interest received	672,446	928,900
Dividends received, net of withholding taxes	93,064	85,282

*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, 2022

Number of shares/units	Investments owned	Average cost	Fair value	% of net assets
Canadian alternative fixed income:				
67,654	RP Debt Opportunities Fund Trust Series FA Lead	\$ 814,068	\$ 1,049,379	4.99
99,605	YTM Capital Credit Opportunities Fund - Class F JUL -15 Consolidated	1,019,456	1,003,328	4.77
64,821	YTM Capital Fixed Income Alternative Fund Series F	668,089	662,732	3.15
		2,501,613	2,715,439	12.91
Canadian bonds:				
32,880	BMO Floating Rate High Yield ETF	453,822	452,100	2.15
65,150	BMO Mid Provincial Bond Index ETF	982,072	871,707	4.14
40,120	iShares Core Canadian Universe Bond Index ETF	1,270,719	1,095,276	5.21
100,455	Leith Wheeler Corporate Fixed Income Fund	969,218	888,957	4.23
304,413	PH&N Bond Fund Series O	3,225,707	2,747,906	13.06
157,855	PH&N High Yield Bond Fund Series O	1,789,496	1,617,694	7.69
		8,691,034	7,673,640	36.48
Canadian private debt:				
14,822	Bridging Income Fund LP	1,475,333	590,132	2.81
2,861	Crown Capital Fund IV LP	1,204,951	1,099,597	5.23
51,769	Espresso Income Trust Class R2 – 2022 Series 6	517,814	523,219	2.49
124,616	Ninepoint Canadian Senior Debt Fund Class S (SPR825)	1,347,208	1,806,252	8.59
132,101	The Next Edge Private Debt Fund - Class F1 (NEC452)	1,327,451	1,311,115	6.23
		5,872,757	5,330,315	25.35
Canadian real estate:				
63,234	Dream Impact Trust	389,178	254,833	1.21
Global bonds:				
70,548	RP Alternative Global Bond Fund Class F	700,359	663,402	3.15
146,645	RP Strategic Income Plus Fund Class F	1,513,743	1,444,909	6.87
		2,214,102	2,108,311	10.02
U.S. bonds:				
108,530	BMO Mid-term US IG Corporate Bond Hedged to CAD Index ETF	1,639,223	1,347,943	6.41
14,150	Vanguard Total Bond Market ETF	1,330,555	1,376,288	6.54
		2,969,778	2,724,231	12.95
U.S. private debt:				
80,889	KiWi Private Credit Fund LP Class I	1,023,779	1,095,154	5.21
Total investments owned		23,662,241	21,901,923	104.13
Commissions and other portfolio transaction costs		(4,070)	–	–
Net investments owned		\$ 23,658,171	21,901,923	104.13
Unrealized gain, U.S. futures currency contracts, notional amount \$1,800,000, matures March 14, 2023, average contract rate of 0.7344			11,649	0.06
Other liabilities, net			(877,542)	(4.19)
Net assets attributable to holders of redeemable units		\$	21,036,030	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, 2022, with comparative information for 2021

	2022	2021
Assets		
Investments	\$ 153,980,598	\$ 158,170,200
Future contracts	50,934	28,059
Cash	1,000,737	3,739,323
Interest and dividends receivable	300,896	352,064
Subscriptions receivable	469,238	2,349,492
Fee rebate - investments owned	2,038	8,022
Prepaid expenses	13,752	-
	\$ 155,818,193	\$ 164,647,160
Liabilities		
Accounts payable and accrued liabilities	\$ 51,850	\$ 56,018
Management fees payable (note 5)	135,066	118,996
Redemptions payable	58,000	2,318,338
Distributions payable	4,947	3,498
Performance fees payable (note 5)	-	181
Loans payable to investee, non-interest bearing	4,747,687	14,530,945
	4,997,550	17,027,976
Net assets attributable to holders of redeemable units	\$ 150,820,643	\$ 147,619,184
Net assets attributable to holders of redeemable units per class:		
Class D	\$ 46,440,365	\$ 42,346,133
Class E	104,380,278	105,273,051
Number of units outstanding (note 6):		
Class D	3,907,441	3,542,067
Class E	8,902,203	8,931,557
Net assets attributable to holders of redeemable units per unit:		
Class D	\$ 11.89	\$ 11.96
Class E	11.73	11.79

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

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

ALITIS INCOME AND GROWTH POOL

Statement of Comprehensive Income

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Income:		
Interest income for distribution purposes	\$ 3,582,888	\$ 3,404,994
Dividends	538,738	1,122,186
Fee rebate - investments owned	24,218	24,575
Other income	26,762	—
Net change in fair value on financial assets at fair value through profit or loss:		
Net realized gain on sale of investments, including foreign exchange adjustments	8,018,342	4,512,902
Net change in unrealized appreciation (depreciation) in value of investments	(7,263,729)	3,694,951
	<u>4,927,219</u>	<u>12,759,608</u>
Expenses:		
Management fees (note 5)	1,290,410	1,168,450
Fund administration fees	142,613	127,713
Withholding tax	76,140	101,414
Operating costs	48,988	50,500
Commissions and other portfolio transaction costs	29,921	34,705
Audit fees	14,601	12,284
Custodian fees	2,520	2,520
Performance fees (note 5)	—	543,739
	<u>1,605,193</u>	<u>2,041,325</u>
Increase in net assets attributable to holders of redeemable units	\$ 3,322,026	\$ 10,718,283
Increase in net assets attributable to holders of redeemable units per class:		
Class D	\$ 1,403,954	\$ 3,233,268
Class E	1,918,072	7,485,015
	<u>\$ 3,322,026</u>	<u>\$ 10,718,283</u>
Increase in net assets attributable to holders of redeemable units per unit		
Class D	\$ 0.38	\$ 1.05
Class E	0.21	0.90

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, 2022, with comparative information for 2021

	2022	2021
Net assets attributable to holders of redeemable units, beginning 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>
Increase in net assets attributable to holders of redeemable units:		
Class D	1,403,954	3,233,268
Class E	1,918,072	7,485,015
	<u>3,322,026</u>	<u>10,718,283</u>
Capital transactions:		
Proceeds from redeemable units issued:		
Class D	8,747,768	11,078,225
Class E	14,347,172	19,331,661
	<u>23,094,940</u>	<u>30,409,886</u>
Redemption of redeemable units:		
Class D	(6,057,490)	(5,721,751)
Class E	(17,156,430)	(17,664,927)
	<u>(23,213,920)</u>	<u>(23,386,678)</u>
Distribution to unitholders of redeemable units*:		
Class D	(1,648,705)	(2,875,224)
Class E	(2,445,719)	(6,476,653)
	<u>(4,094,424)</u>	<u>(9,351,877)</u>
Reinvestments of distributions to holders of redeemable units:		
Class D	1,648,705	2,875,224
Class E	2,444,132	6,472,558
	<u>4,092,837</u>	<u>9,347,782</u>
Net assets attributable to holders of redeemable units, end of year:		
Class D	46,440,365	42,346,133
Class E	104,380,278	105,273,051
	<u>\$ 150,820,643</u>	<u>\$ 147,619,184</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, 2022, with comparative information for 2021

	2022	2021
Cash flow from (used in) operating activities:		
Increase in net assets attributable to holders of redeemable units for the year	\$ 3,322,026	\$ 10,718,283
Adjustments for non-cash items:		
Net realized gain on sale of investments, including foreign exchange adjustments	(8,018,342)	(4,512,902)
Net change in unrealized depreciation (appreciation) in value of investments	7,263,729	(3,694,951)
Commissions and other portfolio transaction costs	8,687	11,354
Change in non-cash balances:		
Interest and dividends receivable	51,168	(23,585)
Fee rebate - investments owned	5,984	(5,989)
Prepaid expenses	(13,752)	—
Accounts payable and accrued liabilities	(4,168)	(8,177)
Management fees payable	16,070	15,208
Distributions payable	1,449	2,969
Performance fees payable	(181)	(190,696)
Loans payable	(9,783,258)	14,530,945
Proceeds from sale of investments	53,292,354	42,124,758
Purchase of investments	(48,379,332)	(60,650,846)
Net cash flow used in operating activities	(2,237,566)	(1,683,629)
Cash flow from (used in) financing activities:		
Proceeds from issuances of redeemable units	24,975,194	28,369,123
Amount paid on redemption of redeemable units	(25,474,258)	(21,421,156)
Distributions paid to holders of redeemable units, net of reinvested distributions	(1,587)	(4,095)
Net cash flow from (used in) financing activities	(500,651)	6,943,872
Increase (decrease) in cash during the year	(2,738,217)	5,260,243
Foreign exchange loss on cash	(369)	(25,318)
Cash (bank indebtedness), beginning of year	3,739,323	(1,495,602)
Cash, end of year	\$ 1,000,737	\$ 3,739,323
Supplemental information*:		
Interest paid	\$ 10,207	\$ 15,018
Interest received	3,552,648	3,355,566
Dividends received, net of withholding taxes	522,773	1,005,857

*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, 2022

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
Canadian alternative equities:				
71,108	EHP Advantage Alternative Fund Class F	\$ 768,923	\$ 828,956	0.55
81,564	EHP Advantage International Alternative Fund Class F	867,242	833,146	0.55
146,486	EHP Global Arbitrage Alternative Fund Class F	1,729,070	1,719,802	1.14
		3,365,235	3,381,904	2.24
Canadian Alternative fixed income:				
19,000	RP Debt Opportunities Fund Series FA-6-2022	190,000	197,402	0.13
98,682	RP Debt Opportunities Fund Trust Series FA Lead	1,190,102	1,530,644	1.01
140,998	YTM Capital Credit Opportunities Fund – Class F JUL-15 Consolidated	1,437,235	1,420,282	0.94
111,112	YTM Capital Fixed Income Alternative Fund Series F	1,136,867	1,136,008	0.75
		3,954,204	4,284,336	2.83
Canadian bonds:				
51,460	BMO Floating Rate High Yield EFT	709,900	707,575	0.47
105,210	BMO Mid Provincial Bond Index ETF	1,568,610	1,407,710	0.93
66,980	iShares Core Canadian Universe Bond Index ETF	2,029,379	1,828,554	1.21
161,756	Laith Wheeler Corporate Fixed Income Fund	1,545,721	1,431,428	0.95
527,428	PH&N Bond Fund Series O	5,349,111	4,761,040	3.16
274,190	PH&N High Yield Bond Fund Series O	3,071,547	2,809,895	1.86
		14,274,268	12,946,202	8.58
Canadian equities:				
20,775	iShares S&P/TSX 60 Index ETF	522,255	614,732	0.41
Canadian Mortgage:				
1,000,000	Antrim Balanced Mortgage Fund Class F Series C	1,000,000	1,000,000	0.66
53,600	Atrium Mortgage Investment Corp.	547,422	575,664	0.38
3,000,000	Cambridge Mortgage Investment Corporation Class B	3,000,000	3,000,000	1.99
306,701	Cameron Stephens High Yield Mortgage Trust	3,067,010	3,067,010	2.03
100,000	CMCC High Yield Mortgage Investment Corporation Class A	1,000,000	1,000,000	0.66
2,187,500	KingSett Senior Mortgage Fund LP	2,187,500	2,187,500	1.45
240,000	KV Mortgage Fund Inc.	2,400,000	2,400,000	1.59
157,385	MCAN Mortgage Corp.	2,145,951	2,360,775	1.57
4,550,000	Neighbourhood Holdings Limited Partnership – Class F	4,550,009	4,550,000	3.02
1,150,000	Ryan Mortgage Income Fund	1,150,000	1,150,000	0.76
293,300	Timbercreek Financial Corp.	2,385,176	2,085,363	1.38
		23,433,068	23,376,312	15.49
Canadian private debt:				
400,000	Anthem 585 Austin Developments GP 5% 29OCT2026	400,000	400,000	0.27
37,970	Bridging Income Fund LP	3,779,381	1,511,752	1.00
3,766	Crown Capital Fund IV LP	1,586,106	1,447,424	0.96
93,185	Espresso Income Trust Class R2 – 2022 Series 6	932,059	941,794	0.62
211,191	Ninepoint Canadian Senior Debt Fund Class S	2,331,088	3,061,109	2.03
220,187	The Next Edge Private Debt Fund – Class F1 (NEC452)	2,211,872	2,185,377	1.45
		11,240,506	9,547,456	6.33
Canadian private equity:				
1,300,000	CAI Capital Partners VI Limited Partnership	988,843	1,109,680	0.74

ALITIS INCOME AND GROWTH POOL

Schedule of Investment Portfolio (continued)

December 31, 2022

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
Canadian Real Estate:				
2,300,000	898 Klahanie Development LP	\$ 1,150,000	\$ 1,205,454	0.80
511	Anthem 6075 Wilson Developments Series 2	–	117,715	0.08
1,850	Anthem Calgary Core Industrial Investments 2022 LP	1,805,803	1,872,688	1.24
2,400	Anthem Class A Investment LP	2,400,000	2,946,158	1.95
1,000,000	Anthem Coyote Creek Developments LP	319,904	1,038,452	0.69
511	Anthem Metro Vancouver High-Rise Development Fund LP – Class B	511,000	591,191	0.39
1,000	Anthem Steveston Development Limited Partnership	–	61,681	0.04
750	Anthem West Clayton Developments Limited Partnership	–	14,167	0.01
60	CMCC Capital Fund V Limited Partnership	1,110,000	1,190,087	0.79
879,815	Dream Impact Trust	5,379,984	3,545,654	2.35
30	Empire (Grand Niagara) Project LP Class B	3,000,000	3,147,288	2.09
1,250,000	Ironclad Developments Allure LP Class A-2	1,250,000	1,311,710	0.87
1,389,500	Ironclad Developments Aurora LP Class A-2	1,389,500	2,889,630	1.92
3,273,550	Ironclad Developments Bishop Grandin LP Class A-2	3,273,550	3,750,263	2.49
2,300,000	Ironclad Developments Bridgewater LP Class A-2	1,063,842	1,843,271	1.22
55	Ironclad Developments Bridgewater LP Class B-2	3,507,569	3,768,661	2.50
1,700,000	Ironclad Developments Costin & Carlow LP Class A-2	1,700,000	2,823,292	1.87
2,362,500	Ironclad Developments Eagleson LP Class A	–	1,313,633	0.87
4,062,500	Ironclad Developments Elliot Limited Partnership Class A	–	56,034	0.04
4,977,000	Ironclad Developments Goldstream LP Class A	–	40,004	0.03
1,409,091	Ironclad Developments Jubilee LP Class A-2	1,409,091	2,007,356	1.33
10	Ironclad Developments Jubilee LP Class B	872,000	526,473	0.35
969,456	Ironclad Developments Main & Benn LP Class A-2	969,456	1,841,456	1.22
3,300,000	Ironclad Developments Pembina LP Class A	96,526	1,567,500	1.04
50	Ironclad Developments Pembina LP Class B-2	5,178,909	6,450,820	4.28
1,700,000	Ironclad Developments Tenth Line LP Class A-2	1,700,000	2,408,537	1.60
14	Ironclad Developments Treanor LP Class B-1	929,416	1,150,516	0.76
2,000,000	Ironclad Developments Treanor LP Class A-2	–	1,336,624	0.89
1,762	Kingsett Canadian Real Estate Income Fund LP	2,098,200	2,223,711	1.47
35,000	Starlight Canadian Residential Growth Fund II – Class C	3,146,899	3,691,381	2.45
7,500	Starlight Canadian Residential Growth Fund III – Class F	750,000	786,037	0.52
247	The Mercury Block Limited Partnership Class E	2,403,987	2,756,224	1.83
		47,415,636	60,273,668	39.98
Global bonds:				
119,898	RP Alternative Global Bond Fund Class F	1,175,750	1,127,459	0.75
244,568	RP Strategic Income Plus Fund Class F	2,522,854	2,409,754	1.60
		3,698,604	3,537,213	2.35
Global equities:				
150,386	Canoe Defensive Global Equity Fund	2,877,604	3,313,048	2.20
67,803	Dynamic Global Discovery Fund – Series F	3,374,274	3,314,656	2.20
107,026	Edgepoint Global Portfolio Series F(N) Non Hst	3,096,545	3,329,559	2.21
		9,348,423	9,957,263	6.61
Global Infrastructure:				
200	RP Alternative Global Bond Fund Class F	1,952,114	1,993,414	1.32
Canadian investment fund:				
10	Ironclad Developments Bridgewater LP Class B	1,008,315	859,064	0.57
U.S. bonds:				
193,040	BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF	2,812,446	2,397,557	1.59
23,870	Vanguard Total Bond Market ETF	2,169,564	2,321,696	1.54
		4,982,010	4,719,253	3.13
Asia-Pacific equities:				
37,800	iShares MSCI Australia ETF	1,106,385	1,137,674	0.75
22,550	iShares MSCI Hong Kong ETF	639,948	641,445	0.43
13,925	iShares MSCI Japan ETF	1,106,559	1,026,360	0.68
8,400	iShares MSCI South Korea Capped ETF	836,306	642,333	0.43
		3,689,198	3,447,812	2.29

ALITIS INCOME AND GROWTH POOL

Schedule of Investment Portfolio (continued)

December 31, 2022

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
European equities:				
12,925	iShares MSCI Germany ETF	\$ 489,058	\$ 432,754	0.29
19,425	iShares MSCI Poland Capped ETF	444,029	406,590	0.27
12,025	iShares MSCI Sweden ETF	666,463	526,353	0.35
22,450	iShares MSCI United Kingdom ETF	891,095	931,912	0.62
		2,490,645	2,297,609	1.53
Global private equity:				
10,776	Overbay Fund XIV LP	880,364	1,567,842	1.04
6,181	Unigestion Global Core Private Equity Fund LP	789,097	1,001,312	0.66
837	Unigestion Global Core Private Equity Fund LP Class I (201R)	111,444	113,349	0.08
		1,780,905	2,682,503	0.08
Latin America equities:				
61,325	iShares MSCI Brazil Capped ETF	2,493,018	2,322,291	1.54
U.S. mortgage:				
3,557	Timbercreek Real Estate Finance US LP	4,426,817	4,882,261	3.24
U.S. private debt:				
129,081	KiWi Private Credit Fund LP Class I	1,623,711	1,747,625	1.16
Total investments owned		142,687,775	153,980,598	102.12
Commissions and other portfolio transaction costs		(11,447)	—	—
Net investments owned		\$ 142,676,328	153,980,598	102.12
Unrealized gain, U.S. futures currency contracts, notional amount \$7,600,000, matures March 14, 2023, average contract rate of 0.7342			50,934	0.03
Other liabilities, net			(3,210,889)	(2.15)
Net assets attributable to holders of redeemable units			\$ 150,820,643	100.00

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

ALITIS GROWTH POOL

Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Investments	\$ 21,168,486	\$ 25,914,745
Cash	4,176,538	408,963
Interest and dividends receivable	3,812	31,163
Subscriptions receivable	82,238	104,614
Other assets	1,585	2,836
Prepaid expenses	3,378	–
	\$ 25,436,037	\$ 26,462,321
Liabilities		
Accounts payable and accrued liabilities	\$ 32,187	\$ 32,068
Management fees payable (note 5)	18,138	16,626
Redemptions payable	–	104,076
Distributions payable	–	358
	50,325	153,128
Net assets attributable to holders of redeemable units	\$ 25,385,712	\$ 26,309,193
Net assets attributable to holders of redeemable units per class:		
Class D	\$ 12,011,896	\$ 11,486,561
Class E	13,373,816	14,822,632
Number of units outstanding (note 6):		
Class D	953,505	880,037
Class E	1,142,387	1,223,619
Net assets attributable to holders of redeemable units per unit:		
Class D	\$ 12.60	\$ 13.05
Class E	11.71	12.11

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

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

ALITIS GROWTH POOL

Statement of Comprehensive Income (Loss)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Income:		
Interest income for distribution purposes	\$ 72,287	\$ 376,446
Dividends	346,041	557,061
Net realized gain on sale of investments, including foreign exchange adjustments	386,427	1,477,639
Net change in unrealized depreciation in value of investments	(1,235,829)	(82,813)
Other income	363	—
	<u>(430,711)</u>	<u>2,328,333</u>
Expenses:		
Management fees (note 5)	169,713	166,709
Fund administration fees	64,915	61,906
Withholding tax	48,025	66,036
Audit fees	14,601	12,271
Commissions and other portfolio transaction costs	5,643	5,919
Custodian fees	2,520	2,520
Operating costs	1,254	1,092
Performance fees (note 5)	—	82,565
	<u>306,671</u>	<u>399,018</u>
Increase (decrease) in net assets attributable to holders of redeemable units	<u>\$ (737,382)</u>	<u>\$ 1,929,315</u>
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class D	\$ (232,580)	\$ 895,793
Class E	(504,802)	1,033,522
	<u>\$ (737,382)</u>	<u>\$ 1,929,315</u>
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class D	\$ (0.25)	\$ 1.11
Class E	(0.43)	0.90

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, 2022, with comparative information for 2021

	2022	2021
Net assets attributable to holders of redeemable units, beginning 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>
Increase (decrease) in net assets attributable to holders of redeemable units:		
Class D	(232,580)	895,793
Class E	(504,802)	1,033,522
	<u>(737,382)</u>	<u>1,929,315</u>
Capital transactions:		
Proceeds from redeemable units issued:		
Class D	2,222,057	2,678,251
Class E	2,188,150	2,804,030
	<u>4,410,207</u>	<u>5,482,281</u>
Redemption of redeemable units:		
Class D	(1,464,142)	(1,348,907)
Class E	(3,132,159)	(3,230,194)
	<u>(4,596,301)</u>	<u>(4,579,101)</u>
Distribution to unitholders of redeemable units:		
Class D	(171,182)	(742,893)
Class E	(3,818)	(1,005,248)
	<u>(175,000)</u>	<u>(1,748,141)</u>
Reinvestments of distributions to holders of redeemable units:		
Class D	171,182	742,892
Class E	3,813	1,004,594
	<u>174,995</u>	<u>1,747,486</u>
Net assets attributable to holders of redeemable units, end of year:		
Class D	12,011,896	11,486,561
Class E	13,373,816	14,822,632
	<u>\$ 25,385,712</u>	<u>\$ 26,309,193</u>

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

ALITIS GROWTH POOL

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash flow from (used in) operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units, for the year	\$ (737,382)	\$ 1,929,315
Adjustments for non-cash items:		
Net change in unrealized depreciation in value of investments	1,235,829	82,813
Net realized gain on sale of investments, including foreign exchange adjustments	(386,427)	(1,477,639)
Commissions and other portfolio transaction costs	4,391	5,005
Change in non-cash balances:		
Interest and dividends receivable	27,351	(24,134)
Other assets	1,251	(2,836)
Prepaid expenses	(3,378)	—
Accounts payable and accrued liabilities	119	360
Management fees payable	1,512	1,259
Distributions payable	(358)	358
Proceeds from sale of investments	10,097,658	12,908,277
Purchase of investments	(6,211,311)	(16,229,651)
Net cash flow from (used in) operating activities	4,029,255	(2,806,873)
Cash flow from (used in) financing activities:		
Proceeds from issuances of redeemable units	4,432,583	5,490,452
Amount paid on redemption of redeemable units	(4,700,377)	(4,535,650)
Distributions paid to holders of redeemable units, net of reinvested distributions	(5)	(655)
Net cash flow from (used in) financing activities	(267,799)	954,147
Increase (decrease) in cash during the year	3,761,456	(1,852,726)
Foreign exchange gain (loss) on cash	6,119	(16,301)
Cash, beginning of year	408,963	2,277,990
Cash, end of year	\$ 4,176,538	\$ 408,963
Supplemental information*:		
Interest paid	\$ 1,254	\$ 920
Interest received	68,957	376,538
Dividends received, net of withholding taxes	325,663	466,799

*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, 2022

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
Canadian alternative equities:				
49,141	EHP Advantage Alternative Fund Class F	\$ 529,989	\$ 572,867	2.26
54,615	EHP Advantage Alternative International Alternative Fund Class F	576,865	557,876	2.20
99,041	EHP Global Arbitrage Alternative Fund Class F	1,163,495	1,162,782	4.58
		2,270,349	2,293,525	9.04
Canadian equities:				
14,625	iShares S&P/TSX 60 Index ETF	387,542	432,753	1.70
Canadian private debt:				
240,000	Anthem 585 Austin Developments GP LTD. 5% 29OCT2026	240,000	240,000	0.95
Canadian private equity:				
1,000,000	CAI Capital Partners VI Limited Partnership	760,648	853,600	3.36
Canadian Real Estate:				
256	Anthem 6075 Wilson Developments LP Series 2	–	58,973	0.23
300	Anthem Chesterfield Developments Limited Partnership	–	105,814	0.42
256	Anthem Metro Vancouver High-Rise Development Fund LP – Class B	256,000	296,174	1.17
250	Anthem West Clayton Developments Limited Partnership	–	4,722	0.02
105,449	Dream Impact Trust	501,658	424,959	1.67
1,200,000	Ironclad Developments Pembina Limited Partnership - Class A	35,098	570,000	2.25
		792,756	1,460,642	5.76
Global equities:				
101,693	Canoe Defensive Global Equity Fund	1,943,599	2,240,321	8.83
45,843	Dynamic Global Discovery Fund – Series F	2,254,355	2,241,095	8.83
72,358	Edgepoint Global Portfolio Series F (N) Non Hst	2,079,517	2,251,049	8.87
		6,277,471	6,732,465	26.53
Global Infrastructure:				
150	Eaglecrest Infrastructure Canada LP	1,464,085	1,495,061	5.89
Asia-Pacific equities:				
26,625	iShares MSCI Australia ETF	778,972	801,338	3.16
16,150	iShares MSCI Hong Kong ETF	456,762	459,394	1.81
9,800	iShares MSCI Japan ETF	786,885	722,322	2.85
5,925	iShares MSCI South Korea Capped ETF	586,444	453,075	1.78
		2,609,063	2,436,129	9.60
European equities:				
9,250	iShares MSCI Germany ETF	352,199	309,708	1.22
13,900	iShares MSCI Poland Capped ETF	327,063	290,945	1.15
8,450	iShares MSCI Sweden ETF	489,405	369,870	1.46
16,075	iShares MSCI United Kingdom ETF	635,108	667,282	2.63
		1,803,775	1,637,805	6.46
Global private equity:				
7,739	Overbay Fund XIV LP	619,798	1,125,996	4.44
4,415	Unigestion Global Core Private Equity Fund LP	563,641	715,223	2.82
598	Unigestion Global Core Private Equity Fund LP Class I (201R)	79,603	80,963	0.32
		1,263,042	1,922,182	7.58

ALITIS GROWTH POOL

Schedule of Investment Portfolio

December 31, 2022

Number of shares/units par value	Investments owned	Average cost	Fair value	% of net assets
Latin America equities:				
43,950	iShares MSCI Brazil Capped ETF	\$ 1,793,238	\$ 1,664,324	6.56
Total investments owned		19,661,969	21,168,486	83.43
Commissions and other portfolio transaction costs		(3,350)	–	–
Net investments owned		\$ 19,658,619	21,168,486	83.43
Other net assets			4,217,226	16.57
Net assets attributable to holders of redeemable units			\$ 25,385,712	100.00

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

ALITIS POOLS

Notes to Financial Statements

Year ended December 31, 2022

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, 2022

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 26, 2023, 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, 2022

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, 2022 and 2021, no amounts have been offset in the statement of financial position.

(ii) FVTPL:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the 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, 2022

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, 2022

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, fee rebate - investments owned, bank indebtedness, accounts payable and accrued liabilities, management fees payable, redemptions payable, distributions payable, performance fees payable 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, 2022

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, 2022

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, 2022

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

Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase (decrease) 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 11 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, 2022

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.

Emerging COVID-19 variants, rising inflation driven by supply-chain and labor disruptions, changing monetary policy and escalating geopolitical tensions contribute to uncertainty regarding the timing of a full economic recovery. This has led to increased uncertainties in the estimates and assumptions used by the Pool in preparing the financial statements.

The following discusses the most significant accounting judgments and estimates that the 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, 2022

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 paid the Manager a monthly management fee equal to 1/12th of 1.10 percent of the Net Asset Value of the class E units up to June 30, 2022. From June 30, 2022, Alitis Strategic Income Pool, Alitis Income and Growth Pool and Alitis Growth Pool pays the Manager a monthly management fee equal to 1/12th of 0.90 percent, 1.25 percent and 1.30 percent of the Net Asset Value of the class E units, respectively. 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, 2022, Alitis Strategic Income Pool incurred management fees of \$161,415 (2021 - \$237,903) and \$13,017 (2021 - \$21,849) was payable to the Manager at December 31, 2022.

For the year ended December 31, 2022, Alitis Income and Growth Pool incurred management fees of \$1,290,410 (2021 - \$1,168,450) and \$135,066 (2021 - \$118,996) was payable to the Manager at December 31, 2022.

For the year ended December 31, 2022, Alitis Growth Pool incurred management fees of \$169,713 (2021 - \$166,709) and \$18,138 (2021 - \$16,626) was payable to the Manager at December 31, 2022.

Performance fees:

The Manager also received a performance fee from each class of units of the Pool. Performance fees accrue weekly and were 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 was payable by the Pool. Performance fees are calculated as a percentage of any gain on units over a specific hurdle rate as follows:

Up to June 30, 2022, Alitis Strategic Income Pool paid 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.

Up to June 30, 2022, Alitis Income and Growth Pool paid 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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Related party transactions (continued):

Up to June 30, 2022, Alitis Growth Pool paid 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.

After June 30, 2022, the fee schedule changed and performance fees for the Pools are no longer paid to the Manager.

The gain was 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 was accrued to the manager.

For the year ended December 31, 2022, Alitis Strategic Income Pool incurred performance fees of nil (2021 - nil).

For the year ended December 31, 2022, Alitis Income and Growth Pool incurred performance fees of nil (2021 - \$543,739) and nil (2021 - \$181) was payable at December 31, 2022.

For the year ended December 31, 2022, Alitis Growth Pool incurred performance fees of nil (2021 - 82,565).

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

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, 2022 is as follows:

2022	Alitis Strategic Income Pool	Alitis Income and Growth Pool	Alitis Growth Pool
Redeemable units, beginning of year:			
Class D	940,763	3,542,067	880,037
Class E	1,820,896	8,931,557	1,223,619
Sale of redeemable units:			
Class D	73,912	736,068	177,685
Class E	129,640	1,228,033	188,884
Redemption of redeemable units:			
Class D	(287,500)	(509,895)	(118,024)
Class E	(603,385)	(1,466,675)	(270,470)
Distribution re-invest:			
Class D	10,196	139,201	13,807
Class E	8,862	209,288	344
Redeemable units, end of year:			
Class D	737,371	3,907,441	953,505
Class E	1,356,013	8,902,203	1,142,387

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

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

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, 2022

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, 2022

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.

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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Financial instruments (continued):

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, 2022

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, 2022:

Assets	Level 1	Level 2	Level 3	Total
Alitis Strategic Income Pool:				
Assets:				
Fixed income securities	\$ 13,168,914	\$ 2,052,707	\$ –	\$ 15,221,621
Investment fund	–	–	1,618,373	1,618,373
Private debt	–	–	4,807,096	4,807,096
Real estate	254,833	–	–	254,833
	<u>\$ 13,423,747</u>	<u>\$ 2,052,707</u>	<u>\$ 6,425,469</u>	<u>\$ 21,901,923</u>
Alitis Income and Growth Pool:				
Assets:				
Common stocks	\$ 22,021,611	\$ –	\$ 2,677,522	\$ 24,699,133
Fixed income securities	27,360,478	2,950,926	23,236,771	53,548,175
Investment fund	–	197,402	24,882,791	25,080,193
Private debt	–	–	8,605,662	8,605,662
Real estate	3,545,654	–	38,501,781	42,047,435
	<u>\$ 52,927,743</u>	<u>\$ 3,148,328</u>	<u>\$ 97,904,527</u>	<u>\$ 153,980,598</u>
Alitis Growth Pool:				
Assets:				
Common stocks	\$ 15,197,002	\$ –	\$ 1,979,596	\$ 17,176,598
Investment fund	–	–	796,186	796,186
Private debt	–	–	239,999	239,999
Real estate	424,959	–	2,530,744	2,955,703
	<u>\$ 15,621,961</u>	<u>\$ –</u>	<u>\$ 5,546,525</u>	<u>\$ 21,168,486</u>

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Fair value measurements (continued):

The following is a reconciliation of Level 3 fair value measurements for the year ended December 31, 2022:

Alitis Strategic Income Pool:

Balance, beginning of year	\$ 6,200,781
Purchases	1,549,619
Sales	(1,095,441)
Reserve for impairment of investments	(368,832)
Realized gains included in net income	109,855
Change in unrealized appreciation included in net income	29,487
<hr/> Balance, end of year	<hr/> \$ 6,425,469

Alitis Income and Growth Pool:

Balance, beginning of year	\$ 82,056,401
Purchases	27,091,213
Sales	(13,014,945)
Reserve for impairment of investments	(944,845)
Realized loss included in net income	(9)
Change in unrealized appreciation included in net income	2,716,712
<hr/> Balance, end of year	<hr/> \$ 97,904,527

Alitis Growth Pool:

Balance, beginning of year	\$ 4,468,576
Purchases	643,244
Sales	(118,324)
Realized loss included in net income	(519)
Change in unrealized appreciation included in net income	553,548
<hr/> Balance, end of year	<hr/> \$ 5,546,525

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

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, 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, 2022

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, 2022

8. Fair value measurements (continued):

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

Alitis Strategic Income Pool:

Description	Held as of December 31, 2022	Held as of December 31, 2021	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Investment Trust	\$ 1,311,115	\$ 1,730,820	Net asset value	N/A	N/A	N/A
Investment Trust	1,806,252	2,145,105	Net asset value	N/A	N/A	N/A
Investment Trust	590,132	958,966	Net asset value	N/A	N/A	N/A
Investment Trust	1,099,597	1,365,890	Net asset value	N/A	N/A	N/A
Investment Trust	523,219	–	Net asset value	N/A	N/A	N/A
Investment Trust	1,095,154	–	Net asset value	N/A	N/A	N/A

Alitis Income and Growth Pool:

Description	Held as of December 31, 2022	Held as of December 31, 2021	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Investment Trust	\$ 2,185,377	\$ 1,885,016	Net asset value	N/A	N/A	N/A
Investment Trust	3,061,109	2,577,156	Net asset value	N/A	N/A	N/A
Investment Trust	3,067,010	2,833,296	Net asset value	N/A	N/A	N/A
Investment Trust	4,550,000	4,550,000	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	2,946,158	2,400,000	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	4,882,261	4,495,900	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	1,109,680	831,090	Net asset value	N/A	N/A	N/A
Investment Trust	400,000	499,999	Net asset value	N/A	N/A	N/A
Investment Trust	1,511,753	2,456,598	Net asset value	N/A	N/A	N/A
Investment Trust	1,447,424	1,797,952	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	1,000,000	2,000,945	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	3,000,000	3,000,000	Net asset value	N/A	N/A	N/A
Unlisted Mortgage Investment Corporation	1,000,000	526,000	Net asset value	N/A	N/A	N/A

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Fair value measurements (continued):

Description	Held as of December 31, 2022	Held as of December 31, 2021	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Unlisted Mortgage Investment Corporation	\$ 2,187,500	\$ 962,500	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,038,452	1,582,224	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	61,681	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,567,500	1,338,841	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,313,633	2,142,536	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	56,034	6,917,980	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,007,356	2,083,863	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,843,271	2,013,155	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	40,004	7,709,004	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,841,456	1,354,855	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,223,711	1,283,164	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,336,624	2,963,712	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	3,691,381	2,895,097	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	117,715	117,715	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,400,000	2,400,000	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	591,191	511,000	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,993,414	2,029,492	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,823,292	1,700,000	Net asset value	N/A	N/A	N/A
Investment Trust	2,756,224	2,008,935	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,190,087	679,201	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,889,630	1,645,543	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	3,750,263	3,473,127	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	2,408,537	1,791,795	Net asset value	N/A	N/A	N/A

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Fair value measurements (continued):

Description	Held as of December 31, 2022	Held as of December 31, 2021	Valuation technique	Unobservable input	Range (weighted average)	Sensitivity to changes in significant unobservable inputs
Private Equity Limited Partnership	\$ 1,567,842	\$ 1,372,862	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,205,454	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,872,688	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	3,147,288	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,311,710	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	3,768,661	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	526,473	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	6,450,820	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	1,150,516	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	786,037	–	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	859,064	–	Net asset value	N/A	N/A	N/A
Investment Trust	941,794	–	Net asset value	N/A	N/A	N/A
Investment Trust	1,747,625	–	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	113,349	–	Net asset value	N/A	N/A	N/A

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Fair value measurements (continued):

Alitis Growth Pool:

Description	Held as of December 31, 2022	Held as of December 31, 2021	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	105,814	223,699	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	570,000	486,851	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	58,973	58,973	Net asset value	N/A	N/A	N/A
Real Estate Limited Partnership	296,174	256,000	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	1,125,996	976,912	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	1,495,061	1,522,119	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	853,600	639,300	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	715,223	–	Net asset value	N/A	N/A	N/A
Private Equity Limited Partnership	80,963	–	Net asset value	N/A	N/A	N/A
Investment Trust	239,999	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, 2022

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, 2022	Number of investments	Average cost	Carrying amount included in investments at FVTPL
Investments in structured entities:			
Canadian alternative fixed income	3	\$ 2,501,613	\$ 2,715,439
Canadian bonds	6	8,691,034	7,673,640
Canadian real estate	1	389,178	254,833
Canadian private debt	5	5,872,757	5,330,315
U.S. bonds	2	2,969,778	2,724,231
U.S. private debt	1	1,023,779	1,095,154
Global bonds	2	2,214,102	2,108,311
Total		\$ 23,662,241	\$ 21,901,923

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

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Investment in underlying funds (continued):

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 Strategic Income Pool could redeem between \$6,700,000 and \$9,100,000 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, 2022	Number of investments	Average cost	Carrying amount Included in investments at FVTPL
Investments in structured entities:			
Canadian alternative fixed income	4	\$ 3,954,204	\$ 4,284,336
Canadian alternative equities	3	3,365,235	3,381,904
Canadian bonds	6	14,274,268	12,946,202
Canadian equities	1	522,255	614,732
Canadian mortgage	11	23,433,068	23,376,312
Canadian private debt	6	11,240,506	9,547,456
Canadian private equity	1	988,843	1,109,680
Canadian real estate	32	47,415,636	60,273,668
Canadian investment fund	1	1,008,315	859,064
U.S. bonds	2	4,982,010	4,719,253
U.S. mortgage	1	4,426,817	4,882,261
U.S. private debt	1	1,623,711	1,747,625
Asia-Pacific equities	4	3,689,198	3,447,812
European equities	4	2,490,645	2,297,609
Latin American equities	1	2,493,018	2,322,291
Global equities	3	9,348,423	9,957,263
Global bonds	2	3,698,604	3,537,213
Global private equity	3	1,780,905	2,682,503
Global infrastructure	1	1,952,114	1,993,414
Total		\$ 142,687,775	\$ 153,980,598

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Investment in Underlying Funds (continued):

Alitis Income and Growth Pool (continued):

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	10,647,532
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	\$ 158,170,200

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 \$10,400,000 and \$14,100,000 in the above structured entities per month.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Investment in Underlying Funds (continued):

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. 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, 2022	Number of investments	Average cost	Carrying amount Included in investments at FVTPL
Investments in structured entities:			
Canadian equities	1	\$ 387,542	\$ 432,754
Canadian real estate	6	792,756	1,460,642
Canadian alternative equities	3	2,270,349	2,293,525
Canadian private equity	1	760,648	853,600
Canadian private debt	1	240,000	239,999
Asia-Pacific equities	4	2,609,063	2,436,129
European equities	4	1,803,775	1,637,805
Global equities	3	6,277,471	6,732,465
Latin American equities	1	1,793,238	1,664,324
Global infrastructure	1	1,464,085	1,495,061
Global private equity	3	1,263,042	1,922,182
Total		\$ 19,661,969	\$ 21,168,486

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Investment in Underlying Funds (continued):

Alitis Growth Pool:

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	3	1,500,000	1,522,119
Global private equity	2	778,839	976,912
Total		\$ 23,081,269	\$ 27,736,864

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 \$1,900,000 and \$2,500,000 in the above structured entities per month.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

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, 2022 and 2021 is calculated as follows:

Alitis Strategic Income Pool:

	Decrease in net assets attributable to holders of redeemable units	Weighted average of redeemable units outstanding during the year	Decrease in net assets attributable to holders of redeemable units per unit
2022:			
Class D	\$ (496,733)	837,840	\$ (0.59)
Class E	(1,086,323)	1,516,512	(0.72)
2021:			
Class D	\$ (29,098)	970,178	\$ (0.03)
Class E	(298,437)	1,896,763	(0.16)

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

11. Increase 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
2022:			
Class D	\$ 1,403,954	3,715,124	\$ 0.38
Class E	1,918,072	8,944,465	0.21
2021:			
Class D	\$ 3,233,268	3,083,684	\$ 1.05
Class E	7,485,015	8,358,057	0.90

Alitis Growth Pool:

	Increase (decrease) in net assets attributable to holders of redeemable units	Weighted average of redeemable units outstanding during the year	Increase (decrease) in net assets attributable holders of redeemable units per unit
2022:			
Class D	\$ (232,580)	938,992	\$ (0.25)
Class E	(504,802)	1,168,155	(0.43)
2021:			
Class D	\$ 895,793	810,399	\$ 1.11
Class E	1,033,522	1,148,186	0.90

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, 2022

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, 2022, Alitis Strategic Income Pool has \$123,779 (2021 - \$8,729), Alitis Income and Growth Pool has \$60,409 (2021 - \$60,409) and Alitis Growth Pool has nil (2021 - nil) capital losses carried forward available for income tax purposes.

As at the tax year ended December 31, 2022, Alitis Growth Pool does not have any non-capital losses carried forward available for income tax purposes (2021 - nil). As at the tax year ended December 31, 2022 and 2021, 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, 2022

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, 2022, 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, 2022, 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	10.3
AA	12.0
A	14.4
BBB	27.7
BB and below	6.3
Not rated	26.6
Mortgages	0.7

* Excludes cash and cash equivalents.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Financial instrument risk (continued):

Alitis Strategic Income Pool (continued):

As at December 31, 2021, 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, 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.

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, 2022

15. Financial instrument risk (continued):

Alitis Strategic Income Pool (continued):

As at December 31, 2022, the underlying investments estimated exposure to debt instruments by maturity is as follows:

Debt instruments** by maturity date	
Less than 1 year	\$ 5,973,944
1 - 5 years	8,758,373
5 - 10 years	5,170,458
Greater than 10 years	2,262,024

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

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.

Price risk:

As at December 31, 2022, 25.7 percent (2021 - 27.0 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 \$539,815 (2021 - \$792,000) 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, 2022

15. Financial instrument risk (continued):

Alitis Strategic Income Pool (continued):

Currency risk:

As at December 31, 2022, the Pool had direct investments denominated in United States dollars of \$2,471,442 or 11.8 percent of net assets attributable to holders of redeemable units (2021 - \$1,902,739 or 6.5 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.

The currency to which the Pool had exposure as at December 31, 2022, is approximately as follows:

	Net assets attributable to holders of redeemable units (%)
United states dollars	6.5

The currency to which the Pool had exposure as at December 31, 2021, is approximately as follows:

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

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

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 interest and dividends 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, 2022, 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 \$14,000 (2021 - \$8,000). 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, 2022

15. Financial instrument risk (continued):

Alitis Income and Growth Pool (continued):

Credit risk:

As at December 31, 2022, 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, 2022, 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	2.5
AA	2.9
A	3.4
BBB	6.6
BB and below	1.7
Not rated	6.4
Mortgages	19.3

* Excludes cash and cash equivalents.

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

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Financial instrument risk (continued):

Alitis Income and Growth Pool (continued):

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.

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, 2022, the underlying investments estimated exposure to debt instruments by maturity is as follows:

Debt instruments** by maturity date	
Less than 1 year	\$ 34,196,353
1-5 years	18,609,901
5-10 years	9,000,900
Greater than 10 years	3,882,467

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

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Financial instrument risk (continued):

Alitis Income and 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	\$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.

Price risk:

As at December 31, 2022, 17.6 percent (2021 - 27.8 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 \$2,591,000 (2021 - \$3,867,000) 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, 2022, approximately 15.9 percent (2021 - 22.5 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 \$2,341,000 (2021 - \$3,138,000). 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, 2022

15. Financial instrument risk (continued):

Alitis Income and Growth Pool (continued):

Currency risk:

As at December 31, 2022, the Pool had direct investments denominated in United States dollars of \$19,701,798 or 13.4 percent of net assets attributable to holders of redeemable units (2021 - \$23,417,592 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.

Currencies to which the Pool had exposure as at December 31, 2022, are approximately as follows:

	Net assets attributable to holders of redeemable units (%)
United States dollars	7.3
European currencies	4.6
Asia-Pacific (developed) currencies	2.9
Emerging market currencies	1.9

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

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Financial instrument risk (continued):

Alitis Income and Growth 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 interest and dividends 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, 2022, 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 \$247,000 (2021 - \$315,000). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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.

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Financial instrument risk (continued):

Alitis Growth Pool (continued):

Credit risk:

As at December 31, 2022, 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, 2022, 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	0.9
Not rated	1.0
Mortgages	—

* Excludes cash and cash equivalents.

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:

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Financial instrument risk (continued):

Alitis Growth Pool (continued):

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.

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.

As at December 31, 2022, 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	335,562
5-10 years	143,343
Greater than 10 years	—

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

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

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.

Price risk:

As at December 31, 2022, 26.2 percent (2021 - 42.9 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 \$660,000 (2021 - \$1,070,000) 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, 2022, approximately 63.8 percent (2021 - 81.7 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 \$1,608,000 (2021 - \$2,038,000). 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, 2022

15. Financial instrument risk (continued):

Alitis Growth Pool (continued):

Currency risk:

As at December 31, 2022, the Pool had direct investments denominated in United States dollars of \$9,215,539 or 36.6 percent of net assets attributable to holders of redeemable units (2021 - \$10,257,292 or 41.1 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, 2022, are approximately as follows:

	Net assets attributable to holders of redeemable units (%)
United States dollars	28.9
European currencies	18.9
Asia-Pacific (developed) currencies	11.8
Emerging markets currencies	8.1

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

ALITIS POOLS

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Financial instrument risk (continued):

Alitis Growth 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 interest and dividends 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, 2022, 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 \$171,000 (2021 - \$194,000). In practice, the actual trading results may differ from the sensitivity analysis and the difference could be material.