

# **Palos Mitchell Alpha Fund**

Interim Financial Statements (unaudited)

**June 30, 2025 and 2024**

(expressed in Canadian dollars)

# Palos Mitchell Alpha Fund

## Notice

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The following Palos Mitchell Alpha Fund interim financial statements have not been reviewed by the Fund's external auditors.

# Palos Mitchell Alpha Fund

## Statements of Financial Position (unaudited) As at June 30, 2025 and December 31, 2024 (Expressed in Canadian dollars)

	2025	2024
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value through profit or loss (FVTPL)	\$ 41,953,810	\$ 26,013,793
Cash	979,592	5,652,519
Receivable from investments sold	285,475	98,108
Subscription receivable	471,300	99,000
Accrued income receivable	30,918	23,594
	<u>43,721,095</u>	<u>31,887,014</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Investments sold short at fair value through profit or loss (FVTPL)	1,193,186	728,156
Management fees payable	477	–
Performance fees payable	336,947	–
Payable for investments purchased	591,590	340,644
Accrued liabilities	20,992	45,434
Redemptions payable	37,000	–
	<u>2,180,192</u>	<u>1,114,234</u>
<b>Net assets attributable to holders of redeemable units</b>	<u>\$ 41,540,903</u>	<u>\$ 30,772,780</u>
<b>Net assets attributable to holders of redeemable units per series</b>		
Series F	\$ 585,595	\$ –
Series O	40,955,308	30,772,780
	<u>\$ 41,540,903</u>	<u>\$ 30,772,780</u>
<b>Net assets attributable to holders of redeemable units per unit</b>		
Series F	\$ 11.36	\$ –
Series O	13.54	11.32

Approved by the Manager, Palos Wealth Management Inc.

(s) Alain Lizotte Director

(s) Philippe Marleau Director

# Palos Mitchell Alpha Fund

## Statements of Comprehensive Income (unaudited)

For the periods ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

	2025	2024
<b>Income</b>		
Dividend income	\$ 154,278	\$ 205,432
Interest income for distribution purposes	66,927	67,782
Security lending income	4,670	1,007
Net realized gain on sale of investments	661,315	1,175,504
Net change in unrealized appreciation of investments	6,130,988	177,801
Tax refund	1,277	15,970
	<u>7,019,455</u>	<u>1,643,496</u>
<b>Expenses</b>		
Performance fees (Note 8)	336,947	–
Transaction costs (Note 9)	90,231	62,394
Administration and other professional fees	56,923	44,343
Withholding tax expense	16,724	10,513
Audit fees	15,331	15,415
Legal fees	8,931	–
Bank charges and interest	5,016	9,313
Trustee fees	3,412	3,431
Management fees (Note 8)	477	–
	<u>533,992</u>	<u>145,409</u>
<b>Increase in net assets attributable to holders of redeemable units (Note 10)</b>	<u>\$ 6,485,463</u>	<u>\$ 1,498,087</u>
<b>Increase in net assets attributable to holders of redeemable units per series (Note 10)</b>		
Series F	\$ 23,395	\$ –
Series O	<u>6,462,068</u>	<u>1,498,087</u>
	<u>\$ 6,485,463</u>	<u>\$ 1,498,087</u>
<b>Increase in net assets attributable to holders of redeemable units per series per unit (Note 10)</b>		
Series F	\$ 1.17	\$ –
Series O	2.34	0.64

# Palos Mitchell Alpha Fund

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)

For the periods ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Distributions to holders of redeemable units*	Reinvestment of distributions to holders of redeemable units	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
<b>June 30, 2025</b>							
Series F	\$ —	\$ 562,200	\$ —	\$ —	\$ —	\$ 23,395	\$ 585,595
Series O	30,772,780	5,052,740	(1,332,280)	(116,425)	116,425	6,462,068	40,955,308
	<u>\$ 30,772,780</u>	<u>\$ 5,614,940</u>	<u>\$ (1,332,280)</u>	<u>\$ (116,425)</u>	<u>\$ 116,425</u>	<u>\$ 6,485,463</u>	<u>\$ 41,540,903</u>

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Distributions to holders of redeemable units*	Reinvestment of distributions to holders of redeemable units	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
<b>June 30, 2024</b>							
Series O	\$ 22,164,245	\$ 4,213,700	\$ (837,018)	\$ (187,675)	\$ 187,675	\$ 1,498,087	\$ 27,039,014

# Palos Mitchell Alpha Fund

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited) (continued) For the periods ended June 30, 2025 and 2024 (Expressed in Canadian dollars)

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\*Detailed distributions to holders of redeemable units

	From net investment income	From net realized gains on investments and derivatives	Total distributions to unitholder
<b>June 30, 2025</b>			
Series F	\$ —	\$ —	—
Series O	(116,425)	—	(116,425)
	<u>\$ (116,425)</u>	<u>\$ —</u>	<u>\$ (116,425)</u>
<b>June 30, 2024</b>			
Series O	<u>\$ (187,675)</u>	<u>\$ —</u>	<u>\$ (187,675)</u>

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

# Palos Mitchell Alpha Fund

## Statements of Cash Flows (unaudited) For the periods ended June 30, 2025 and 2024 (Expressed in Canadian dollars)

	2025	2024
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Increase in net assets attributable to holders of redeemable units	\$ 6,485,463	\$ 1,498,087
Adjustments for non-cash items		
Net realized gain on sale of investments	(661,315)	(1,175,504)
Net change in unrealized appreciation of investments	(6,130,988)	(177,801)
Foreign exchange loss (gain) on cash	11,428	(40,027)
Change in non-cash balances		
Increase in accrued income receivable	(7,324)	(886,127)
Increase in management fees payable	477	–
Increase in performance fees payable	336,947	–
Decrease in accrued liabilities	(24,442)	(1,128)
Proceeds from sale of investments	48,339,838	63,353,713
Purchase of investments	(56,958,943)	(66,450,728)
Cash used in operating activities	<u>(8,608,859)</u>	<u>(3,879,515)</u>
<b>Financing Activities</b>		
Proceeds from issuance of redeemable units	5,242,640	4,213,700
Amount paid on redemption of redeemable units	(1,295,280)	(837,018)
Cash provided by financing activities	<u>3,947,360</u>	<u>3,376,682</u>
Decrease in cash during the period	(4,661,499)	(502,833)
Foreign exchange (loss) gain on cash	(11,428)	40,027
Cash, beginning of period	<u>5,652,519</u>	<u>3,151,025</u>
<b>Cash, end of period</b>	<u>\$ 979,592</u>	<u>\$ 2,688,219</u>
<b>Supplemental information*</b>		
Interest paid	\$ 856	\$ –
Interest received	71,597	68,789
Dividends received, net of withholding taxes	134,406	191,350

\*Included as a part of cash flows from operating activities

# Palos Mitchell Alpha Fund

## Schedule of Investment Portfolio as at June 30, 2025 (Unaudited)

Expressed in Canadian Dollars

Description	Currency	Number of shares	Average cost	Fair value
<b>Investments owned (101.01%)</b>				
<b>Equities (86.68%)</b>				
<b>Basic Materials (5.27%)</b>				
First Quantum Minerals Ltd.	CAD	60,000 \$	972,796 \$	1,451,400
Freeport-McMoRan Inc.	USD	100	6,055	5,904
Taseko Mines Ltd.	CAD	170,000	558,491	731,000
<b>Total Basic Materials</b>			1,537,342	2,188,304
<b>Communications (6.87%)</b>				
Alphabet Inc.	USD	1,000	239,429	241,605
BCE Inc.	CAD	100	3,546	3,020
Expedia Inc.	USD	2,000	460,791	459,484
Meta Platforms Inc.	USD	1	911	1,005
Palo Alto Networks Inc.	USD	4,000	1,043,121	1,114,879
Telesat Corp.	USD	31,000	777,004	1,031,906
<b>Total Communications</b>			2,524,802	2,851,899
<b>Consumer, Cyclical (2.96%)</b>				
Amazon.com Inc.	USD	4,000	957,018	1,195,237
lululemon athletica Inc.	USD	100	36,437	32,358
<b>Total Consumer, Cyclical</b>			993,455	1,227,595
<b>Consumer, Non-cyclical (7.94%)</b>				
GSK PLC	USD	12,000	675,264	627,610
Lantheus Holdings Inc.	USD	8,000	1,154,334	891,947
Merck & Co Inc.	USD	100	15,863	10,782
Novartis AG	USD	5,000	814,760	824,078
Novo Nordisk A/S	USD	10,000	956,929	940,052
Pfizer Inc.	USD	100	3,935	3,301
<b>Total Consumer, Non-cyclical</b>			3,621,085	3,297,770
<b>Energy (14.05%)</b>				
ARC Resources Ltd.	CAD	30,000	745,367	861,300
Canadian Natural Resources Ltd.	CAD	10,000	433,144	428,000
Cenovus Energy Inc.	CAD	100	2,622	1,853
MEG Energy Corp.	CAD	50,000	1,239,120	1,286,500
Peyto Exploration & Development Corp.	CAD	50,000	805,774	972,500
Suncor Energy Inc.	CAD	100	5,020	5,101
Tamarack Valley Energy Ltd.	CAD	200,000	775,301	966,000
Tourmaline Oil Corp.	CAD	20,000	1,251,416	1,314,000
<b>Total Energy</b>			5,257,764	5,835,254

# Palos Mitchell Alpha Fund

## Schedule of Investment Portfolio as at June 30, 2025 (Unaudited) (continued)

Expressed in Canadian Dollars

Description	Currency	Number of shares	Average cost	Fair value
<b>Financial (10.37%)</b>				
Bank of Montreal	CAD	100 \$	11,243 \$	15,091
Equitable Holdings Inc.	USD	20,000	1,506,668	1,528,164
Propel Holdings Inc.	CAD	40,000	1,149,250	1,513,600
SoFi Technologies Inc.	USD	50,000	1,050,235	1,240,101
The Toronto-Dominion Bank	CAD	100	7,887	10,016
<b>Total Financial</b>			3,725,283	4,306,972
<b>Industrial (12.64%)</b>				
CAE Inc.	CAD	10,000	397,267	399,100
Celestica Inc.	USD	10,000	905,647	2,126,218
MDA Space Ltd.	CAD	46,000	1,206,238	1,615,060
NEXTracker Inc.	USD	15,000	872,058	1,110,779
<b>Total Industrial</b>			3,381,210	5,251,157
<b>Technology (26.58%)</b>				
Advanced Micro Devices Inc.	USD	9,000	1,372,147	1,739,408
Applied Materials Inc.	USD	6,000	1,231,046	1,496,048
ASML Holding NV	USD	1	1,018	1,091
Crowdstrike Holdings Inc.	USD	2,000	1,001,557	1,387,360
Fortinet Inc.	USD	6,000	830,007	863,944
Nebius Group NV	USD	30,000	1,067,732	2,260,784
NVIDIA Corp.	USD	8,000	1,096,648	1,721,459
Shopify Inc.	USD	10,000	1,135,992	1,571,067
<b>Total Technology</b>			7,736,147	11,041,161
<b>Total Equities</b>			28,777,088	36,000,112
<b>Options (14.33%)</b>				
<b>Basic Materials (0.71%)</b>				
First Quantum Minerals Ltd. Call \$20 16JAN26	CAD	15,000	62,408	87,375
First Quantum Minerals Ltd. Call \$22 16JAN26	CAD	15,000	57,538	66,750
Freeport-McMoRan Inc. Call \$40 19SEP25	USD	20,000	169,090	141,648
<b>Total Basic Materials</b>			289,036	295,773

# Palos Mitchell Alpha Fund

## Schedule of Investment Portfolio as at June 30, 2025 (Unaudited) (continued)

Expressed in Canadian Dollars

Description	Currency	Number of shares	Average cost	Fair value
<b>Communications (1.90%)</b>				
Alphabet Inc. Call \$175 17OCT25	USD	5,000 \$	92,286 \$	97,724
Amazon.com Inc. Call \$240 16JAN26	USD	8,000	121,440	148,186
BCE Inc. Call \$33 15JAN27	CAD	20,000	82,640	35,000
BCE Inc. Call \$34 15JAN27	CAD	20,000	75,650	29,400
BCE Inc. Call \$35 15JAN27	CAD	20,000	75,750	24,400
BCE Inc. Call \$38 15JAN27	CAD	20,000	50,250	17,200
BCE Inc. Call \$39 15JAN27	CAD	10,000	22,625	5,850
BCE Inc. Call \$40 15JAN27	CAD	10,000	19,215	6,250
Expedia Group Inc. Call \$175 17OCT25	USD	6,000	102,391	100,107
Meta Platforms Inc. Call \$750 15AUG25	USD	3,000	90,066	140,763
Palo Alto Networks Inc. Call \$200 19SEP25	USD	8,000	165,973	183,053
<b>Total Communications</b>			898,286	787,933
<b>Consumer, Cyclical (0.84%)</b>				
Lululemon Athletica Inc. Call \$250 19DEC25	USD	10,000	355,569	346,765
Lululemon Athletica Inc. Call \$370 19SEP25	USD	2,000	56,073	1,907
<b>Total Consumer, Cyclical</b>			411,642	348,672
<b>Consumer, Non-cyclical (1.92%)</b>				
Merck & Co Inc. Call \$80 17DEC27	USD	30,000	617,273	551,610
Novo Nordisk A/S Call \$65 15JAN27	USD	10,000	263,231	233,855
Pfizer Inc. Call \$30 16JAN26	USD	40,000	100,252	11,986
<b>Total Consumer, Non-cyclical</b>			980,756	797,451
<b>Energy (2.39%)</b>				
ARC Resources Ltd. Call \$25 15JAN27	CAD	30,000	156,375	177,750
ARC Resources Ltd. Call \$30 15JAN27	CAD	30,000	75,875	103,500
Canadian Natural Resources Ltd. Call \$40 15JAN27	CAD	30,000	181,375	174,000
Canadian Natural Resources Ltd. Call \$40 16JAN26	CAD	25,000	83,823	115,000
Cenovus Energy Inc. Call \$18 15JAN27	CAD	20,000	52,250	59,600
Cenovus Energy Inc. Call \$19 15JAN27	CAD	20,000	57,350	51,300
Cenovus Energy Inc. Call \$20 15JAN27	CAD	20,000	84,750	42,000
Cenovus Energy Inc. Call \$22 15JAN27	CAD	20,000	65,000	29,000
Suncor Energy Inc. Call \$50 15JAN27	CAD	40,000	252,500	241,000
<b>Total Energy</b>			1,009,298	993,150
<b>Financial (1.81%)</b>				
Bank of Montreal Call \$140 15JAN27	CAD	10,000	120,125	159,250
Equitable Holdings Inc. Call \$60 19SEP25	USD	10,000	22,088	19,409
SoFi Technologies Inc. Call \$15 16JAN26	USD	30,000	127,075	208,386
The Toronto-Dominion Bank Call \$80 15JAN27	CAD	10,000	45,600	203,500
The Toronto-Dominion Bank Call \$85 15JAN27	CAD	10,000	71,125	161,500
<b>Total Financial</b>			386,013	752,045

# Palos Mitchell Alpha Fund

## Schedule of Investment Portfolio as at June 30, 2025 (Unaudited) (continued)

Expressed in Canadian Dollars

Description	Currency	Number of shares	Average cost	Fair value
<b>Funds (1.87%)</b>				
Invesco QQQ Trust Series 1 Put \$520 20MAR26	USD	25,000 \$	941,287 \$	776,681
<b>Total Funds</b>			941,287	776,681
<b>Technology (2.89%)</b>				
Advanced Micro Devices Inc. Call \$125 21NOV25	USD	10,000	193,480	360,249
ASML Holding NV Call \$750 16JAN26	USD	3,000	409,128	484,804
Fortinet Inc. Call \$110 19SEP25	USD	6,000	62,772	48,787
NVIDIA Corp. Call \$185 16JAN26	USD	15,000	197,580	219,623
Shopify Inc. Call \$130 19SEP25	USD	10,000	56,210	88,530
<b>Total Technology</b>			919,170	1,201,993
<b>Total Options</b>			5,835,488	5,953,698
<b>Total investments owned</b>			34,612,576	41,953,810

Description	Currency	Number of shares	Proceeds on short sale	Fair value
<b>Investments sold short (-2.87%)</b>				
<b>Options (-2.87%)</b>				
<b>Basic Materials (-0.10%)</b>				
First Quantum Minerals Ltd. Call \$24.50 15AUG25	CAD	(5,000)	(5,688)	(6,675)
First Quantum Minerals Ltd. Call \$25 15AUG25	CAD	(5,000)	(4,938)	(5,575)
Freeport-McMoRan Inc. Call \$45 19SEP25	USD	(5,000)	(17,184)	(16,480)
Freeport-McMoRan Inc. Call \$46 19SEP25	USD	(5,000)	(14,991)	(13,552)
<b>Total Basic Materials</b>			(42,801)	(42,282)
<b>Communications (-0.22%)</b>				
Amazon.com Inc. Call \$225 15AUG25	USD	(2,000)	(27,378)	(23,290)
Amazon.com Inc. Call \$230 15AUG25	USD	(2,000)	(21,895)	(17,570)
Meta Platforms Inc. Call \$800 15AUG25	USD	(1,000)	(20,542)	(21,860)
Meta Platforms Inc. Call \$820 15AUG25	USD	(1,000)	(13,689)	(16,099)
Meta Platforms Inc. Call \$840 15AUG25	USD	(1,000)	(13,603)	(11,277)
<b>Total Communications</b>			(97,107)	(90,096)
<b>Consumer, Non-cyclical (-0.12%)</b>				
Novo Nordisk A/S Call \$70 15AUG25	USD	(5,000)	(37,688)	(30,986)
Novo Nordisk A/S Call \$75 15AUG25	USD	(5,000)	(34,458)	(18,115)
<b>Total Consumer, Non-cyclical</b>			(72,146)	(49,101)

# Palos Mitchell Alpha Fund

## Schedule of Investment Portfolio as at June 30, 2025 (Unaudited) (continued)

Expressed in Canadian Dollars

Description	Currency	Number of shares	Average cost	Fair value
<b>Financial (-0.36%)</b>				
SoFi Technologies Inc. Call \$16 15AUG25	USD	(10,000) \$	(16,312) \$	(42,494)
SoFi Technologies Inc. Call \$17 15AUG25	USD	(10,000)	(13,555)	(34,050)
SoFi Technologies Inc. Call \$18 15AUG25	USD	(10,000)	(13,466)	(25,606)
SoFi Technologies Inc. Call \$19 15AUG25	USD	(10,000)	(13,535)	(19,749)
SoFi Technologies Inc. Call \$20 15AUG25	USD	(10,000)	(13,722)	(15,118)
SoFi Technologies Inc. Call \$21 15AUG25	USD	(10,000)	(13,450)	(11,713)
<b>Total Financial</b>			(84,040)	(148,730)
<b>Funds (-0.03%)</b>				
Invesco QQQ Trust Series 1 Put \$485 31JUL25	USD	(5,000)	(37,675)	(6,197)
Invesco QQQ Trust Series 1 Put \$490 31JUL25	USD	(5,000)	(42,399)	(7,082)
<b>Total Funds</b>			(80,074)	(13,279)
<b>Industrial (-0.55%)</b>				
Celestica Inc. Call \$160 15AUG25	USD	(5,000)	(80,874)	(95,340)
Celestica Inc. Call \$165 15AUG25	USD	(5,000)	(68,015)	(72,254)
NEXTracker Inc. Call \$55 15AUG25	USD	(5,000)	(33,965)	(33,369)
NEXTracker Inc. Call \$60 15AUG25	USD	(5,000)	(42,288)	(19,272)
NEXTracker Inc. Call \$65 15AUG25	USD	(5,000)	(23,150)	(10,215)
<b>Total Industrial</b>			(248,292)	(230,450)
<b>Technology (-1.49%)</b>				
Advanced Micro Devices Inc. Call \$140 15AUG25	USD	(3,000)	(21,171)	(44,089)
Advanced Micro Devices Inc. Call \$145 15AUG25	USD	(3,000)	(18,496)	(34,731)
Advanced Micro Devices Inc. Call \$150 15AUG25	USD	(3,000)	(20,539)	(26,518)
Advanced Micro Devices Inc. Call \$155 15AUG25	USD	(3,000)	(21,067)	(20,226)
Advanced Micro Devices Inc. Call \$160 15AUG25	USD	(3,000)	(20,532)	(15,486)
Applied Materials Inc. Call \$190 15AUG25	USD	(2,000)	(19,176)	(18,932)
CrowdStrike Holdings Inc. Call \$530 15AUG25	USD	(1,000)	(20,816)	(25,265)
CrowdStrike Holdings Inc. Call \$540 15AUG25	USD	(1,000)	(17,115)	(19,967)
Fortinet Inc. Call \$105 15AUG25	USD	(3,000)	(26,710)	(29,624)
Fortinet Inc. Call \$110 15AUG25	USD	(3,000)	(18,476)	(20,021)
Nebius Group NV Call \$55 15AUG25	USD	(10,000)	(61,654)	(98,064)
Nebius Group NV Call \$60 15AUG25	USD	(10,000)	(57,922)	(73,548)
NVIDIA Corp. Call \$150 15AUG25	USD	(2,000)	(14,965)	(37,046)
NVIDIA Corp. Call \$155 15AUG25	USD	(2,000)	(19,863)	(28,738)
NVIDIA Corp. Call \$160 15AUG25	USD	(2,000)	(13,825)	(20,839)
NVIDIA Corp. Call \$165 15AUG25	USD	(2,000)	(12,315)	(15,036)
Shopify Inc. Call \$120 15AUG25	USD	(5,000)	(51,390)	(52,301)
Shopify Inc. Call \$125 15AUG25	USD	(5,000)	(35,077)	(38,817)
<b>Total Technology</b>			(471,109)	(619,248)
<b>Total Options</b>			(1,095,569)	(1,193,186)

# Palos Mitchell Alpha Fund

## Schedule of Investment Portfolio as at June 30, 2025 (Unaudited) (continued)

Expressed in Canadian Dollars

Description	Currency	Number of shares	Average cost	Fair value
<b>Total investments sold short</b>			\$ (1,095,569) \$	(1,193,186)
Commissions and other portfolio transaction costs			(22,460)	—
Net investments owned (98.14%)			<u>33,494,547</u>	<u>40,760,624</u>
Other assets, net (1.86%)				780,279
<b>Net Assets Attributable to Holders of Redeemable Units (100%)</b>				<b>41,540,903</b>

Palos Mitchell Alpha Fund  
Notes to Financial Statements (unaudited)  
As at June 30, 2025

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(expressed in Canadian dollars)

## 1 General information

Palos Mitchell Alpha Fund (the Fund) is an open-ended trust established on January 9, 2019 under the laws of the Province of Quebec pursuant to a Master Trust Agreement (the Agreement) amended for the last time on January 9, 2019. The address of the Fund's registered office is 1 Place Ville-Marie, Suite 1670, Montréal, Quebec, H3B 2B6, Canada. The Fund qualified as a mutual fund trust and is a registered investment under Section 204.4 of the Income Tax Act (Canada).

Series O opened on January 30, 2019. During the period ended June 30, 2025, redeemable units of Series O were in issuance.

The Fund acts as an investment holding unit trust for the benefit of unitholders by acquiring, investing in, holding, transferring, disposing of, or otherwise dealing with such investments as the trustee and the investment fund manager determine, at their discretion, in accordance with the investment objectives of the Fund, which are to protect capital and to deliver superior long-term returns investing in a selected portfolio of North American equities. The Fund is actively managed with the objective of generating trading-enhanced returns. The Fund seeks to outperform a blended benchmark comprised of the TSX Composite Index (50%) and the S&P 500 Composite (50%).

The investment fund manager and portfolio advisor is Palos Wealth Management Inc. (the Manager). The Manager has appointed Palos Wealth Management Inc. (the Sub-advisor) as the sub-advisor of the Fund pursuant to the terms of a sub-advisory agreement dated January 9, 2019.

These financial statements have been authorized for issue by the Board of Directors of the Manager on August 29, 2025.

## 2 Basis of presentation

These financial statements are prepared in accordance with IFRS Accounting Standards and International Accounting Standard 34 as issued by the International Accounting Standards Board.

(expressed in Canadian dollars)

### 3 Summary of material accounting policy information

#### Financial instruments

##### Classification

IFRS 9, Financial Instruments, sets out a classification and measurement model for financial assets to determine whether a financial asset should be classified at amortized cost, at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). This model is based on the contractual cash flow characteristics of the financial asset and the business model under which the financial asset is held.

The Fund manages its investments in financial assets with the objective of realizing cash flows through both the sale of the assets and income generated from those assets. The Manager makes decisions based on the assets' fair values and manages the assets to realize those fair values.

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets, which are measured at amortized cost or FVOCI. Financial assets held by the Fund, which are measured at FVTPL, will not be subject to the impairment requirements.

With respect to receivables, the Fund considers both historical analysis and forward-looking information in determining any expected credit loss. As at the statements of financial position dates, all receivables are due to be settled within the short term. The Fund considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Fund to credit risk from financial assets recorded at amortized cost, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

##### Recognition

Regular way purchases and sales of financial assets are recognized at their trade date. Transaction costs are expensed as incurred in the statements of comprehensive income. The Fund's investment assets and liabilities are measured at FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units is classified as a financial liability at the redemption amount, which approximates fair value. The redemption amount is determined as the net difference between total assets and all other liabilities for which accounting policies are described herein. All other financial assets and financial liabilities are classified and measured at amortized cost which reflects the amount required to be received or paid, discounted when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (NAV) for transactions with unitholders.

##### Income recognition

The interest income for distribution purposes shown on the statements of comprehensive income represents the contractual interest accounted for on an accrual basis.

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Realized gain on sale of investments and unrealized appreciation of investments are determined on an average cost basis. Average cost does not include amortization of premiums.

**Fair value measurement**

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 financial liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is 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.

**Investment entities**

The Fund meets the definition in IFRS 10, Consolidated Financial Statements, for investment entities and accounts for its investments in underlying entities at FVTPL.

**Structured entities**

The Fund may invest in other funds (underlying funds) by holding redeemable shares of the underlying funds that entitle the holder to a proportionate share of the underlying funds' net assets. The Fund does not invest in underlying funds for the purpose of exercising management or control. Such investments expose the Fund to the risk that underlying funds do not perform as expected and indirectly to all of the risks applicable to investments in underlying funds.

The carrying value of investments in underlying funds is included in "Investments at fair value through profit or loss (FVTPL)" in the statements of financial position and also represents the maximum exposure to losses. Changes in fair value of investments in underlying funds are included in "Net change in unrealized appreciation of investments" in the statements of comprehensive income.

**Classification of redeemable units**

The Fund's outstanding redeemable units' are required to distribute net income to minimize taxes such that there is no discretion to avoid cash distributions. Consequently, the Fund's outstanding redeemable units are classified as financial liabilities and recorded as net assets attributable to holders of redeemable units, in accordance with the requirements of International Accounting Standard (IAS) 32, Financial Instruments: Presentation.

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**Foreign currency translation**

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign exchange assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing as at the measurement date. Foreign exchange gains and losses relating to cash and to other financial assets and financial liabilities are presented as "Net realized gain on sale of investments" and "Net change in unrealized appreciation of investments" in the statements of comprehensive income.

**Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset in the Fund's statements of financial position when and only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Fund has a legally enforceable right to offset a financial asset and financial liability when such right is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

**Cash**

Cash comprises deposits with financial institutions and bank indebtedness.

**Increase in net assets attributable to holders of redeemable units per series per unit**

The increase in net assets attributable to holders of redeemable units per unit of each series is calculated by dividing the increase in net assets attributable to holders of redeemable units of each series by the weighted average number of units outstanding during the period.

**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 statements of financial position as a deferred income tax asset.

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**New standards and amendments to existing standards effective 1 January 2025**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2025 that have a material effect on the financial statements of the Fund.

**New standards, amendments and interpretations effective after 1 January 2025 and that have not been early adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2025 and have not been early adopted in preparing these financial statements. The Fund's assessment of the impact of these new standards and amendments is set out below:

i) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

ii) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

The IASB issued the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- the requirement to determine the most useful structured summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Fund is currently still assessing the effect of the forthcoming standard and amendments.

No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

(expressed in Canadian dollars)

#### **4 Critical accounting estimates and judgments**

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

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

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund 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 Fund's investments are classified as FVTPL.

#### **5 Risks associated with financial instruments**

##### **Risk factors**

The Fund's activities expose it to a variety of risks associated with financial instruments, as follows: credit risk, liquidity risk, market risk (including currency risk, price risk and interest rate risk) and concentration risk. 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 result in a risk of loss of capital. These risks are moderated through careful selection of securities and other financial instruments within the Fund's investment guidelines. The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably possible changes in the relevant risk variables.

##### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

All portfolio transactions in securities are settled or 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 are received by the broker. The trade will not settle if either party fails to meet its obligation. In addition, the Fund lodges its cash with quality institutions. Credit risk with respect to accrued income receivable is limited as the receivables are derived from a portfolio of diversified investments.

The Fund's maximum exposure to credit risk is equal to the carrying value of the assets presented on the statement of financial position. The Fund does not anticipate any significant losses from the non-performance of counterparties. As at June 30, 2025 and December 31, 2024, the fund had no significant direct investments in debt securities.

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The Fund's maximum exposure to credit risk is equal to the carrying value of the assets presented on the statements of financial position. The Fund does not anticipate any significant losses from the non-performance of counterparties.

The Fund also engages in securities-lending transactions. The credit risk related to securities-lending transactions is limited by the fact that the value of cash or securities held as collateral by the Fund in connection with these transactions is at least 100% of the fair value of the securities loaned. The collateral and loaned securities are marked to market on each business day. As at June 30, 2025, the aggregate dollar value of portfolio securities lent and collateral held under securities transactions was \$961,373 and \$5,913,169, respectively (December 31, 2024 – \$4,815,800 and collateral of \$5,009,942).

### **Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions. Financial liabilities that potentially subject the Fund to liquidity risk consist of management fees payable, performance fees payable, accrued liabilities and payable for investments purchased. The Fund's investment approach focuses on investing in highly liquid securities and moderately liquid securities, which are therefore readily saleable to meet liquidity needs.

The Fund may invest in 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 analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows:

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	<b>June 30, 2025</b>		
<b>Financial liabilities</b>	<b>On demand</b>	<b>&lt; 3 months</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Management fees payable	–	477	477
Performance fees payable	–	336,947	336,947
Securities sold short	–	1,193,186	1,193,186
Payable for investments purchased	–	591,590	591,590
Accrued liabilities	–	20,992	20,992
Redemptions payable	–	37,000	37,000
Redeemable units	41,540,903	–	41,540,903

	<b>December 31, 2024</b>		
<b>Financial liabilities</b>	<b>On demand</b>	<b>&lt; 3 months</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Securities sold short	–	728,156	728,156
Payable for investments purchased	–	340,644	340,644
Accrued liabilities	–	45,434	45,434
Redeemable units	30,772,780	–	30,772,780

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

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**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. To monitor the risk, the Fund's Manager uses stress testing to examine the impact that abnormally large swings in market factors and periods of prolonged inactivity might have on trading portfolios. The stress testing is designed to identify key risks and ensure that the losses from abnormal events are not above the Fund's risk tolerance.

The following include sensitivity analyses that show how the net assets attributable to holders 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 difference could be material.

a) Currency risk

The Fund invests in monetary assets denominated in currencies other than the Canadian dollar. These investments result in currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The tables below indicate the foreign currencies to which the Fund had significant exposure as at June 30, 2025 and December 31, 2024, in Canadian dollars. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 5% in relation to each of the other currencies, with all other variables held constant. The monetary exposure presents the impact on cash, and the non-monetary exposure presents the impact on the investments. Non-monetary items are investments in equity securities and are classified based on the currency in which they were purchased:

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
<b>June 30, 2025</b>						
U.S. Dollar	\$ 105,526	\$ 27,409,709	\$ 27,515,235	\$ 5,276	\$ 1,370,485	\$ 1,375,761
% of Net assets attributable to holders of redeemable units	0.3	66.0	66.3	–	3.3	3.3

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Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
<b>December 31, 2024</b>						
U.S. Dollar	\$ 4,353,508	\$ 15,256,337	\$ 19,609,845	\$ 217,675	\$ 762,817	\$ 980,492
% of Net Assets						
Attributable to Holders						
of Redeemable Units	14.1	49.6	63.7	0.7	2.5	3.2

b) Price risk

Price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer, or by factors affecting all securities traded in the market. The Fund is exposed to price risk through its equity investment portfolio, which includes a variety of common shares in a wide range of industries. Other assets and liabilities are monetary items that are short term in nature, and as such are not subject to price risk.

As at June 30, 2025, the expected increase or decrease in net assets attributable to holders of redeemable units of the Fund if the S&P/TSX composite index (50%) and the S&P 500 composite index (50%) had increased or decreased by 5%, with all other variables held constant, would amount to \$1,039,396 and would represent 2.5% of the net assets attributable to holders of redeemable units of the Fund (December 31, 2024 – \$758,569 representing 2.8%).

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund does not hold securities with fixed interest rates that would expose the Fund to fair value interest rate risk.

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**Concentration risk**

Concentration risk arises as a result of the concentration of exposure within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk by market segment over the total investment market value:

<b>Market segment</b>	<b>Percentage of portfolio</b>	
	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Investments owned</b>		
Basic materials	5.4	4.4
Communications	7.0	12.4
Consumer, cyclical	3.0	14.9
Consumer, non-cyclical	8.1	14.7
Energy	14.3	20.4
Financial	10.5	0.1
Industrial	12.9	6.0
Technology	27.1	21.7
Options	14.6	8.3
	102.9	102.9
<b>Investments sold short</b>		
Options	(2.9)	(2.9)
	(2.9)	(2.9)
<b>Total net investments</b>	<b>100.0</b>	<b>100.0</b>

<b>Asset class weighting</b>	<b>Percentage of net assets</b>	
	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Investments owned</b>		
Equity	86.7	77.7
Options	11.5	4.5
Other net assets	1.8	17.8
<b>Total net investments</b>	<b>100.0</b>	<b>100.0</b>

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**Fair value measurement**

The carrying amounts of cash, receivable from investments sold, accrued income receivable, subscription receivable, management fees payable, performance fees payable, payable for investments purchased and accrued liabilities approximate their fair values due to their short-term nature of these financial instruments.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 –Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 –Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 –Valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2025:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	\$ 36,000,112	\$ –	\$ –	\$ 36,000,112
Options	5,953,698	–	–	5,953,698
	\$ 41,953,810	\$ –	\$ –	\$ 41,953,810
<b>Liabilities</b>				
Options	\$ 1,193,186	\$ –	\$ –	\$ 1,193,186
	\$ 1,193,186	\$ –	\$ –	\$ 1,193,186

December 31, 2024:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	\$ 23,903,148	\$ –	\$ –	\$ 23,903,148
Options	2,110,645	–	–	2,110,645
	\$ 26,013,793	\$ –	\$ –	\$ 26,013,793
<b>Liabilities</b>				
Options	\$ 728,156	\$ –	\$ –	\$ 728,156
	\$ 728,156	\$ –	\$ –	\$ 728,156

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, the instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

There was no change in levels during the period ended June 30, 2025 and the year ended December 31, 2024.

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**6 Bank indebtedness**

The Fund has bank indebtedness in the form of margin debt. The maximum amount authorized by this lending arrangement is based on the securities held by the Fund. The margin debt is guaranteed dollar for dollar by a security held by the Fund. Any outstanding balance in the margin account accrued interest on a daily basis at a rate of the Bank of Canada prime rate plus 0.65%. As at June 30, 2025, margin debt was \$nil (December 31, 2024 – \$nil).

**7 Redeemable units**

During the periods ended June 30, 2025 and 2024, the number of units issued, redeemed and outstanding were as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemption of Redeemable Units	Reinvestments of Units	Redeemable Units, end of period
<b>June 30, 2025</b>					
Series F	–	51,546	–	–	51,546
Series O	2,717,542	411,646	(113,110)	9,516	3,025,594
<b>June 30, 2024</b>					
Series O	2,171,158	397,351	(77,442)	17,343	2,508,410

During the period ended June 30, 2025, redeemable units of Series O were in issuance.

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**Capital structure**

Units issued and outstanding are considered to be the capital of the Fund. The Fund does not have any specific capital requirements.

The Fund is authorized to issue an unlimited number of redeemable unit series, as well as an unlimited number of redeemable units within each series. Each series unit enables its bearer to participate equally in the allocations the Fund completes for the given series. Unit fractions may also be issued.

The Fund is composed of more than one redeemable unit series; each redeemable unit series may feature different structures regarding management fees, performance fees and brokerage. As a result, each redeemable unit entitles its holder to one vote and to participate equally in the allocations the Fund completes and, in the case of Fund liquidation, in the allocation of the redeemable unit series' net assets attributable to holders of redeemable units after all current liabilities have been paid.

**8 Related party transactions**

**Management fees**

The Manager provides management and advisory services to the Fund in accordance with the Agreement. In return for these services, the Manager is paid a management fee and performance fees. Units of Series O are not subject to a monthly management fee, nor are trailer fees payable on Series O units. The units of Series O can only be purchased by clients of the Manager or of any of the Manager's affiliates.

Series O unitholders pay management fees directly to the Manager through their individual managed accounts.

The management fees for the period ended June 30, 2025 amounted to \$477 (2024 - \$nil), with \$477 in outstanding fees due to Manager as at June 30, 2025 (December 31, 2024 - \$nil).

**Performance fees**

The Manager will receive from the Fund an annual performance fee corresponding to 20% of the positive amount obtained, if any, when the Fund outperforms its benchmark and when the High Water Mark of each unit is subtracted from the applicable series NAV per unit, adjusted to include any distributions and cash flows paid to the holders of the applicable of units, on the date of payment. The performance fee will be paid quarterly, if any.

In addition to performance fees, the Fund is responsible for payment of all expenses relating to operations.

The performance fees for the period ended June 30, 2025 amounted to \$336,947 (2024 - \$nil), with \$336,947 in outstanding fees due to Manager as at June 30, 2025 (December 31, 2024 - \$nil).

The Manager holds 767 units of the Fund as at June 30, 2025 (December 31, 2024 – 764 units).

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Effective June 30, 2025, Palos Wealth Management Inc. became the Investment Fund Manager and portfolio advisor (the Manager) for the Fund. Palos Management Inc. was the Manager for the period from January 1, 2025 to June 29, 2025 and for the year ended December 31, 2024.

The change in Manager from Palos Management Inc. to Palos Wealth Management Inc. was a related party transaction under IAS 24. It did not affect fund governance, unitholder rights, or investment objectives.

## 9 Brokerage commissions and soft dollars

The total commissions paid by the Fund to brokers in connection with portfolio transactions for the periods ended June 30, 2025 and 2024, together with other transaction charges, are disclosed in the statements of comprehensive income of the Fund. Brokerage business is allocated to brokers based on the best net result for the Fund. Subject to these criteria, preference may be given to brokerage firms which provide (or pay for) certain services (arrangements referred to as soft dollar), which may include investment research, analysis and reports, and databases or software in support of these services. The ascertainable soft dollar value received as a percentage of total brokerage commissions paid during the periods ended June 30, 2025 and 2024 are \$nil and \$113 respectively.

## 10 Increase in net assets attributable to holders of redeemable units per series per unit

The increase in net assets attributable to holders of redeemable units per series per unit for the periods ended June 30, 2025 and 2024 is calculated as follows:

	Increase in net assets attributable to holders of redeemable units per series	Weighted average of redeemable units outstanding during the period	Increase in net assets attributable to holders of redeemable units per series per unit
<b>June 30, 2025</b>			
Series F	\$ 23,395	20,015	\$ 1.17
Series O	6,462,068	2,757,006	2.34
<b>June 30, 2024</b>			
Series O	\$ 1,498,087	2,342,691	\$ 0.64

(expressed in Canadian dollars)

## **11 Taxes**

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada).

All or substantially all of the net income for tax purposes and net taxable capital gains realized in any period, after use of loss carry forwards, are distributed to unitholders such that no income taxes are payable by the Fund.

The capital losses determined for tax purposes as at December 31, 2024 were \$1,437 (2023 – \$655,004). Non-capital losses as at December 31, 2024 were \$nil (2023 - \$nil).

## **12 Exemption from regulatory filing requirements**

National Instrument 81-106, Investment Fund Continuous Disclosure, allows for investment funds categorized as non-reporting issuers to take advantage of an exemption to file annual and interim financial statements with the relevant regulatory authority as per Section 2.11 of the rule. The Fund, as a non-reporting issuer, is relying on this exemption and therefore does not make such filings