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## **EdgePoint Monthly Income Portfolio**

### **Financial Statements**

*For the year ended December 31, 2023*

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Financial Statements have been prepared by the Manager, EdgePoint Wealth Management Inc., on behalf of EdgePoint Monthly Income Portfolio (the "Fund"). Management is responsible for the information and representations contained in these Financial Statements.

Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The Financial Statements have been prepared in accordance with IFRS Accounting Standards and include certain amounts based on estimates and assumptions. The material accounting policy information that management believes are appropriate for the Fund are described in Note 3 of the Financial Statements.

KPMG LLP, the Fund's external auditor, has audited the Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the Financial Statements. Their report, as auditor, is set forth herein.

The Board of Directors is responsible for reviewing and approving the Fund's Financial Statements, overseeing management's performance of its financial reporting responsibilities and engaging the independent auditor. The Board of Directors is composed of senior management of the Manager. For all series of units of the Fund, the Financial Statements have been reviewed and approved by the Board of Directors.



Patrick Farmer  
Chief Executive Officer and Director  
March 19, 2024



Norman Tang  
Chief Financial Officer  
March 19, 2024

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## Independent Auditor's Report

To the Unitholders of EdgePoint Monthly Income Portfolio

### **Opinion**

We have audited the financial statements of EdgePoint Monthly Income Portfolio (the Entity), which comprise:

- the statements of financial position as at December 31, 2023 and December 31, 2022
- the statements of comprehensive income (loss) for the years then ended
- the statements of changes in net assets attributable to unitholders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of material accounting policy information

(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 Entity as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting 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 Entity 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 is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

Management is responsible for the other information. Other information comprises:

- the information included in Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

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We obtained the information included in Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

***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 IFRS Accounting 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 Entity's 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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's 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 Entity's 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 Entity's 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 Entity 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, Licensed Public Accountants  
Toronto, Canada  
March 19, 2024

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# EdgePoint Monthly Income Portfolio

*Statements of Financial Position*  
(in '000s except per unit amounts and number of units)  
As at December 31, 2023 and December 31, 2022

	2023	2022
<b>Assets</b>		
Investments at fair value* (Note 6)	\$ 784,107	\$ 483,738
Cash and cash equivalents	85,213	14,371
Interest and other receivables	6,401	3,642
Foreign exchange forward contracts at fair value (Note 8)	5,409	378
Receivable for units subscribed	2,420	3,792
<b>Total assets</b>	<b>\$ 883,550</b>	<b>\$ 505,921</b>
<b>Liabilities excluding net assets attributable to unitholders of redeemable units</b>		
Payable for units redeemed	\$ 1,106	\$ 1,013
Foreign exchange forward contracts at fair value (Note 8)	-	3
<b>Total liabilities</b>	<b>\$ 1,106</b>	<b>\$ 1,016</b>
<b>Net assets attributable to unitholders of redeemable units</b>	<b>\$ 882,444</b>	<b>\$ 504,905</b>
Net assets attributable to unitholders of redeemable units		
Series A	\$ 119,570	\$ 71,954
Series A(N)	75,517	45,987
Series F	472,959	272,467
Series F(N)	205,230	108,788
Series I	9,168	5,709
Number of units outstanding		
Series A	12,685,564	7,841,924
Series A(N)	8,012,128	5,013,095
Series F	50,122,363	29,671,240
Series F(N)	21,749,440	11,846,649
Series I	971,224	621,427
Net assets attributable to unitholders of redeemable units, per unit		
Series A	\$ 9.43	\$ 9.18
Series A(N)	9.43	9.17
Series F	9.44	9.18
Series F(N)	9.44	9.18
Series I	9.44	9.19

\*Cost of investments is reflected in the *Schedule of Investment Portfolio*.

The accompanying notes are an integral part of these annual Financial Statements.

ON BEHALF OF THE BOARD:

  
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Tye Bousada, Director

  
\_\_\_\_\_  
Geoff MacDonald, Director

## EdgePoint Monthly Income Portfolio

Statements of Comprehensive Income (loss)  
(in '000s except per unit amounts)  
Years ended December 31, 2023 and 2022

	2023	2022
<b>Income (loss):</b>		
Interest for distribution purposes	\$ 26,103	\$ 10,931
Foreign currency gain (loss) on cash and other net assets	30	155
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain (loss) on investments	(4,180)	(2,396)
Net realized gain (loss) on foreign exchange forward contracts	(1,015)	(1,977)
Change in unrealized gain (loss) on investments	25,357	(20,301)
<b>Total income (loss)</b>	<b>\$ 46,295</b>	<b>\$ (13,588)</b>
<b>Expenses:</b>		
Management fees (Note 4)	\$ 1,626	\$ 787
Administration and transfer agent fees (Note 4)	304	136
Goods and Service Tax / Harmonized Sales Tax	217	105
Transaction costs	3	-
Custody fees	17	11
Fund accounting	47	52
Unitholder reporting	15	9
Filing fees	15	7
Audit fees	8	3
Legal fees	1	1
Independent Review Committee fees	2	1
<b>Total expenses</b>	<b>\$ 2,255</b>	<b>\$ 1,112</b>
Management fee rebates (Note 4)	(3)	(1)
<b>Net expenses</b>	<b>\$ 2,252</b>	<b>\$ 1,111</b>
<b>Increase (decrease) in net assets attributable to unitholders of redeemable units</b>	<b>\$ 44,043</b>	<b>\$ (14,699)</b>
Increase (decrease) in net assets attributable to unitholders of redeemable units		
Series A	\$ 5,555	\$ (2,262)
Series A(N)	3,518	(986)
Series F	24,366	(8,434)
Series F(N)	10,100	(2,986)
Series I	504	(31)
Increase (decrease) in net assets attributable to unitholders of redeemable units, per unit		
Series A	\$ 0.53	\$ (0.44)
Series A(N)	0.54	(0.34)
Series F	0.59	(0.40)
Series F(N)	0.62	(0.38)
Series I	0.66	(0.08)

The accompanying notes are an integral part of these annual Financial Statements.

## EdgePoint Monthly Income Portfolio

Statements of Changes in Net Assets Attributable to Unitholders  
of Redeemable Units (in '000s except number of units)  
Years ended December 31, 2023 and 2022

	Series A		Series A(N)		Series F	
	2023	2022	2023	2022	2023	2022
Net assets attributable to unitholders of redeemable units, beginning of year	\$ 71,954	\$ 21,634	\$ 45,987	\$ 10,223	\$ 272,467	\$ 87,313
Increase (decrease) in net assets attributable to unitholders of redeemable units	5,555	(2,262)	3,518	(986)	24,366	(8,434)
Redeemable unit transactions:						
Proceeds from issue of redeemable units	64,438	66,526	39,178	45,807	264,251	260,319
Reinvestment of distributions to unitholders of redeemable units	2,589	1,001	1,638	591	10,652	4,364
Redemption of redeemable units	(22,255)	(13,877)	(13,106)	(9,034)	(85,522)	(65,654)
Distributions to Unitholders of Redeemable Units						
Net investment income	(2,711)	(1,068)	(1,698)	(614)	(13,255)	(5,441)
Net increase (decrease) in net assets attributable to unitholders of redeemable units	47,616	50,320	29,530	35,764	200,492	185,154
Net assets attributable to unitholders of redeemable units at end of year	\$ 119,570	\$ 71,954	\$ 75,517	\$ 45,987	\$ 472,959	\$ 272,467
Redeemable units issued and outstanding:						
Balance, beginning of year	7,841,924	2,159,540	5,013,095	1,020,708	29,671,240	8,711,511
Redeemable units issued for cash, including reinvested distributions	7,254,131	7,165,307	4,418,266	4,957,802	29,705,938	28,002,533
Redeemable units redeemed	(2,410,491)	(1,482,923)	(1,419,233)	(965,415)	(9,254,815)	(7,042,804)
Balance, end of year	12,685,564	7,841,924	8,012,128	5,013,095	50,122,363	29,671,240

	Series F(N)		Series I		Total	
	2023	2022	2023	2022	2023	2022
Net assets attributable to unitholders of redeemable units, beginning of year	\$ 108,788	\$ 38,830	\$ 5,709	\$ 434	\$ 504,905	\$ 158,434
Increase (decrease) in net assets attributable to unitholders of redeemable units	10,100	(2,986)	504	(31)	44,043	(14,699)
Redeemable unit transactions:						
Proceeds from issue of redeemable units	130,149	100,861	3,201	5,374	501,217	478,887
Reinvestment of distributions to unitholders of redeemable units	3,656	1,309	252	110	18,787	7,375
Redemption of redeemable units	(42,205)	(27,112)	(240)	(68)	(163,328)	(115,745)
Distributions to Unitholders of Redeemable Units						
Net investment income	(5,258)	(2,114)	(258)	(110)	(23,180)	(9,347)
Net increase (decrease) in net assets attributable to unitholders of redeemable units	96,442	69,958	3,459	5,275	377,539	346,471
Net assets attributable to unitholders of redeemable units at end of year	\$ 205,230	\$ 108,788	\$ 9,168	\$ 5,709	\$ 882,444	\$ 504,905
Redeemable units issued and outstanding:						
Balance, beginning of year	11,846,649	3,874,292	621,427	43,246		
Redeemable units issued for cash, including reinvested distributions	14,510,811	10,866,102	375,793	585,548		
Redeemable units redeemed	(4,608,020)	(2,893,745)	(25,996)	(7,367)		
Balance, end of year	21,749,440	11,846,649	971,224	621,427		

The accompanying notes are an integral part of these annual Financial Statements.

## EdgePoint Monthly Income Portfolio

Statements of Cash Flows (in '000s)  
Years ended December 31, 2023 and 2022

	2023	2022
<b>Cash flows from (used by) operating activities</b>		
Increase/(decrease) in net assets attributable to unitholders of redeemable units	\$ 44,043	\$ (14,699)
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	(30)	(155)
Net realized (gain) loss on investments and derivatives	4,180	2,396
Net realized (gain) loss on foreign exchange forward contracts	1,015	1,977
Change in unrealized (gain) loss on investments and derivatives	(25,357)	20,301
(Increase) decrease in interest and other receivable	(2,759)	(2,589)
Purchases of investments	(526,512)	(392,731)
Proceeds from the sales of investments	242,286	36,820
Proceeds from (to) settlement of foreign exchange forward contracts	(1,015)	(1,977)
Net cash generated from (used by) operating activities	\$ (264,149)	\$ (350,657)
<b>Cash flows from (used by) financing activities</b>		
Distributions to unitholders of redeemable units, net of reinvested distributions	\$ (4,392)	\$ (1,972)
Proceeds from redeemable units issued	502,589	478,857
Amount paid on redemption of redeemable units	(163,236)	(115,075)
Net cash generated from (used by) financing activities	\$ 334,961	\$ 361,810
Net increase (decrease) in cash and cash equivalents	\$ 70,812	\$ 11,153
Foreign currency gain (loss) on cash and other net assets	30	155
Cash and cash equivalents, beginning of year	14,371	3,063
Cash and cash equivalents, end of year	\$ 85,213	\$ 14,371
Cash and cash equivalents comprise:		
Cash at bank	\$ 13,173	\$ 7,440
Short-term investments	72,040	6,931
	\$ 85,213	\$ 14,371
Interest received, net of withholding tax	\$ 23,344	\$ 8,342
Dividends received, net of withholding tax	96,939	81,646

The accompanying notes are an integral part of these annual Financial Statements.

# EdgePoint Monthly Income Portfolio

Schedule of Investment Portfolio  
(in '000s except number of shares/units)  
As at December 31, 2023

Face Value (\$)	Security	Average cost	Fair value	% of net assets
	<b>Investment Grade Bonds</b>			
22,663	Constellation Software Inc., Variable, Series 1, Callable, 13.300%, due 2040/03/31	30,335	29,292	3.32%
17,719	Canadian Pacific Railway Company, 1.350%, due 2024/12/02	23,113	22,625	2.56%
21,500	TMX Group Limited, Callable, 2.997%, due 2024/12/11	21,016	21,092	2.39%
13,240	Element Fleet Management Corporation, 6.271%, due 2026/06/26	17,916	17,885	2.03%
16,000	Original Wempi Inc., Series B1, 7.791%, due 2027/10/04	16,000	16,919	1.92%
12,000	HEICO Corporation, 5.250%, due 2028/08/01	15,987	16,260	1.84%
10,000	Jones Lang LaSalle Inc., 6.875%, due 2028/12/01	13,691	14,022	1.59%
12,000	International Flavors & Fragrances Inc., Callable, 1.832%, due 2027/10/15	13,507	13,960	1.58%
10,000	PepsiCo Inc., Callable, 5.756%, due 2024/11/12	13,796	13,273	1.50%
11,145	The Walt Disney Company, 2.758%, due 2024/10/07	10,913	10,940	1.24%
10,855	Artis Real Estate Investment Trust, Series E, 5.600%, due 2025/04/29	10,792	10,573	1.20%
9,800	Cae Inc., Callable, 5.541%, due 2028/06/12	9,727	10,091	1.14%
8,300	Brookfield Asset Management Inc., Callable, 5.040%, due 2024/03/08	8,437	8,293	0.94%
7,973	United Parcel Service Inc., Callable, 2.125%, due 2024/05/21	7,748	7,882	0.89%
7,925	Choice Properties Real Estate Investment Trust, Series F, Callable, 4.055%, due 2025/11/24	8,308	7,799	0.88%
7,500	Brookfield Corporation, Callable, 4.820%, due 2026/01/28	7,977	7,511	0.85%
7,750	Thomson Reuters Corporation, Callable, 2.239%, due 2025/05/14	7,674	7,492	0.85%
7,425	McDonald's Corporation, Callable, 3.125%, due 2025/03/04	7,449	7,285	0.83%
7,500	Bell Canada, Callable, 2.900%, due 2026/08/12	7,590	7,239	0.82%
7,645	Dollarama Inc., Callable, 1.871%, due 2026/07/08	7,429	7,203	0.82%
5,000	BAT Capital Corporation, 6.343%, due 2030/08/02	6,721	6,971	0.79%
6,900	Gibson Energy Inc., Callable, 5.800%, due 2026/07/12	6,897	6,924	0.78%
7,000	Bell Canada, Callable, 2.750%, due 2025/01/29	6,726	6,828	0.77%
6,800	The Toronto-Dominion Bank, 3.226%, due 2024/07/24	6,957	6,730	0.76%
5,100	Ross Stores Inc., 3.375%, due 2024/09/15	6,538	6,660	0.75%
4,750	McKesson Corporation, Callable, 5.250%, due 2026/02/15	6,341	6,294	0.71%
6,485	Granite REIT Holdings Limited Partnership, Series 4, Callable, 3.062%, due 2027/06/04	6,558	6,143	0.70%
6,045	TELUS Corporation, Callable, 3.750%, due 2026/03/10	6,342	5,954	0.67%
6,434	Stantec Inc., Callable, 2.048%, due 2027/10/08	6,176	5,884	0.67%
5,670	Apple Inc., Callable, 2.513%, due 2024/08/19	5,702	5,581	0.63%
4,542	International Flavors & Fragrances Inc., Callable, 1.230%, due 2025/10/01	5,545	5,576	0.63%
4,650	Fairfax India Holdings Corporation, Callable, 5.000%, due 2028/02/26	5,769	5,576	0.63%
5,500	Sienna Senior Living Inc., Series A, Callable, 3.109%, due 2024/11/04	5,651	5,363	0.61%
4,000	Warnermedia Holdings Inc., 6.412%, due 2026/03/15	5,452	5,303	0.60%
5,307	Vancouver Airport Fuel Facilities Corporation, Series I, Callable, 2.168%, due 2025/06/23	5,060	5,112	0.58%
5,000	BMW Canada Inc., 4.760%, due 2025/02/10	5,006	4,991	0.57%
3,600	BAT Capital Corporation, Callable, 3.557%, due 2027/08/15	4,597	4,558	0.52%
4,500	Intact Financial Corporation, Callable, 3.691%, due 2025/03/24	4,556	4,436	0.50%
4,460	Intact Financial Corporation, 1.207%, due 2024/05/21	4,336	4,395	0.50%
4,420	Alimentation Couche-Tard Inc., Series 5, Callable, 3.600%, due 2025/06/02	4,623	4,347	0.49%
4,300	Transcontinental Inc., 2.667%, due 2025/02/03	4,300	4,149	0.47%
4,170	Ford Credit Canada Company, 4.460%, due 2024/11/13	4,290	4,123	0.47%
4,000	Penske Truck Leasing Canada Inc., Callable, 2.700%, due 2024/09/30	3,975	3,923	0.44%
3,000	Canadian Natural Resources Limited, Callable, 3.900%, due 2025/02/01	4,003	3,914	0.44%
3,000	BAT International Finance PLC, Callable, 4.448%, due 2028/03/16	3,788	3,914	0.44%
4,100	Canadian Pacific Railway Company, Callable, 2.540%, due 2028/02/28	4,144	3,844	0.44%
3,500	Loblaw Companies Limited, Callable, 3.918%, due 2024/06/10	3,660	3,479	0.39%
3,500	Bank of America Corporation, Variable, Callable, 2.932%, due 2025/04/25	3,543	3,470	0.39%
3,490	PepsiCo Inc., Callable, 2.150%, due 2024/05/06	3,498	3,455	0.39%
3,504	Intact Financial Corporation, Callable, 3.770%, due 2026/03/02	3,628	3,455	0.39%
3,500	Hydro One Inc., Callable, 2.770%, due 2026/02/24	3,495	3,401	0.39%
2,500	Diageo Capital PLC, 5.200%, due 2025/10/24	3,437	3,341	0.38%
3,360	Alimentation Couche-Tard Inc., Callable, 3.056%, due 2024/07/26	3,386	3,319	0.38%
3,256	Dream Industrial Real Estate Investment Trust, Callable, 3.968%, due 2026/04/13	3,053	3,195	0.36%
3,150	Penske Truck Leasing Canada Inc., 5.440%, due 2025/12/08	3,150	3,179	0.36%
2,400	Willis North America Inc., Callable, 4.650%, due 2027/06/15	3,129	3,150	0.36%



# EdgePoint Monthly Income Portfolio

Schedule of Investment Portfolio (Continued)

(in '000s except number of shares/units)

As at December 31, 2023

Face Value (\$)	Security	Average cost	Fair value	% of net assets
3,240	Transcontinental Inc., Callable, 2.280%, due 2026/07/13	3,209	3,019	0.34%
3,000	Choice Properties Real Estate Investment Trust, Series J, Callable, 3.546%, due 2025/01/10	3,124	2,949	0.33%
3,000	Enbridge Inc., Callable, 2.440%, due 2025/06/02	3,027	2,903	0.33%
2,200	Centene Corporation, Callable, 4.625%, due 2029/12/15	2,900	2,799	0.32%
2,835	Bell Canada, Callable, 3.550%, due 2026/03/02	2,960	2,783	0.32%
2,000	Amazon.com Inc., 4.700%, due 2024/11/29	2,715	2,647	0.30%
2,000	PepsiCo Inc., Callable, 3.600%, due 2024/03/01	2,708	2,642	0.30%
2,550	Realogy Group LLC/Co-Issuer Corporation, Callable, 5.750%, due 2029/01/15	2,670	2,631	0.30%
2,500	Bell Canada, Callable, 2.700%, due 2024/02/27	2,499	2,489	0.28%
2,500	Bruce Power Limited Partnership, Callable, 3.969%, due 2026/06/23	2,593	2,474	0.28%
2,500	Reliance Limited Partnership, Callable, 3.836%, due 2025/03/15	2,610	2,457	0.28%
2,500	Manulife Bank of Canada, 2.378%, due 2024/11/19	2,527	2,442	0.28%
2,500	The Walt Disney Company, 3.057%, due 2027/03/30	2,537	2,416	0.27%
2,300	Dream Industrial Real Estate Investment Trust, Callable, 2.539%, due 2026/12/07	2,300	2,154	0.24%
2,224	Dream Summit Industrial Limited Partnership, Series A, Callable, 2.150%, due 2025/09/17	2,046	2,122	0.24%
2,110	Wells Fargo & Company, Callable, 3.184%, due 2024/02/08	2,180	2,105	0.24%
2,000	Sienna Senior Living Inc., Series B, Callable, 3.450%, due 2026/02/27	2,048	1,910	0.22%
2,000	Dollarama Inc., Callable, 1.505%, due 2027/09/20	1,890	1,814	0.21%
1,695	Fairfax Financial Holdings Limited, 4.950%, due 2025/03/03	1,827	1,696	0.19%
1,700	Enbridge Inc., Callable, 3.200%, due 2027/06/08	1,743	1,634	0.19%
1,500	Royal Bank of Canada, 4.930%, due 2025/07/16	1,667	1,509	0.17%
1,500	Fairfax Financial Holdings Limited, Callable, 4.700%, due 2026/12/16	1,622	1,501	0.17%
998	Fidelity National Information Services Inc., 4.500%, due 2025/07/15	1,311	1,310	0.15%
1,300	Bruce Power Limited Partnership, Series 21-1, Callable, 2.680%, due 2028/12/21	1,292	1,204	0.14%
1,000	Loblaw Companies Limited, 6.650%, due 2027/11/08	1,175	1,072	0.12%
1,160	Sienna Senior Living Inc., Series C, Callable, 2.820%, due 2027/03/31	1,151	1,071	0.12%
1,000	TMX Group Limited, Series E, Callable, 3.779%, due 2028/06/05	1,076	980	0.11%
940	Fairfax Financial Holdings Limited, Callable, 4.230%, due 2029/06/14	1,007	919	0.10%
920	Gibson Energy Inc., Callable, 2.450%, due 2025/07/14	930	887	0.10%
630	Enbridge Inc., Callable, 1.600%, due 2026/10/04	783	765	0.09%
800	Ventas Canada Finance Limited, Callable, 2.450%, due 2027/01/04	798	745	0.08%
700	Nestle Holdings Inc., Callable, 2.192%, due 2029/01/26	709	646	0.07%
484	GN Bondco LLC, 9.500%, due 2031/10/15	624	627	0.07%
500	Ventas Canada Finance Limited, Series B, Callable, 4.125%, due 2024/09/30	526	495	0.06%
		498,221	490,390	55.57%
<b>High Yield Bonds</b>				
9,025	Vesta Energy Corporation, Callable, 11.000%, due 2025/10/15	8,816	8,912	1.01%
4,500	Adams Homes Inc., 9.250%, due 2028/10/15	6,068	6,055	0.69%
4,735	AutoCanada Inc., Callable, 5.750%, due 2029/02/07	4,399	4,225	0.48%
3,400	Embecta Corporation, Callable, 6.750%, due 2030/02/15	3,952	3,925	0.44%
2,324	Carpenter Technology Corporation, Callable, 7.625%, due 2030/03/15	2,827	3,176	0.36%
3,000	Shawcor Limited, Callable, 9.000%, due 2026/12/10	3,039	3,135	0.36%
2,460	Interface Inc., Callable, 5.500%, due 2028/12/01	2,737	3,018	0.34%
2,464	EverArc Escrow Sarl, Callable, 5.000%, due 2029/10/30	2,674	2,836	0.32%
1,960	Cinemark USA Inc., Callable, 5.250%, due 2028/07/15	2,386	2,383	0.27%
2,300	SNC-Lavalin Group Inc., Callable, 7.000%, due 2026/06/12	2,300	2,365	0.27%
2,175	Sinclair Television Group Inc., Callable, 4.125%, due 2030/12/01	2,091	2,035	0.23%
1,400	Lindblad Expeditions LLC, Callable, 6.750%, due 2027/02/15	1,603	1,847	0.21%
1,420	CEC Entertainment LLC, Callable, 6.750%, due 2026/05/01	1,699	1,838	0.21%
1,365	Central Parent Inc./CDK Global Inc., Callable, 7.250%, due 2029/06/15	1,755	1,850	0.21%
1,450	The Chemours Company, Callable, 5.750%, due 2028/11/15	1,657	1,833	0.21%
1,100	Cushman & Wakefield US Borrower LLC, Callable, 6.750%, due 2028/05/15	1,330	1,452	0.16%
1,125	Forward Air Corporation, Term Loan, due 2030/09/22	1,456	1,417	0.16%
998	Emerald Expositions Holding Inc., Term Loan, 7.250%, due 2026/05/22	1,299	1,330	0.15%
1,261	SNC-Lavalin Group Inc., Series 6, Callable, 3.800%, due 2024/08/19	1,298	1,244	0.14%
918	Cinemark USA Inc., Term Loan, due 2030/05/31	1,228	1,219	0.14%
1,100	Secure Energy Services Inc., Callable, 7.250%, due 2026/12/30	1,122	1,110	0.13%
1,025	Wolverine World Wide Inc., Callable, 4.000%, due 2029/08/15	1,034	1,068	0.12%

## EdgePoint Monthly Income Portfolio

Schedule of Investment Portfolio (Continued)  
(in '000s except number of shares/units)  
As at December 31, 2023

Face Value (\$)	Security	Average cost	Fair value	% of net assets
900	Rogers Communications Inc., Variable, Callable, 5.000%, due 2081/12/17	900	858	0.10%
590	Frontier Communications Holdings LLC, Callable, 8.750%, due 2030/05/15	768	805	0.09%
450	The Scotts Miracle-Gro Company, Callable, 4.375%, due 2032/02/01	450	506	0.06%
100	Owens-Brockway Glass Container Inc., Callable, 6.625%, due 2027/05/13	126	133	0.02%
		59,014	60,575	6.86%
	<b>Government Bonds</b>			
48,580	Government of Canada, 2.750%, due 2033/06/01	44,571	47,215	5.35%
36,680	Government of Canada, 2.500%, due 2032/12/01	34,715	34,972	3.96%
26,200	Government of Canada, 5.000%, due 2037/06/01	30,207	31,553	3.58%
23,750	Government of Canada, 4.000%, due 2041/06/01	26,649	26,609	3.02%
25,100	Government of Canada, 2.000%, due 2032/06/01	22,851	23,060	2.61%
27,100	Government of Canada, 0.500%, due 2030/12/01	21,916	22,765	2.58%
16,707	Government of Canada, 2.000%, due 2051/12/01	12,823	13,457	1.52%
14,100	Government of Canada, 1.500%, due 2031/12/01	12,483	12,519	1.42%
8,850	Government of Canada, 1.250%, due 2030/06/01	7,651	7,908	0.90%
3,500	Government of Canada, 2.000%, due 2028/06/01	3,371	3,339	0.38%
3,443	Government of Canada, 1.500%, due 2031/06/01	3,243	3,078	0.35%
3,000	Government of Canada, 3.250%, due 2028/09/01	2,908	3,011	0.34%
3,700	Government of Canada, 2.750%, due 2024/08/01	3,672	3,656	0.41%
		227,060	233,142	26.42%
	<b>Total Fixed Income</b>	\$ 784,295	\$ 784,107	88.86%
	Foreign exchange forward contracts (Note 8)		5,409	0.61%
	Other assets, less liabilities		92,928	10.53%
	<b>Net assets attributable to unitholders of redeemable units</b>		\$ 882,444	100.00%

**1. The Fund:**

EdgePoint Monthly Income Portfolio (the “Fund”) is an open-ended mutual fund trust created on October 26, 2021 by declaration of trust under the laws of the Province of Ontario. EdgePoint Wealth Management Inc. (“EdgePoint”) is the Fund’s manager (“Manager”) and trustee, and EdgePoint Investment Group Inc. is the Investment Advisor. The Fund commenced operations on November 2, 2021 with five series of units: Series A, Series A(N), Series F, Series F(N) and Series I.

The registered office of the Manager is located at 150 Bloor St. W., Suite 500, Toronto, Ontario, M5S 2X9, Canada.

The investment objective of the Fund is to provide a combination of income and capital appreciation over the medium-to-long term by investing primarily in high-quality Canadian fixed-income securities. The portfolio management team invests in high-quality Canadian fixed income securities that it believes will provide a return through coupon payments, interest and capital appreciation while focusing on the borrower’s ability to meet its debt obligations, through the periodic payment of coupons and the return of principal at maturity.

The Fund’s authorized capital consists of an unlimited number of units and series without par value. The number of outstanding units of each series is disclosed in the Statements of Financial Position. Series A units are available to retail investors. Series F units are available to all investors who participate in fee-based programs through an investment dealer who has signed an agreement with EdgePoint. Series A(N) and Series F(N) units have the same requirements, except they are available only to investors residing in provinces that have not harmonized their provincial sales taxes with the federal Goods and Services Tax. Series I is for investors who meet minimum investment thresholds and have entered into a Series I Subscription Agreement with EdgePoint.

**2. Basis of preparation:****(a) Statement of compliance:**

The financial statements of the Fund have been prepared in compliance with IFRS Accounting Standards.

The financial statements were authorized for issue by the Manager on March 19, 2024.

**(b) Basis of measurement:**

The financial statements have been prepared on a historical cost basis except for investments, which are measured at fair value.

**(c) Functional and presentation currency:**

These financial statements are presented in Canadian dollars, which is the Fund’s functional currency.

**(d) Use of estimates and judgment:**

The preparation of financial statements, in conformity with IFRS, requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets,

liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgments and estimates the Fund has made in preparing financial statements. See note 6 for more information on the fair value measurement of the Fund’s financial statements.

**(e) Changes in accounting policies:**

The Fund adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of “material” instead of “significant” accounting policies. The amendments provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other financial information in the financial statements.

The Manager reviewed the accounting policies disclosed in Note 3 to confirm that the policies disclosed are appropriate under the amendments.

**3. Material accounting policy information:**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The Fund’s accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value (“NAV”) for transactions with unitholders.

**(a) Financial instruments:**

Financial instruments include financial assets and cash and other receivables and payables. The Fund classifies and measures financial instruments in accordance with IFRS 9, Financial Instruments. Upon initial recognition, financial assets and financial liabilities are classified as fair value through profit or loss (“FVTPL”), fair value through other comprehensive income or amortized cost based on the Manager’s assessment of the business model within which the financial asset is managed and the financial asset’s contractual cash flow characteristics.

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

**3. Material accounting policy information (continued):**

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 Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others 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.

Upon initial recognition, financial instruments classified as FVTPL are initially recognized on the trade date at fair value. Other financial assets and other financial liabilities are recognized on the date on which they are originated at fair value. All financial assets and liabilities are recognized in the *Statements of Financial Position* when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive the cash flows from the instrument has expired or the Fund has transferred substantially all risk and rewards of ownership.

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the *Statements of Comprehensive Income (Loss)* in the period in which they occur. The cost of investments is based on the weighted average cost of investments and excludes commissions and other portfolio transaction costs, which are separately reported in the *Statements of Comprehensive Income (Loss)*. Realized gains and losses on disposition, including foreign exchange gains or losses on such investments, are determined based on the cost of investments. Gains and losses arising from changes in the fair value of the investments are included in the *Statements of Comprehensive Income (Loss)* for the period in which they arise. The Fund's investments are classified as FVTPL.

Financial assets at amortized cost are recognized initially at fair value plus any directly attributable transaction

costs. Subsequent measurement of financial assets at amortized cost is at amortized cost using the effective interest method, less any impairment losses. The Fund classifies cash and cash equivalents, receivable for units subscribed, interest and other receivables, receivable for securities sold and dividends receivable as financial assets at amortized cost. Cash and cash equivalents are cash on deposit and short-term notes with maturities of less than 90 days.

Other financial liabilities at amortized cost are initially measured on the date on which they are originated at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Fund derecognizes a financial liability when its contractual obligations are discharged, canceled or expire. The Fund's financial liabilities at amortized cost are comprised of payables for units redeemed and payable for securities purchased. Due to the short-term nature of these financial liabilities, their carrying values approximate fair values.

Transaction costs included in the initial carrying amount of financial instruments at FVTPL are expensed as incurred.

Financial assets and financial liabilities are offset and the net amount presented in the *Statements of Financial Position* only when the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**(b) Redeemable units:**

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund has multiple classes of redeemable units that do not have identical features and therefore, do not qualify as equity under IAS 32, Financial Instruments. The redeemable units, which are classified as financial liabilities and measured at the redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Fund's valuation policies at each redemption date.

**(c) Foreign currency:**

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses relating to cash and other financial assets and liabilities are presented as 'Foreign currency

**3. Material accounting policy information (continued):**

gain (loss) on cash and other net assets' and those relating to investments are presented within 'Net realized gain on investments' and 'Change in unrealized gain (loss) on investments' in the *Statements of Comprehensive Income (Loss)*.

(d) Income recognition:

Interest income for distribution purposes from investments in fixed income and short-term investments represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not use the effective interest method to amortize premiums paid or discounts received on the purchase of fixed-income securities. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments. Income from the securities lending program is recognized net of agent fees and is included in 'Income from securities lending' in the *Statements of Comprehensive Income (Loss)*.

(e) Increase (decrease) in net assets attributable to unitholders of redeemable units, per unit:

Increase (decrease) in net assets attributable to unitholders of redeemable units, per unit in the *Statements of Comprehensive Income (Loss)* represents the net increase (decrease) in the net assets from operations for each series for the period divided by the weighted average units outstanding for each series for the period.

(f) Taxation:

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the *Statement of Financial Position* as a deferred income tax asset.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the *Statements of Comprehensive Income (Loss)*.

(g) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year

ended December 31, 2023, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Fund.

**4. Related party transactions:**

(a) Management fees:

EdgePoint, the Manager, appoints the Investment Advisor and provides, or oversees the provision of, investment advisory and portfolio management services, distribution and administrative services to the Fund, which comprise investment selection, analysis and monitoring, including business travel to corporate head offices; other associated due diligence costs; portfolio construction and risk management; broker analysis, selection and monitoring; and trading expertise, and could include financing services related to commissions and trailing commissions for distribution of the Funds. Any overhead and operating expenses incurred by the Investment Advisor or the Manager in providing these services, but not related to the Funds' daily operations, are also covered by the management fee. In consideration for the services provided, EdgePoint receives a monthly management fee based on the daily average net assets of each series. The management fee differs among series of units, as outlined in the table below. The Fund pays EdgePoint an aggregate management fee. The Investment Advisor is compensated for their services out of the management fee without any further cost to the Fund. Total management fees for the year ended December 31, 2023 amounted to \$1,626 thousand (December 31, 2022: \$787 thousand), with nil in outstanding accrued fees due to the Manager at December 31, 2023 and 2022. Management fees for Series I units are negotiated and paid directly by the investor and not the Fund.

The management fee is tiered and is determined with reference to the daily average yield to maturity of the FTSE Canada Universe Bond Index ("Reference Rate"). The fee is a percentage of the series value and is determined at the beginning of each calendar quarter based on the Reference Rate for the preceding calendar quarter. The applicable management fee rate is outlined in the table below.

Fee Tier	Reference Rate (%)	Management Fee Series A/A(N) Units (%)	Management Fee Series F/F(N) Units (%)
1	<0.76	0.67	0.07
2	0.76-1.75	0.70	0.10
3	1.76-2.50	0.80	0.20
4	2.51-3.00	0.90	0.30
5	3.01-3.50	1.00	0.40
6	3.51-4.00	1.10	0.50
7	>4.00	1.20	0.60

**4. Related party transactions (continued):**

## (b) Operating expenses

In addition to management fees, the Fund is responsible for paying all expenses relating to its operations. These expenses may include, but are not limited to: taxes, accounting, legal and audit fees, costs relating to the Fund's Independent Review Committee, trustee and custodial fees, portfolio transaction costs, administrative costs, investor servicing costs, costs of reports and prospectuses, and other general operating expenses that could include allocated salaries, overhead and other costs directly related to the Fund's operations and incurred by the Manager. For the year ended December 31, 2023, the allocated costs totaled \$142 thousand (December 31, 2022: \$60 thousand). Each series is responsible for paying the operating expenses specifically attributed to that series. Except for interest, bank charges, transaction costs, and withholding taxes paid or payable directly by the Fund, the Manager incurs such expenses on the Fund's behalf and is then reimbursed by the Fund for such expenses. The Fund's common operating expenses are allocated among series based on the average number of unitholders or the average daily net assets of each series, depending on the operating expense. All Series I operating expenses are EdgePoint's responsibility.

## (c) Waived fees

At its sole discretion, EdgePoint may waive management fees or absorb the Fund's expenses. Absorbed expenses, if any, are shown on the *Statements of Comprehensive Income (Loss)*. Such waivers and absorptions can be terminated at any time.

## (d) Management fee rebates

From time to time, EdgePoint may reduce the effective management fee payable by some unitholders by reducing the management fee it charges to the Fund and directing the Fund to make distributions to these unitholders in amounts equal to the management fee reduction. Management fee rebates are automatically reinvested in additional units of the Fund and are shown on the *Statements of Comprehensive Income (Loss)*.

**5. Income taxes:**

The Fund qualifies as a mutual fund trust under the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes on the portion of its net income, including net realized gains, which are paid or payable to unitholders. Such distributed income is taxable in the hands of unitholders.

Temporary differences between the carrying value of assets and liabilities for accounting and income tax purposes give rise to deferred income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the Fund's investment portfolio and its adjusted cost base for income tax purposes. Since the Fund's

distribution policy is to distribute all net realized capital gains, deferred tax liabilities with respect to unrealized capital gains and deferred tax assets with respect to unrealized capital losses will not be realized by the Fund and are therefore not recorded by the Fund. Unused realized capital losses represent the Fund's deferred tax assets; however, due to the uncertainty that they will be realized by offsetting future capital gains, no net tax benefit is recorded by the Fund.

As at the most recent taxation years ended December 15, 2023, the Fund had capital losses of \$6 thousand (December 15, 2022: \$3 thousand) and non-capital losses of nil (December 15, 2022: nil).

A loss realized by the Fund on a disposition of capital property will be a suspended loss when the Fund acquires a substituted property that is identical or the same as the property sold within 30 days before and 30 days after the sale, and the Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss from the Fund's capital gains until the substituted property is sold and is not reacquired within 30 days before and after the sale. As of the most recent taxation years ended December 15, 2023 and 2022, the Fund had suspended losses of nil.

**6. Fair value measurement:**

The Fund's investments are carried at fair value. In the opinion of the Manager, the fair values of financial instruments other than investments and net assets attributable to unitholders of redeemable units approximate their carrying values, given their short-term nature.

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., as derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Changes in valuation methods may result in transfers into, or out of, an investment's assigned level.

## (a) Fixed income

Fixed income includes primarily corporate bonds, which are valued on the basis of quotes obtained from brokers

**6. Fair value measurement (continued):**

and dealers or pricing services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The inputs that are used by pricing sources are observable such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's fixed income and short-term investments have been classified as Level 2.

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at the redemption amount. These financial instruments are classified as Level 2 in the fair value hierarchy because, while prices are available, there is no active market for these instruments.

The table below categorizes financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is included. The amounts are based on the values recognized in the statement of financial position.

Assets (liabilities) at fair value as at December 31, 2023 ('000s)				
	Level 1	Level 2	Level 3	Total
Fixed income	\$ -	\$ 784,107	\$ -	\$ 784,107
Foreign exchange forward contracts	-	5,409	-	5,409
Total	\$ -	\$ 789,516	\$ -	\$ 789,516

Assets (liabilities) at fair value as at December 31, 2022 ('000s)				
	Level 1	Level 2	Level 3	Total
Fixed income	\$ -	\$ 483,738	\$ -	\$ 483,738
Foreign exchange forward contracts	-	378	-	378
Foreign exchange forward contracts	-	(3)	-	(3)
Total	\$ -	\$ 484,113	\$ -	\$ 484,113

For the year ended December 31, 2023, the net change in value of financial instruments classified as at FVTPL is a \$20.2 million gain (December 31, 2022: \$24.7 million loss).

During the years ended December 31, 2023 and 2022 there were no securities that transferred between levels.

**7. Financial instrument risk:**

In the normal course of business, the Fund is exposed to a variety of financial risks: market risk (comprising market price risk, foreign currency risk and interest rate risk), counterparty credit risk and liquidity risk. The value of investments in the Fund's portfolio can fluctuate daily as a result of changes in interest rates, market and economic conditions, and factors specific to individual securities within the Fund. The level of risk depends on the Fund's investment objectives and the type of securities in which it invests.

**Risk management**

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which

the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments present a risk of loss of capital. The portfolio management team takes a conservative approach to risk management by applying in- depth, thorough research to each investment idea in order to understand the risks of the individual business and weighs this against its return potential.

Risk is further managed by investing in a diversified portfolio of companies. The portfolio management team believes that investing in businesses with competitive advantages is a more effective approach to diversification than focusing on traditional sector allocations. The portfolio management team takes a common-sense approach to risk by assessing how much money can be lost and the probability of losing it. While this approach may seem overly simplistic, it provides vital clarity about the true investment risks.

The Manager employs a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines and securities regulations. The Investment Governance and Oversight Committee of the Manager conducts quarterly reviews to monitor portfolio activity for compliance with applicable rules.

**Risk factors****(a) Market risk:**

The Fund's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following includes sensitivity analyses that show how the net assets attributable to unitholders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

**(i) Foreign currency risk:**

Foreign currency risk arises from financial instruments denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. The Fund is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Fund may enter into foreign exchange forward contracts to reduce its foreign currency exposure.

As the Fund's investments are denominated primarily in Canadian dollars, the Fund is not subject to significant foreign currency risk.

The following table indicates the currencies (excluding the Canadian dollar) to which the Fund's financial instruments had significant exposure. Period-end figures are in Canadian dollars and include the notional amount of forward exchange contracts, if any:

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

December 31, 2023					
Currency	Investments (\$'000s)	Cash (\$'000s)	Foreign exchange forward contracts (\$'000s)	Total (\$'000s)	% of net assets
U.S. dollar	205,429	10	(205,015)	424	0.05%
	205,429	10	(205,015)	424	0.05%

December 31, 2022					
Currency	Investments (\$'000s)	Cash (\$'000s)	Foreign exchange forward contracts (\$'000s)	Total (\$'000s)	% of net assets
U.S. dollar	50,315	1,661	(43,582)	8,394	1.66%
	50,315	1,661	(43,582)	8,394	1.66%

As at December 31, 2023, if the Canadian dollar had strengthened or weakened by 5% relative to all foreign currencies with all other variables held constant, the Fund's net assets would have decreased or increased, respectively, by approximately \$21 thousand or 0.1% of total net assets (December 31, 2022: \$420 thousand or 0.1% of total net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value, or future cash flows of financial instruments, will fluctuate as a result of changes in market interest rates.

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity:

December 31, 2023	Fixed Income ('000s)
Less than 1 year	\$ 148,854
1 to 3 years	205,986
3 to 5 years	138,326
Greater than 5 years	290,941
	\$ 784,107

December 31, 2022	Fixed Income ('000s)
Less than 1 year	\$ 86,524
1 to 3 years	161,468
3 to 5 years	99,947
Greater than 5 years	135,799
	\$ 483,738

As at December 31, 2023, if prevailing interest rates had risen or declined by 0.5%, assuming a parallel shift in the yield curve with all other variables held constant, the Fund's net assets would have decreased or increased, respectively, by approximately \$16.1 million or 1.8% of total net assets (December 31, 2022: \$9.1 million or 1.8% of total net assets). The Fund's sensitivity

to interest rate changes was established using the weighted- average modified duration of 4.10 years (December 31, 2022: 3.78 years) based on the Fund's fixed income holdings. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(b) Counterparty credit risk:

Counterparty credit risk is the risk that the counterparty to a financial instrument will fail to honour an obligation or commitment that it has entered into with the Fund.

The Fund's main exposure to credit risk is in its holdings of fixed-income debt instruments. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The maximum credit risk of these investments is their carrying value at December 31, 2023.

The Fund was invested in debt securities with the following credit ratings:

December 31, 2023	% of net assets	% of debt instruments
AAA	26.42	29.75
AA	6.35	7.16
A	10.38	11.66
BBB	35.15	39.58
BB	2.37	2.67
B	4.41	4.94
CCC	0.30	0.33
Unrated	3.48	3.91
	88.86	100.00

December 31, 2022	% of net assets	% of debt instruments
AAA	22.68	23.67
AA	9.15	9.55
A	8.43	8.80
BBB	39.66	41.40
BB	5.01	5.23
B	3.65	3.82
Unrated	7.21	7.53
	95.80	100.00

The Fund is also exposed to credit risk from its trading of listed securities. It minimizes the concentration of credit risk by trading with a large number of brokers and counterparties on recognized and reputable exchanges. The risk of default is considered minimal as all transactions are settled and paid for upon delivery using approved brokers.

The Fund may enter into foreign exchange contracts to buy and sell currencies for the purpose of settling foreign securities transactions. These are short-term spot settlements carried out with counterparties with a credit rating of at least "A." The exposure to credit risk on these contracts is considered minimal as there are few contracts outstanding at any one time and the transactions are settled and paid for upon delivery.



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

## (c) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Aside from financial liabilities that arise from its normal investing activities, the Fund has no other significant financial liabilities.

The Fund's most significant potential exposure to financial liabilities is the daily cash redemptions of redeemable units. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e., investments traded in an active market that can be readily sold). The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. No such borrowing occurred during the period.

The Fund may invest in derivatives, debt securities and unlisted equity investments that are not traded in an active market. As a result, the Fund may not be able to quickly liquidate its investments in these instruments at amounts which approximate their fair values, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In accordance with the Fund's policy, the Manager monitors the Fund's liquidity position on a daily basis.

The tables below organize the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amount in the tables are the contractual undiscounted cash flows.

December 31, 2023	On demand (\$'000s)	< 3 months (\$'000s)	Total (\$'000s)
Payable for units redeemed	1,106	–	1,106

December 31, 2022	On demand (\$'000s)	< 3 months (\$'000s)	Total (\$'000s)
Payable for units redeemed	1,013	–	1,013
Foreign exchange forward contracts	–	3	3

## (d) Capital risk management:

Units issued and outstanding are considered to be the capital of the Fund. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the NAV per unit of that Fund for all or any of the units of such unitholder by giving written notice to the Manager. The written notice must be received no later than 4:00 p.m. (EST) on the valuation day upon which the units are to be redeemed. Additionally, the notice must be irrevocable, and the signature thereon, must be guaranteed by a Canadian chartered bank, a trust company or an investment dealer acceptable to the

Manager. The units are redeemable for cash equal to a pro rata share of the Fund's series NAV.

**8. Foreign exchange forward contracts:**

December 31, 2023					
Settlement date	Currency to be delivered ('000s)	Currency to be received ('000s)	Contract price	Fair value ('000s)	
January 31, 2024	9,000 USD	12,292 CAD	1.3658	\$	372
February 29, 2024	18,000 USD	24,827 CAD	1.3793		997
March 4, 2024	10,625 USD	14,528 CAD	1.3673		462
March 7, 2024	41,000 USD	56,449 CAD	1.3768		2,174
March 8, 2024	9,250 USD	12,531 CAD	1.3547		286
March 19, 2024	49,500 USD	65,876 CAD	1.3308		359
March 20, 2024	17,500 USD	23,921 CAD	1.3669		759
					5,409
Total number of contracts:		7	Net fair value	\$	5,409

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