Interim Financial Statements of

ALGONQUIN FIXED INCOME 2.0 FUND

June 30, 2026 (Unaudited)

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Algonquin Fixed Income 2.0 Fund (the “Fund”) have been prepared by Algonquin Capital Corporation (the “Trustee” and “Manager”) in its capacity as the Trustee of the Fund. The Trustee is responsible for the information and representations contained in these unaudited interim financial statements.

The Trustee maintains appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim financial statements have been prepared in accordance with IFRS Accounting Standards and include certain amounts that are based on estimates and judgements made by the Trustee. The material accounting policies which the Trustee believes are appropriate for the Fund are described in Note 2 to the unaudited interim financial statements.

The Fund's independent auditors have not performed a review of these Interim Financial Statements.

On behalf of the Trustee and Manager

August 25, 2026

ALGONQUIN FIXED INCOME 2.0 FUND

Statements of Financial Position
As at June 30, 2026 and December 31, 2025 (Unaudited)

		June 30, 2026		December 31, 2025
ASSETS				
Current assets				
Investments owned (Cost:$1,636,063,448 - 2025:$1,298,297,671) (note 8)	$	1,645,297,560	$	1,308,975,873
Unrealized gain on foreign exchange forward contracts (note 8)		–		1,378,240
Unrealized gain on futures contracts (note 8)		2,179,062		–
Unrealized gain on credit default swaps (note 8)		–		786,692
Subscriptions receivable		1,256,674		3,380,847
Due from broker (note 3)		14,735,869		14,631,503
Interest and dividends receivable		15,627,577		11,916,567
Prepaid expenses		(35)		–
		1,679,096,707		1,341,069,722
LIABILITIES				
Current liabilities				
Investments sold short (Proceeds:$593,807,395 - 2025:$444,424,691) (note 8)		595,714,554		443,884,148
Unrealized loss on futures contracts (note 8)		–		1,661,126
Unrealized loss on foreign exchange forward contracts (note 8)		3,338,913		–
Due to broker (note 3)		326,867,202		223,967,641
Accounts payable and accrued liabilities		193,974		178,300
Interest and borrowing fees payable on investments sold short		4,701,423		3,215,507
Management fees payable (note 5)		283,217		311,075
Redemptions payable		240,240		243,125
Distributions payable		1,679,320		5,625,591
		933,018,843		679,086,513
Net Assets Attributable to Holders of Redeemable Units	$	746,077,864	$	661,983,209
Net Assets Attributable to Holders of Redeemable Units per Series				
Series A	$	44,714,300	$	40,996,694
Series F		684,166,342		602,377,790
Series FF		16,623,350		18,045,004
Series I		573,872		563,721
	$	746,077,864	$	661,983,209
Number of Redeemable Units Outstanding (note 6)				
Series A		456,826		419,066
Series F		6,777,535		5,971,803
Series FF		169,125		183,770
Series I		9,151		9,002
Net Assets Attributable to Holders of Redeemable Units per Unit				
Series A	$	97.88	$	97.83
Series F		100.95		100.87
Series FF		98.29		98.19
Series I		62.71		62.62

Approved on behalf of the Fund by the Trustee and Manager,
Algonquin Capital Corporation:

ALGONQUIN FIXED INCOME 2.0 FUND

Statements of Comprehensive Income
For the six months ended June 30, 2026 and 2025 (Unaudited)

	2026	2025
Income		
Interest income for distribution purposes	$ 27,533,600	$ 17,083,462
Dividend income	51,663	171,513
Net realized gain on sale of investments, including foreign exchange adjustments	3,854,759	558,886
Net realized gain on foreign exchange forward contracts	1,760,648	30,505
Net realized (loss) gain on futures contracts	(5,801,821)	1,896,024
Net change in unrealized (loss) gain on foreign exchange forward contracts	(4,717,153)	1,433,059
Net change in unrealized depreciation in value of investments	(3,924,956)	(1,070,046)
Net change in unrealized gain on futures contracts	3,840,189	325,168
	22,596,929	20,428,571
Expenses		
Interest and borrowing fees	9,670,851	5,843,817
Management fees (note 5)	3,821,291	2,480,607
Operating costs	317,941	325,469
Audit and accounting fees	50,564	23,849
Independent review committee fees	7,054	8,190
Commissions and other portfolio transaction costs	1,125	3,226
	13,868,826	8,685,158
Increase in Net Assets Attributable to Holders of Redeemable Units	$ 8,728,103	$ 11,743,413
Increase in Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	$ 440,118	$ 588,478
Series F	8,018,171	10,624,642
Series FF	259,663	514,294
Series I	10,151	15,999
	$ 8,728,103	$ 11,743,413
Increase in Net Assets Attributable to Holders of Redeemable Units per Unit (note 9)		
Series A	$ 0.98	$ 2.14
Series F	1.24	2.51
Series FF	1.47	2.67
Series I	1.12	1.88

ALGONQUIN FIXED INCOME 2.0 FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
For the six months ended June 30, 2026 and 2025 (Unaudited)

	Net assets attributable to holders of redeemable units, beginning of period	Issuance of redeemable units	Redemption of redeemable units	Transfers	Distributions to holders of redeemable units	Reinvestments of distributions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2026								
Series A	$ 40,996,694	$ 8,845,904	$ (5,102,102)	$ (345,010)	$ (414,642)	$ 293,338	$ 440,118	$ 44,714,300
Series F	602,377,790	165,294,761	(89,358,505)	345,010	(7,973,816)	5,462,931	8,018,171	684,166,342
Series FF	18,045,004	–	(1,623,376)	–	(239,689)	181,748	259,663	16,623,350
Series I	563,721	–	–	–	(9,309)	9,309	10,151	573,872
	$ 661,983,209	$ 174,140,665	$ (96,083,983)	$ –	$ (8,637,456)	$ 5,947,326	$ 8,728,103	$ 746,077,864

	Net assets attributable to holders of redeemable units, beginning of period	Issuance of redeemable units	Redemption of redeemable units	Transfers	Distributions to holders of redeemable units	Reinvestments of distributions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2025								
Series A	$ 21,353,912	$ 11,895,842	$ (3,432,920)	$ (257,829)	$ (282,855)	$ 202,653	$ 588,478	$ 30,067,281
Series F	359,440,166	174,830,803	(59,642,185)	257,829	(5,411,886)	3,926,943	10,624,642	484,026,312
Series FF	19,417,400	–	(938,700)	–	(259,391)	190,876	514,294	18,924,479
Series I	530,114	–	–	–	(8,418)	8,418	15,999	546,113
	$ 400,741,592	$ 186,726,645	$ (64,013,805)	$ –	$ (5,962,550)	$ 4,328,890	$ 11,743,413	$ 533,564,185

ALGONQUIN FIXED INCOME 2.0 FUND

Statements of Cash Flows
For the six months ended June 30, 2026 and 2025 (Unaudited)

	2026	2025
Cash provided by (used in):		
Operating Activities		
Increase in Net Assets Attributable to Holders of Redeemable Units	$ 8,728,103	$ 11,743,413
Adjustments for non-cash items		
Net realized gain on sale of investments, including foreign exchange adjustments	(3,854,759)	(558,886)
Net realized gain on foreign exchange forward contracts	(1,760,648)	(30,505)
Net realized loss (gain) on futures contracts	5,801,821	(1,896,024)
Net change in unrealized loss (gain) on foreign exchange forward contracts	4,717,153	(1,433,059)
Net change in unrealized depreciation in value of investments	3,924,956	1,070,046
Net change in unrealized gain on futures contracts	(3,840,189)	(325,168)
Change in non-cash balances		
Increase in interest and dividends receivable	(3,711,010)	(711,528)
Decrease (increase) in prepaid expenses	35	(2,720)
Decrease in expense reimbursements receivable	–	84,343
Increase in payable for investments purchased	–	3,500,000
Increase in accounts payable and accrued liabilities	15,674	100,939
Increase in interest and borrowing fees payable on investments sold short	1,485,916	909,416
(Decrease) increase in management fees payable	(27,858)	33,737
Proceeds from sale of investments	1,878,898,795	1,431,380,313
Purchase of investments	(2,066,982,259)	(1,555,751,641)
Cash used in operating activities	(176,604,270)	(111,887,324)
Financing Activities		
Proceeds from redeemable units issued	176,264,838	185,382,566
Amount paid on redemption of redeemable units	(96,086,868)	(64,084,895)
Distributions paid to holders of redeemable units, net of reinvestments	(6,636,401)	(6,853,337)
Cash provided by financing activities	73,541,569	114,444,334
(Decrease) increase in cash and cash equivalents during the period	(103,062,701)	2,557,010
Foreign exchange gain (loss) on cash	267,506	(219,637)
Cash and cash equivalents, beginning of period	(209,336,138)	(5,137,496)
Cash and cash equivalents, end of period	$ (312,131,333)	$ (2,800,123)
Cash and cash equivalents represented by:		
Due from broker	$ 14,735,869	$ 7,634,165
Due to broker	(326,867,202)	(10,434,288)
	$ (312,131,333)	$ (2,800,123)
Supplemental information*		
Interest paid	$ 7,298,036	$ 4,152,871
Interest received	23,822,739	16,370,809
Dividends received, net of withholding taxes	51,513	172,638

*Included as a part of cash flows from operating activities

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio
As at June 30, 2026 (Unaudited)

Number of shares/units/par value	Investments owned	Average cost	Fair value	% of net asset value
	Canadian equity			
75,000	BMO Short Corporate Bond Index ETF	$ 991,370	$ 1,050,000	0.14
	Canadian fixed income			
3,500,000	Allied Properties Real Estate Investment Trust 3.113% 08APR27	3,523,850	3,493,979	0.47
5,875,000	Allied Properties Real Estate Investment Trust 4.077786% 07APR27	5,875,000	5,896,443	0.79
1,000,000	AltaGas Canada Inc. 3.13% 07APR27	1,000,000	1,000,339	0.13
2,000,000	AltaGas Canada Inc. 4.26% 05DEC28	2,043,900	2,035,119	0.27
3,204,000	AltaGas Ltd. 2.166% 16MAR27	3,171,896	3,186,955	0.43
10,000,000	AltaGas Ltd. 7.35% 17AUG82	10,400,000	10,387,400	1.39
7,400,000	Amazon.com Inc. 3.70% 12JUN31	7,395,338	7,450,172	1.00
9,850,000	Amazon.com Inc. 4% 12JUN33	9,835,127	9,917,768	1.33
4,850,000	Amazon.com Inc. 4.35% 12JUN36	4,840,252	4,891,031	0.66
4,850,000	Amazon.com Inc. 5% 12JUN56	4,829,097	4,903,981	0.66
2,000,000	ATCO Ltd. 3.878% 27MAY30	2,000,000	2,014,260	0.27
10,700,000	Bank of Montreal 1.928% 22JUL31	10,694,650	10,696,362	1.43
15,000,000	Bank of Montreal 5.625% 26MAY82	15,247,500	15,228,900	2.04
7,500,000	Bank of Montreal 6.534% 27OCT32	7,844,100	7,815,600	1.05
9,800,000	Bell Canada Inc. 2.90% 12AUG26	9,775,409	9,800,980	1.31
2,000,000	Bell Canada Inc. 3.60% 29SEP27	1,923,800	2,009,580	0.27
3,000,000	Bell Telephone Co. of Canada or Bell Canada 3.65% 14AUG29	2,998,680	3,010,170	0.40
5,000,000	Bell Telephone Co. of Canada or Bell Canada 4.30% 14MAR33	5,035,967	5,038,450	0.68
2,350,000	Bell Telephone Co. of Canada or Bell Canada 4.70% 15NOV36	2,345,653	2,367,273	0.32
3,300,000	Bell Telephone Co. of Canada or Bell Canada 5.15% 24AUG34	3,463,449	3,481,863	0.47
1,400,000	Bell Telephone Co. of Canada or Bell Canada 5.30% 03JUN56	1,393,952	1,397,452	0.19
3,900,000	Bell Telephone Co. of Canada or Bell Canada 5.375% 12MAY56	3,899,025	3,869,424	0.52
3,500,000	BPC Generation Infrastructure Trust 3.795% 29SEP30	3,493,200	3,500,735	0.47
1,500,000	BPC Generation Infrastructure Trust 4.162% 29SEP32	1,500,000	1,500,540	0.20
2,000,000	BPC Generation Infrastructure Trust 4.613% 29SEP35	2,000,000	2,012,960	0.27
3,850,000	BPCE SA 4.68% 15APR36	3,850,000	3,895,199	0.52
7,787,000	Brookfield Renewable Partners ULC 3.63% 15JAN27	7,808,881	7,803,353	1.05
1,000,000	Bruce Power LP 4.27% 21DEC34	999,750	1,000,600	0.13
8,973,000	Bruce Power LP 4.70% 21DEC27	8,971,115	9,155,959	1.23
5,000,000	Bruce Power LP 4.70% 21JUN31	4,993,590	5,196,150	0.70
10,000	Canadian Government Bond 2.25% 01FEB28	9,935	9,929	0.00
9,200,000	Canadian Imperial Bank of Commerce 3.011104% 28JAN28	9,200,000	9,205,336	1.23
10,000,000	Canadian Imperial Bank of Commerce 3.24679% 30JUN29	10,000,000	10,027,900	1.34

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)
As at June 30, 2026 (Unaudited)

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
	Canadian fixed income (continued)			
12,500,000	Canadian Imperial Bank of Commerce 3.65% 13JAN32	$ 12,489,871	$ 12,481,875	1.67
7,500,000	Canadian Imperial Bank of Commerce 3.70% 02APR30	7,493,700	7,543,350	1.01
9,850,000	Canadian Imperial Bank of Commerce 3.78% 18JUN32	9,848,227	9,857,585	1.32
5,000,000	Canadian Imperial Bank of Commerce 3.90% 20JUN31	4,996,400	5,048,850	0.68
16,000,000	Canadian Imperial Bank of Commerce 4.20% 07APR32	16,143,920	16,133,920	2.16
5,000,000	Canadian Imperial Bank of Commerce 4.90% 12JUN34	5,165,050	5,168,300	0.69
4,000,000	Canadian Imperial Bank of Commerce 5.33% 20JAN33	4,182,880	4,118,640	0.55
1,000,000	Canadian Imperial Bank of Commerce 6.987% 28JUL84	1,000,000	1,054,700	0.14
10,000,000	Canadian Imperial Bank of Commerce 7.15% 28JUL82	10,345,000	10,313,800	1.38
1,000,000	Canadian Imperial Bank of Commerce 7.365%	1,000,000	1,041,540	0.14
6,000,000	Canadian Natural Resources Ltd. 3.30% 08DEC28	5,993,220	5,987,580	0.80
3,500,000	Canadian Natural Resources Ltd. 4.55% 08FEB36	3,489,500	3,539,760	0.47
3,750,000	Capital Power Corp. 4.231% 14JAN33	3,749,625	3,746,963	0.50
27,589,000	Capital Power Corp. 5.378% 25JAN27	28,049,221	27,960,624	3.75
1,500,000	Capital Power Corp. 8.125% 05JUN54	1,500,000	1,719,390	0.23
3,500,000	Central 1 Credit Union 3.06588% 20AUG27	3,500,000	3,504,865	0.47
2,900,000	CES Energy Solutions Corp. 5.625% 15JUN33	2,910,000	2,919,285	0.39
4,500,000	Chartwell Retirement Residences 3.65% 06MAY28	4,493,115	4,516,290	0.61
6,250,000	Chartwell Retirement Residences 4.40% 05NOV29	6,265,147	6,355,313	0.85
4,500,000	Chartwell Retirement Residences 4.50% 06MAR32	4,499,460	4,549,635	0.61
22,675,000	Chartwell Retirement Residences 6% 08DEC26	23,138,747	22,973,403	3.08
16,700,000	Citigroup Inc. 5.07% 29APR28	16,948,434	16,976,385	2.28
1,000,000	CNH Capital Canada Receivables Trust II 3.492% 15DEC32	826,108	828,720	0.11
2,000,000	CNH Industrial Capital Canada Ltd. 3.75% 05JUN29	2,000,000	2,004,220	0.27
10,000,000	CNH Industrial Capital Canada Ltd. 4% 11APR28	10,044,400	10,091,000	1.35
18,413,000	CNH Industrial Capital Canada Ltd. 4.80% 25MAR27	18,681,815	18,642,978	2.50
5,000,000	CNH Industrial Capital Canada Ltd. 5.50% 11AUG26	5,101,000	5,015,900	0.67
1,000,000	Coastal GasLink Pipeline LP 4.418% 30SEP37	999,970	1,003,140	0.13
2,500,000	Coastal GasLink Pipeline LP 4.868% 30JUN45	2,499,925	2,493,450	0.33
2,000,000	Cogeco Communications Inc. 2.991% 22SEP31	1,696,664	1,912,840	0.26
10,000,000	Credit Agricole SA 4.186% 15OCT35	10,029,000	10,003,500	1.34
6,780,000	Crombie Real Estate Investment Trust 3.133% 12AUG31	6,556,822	6,488,121	0.87
1,000,000	Crombie Real Estate Investment Trust 3.211% 09OCT30	1,001,885	974,620	0.13
22,295,000	Crombie Real Estate Investment Trust 3.677% 26AUG26	22,416,434	22,298,121	2.99
4,000,000	Crombie Real Estate Investment Trust 4.732% 15JAN32	3,999,160	4,101,320	0.55
6,300,000	Crombie Real Estate Investment Trust 5.139% 29MAR30	6,316,042	6,565,104	0.88
2,000,000	Crombie Real Estate Investment Trust 5.244% 28SEP29	2,001,405	2,084,220	0.28
1,900,000	CT Real Estate Investment Trust 4.357% 05DEC31	1,900,000	1,922,857	0.26
10,000,000	Dream Industrial Real Estate Investment Trust 2.539% 07DEC26	9,950,600	9,985,800	1.34
21,551,000	Dream Summit Industrial LP 2.25% 12JAN27	21,391,742	21,472,123	2.88
10,500,000	Dream Summit Industrial LP 3.466325% 04MAR28	10,557,930	10,548,300	1.41
700,000	Enbridge Inc. 3.10% 21SEP33	567,364	664,020	0.09
29,000,000	Enbridge Inc. 3.158506% 25FEB28	29,042,350	29,056,260	3.89
5,000,000	Enbridge Inc. 3.55% 25FEB28	5,020,050	5,018,400	0.67

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
	Canadian fixed income (continued)			
5,000,000	Enbridge Inc. 3.90% 25FEB30	$ 5,047,200	$ 5,045,700	0.68
1,000,000	Enbridge Inc. 4.90% 26MAY28	999,870	1,026,830	0.14
7,000,000	Enbridge Inc. 5.70% 09NOV27	7,245,210	7,215,250	0.97
2,000,000	Enbridge Inc. 6.05% 12FEB29	2,117,100	2,116,560	0.28
4,700,000	Equinix Canada Financing Ltd. 4% 15NOV32	4,644,493	4,647,219	0.62
11,250,000	Equitable Bank 3.185% 03AUG27	11,250,000	11,258,100	1.51
1,500,000	Equitable Bank 3.87% 12APR29	1,499,685	1,502,055	0.20
5,000,000	Equitable Bank 3.92% 24SEP26	5,000,000	5,011,400	0.67
13,750,000	Equitable Bank 5.16% 11JAN27	14,041,875	13,900,425	1.86
4,450,000	Exchange Income Corp. 4.324% 13MAR31	4,420,295	4,465,664	0.60
3,350,000	Extendicare Inc. 4.345% 14APR31	3,350,000	3,386,113	0.45
10,975,000	Federation des Caisses Desjardins du Quebec 3.714% 16JUL31	10,975,000	10,982,134	1.47
10,750,000	Federation des Caisses Desjardins du Quebec 4.264% 24JAN35	10,750,000	10,913,078	1.46
17,500,000	Federation des Caisses Desjardins du Quebec 4.407% 19MAY27	17,717,800	17,722,600	2.38
4,500,000	Federation des Caisses Desjardins du Quebec 5.035% 23AUG32	4,524,267	4,590,450	0.62
8,000,000	Federation des Caisses Desjardins du Quebec 5.279% 15MAY34	8,000,000	8,348,560	1.12
2,500,000	First Capital Real Estate Investment Trust 4.461% 15FEB34	2,499,550	2,510,950	0.34
3,000,000	First Capital Real Estate Investment Trust 4.832% 13JUN33	3,000,000	3,094,530	0.41
2,497,000	Ford Credit Canada Co. 4.398% 09APR29	2,497,000	2,513,580	0.34
9,000,000	Ford Credit Canada Co. 4.613% 13SEP27	9,029,000	9,105,300	1.22
1,000,000	Ford Credit Canada Co. 4.819% 11SEP28	1,000,000	1,018,370	0.14
2,497,000	Ford Credit Canada Co. 4.916% 09JAN31	2,497,000	2,537,576	0.34
4,500,000	Ford Credit Canada Co. 5.242% 23MAY28	4,620,180	4,609,035	0.62
4,500,000	Ford Credit Canada Co. 5.441% 09FEB29	4,580,185	4,647,150	0.62
5,562,000	Ford Credit Canada Co. 5.581% 22FEB27	5,655,533	5,643,428	0.76
8,500,000	Ford Credit Canada Co. 6.326% 10NOV26	8,704,375	8,593,330	1.15
3,300,000	Fortis Inc. 4.09% 26MAR32	3,300,000	3,340,161	0.45
3,000,000	Fortis Inc. 4.171% 09SEP31	3,000,000	3,062,550	0.41
11,500,000	General Motors Financial of Canada Ltd. 3.15% 08FEB27	11,528,405	11,514,030	1.54
3,500,000	General Motors Financial of Canada Ltd. 4.45% 25FEB30	3,577,245	3,583,790	0.48
1,516,000	George Weston Ltd. 6.69% 01MAR33	1,707,259	1,696,480	0.23
1,142,000	George Weston Ltd. 7.10% 05FEB32	1,301,149	1,289,524	0.17
1,500,000	Gibson Energy Inc. 2.85% 14JUL27	1,361,985	1,495,875	0.20
5,000,000	Gibson Energy Inc. 3.60% 17SEP29	4,823,956	5,001,350	0.67
7,000,000	Gibson Energy Inc. 4.45% 12NOV31	7,118,972	7,148,890	0.96
5,000,000	Gibson Energy Inc. 4.45% 20AUG32	5,062,548	5,081,750	0.68
400,000	Gibson Energy Inc. 5.25% 22DEC80	400,000	405,448	0.05
6,750,000	Gildan Activewear Inc. 3.582374% 13MAR28	6,750,000	6,785,438	0.91
14,000,000	Granite REIT Holdings LP 3.053471% 11DEC26	14,009,700	14,007,420	1.88

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)
As at June 30, 2026 (Unaudited)

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
	Canadian fixed income (continued)			
4,500,000	Honda Canada Finance Inc. 3.096532% 04JUN27	$ 4,500,000	$ 4,507,830	0.60
2,450,000	Honda Canada Finance Inc. 3.547% 25FEB31	2,450,000	2,424,912	0.33
1,900,000	Hyundai Capital Canada Inc. 3.722% 14MAY29	1,900,000	1,911,457	0.26
3,000,000	Hyundai Capital Canada Inc. 4.489% 26JUL27	3,000,000	3,044,970	0.41
6,300,000	iA Financial Corporation Inc. 4.158% 26MAY36	6,304,437	6,355,377	0.85
1,500,000	Inter Pipeline Ltd. 6.59% 09FEB34	1,499,415	1,701,405	0.23
1,400,000	Keyera Corp. 3.942% 15JUL31	1,399,958	1,403,514	0.19
2,150,000	Keyera Corp. 4.204% 15APR33	2,151,373	2,155,719	0.29
6,000,000	Keyera Corp. 6.875% 13JUN79	6,375,000	6,380,400	0.86
5,000,000	Manulife Bank of Canada 2.966095% 21AUG28	5,000,000	5,004,850	0.67
5,700,000	Manulife Bank of Canada 2.996204% 27AUG27	5,700,000	5,713,110	0.77
1,500,000	Manulife Bank of Canada 3.689% 19AUG30	1,500,000	1,505,010	0.20
5,850,000	Manulife Bank of Canada 3.951% 20MAY31	5,850,000	5,910,957	0.79
3,500,000	Manulife Financial Corp. 3.983% 23MAY35	3,500,000	3,526,390	0.47
3,500,000	Manulife Financial Corp. 4.064% 06DEC34	3,500,000	3,540,460	0.47
1,000,000	Manulife Financial Corp. 7.117% 19JUN82	1,000,000	1,028,550	0.14
2,500,000	Mercedes-Benz Finance Canada Inc. 3.50% 22JUN29	2,497,100	2,498,900	0.33
2,500,000	Mercedes-Benz Finance Canada Inc. 3.75% 23JUN31	2,494,575	2,499,025	0.33
10,000,000	Mondelez International Inc. 4.625% 03JUL31	10,345,100	10,366,300	1.39
2,400,000	Morguard Corp. 4.307% 18JUN29	2,400,000	2,413,344	0.32
4,000,000	National Bank of Canada 3.308% 15AUG28	3,999,720	4,007,080	0.54
5,000,000	National Bank of Canada 3.522% 17JUL29	5,000,000	5,018,050	0.67
2,475,000	National Bank of Canada 3.542% 13JAN31	2,475,000	2,472,055	0.33
4,000,000	National Bank of Canada 3.637% 07OCT27	4,024,480	4,009,160	0.54
4,850,000	National Bank of Canada 3.682% 23JUN31	4,850,000	4,857,275	0.65
8,225,000	National Bank of Canada 4.333% 15AUG35	8,425,685	8,360,959	1.12
4,000,000	National Bank of Canada 5.426% 16AUG32	3,945,965	4,097,720	0.55
1,900,000	National Bank of Canada 6.067% 16AUG86	1,900,000	1,913,851	0.26
246,000	NOVA Gas Transmission Ltd. 6.30% 27MAY30	316,110	264,580	0.04
2,500,000	Noverco Inc. 4.568% 28JAN35	2,500,000	2,554,625	0.34
7,400,000	Oxford Properties Group Trust 3.938% 20APR31	7,412,450	7,445,658	1.00
2,500,000	Oxford Properties Group Trust 4.386% 04JUN32	2,500,000	2,555,450	0.34
14,296,000	Pembina Pipeline Corp. 3.71% 11AUG26	14,319,739	14,307,723	1.92
3,100,000	Pembina Pipeline Corp. 4.24% 15JUN27	3,004,971	3,125,544	0.42
5,000,000	Pembina Pipeline Corp. 5.02% 12JAN32	5,176,200	5,258,350	0.70
4,000,000	Pembina Pipeline Corp. 5.22% 28JUN33	3,998,280	4,254,080	0.57
500,000	Primaris Real Estate Investment Trust 4.727% 30MAR27	467,926	505,335	0.07
3,000,000	Primaris Real Estate Investment Trust 4.998% 15MAR30	2,999,790	3,118,650	0.42
1,000,000	Primaris Real Estate Investment Trust 6.374% 30JUN29	999,880	1,073,360	0.14
3,500,000	Prologis LP 3.60% 15FEB32	3,489,570	3,437,945	0.46
4,850,000	Prologis LP 4.25% 15MAY34	4,823,083	4,853,880	0.65
5,000,000	Reliance LP 2.67% 01AUG28	4,551,447	4,924,250	0.66
2,500,000	Reliance LP 2.68% 01DEC27	2,280,383	2,481,325	0.33
2,400,000	Reliance LP 4.149% 18APR33	2,399,880	2,388,000	0.32
9,500,000	Reliance LP 4.39% 16APR32	9,586,375	9,659,220	1.29
12,021,000	RioCan Real Estate Investment Trust 2.361% 10MAR27	11,947,912	11,970,271	1.60

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)
As at June 30, 2026 (Unaudited)

Number of shares/units/par value	Investments owned (continued)		Average cost		Fair value	% of net asset value
	Canadian fixed income (continued)					
11,000,000	RioCan Real Estate Investment Trust 3.116095% 01MAR27	$	11,007,250	$	11,012,430	1.48
2,000,000	RioCan Real Estate Investment Trust 4.004% 01MAR28		2,000,000		2,019,680	0.27
2,500,000	RioCan Real Estate Investment Trust 4.417% 01OCT32		2,500,000		2,513,550	0.34
159,000	Rogers Communications Inc. 3.25% 01MAY29		154,162		158,030	0.02
23,967,000	Rogers Communications Inc. 3.65% 31MAR27		23,606,606		24,052,562	3.22
2,901,000	Rogers Communications Inc. 3.80% 01MAR27		2,910,515		2,911,037	0.39
18,880,000	Rogers Communications Inc. 5% 17DEC81		18,920,394		18,991,014	2.55
11,750,000	Rogers Communications Inc. 5.65% 21SEP26		11,928,353		11,820,383	1.58
19,800,000	Royal Bank of Canada 2.94% 03MAY32		19,751,382		19,776,042	2.65
5,000,000	Royal Bank of Canada 3.572% 09DEC31		5,000,000		4,986,350	0.67
3,500,000	Royal Bank of Canada 3.985% 22JUL31		3,500,000		3,548,895	0.48
7,300,000	Royal Bank of Canada 4.14% 05MAY36		7,299,927		7,349,202	0.99
4,500,000	Royal Bank of Canada 4.279% 04FEB35		4,499,955		4,575,060	0.61
5,000,000	Royal Bank of Canada 4.371% 01MAY37		5,000,000		5,047,550	0.68
1,500,000	Royal Bank of Canada 6.698%		1,500,000		1,586,430	0.21
1,300,000	Royal Bank of Canada 7.408%		1,300,000		1,396,369	0.19
11,780,000	Sienna Senior Living Inc. 2.82% 31MAR27		11,755,081		11,758,443	1.58
10,000,000	Sienna Senior Living Inc. 3.524% 18DEC28		10,029,800		9,997,700	1.34
4,000,000	Sienna Senior Living Inc. 4.112% 21AUG30		4,000,000		4,033,480	0.54
4,500,000	Sienna Senior Living Inc. 4.436% 17OCT29		4,509,266		4,593,870	0.62
3,500,000	SmartCentres Real Estate Investment Trust 3.599% 12JUN29		3,499,895		3,480,715	0.47
2,500,000	SmartCentres Real Estate Investment Trust 4.318% 12JUN32		2,499,900		2,494,875	0.33
3,000,000	SmartCentres Real Estate Investment Trust 5.162% 01AUG30		3,000,054		3,124,320	0.42
5,000,000	Sobeys Inc. 3.10% 30OCT28		5,000,000		4,969,000	0.67
5,000,000	South Bow Canadian Infrastructure Holdings Ltd. 4.323% 01FEB30		5,082,650		5,096,900	0.68
3,000,000	Stella-Jones Inc. 4.312% 01OCT31		3,019,950		3,046,200	0.41
5,000,000	Sun Life Financial Inc. 4.21% 22JUN38		4,999,650		5,010,200	0.67
1,000,000	Suncor Energy Inc. 5.40% 17NOV26		1,026,284		1,009,650	0.14
1,125,000	TELUS Corp. 2.75% 08JUL26		1,056,161		1,125,135	0.15
1,500,000	TELUS Corp. 4.65% 13AUG31		1,498,665		1,552,005	0.21
7,300,000	TELUS Corp. 4.95% 18FEB31		7,436,391		7,645,655	1.02
9,500,000	TELUS Corp. 5% 13SEP29		9,893,120		9,893,585	1.33
3,000,000	TELUS Corp. 5.25% 15NOV32		2,922,000		3,186,540	0.43
3,500,000	TELUS Corp. 6.25% 21JUL55		3,528,080		3,627,680	0.49
12,500,000	The Bank of Nova Scotia 2.95% 08MAR27		12,495,625		12,503,625	1.68
12,400,000	The Bank of Nova Scotia 2.9965% 10MAR29		12,400,000		12,397,272	1.66
7,350,000	The Bank of Nova Scotia 3.575% 01MAY30		7,350,000		7,367,861	0.99
3,250,000	The Bank of Nova Scotia 3.616% 30JAN32		3,250,000		3,240,510	0.43
5,000,000	The Bank of Nova Scotia 3.807% 15NOV28		5,053,650		5,038,650	0.68
38,500,000	The Bank of Nova Scotia 3.934% 03MAY32		38,472,230		38,762,955	5.20
12,350,000	The Bank of Nova Scotia 4.085% 01MAY34		12,350,000		12,426,817	1.67

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)
As at June 30, 2026 (Unaudited)

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
	Canadian fixed income (continued)			
5,800,000	The Bank of Nova Scotia 7.023% 27JUL82	$ 5,962,500	$ 5,977,770	0.80
7,000,000	The Bell Telephone Co. of Canada or Bell Canada 5.85% 10NOV32	7,662,830	7,656,600	1.03
3,850,000	The Empire Life Insurance Co. 4.221% 26MAY36	3,850,000	3,891,811	0.52
17,000,000	The Empire Life Insurance Co. 5.503% 13JAN33	17,595,530	17,537,030	2.35
5,000,000	The Toronto-Dominion Bank 3.06% 26JAN32	4,998,700	5,002,300	0.67
20,900,000	The Toronto-Dominion Bank 3.60% 31OCT81	20,838,799	20,695,807	2.77
10,800,000	The Toronto-Dominion Bank 3.842% 29MAY31	10,812,837	10,892,880	1.46
5,000,000	The Toronto-Dominion Bank 4.002% 31OCT30	5,000,000	5,071,050	0.68
3,350,000	The Toronto-Dominion Bank 4.208% 16JUN36	3,349,766	3,380,653	0.45
3,250,000	The Toronto-Dominion Bank 5.918% 31JUL86	3,250,000	3,267,030	0.44
5,000,000	The Toronto-Dominion Bank 7.283% 31OCT82	5,222,500	5,205,600	0.70
5,000,000	Tourmaline Oil Corp. 3.934% 16MAR31	5,017,000	5,040,050	0.68
3,300,000	Tourmaline Oil Corp. 4.856% 30MAY27	3,354,087	3,354,582	0.45
12,000,000	Toyota Credit Canada Inc. 2.9863% 20NOV28	12,000,000	12,012,000	1.61
2,000,000	TransAlta Corp. 5.625% 24MAR32	1,999,692	2,061,380	0.28
7,500,000	TransAlta Corp. 7.30% 22OCT29	8,165,000	8,139,375	1.09
3,350,000	TransCanada PipeLines Ltd. 4.609% 24JUN36	3,350,000	3,380,753	0.45
5,000,000	TransCanada PipeLines Ltd. 5.33% 12MAY32	5,381,650	5,348,100	0.72
500,000	TransCanada PipeLines Ltd. 5.357% 24JUN56	500,000	508,185	0.07
4,700,000	TransCanada PipeLines Ltd. 5.65% 20JUN29	5,063,592	4,967,477	0.67
688,000	TransCanada PipeLines Ltd. 6.89% 07AUG28	754,440	732,933	0.10
7,495,000	TransCanada PipeLines Ltd. 7.31% 15JAN27	7,750,205	7,661,839	1.03
9,900,000	TransCanada Trust 4.65% 18MAY77	9,706,385	9,974,448	1.34
10,800,000	Transcontinental Inc. 2.28% 13JUL26	10,788,669	10,799,244	1.45
4,000,000	TriSummit Utilities Inc. 3.71% 14FEB31	3,999,600	3,982,880	0.53
2,000,000	TriSummit Utilities Inc. 4.40% 14NOV35	1,999,040	1,995,680	0.27
1,000,000	TriSummit Utilities Inc. 4.48% 24APR32	999,580	1,022,610	0.14
2,700,000	Ventas Canada Finance Ltd. 5.10% 05MAR29	2,697,759	2,803,302	0.38
500,000	Videotron Ltd. 3.125% 15JAN31	502,813	486,050	0.07
3,000,000	Videotron Ltd. 3.625% 15JUN28	2,918,271	3,000,240	0.40
12,000,000	Videotron Ltd. 3.95% 15OCT32	11,876,670	11,888,160	1.59
30,369,000	Videotron Ltd. 4.50% 15JAN30	30,677,420	30,683,015	4.11
15,000,000	Videotron Ltd. 4.65% 15JUL29	15,238,206	15,472,050	2.07
577,000	Vital Infrastructure Property Trust 6.25% 31AUG27	571,487	586,988	0.08
10,000,000	VW Credit Canada Inc. 3.265882% 20NOV28	10,000,000	10,038,500	1.35
5,000,000	VW Credit Canada Inc. 3.365776% 19FEB27	5,000,000	5,016,650	0.67
2,500,000	VW Credit Canada Inc. 3.81% 19NOV30	2,499,200	2,498,700	0.33
20,000,000	Wells Fargo & Co. 5.083% 26APR28	20,493,500	20,329,600	2.72
5,000,000	Wolf Midstream Canada LP 5.95% 18JUL33	5,126,250	5,119,600	0.69
2,000,000	Wolf Midstream Canada LP 6.40% 18JUL29	2,052,500	2,070,180	0.28
2,500,000	WSP Global Inc. 4.003% 22JAN32	2,500,000	2,498,925	0.33
2,475,000	WSP Global Inc. 4.586% 22JAN36	2,475,000	2,476,955	0.33
		1,513,542,414	1,521,171,407	203.92

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)
As at June 30, 2026 (Unaudited)

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
	Canadian money market			
7,500,000	Enbridge Inc. CP 06JUL2026	$ 7,496,619	$ 7,496,619	1.00
4,000,000	Enbridge Inc. CP 27JUL2026	3,991,886	3,991,886	0.54
7,500,000	Enbridge Inc. CP 28JUL2026	7,484,250	7,484,250	1.00
7,500,000	Enbridge Inc. CP 05AUG2026	7,479,786	7,479,786	1.00
7,500,000	Enbridge Inc. CP 30JUL2026	7,483,125	7,483,125	1.00
9,000,000	Nova Scotia Power Inc. CP 03JUL2026	8,997,997	8,997,997	1.21
2,000,000	Nova Scotia Power Inc. CP 15JUL2026	1,997,774	1,997,774	0.27
7,500,000	Nova Scotia Power Inc. CP 29JUL2026	7,483,863	7,483,863	1.00
3,000,000	Nova Scotia Power Inc.. CP 16JUL2026	2,996,439	2,996,439	0.40
		55,411,739	55,411,739	7.42
	Canadian preferred shares			
10,000	Enbridge Inc. Preferred Shares 4.376%	156,200	234,900	0.03
8,500	Enbridge Inc. Preferred Shares 4.40%	117,283	202,130	0.03
10,000	Power Financial Corp. Preferred Shares 4.50%	250,000	205,700	0.03
		523,483	642,730	0.09
	U.S. fixed income			
5,000,000	Bank of Montreal 4.439% 14JAN32	6,804,918	6,979,627	0.94
1,000,000	Bank of Montreal 5.298% 02JUN37	1,380,000	1,422,602	0.19
3,000,000	Enbridge Inc. 5.50% 15JUL77	4,209,300	4,263,844	0.57
1,000,000	Gildan Activewear Inc. 4.70% 07OCT30	1,383,445	1,394,178	0.19
5,000,000	Morgan Stanley 2.239% 21JUL32	6,138,728	6,231,805	0.84
2,000,000	Morgan Stanley 4.133% 18OCT29	2,809,600	2,802,334	0.38
2,000,000	Morgan Stanley 4.238% 09JAN30	2,779,800	2,803,811	0.38
2,000,000	Morgan Stanley 4.356% 22OCT31	2,809,600	2,778,867	0.37
3,000,000	Morgan Stanley 5.449% 20JUL29	4,094,892	4,318,732	0.58
1,000,000	Morgan Stanley Bank NA 4.952% 14JAN28	1,347,300	1,424,151	0.19
3,000,000	MSCI Inc. 4% 15NOV29	4,014,119	4,128,072	0.55
5,000,000	National Bank of Canada 4.928% 04JUN32	6,900,000	7,089,644	0.95
500,000	Oracle Corp. 4.95% 04FEB31	682,914	695,811	0.09
1,000,000	Orange SA 4% 13JAN29	1,378,521	1,402,119	0.19
250,000	Orange SA 4.25% 13JAN31	342,506	346,492	0.05
1,000,000	Performance Food Group Inc. 4.25% 01AUG29	1,245,650	1,378,695	0.18
3,000,000	South Bow USA Infrastructure Holdings LLC 5.026% 01OCT29	4,208,136	4,276,671	0.57
3,000,000	South Bow USA Infrastructure Holdings LLC 5.584% 01OCT34	4,121,835	4,246,286	0.57

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)
As at June 30, 2026 (Unaudited)

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
	U.S. fixed income (continued)			
2,000,000	The Bank of Nova Scotia 4.904% 05JUN32	$ 2,774,621	$ 2,834,352	0.38
2,000,000	The Goldman Sachs Group Inc. 4.148% 21JAN29	2,779,800	2,817,107	0.38
500,000	The Goldman Sachs Group Inc. 4.516% 21JAN32	694,950	696,926	0.09
1,900,000	United States Treasury Note/Bond 4.125% 31MAY31	2,693,807	2,689,558	0.36
		65,594,442	67,021,684	8.99
	Total investments owned	1,636,063,448	1,645,297,560	220.56

Number of shares/units/par value	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
	Canadian fixed income			
(31,150,000)	Canadian Government Bond 0.50% 01DEC30	(27,827,671)	(27,983,603)	(3.75)
(9,745,000)	Canadian Government Bond 1.25% 01JUN30	(9,120,340)	(9,133,306)	(1.22)
(2,252,000)	Canadian Government Bond 1.25% 01MAR27	(2,229,030)	(2,234,479)	(0.30)
(25,610,000)	Canadian Government Bond 1.50% 01DEC31	(23,463,942)	(23,611,908)	(3.16)
(46,540,000)	Canadian Government Bond 1.50% 01JUN31	(43,066,824)	(43,302,212)	(5.80)
(15,976,000)	Canadian Government Bond 2% 01JUN28	(15,054,531)	(15,756,330)	(2.11)
(21,744,000)	Canadian Government Bond 2% 01JUN32	(20,392,186)	(20,443,056)	(2.74)
(42,145,000)	Canadian Government Bond 2.50% 01DEC32	(40,383,026)	(40,568,356)	(5.44)
(17,337,000)	Canadian Government Bond 2.75% 01JUN33	(16,729,354)	(16,884,158)	(2.26)
(17,322,000)	Canadian Government Bond 2.75% 01MAR30	(17,248,658)	(17,206,809)	(2.31)
(40,252,000)	Canadian Government Bond 2.75% 01MAR31	(39,547,100)	(39,785,077)	(5.33)
(80,911,000)	Canadian Government Bond 2.75% 01SEP27	(80,918,208)	(81,052,594)	(10.86)
(15,287,000)	Canadian Government Bond 2.75% 01SEP30	(15,196,565)	(15,143,914)	(2.03)
(5,201,000)	Canadian Government Bond 3.25% 01DEC33	(5,221,422)	(5,215,823)	(0.70)
(12,556,000)	Canadian Government Bond 3.25% 01DEC35	(12,345,388)	(12,456,305)	(1.67)
(2,215,000)	Canadian Government Bond 3.25% 01JUN35	(2,177,117)	(2,205,099)	(0.30)
(10,235,000)	Canadian Government Bond 3.25% 01JUN36	(10,013,979)	(10,121,494)	(1.36)
(55,000,000)	Canadian Government Bond 3.25% 01NOV26	(55,177,700)	(55,170,500)	(7.39)
(22,408,000)	Canadian Government Bond 3.25% 01SEP28	(22,781,479)	(22,623,789)	(3.03)
(7,730,000)	Canadian Government Bond 3.50% 01DEC57	(7,192,835)	(7,333,760)	(0.98)
(17,951,000)	Canadian Government Bond 3.50% 01MAR28	(18,178,619)	(18,176,285)	(2.44)
(54,651,000)	Canadian Government Bond 3.50% 01SEP29	(55,995,371)	(55,629,253)	(7.46)
(9,820,000)	Canadian Government Bond 4% 01AUG26	(9,982,363)	(9,834,828)	(1.32)
(32,424,000)	Canadian Government Bond 4% 01MAR29	(33,375,440)	(33,374,023)	(4.47)
		(583,619,148)	(585,246,961)	(78.43)

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)
As at June 30, 2026 (Unaudited)

Number of shares/units/par value	Investments sold short (continued)	Proceeds on short sale	Fair value	% of net asset value
	U.S. fixed income			
(5,000,000)	United States Treasury Note/Bond 3.875% 30APR31	$ (6,816,715)	$ (7,001,502)	(0.94)
(2,500,000)	United States Treasury Note/Bond 4.125% 15FEB36	(3,371,532)	(3,466,091)	(0.46)
		(10,188,247)	(10,467,593)	(1.40)
	Total investments sold short	(593,807,395)	(595,714,554)	(79.83)
	Commissions and other portfolio transaction costs	(2,921)	–	–
	Net investments owned	**$ 1,042,253,132**	1,049,583,006	140.73
	Unrealized loss, foreign exchange forward contracts (Schedule 1)		(3,338,913)	(0.45)
	Unrealized gain, futures contracts (Schedule 2)		2,179,062	0.29
	Other liabilities, net		(302,345,291)	(40.57)
	Net Assets Attributable to Holders of Redeemable Units		**$ 746,077,864**	**100.00**

Schedule 1 - Foreign Exchange Forward Contracts

Settlement Date	Currency Sold	Currency Bought	Forward Rates	Contract Price	Fair Value	Unrealized Gain (Loss)
July 31, 2026	USD	CAD	1.418728	$ (72,577,159)	$ (76,111,355)	$ (3,534,196)
July 31, 2026	CAD	USD	1.418728	3,466,958	3,551,578	84,620
July 31, 2026	CAD	USD	1.418728	8,363,046	8,473,709	110,663
Derivative liability						(3,338,913)
Total unrealized loss on foreign exchange forward contracts						$ (3,338,913)

Schedule 2 - Futures contracts

Futures contracts	Settlement Date	Position	Number of Contracts	Contract Price	Notional Amount	Unrealized Gain (Loss)
CAN 2YR BOND FUT	September 2026	Long	2,444	$ 105.31	$ 256,827,740	$ 549,900
CAN 5YR BOND FUT	September 2026	Long	1,950	113.10	220,545,000	1,656,960
US 2YR NOTE (CBT)	September 2026	Long	400	103.07	82,453,125	39,898
US 5YR NOTE (CBT)	September 2026	Long	150	107.05	16,057,031	129,843
US 10YR NOTE (CBT)	September 2026	Short	(100)	109.89	(10,989,063)	(197,539)
Total unrealized gain on futures contracts						$ 2,179,062

Algonquin Fixed Income 2.0 Fund (the "Fund") is an alternative mutual fund trust formed and organized under the laws of the Province of Ontario pursuant to a master declaration of trust dated August 20, 2019, as may be amended from time to time (the "Declaration of Trust"). The Fund commenced active operations on December 9, 2019. The Fund's registered office is located at 161 Bay Street, Suite 1230, Toronto, Ontario, M5J 2S1.

Algonquin Capital Corporation acts as the trustee (the "Trustee") of the Fund. The Trustee is a corporation formed and organized under the laws of the Province of Ontario. The Trustee also acts as the manager and the portfolio manager (the "Manager") of the Fund. The Manager is responsible for the management of the Fund. TD Securities Inc. ("TDSI") acts as the prime broker and custodian (“Prime Broker”) for the Fund.

The investment objective of the Fund is to generate positive total returns over the long term and to preserve capital. The Manager will seek to achieve the Fund's investment objective by investing primarily in debt and income producing instruments of governments, corporations and financial institutions in the developed world as well as derivative contracts for investment or hedging purposes. The Fund may also invest in convertible debt securities, fixed-income securities of government agencies or of supranational agencies, floating rate securities, trusts, corporate bonds and loans, exchange-traded funds ("ETFs"), limited partnerships, and preferred shares. The Fund manages its long and short positions to reduce the impact of market volatility on the Fund's investment portfolio. The Fund may engage in securities lending, repurchase and reverse repurchase transactions to earn additional income for the Fund. The Fund may also seek exposure that is similar to direct investment in fixed income securities by using credit and interest rate derivatives.

The Fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 ("NI 81-102"), which are designed, in part, to ensure that the investments of mutual funds are diversified and relatively liquid and to ensure the proper administration of mutual funds. The Manager intends to manage the Fund in accordance with these restrictions and practices or to obtain relief from the securities regulatory authorities before implementing any variations. The following provides a description of the exemptions that the Fund has obtained from the provisions of NI 81-102, and/or a description of the general investment activity.

Alternative Fund Investment Relief:

In order to permit the Fund to engage in the short selling of "government securities" (as that term is defined in NI 81-102) up to a maximum of 300% of the Fund's Net Asset Value ("NAV"), the Fund has obtained exemptive relief from securities regulators from the following provisions of NI 81-102:

i. Subparagraph 2.6.1 (1)(c)(v), which restricts the Fund from selling a security short if, at that time, the aggregate market value of the securities sold short by the Fund exceeds 50% of the Fund's NAV; and

ii. Section 2.6.2, which states that the Fund may not borrow cash or sell securities short if, immediately after entering into a cash borrowing or short selling transaction, the aggregate market value of cash borrowing combined with the aggregate market value of the securities sold short by the Fund would exceed 50% of its NAV.

1. Basis of presentation:

(a) Statement of compliance:

These interim financial statements have been prepared in compliance with IFRS Accounting Standards and International Accounting Standard 34, Interim Financial Reporting (together “IFRS Accounting Standards”). These interim financial statements were approved for issuance by the Trustee on August 25, 2026.

(b) Basis of measurement:

These interim financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL") which are presented at fair value.

1. Basis of presentation (continued):

(c) Functional currency and foreign currency translation:

The functional and presentation currency of the Fund is the Canadian dollar. Investment transactions and income and expenses in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the time of the transactions. Purchases and sales of foreign securities denominated in foreign currencies and the related income, as well as any other monetary assets and liabilities are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

The fair value of investments quoted in foreign currencies has been translated into Canadian dollars at the rates of exchange prevailing at the end of the period. Foreign exchange gains and losses on the sale of investments are included in net realized gain on sale of investments, including foreign exchange adjustments in the statements of comprehensive income. Unrealized foreign exchange gains on assets held by the Fund and the Fund’s liabilities are included in the net change in unrealized depreciation in value of investments in the statements of comprehensive income.

2. Material accounting policy information:

The following summarizes the material accounting policies of the Fund:

(a) Financial instruments:

(i) Classification:

The Fund classifies its investments as financial assets and financial liabilities at FVTPL.

The Fund's investments are managed, and performance evaluated on a fair value basis and 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 Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

All other financial assets and financial liabilities, excluding redeemable units, are measured at amortized cost, and are classified as measured at amortized cost. Redeemable units are measured at the redemption amount and are considered a residual.

2. Material accounting policy information (continued):

(ii) Recognition and initial measurement:

Financial assets or liabilities at FVTPL are initially recognized on the trade date, which is the date the Fund becomes a party to the contractual provisions of the instrument. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the statements of comprehensive income.

Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially measured at fair value, with transaction costs recognized in the statements of comprehensive income. Financial assets and financial liabilities not at FVTPL are initially measured at fair value plus transaction costs that are directly attributable to their acquisition or issue.

The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with unitholders.

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire; or the Fund transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities only when the Fund's obligations are discharged, cancelled or expire.

(iii) Valuation of investments:

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 in the principal market or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of credit default swaps is determined by market prices available from independent valuation services (e.g. Bloomberg, CanDeal), and the fair value of the foreign currency forward contracts is determined using quoted forward exchange rates at the reporting date as obtained from an independent source. Futures contracts are valued based on the difference between the contract price at the trade date and the settlement price on the valuation date.

2. Material accounting policy information (continued):

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) is based on quoted market prices. The Fund uses either the last traded market price or evaluated prices from independent valuation services for both financial assets and financial liabilities where these prices fall within that day's bid-ask spread. In circumstances where the last traded or evaluated 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 of that financial asset or financial liability.

The fair value of the foreign currency forward contracts is determined using quoted forward exchange rates at the reporting date as obtained from an independent source.

(b) Cost of investments:

The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and other portfolio transaction costs.

(c) Transaction costs:

Commissions and other transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of an investment, which include fees and commissions paid to agents, advisors, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Commissions and other portfolio transaction costs are included as expenses in the statements of comprehensive income.

(d) Other financial assets and liabilities:

Subscriptions receivable, due from broker and interest and dividends receivable and are classified as and measured at amortized cost. Due to broker, accounts payable and accrued liabilities, interest and borrowing fees payable on investments sold short, management fees payable, redemptions payable and distributions payable are classified and measured at amortized cost. Financial liabilities are generally settled within 12 months of issuance. Other assets and liabilities are short-term in nature and are carried at amortized cost which approximates fair value.

2. Material accounting policy information (continued):

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

The net assets attributable to holders of redeemable units of a particular series of units is computed by calculating the value of that series' proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged directly to that series. Income, realized and unrealized gains and losses from investments and other expenses are allocated proportionately to each series based upon the relative net assets attributable to holders of redeemable units of each series.

For each Fund unit sold, the Fund receives an amount equal to the NAV per unit at the date of sale, which amount is included in net assets attributable to holders of redeemable units. Units are redeemable at the option of unitholders at their NAV on the redemption date. For each unit redeemed, NAV attributable to holders of redeemable units is reduced by the NAV of the unit at the date of redemption.

The redeemable units are measured at the current value of the Fund's net assets and are considered a residual amount of the net assets attributable to holders of redeemable units.

The redeemable units are classified as financial liabilities as a result of the current series of units that have been issued and each series not having identical features.

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

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

Increase in net assets attributable to holders of redeemable units per series per unit is based on the increase in net assets attributable to holders of redeemable units attributed to each series of units, divided by the weighted average number of units outstanding of that series during the period.

(g) Investment transactions and revenue recognition:

The interest income for distribution purposes shown on the statements of comprehensive income represents the coupon interest received by the Fund and accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero-coupon bonds which are amortized on a straight-line basis.

2. Material accounting policy information (continued):

Realized gain (loss) on sale of investments, including foreign exchange adjustments and unrealized appreciation (depreciation) in value of investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities except for zero-coupon bonds.

(h) Income taxes:

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the "Tax Act") and, accordingly, is not subject to tax on its net taxable income for the tax year which ends in December which is paid or payable to its unitholders as at the end of the tax year. However, such part of the Fund's net income that is not so paid or payable, is subject to income tax. Income tax on net income not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur. It is the intention of the Fund to distribute all of its income so that the Fund will not be subject to income tax.

The Fund is subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes.

As at December 31, 2025 and 2024, the Fund has no capital loss carry-forward and no non-capital loss carry-forward balances.

(i) Offsetting financial instruments:

Financial assets and financial liabilities may be offset and the net amount reported in the statements of financial position 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. In the normal course of business, the Fund may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

(j) Interest and borrowing fees:

The Fund takes both long and short positions and incurs both interest expense and borrow fees which are calculated on an accrual basis. While the use of borrowed funds can substantially improve the return of invested capital, its use may also increase the adverse impact to which the investment portfolio of the Fund may be subjected by increasing the Fund’s exposure to capital risk and higher current expenses.

2. Material accounting policy information (continued):

(k) Subscriptions receivable and redemptions payable

Subscriptions receivable represent amounts receivable in respect of the Fund's units for which subscription requests were received and units were issued prior to the period end, but for which the consideration was not received by the Fund at the end of the period.

Redemptions payable represent amounts owing on the Fund's units for which redemption notices were received prior to end of the period, but which were not paid at the period end.

(l) Involvement with Unconsolidated Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Manager of the Fund has determined that its investments made in other investment funds and Exchange Traded Funds are considered to be unconsolidated structured entities.

(m) Classification of redeemable units issued by the Fund

IAS 32, Financial Instruments -Presentation requires that puttable instruments to be presented as a liability rather than the equity on the Fund's Statement of Financial Position, unless certain conditions are met. The Trust's redeemable units do not meet the criteria in IAS 32 for classification as equity due to multiple series with different rights and, therefore, have been classified as financial liabilities.

(n) Future accounting policy changes

Presentation and disclosure in financial statements (IFRS 18):

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statements of comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

2. Material accounting policy information (continued):

In addition, all entities are required to use the operating profit subtotal as the starting point for the statements of cash flows when presenting operating cash flows under the indirect method.

The Fund is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Fund's statements of comprehensive income, the statements of cash flows and the additional disclosures required for MPMs. The Fund is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

(o) Amendments to accounting standards effective in the current period

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7):

The IASB has issued amendments to IFRS 9 and IFRS 7 in May 2024. These amendments relate to classification of financial assets and accounting for settlement by electronic payments in the context of the classification and measurement requirements in IFRS 9. The potential impact may include, but is not limited to, a change in timing of recognition and derecognition of financial instruments in certain situations in which settlement of a financial instruments with another takes more than a day. Similarly, a change may be required for entities that derecognize both trade payable and cash on the payment initiation date even if the creditor has not yet received the cash. However, an accounting policy choice is available for derecognizing certain financial liabilities that are settled using an electronic payment system subject to certain criteria being met.

The amendments are effective from January 1, 2026. Management has assessed the new standard and determined that there is no impact on the Fund's financial statements.

3. Due to/from broker:

The Fund has a prime brokerage agreement with its broker to carry its account as a customer. The broker has custody of the Fund's securities and, from time to time, cash balances which may be due from/due to broker. Financial instruments and/or cash positions serve as collateral for any amounts due to a broker or as collateral for any securities sold, not yet purchased or securities purchased on margin. The securities and/or cash positions also serve as collateral for potential defaults of the Fund.

3. Due to/from broker (continued):

The Fund is subject to credit risk if a broker is unable to repay balances due or deliver securities in their custody. The Fund mitigates this risk by using only approved brokers, which are creditworthy financial institutions.

4. Critical accounting estimates and judgments:

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

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

(a) Valuation of investments:

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. In preparing the financial statements, the Fund has made the most significant accounting judgments and estimates in the determination of the fair value of these instruments.

(b) Classification and measurement of investments:

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. Related party transactions:

(a) Management fees:

The Manager receives management fees from the Fund, which accrue daily based on the percentage of the NAV of the series of units of the Fund and are payable on the last business day of each month. The monthly management fee for each series of units is equal to: (i) 1/12th of 1.45% of the aggregate NAV of Series A for Series A units; (ii) 1/12th of 0.50% of the aggregate NAV of Series F Founders for Series F Founders units; and (iii) 1/12th of 0.95% of the aggregate NAV of Series F for Series F units. The management fee for Series I and Series I (USD) units are negotiable with the unitholder and do not exceed 0.95% per annum and are payable by the unitholders directly to the Manager.

The Manager may agree to waive a portion of the management fee that it would otherwise be entitled to receive; an amount equal to the amount so waived is calculated and credited to the relevant unitholder on each business day and distributed on a monthly basis, first out of net income and net realized capital gains of the Fund and thereafter out of capital. All such distributions are automatically invested in additional units of the relevant series of the Fund.

During the six-months ended June 30, 2026, management fees paid to the Manager amounted to $3,821,291 (2025 - $2,480,607). As at June 30, 2026, management fees payable to the Manager amounted to $283,217 (December 31, 2025 - $311,075).

(b) Expenses:

The Fund is responsible for all costs incurred in connection with the organization and ongoing activities of the Fund, including but not limited to brokerage commissions and fees, fees associated with securities lending transactions and related transaction fees, taxes, audit and legal fees, fees in connection with the operation of the independent review committee, safekeeping and custodial fees, interest expenses, operating, administrative and system costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses, annual information forms and fund facts. Advertising costs and costs of dealer compensation programs are paid by the Manager. The Manager, in its sole discretion, may waive and/or reimburse a portion or all of the Fund's operating expenses.

During the six-months ended June 30, 2026, expenses reimbursed by the Manager amounted to $nil (2025 - $nil). As at June 30, 2026, expense reimbursement receivable from the Manager amounted to $nil (December 31, 2025 - $nil).

5. Related party transactions (continued):

(c) Related party unit holdings:

As at June 30, 2026, directors and key management personnel of the Manager, directly or indirectly held 9,151 Series I units in the Fund (December 31, 2025 – 9,002 Series I units) and 2,895 Series F units (December 31, 2025 – 2,597 Series F units).

6. Redeemable units of the Fund:

(a) Issuance of units:

The Fund is authorized to issue an unlimited number of series of units and may issue an unlimited number of units of each series. Each unit of a series represents an undivided ownership interest in the NAV of the Fund attributable to that series of units. Each unit of a series has equal rights to theother units of the same series with respect to all matters, including voting, receipt of distributions from the Fund, liquidation and other events in connection with the Fund, subject to the terms and conditions of the Declaration of Trust.

The following series of units are currently being offered by the Fund:

Series A units: Available to all investors.

Series F Founders: Available for purchase only until such time as the series reaches a net asset value of $50 million. Series F units will be available during this period to investors who are enrolled in a dealer-sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investors for whom the Manager does not incur distribution costs.

6. Redeemable units of the Fund (continued):

Series F units: Available to investors who are enrolled in a dealer-sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager incurs distribution costs.

Series I units: Available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Series I units will generally only be available for certain individual investors who make large investments in the Fund. The management fees for Series I units are paid directly by Series I unitholders, not by the Fund. Series I units are also available to certain of the Manager's employees and employees of affiliated entities and, at the Manager's discretion, to former employees and to relatives of current and former employees.

Series I (USD) units: Available on a case-by-case basis to institutional investors or to other investors who wish to have U.S. dollar currency exposure, all at the discretion of the Manager. Series I (USD) units will generally only be available for certain individual investors who make large investments in the Fund. Series I (USD) units are also available to a certain number of the Manager's employees and employees of affiliated entities and, at the Manager's discretion, to former employees and to relatives of current and former employees. The unit price for the Series I (USD) units is calculated and reported in U.S. dollars based on the exchange rate at the time that the NAV is calculated. In addition, the costs and gains/losses relating to derivatives used to hedge the currency exposure for Series I (USD) units will accrue solely to the Series I (USD) units and will be reflected in the unit price of the Series I (USD) units.

6. Redeemable units of the Fund (continued):

Units of any series of the Fund may be purchased on a daily basis on or before 4:00 p.m. (Eastern Time) on any business day. The appropriate documentation and payment for subscription must be provided to the Manager within two business days of receiving the purchase order. The unitholder may redesignate all or part of his investment from one series of units to another series of units of the Fund, as long as the unitholder is eligible to hold that series of units. The redesignation order must be received before 4:00 p.m. (Eastern Time) to be processed on the same date.

The unit activity for the six-months ended June 30, 2026 and 2025 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Transfers	Reinvestments of Units	Redeemable Units, end of period
June 30, 2026						
Series A	419,066	90,347	(52,065)	(3,526)	3,004	456,826
Series F	5,971,803	1,632,635	(884,574)	3,417	54,254	6,777,535
Series FF	183,770	–	(16,499)	–	1,854	169,125
Series I	9,002	–	–	–	149	9,151
June 30, 2025						
Series A	220,302	121,855	(35,141)	(2,645)	2,072	306,443
Series F	3,584,671	1,733,112	(592,988)	2,555	38,801	4,766,151
Series FF	197,377	–	(9,485)	–	1,922	189,814
Series I	8,469	–	–	–	133	8,602

(b) Redemption of units:

The redeemable units of the Fund can be redeemed on a daily basis on or before 4:00 p.m. (Eastern Time) on any business day (each, a "Redemption Date"). Any redemption order received after 4:00 p.m. on a Redemption Date is processed on the next Redemption Date. The latest the redemption proceeds will be paid to the unitholder will be two business days after the Redemption Date. Redemption proceeds are paid in the applicable currency in which the series of units is denominated.

6. Redeemable units of the Fund (continued):

Under exceptional circumstances the Manager may be unable to process redemption orders. This would most likely occur if market trading has been suspended on stock exchanges, options exchanges or futures exchanges on which more than 50% by value of the Fund's assets are listed and if the Fund`s portfolio securities cannot be traded on any other exchange that represents a reasonably practical alternative. During these periods, units will also not be issued or redesignated.

In order to protect the interest of the majority of unitholders of the Fund and to discourage inappropriate short-term trading in the Fund, investors may be subject to a short-term trading fee. If an investor redeems Series A, Series F Founders or Series F units of the Fund within 30 days of purchasing such units, the Fund may deduct and retain, for the benefit of the remaining unitholders of the Fund, 2% of the NAV of the units of the particular series of the Fund being redeemed.

(c) Distributions:

The Fund has a policy to make distributions quarterly at a rate determined from time to time by the Manager. These distributions are not guaranteed and may change at any time at the Manager's discretion. The Fund will also distribute, in respect of each taxation year, any net income in excess of the quarterly distributions at the end of each taxation year (normally December 31), or at such other times as may be determined by the Manager. The record date for a dividend or distribution is the valuation date prior to the payment date. A valuation day is any day the Toronto Stock Exchange ("TSX") is open for business (each, a "Valuation Date").

The Fund may make distributions in cash, units of the same series of the Fund or property in kind payable in proportions to be determined from time to time by the Manager. The unitholder may elect to receive cash payment by electronic transfer to their bank account; however, the Manager may, in respect of certain distributions, cause any such cash payments to be automatically reinvested in additional units of the same series of the Fund.

6. Redeemable units of the Fund (continued):

(d) Capital disclosure:

The capital of the Fund is represented by issued and redeemable units. The redeemable units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's NAV per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the statements of changes in net assets attributable to holders of redeemable units. In accordance with its investment objectives and strategies, and the risk management practices outlined in note 7, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

7. Financial instruments:

(a) Risk management:

The primary objective of the Fund is to generate positive total returns over the long term and to preserve capital. The Manager seeks to achieve this objective by investing primarily in debt and income producing instruments of governments, corporations and financial institutions in the developed world as well as derivative contracts for investment or hedging purposes.

With the objective of capital preservation in mind, the Manager employs a variety of risk management techniques and methodologies. Concentration limits have been established with maximum thresholds on non-investment grade debt, international securities and alternative debt instruments, as well as on portfolio leverage, short selling and exposure to a single issuer.

(b) Management of financial instrument risks:

In the normal course of business, the Fund may be exposed to a variety of financial risks: credit risk, liquidity risk, leverage risk and market risk (including interest rate risk, other price risk and currency risk). The value of investments within the Fund`s portfolio can fluctuate daily as a result of changes in interest rates, economic conditions, the market and company news related to specific securities held by the Fund. Significant risks that are relevant to the Fund are discussed below:

7. Financial instruments (continued):

(i) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. It arises principally from debt securities held, and also from balances due from brokers. The carrying amount of investments and other assets represents the maximum credit risk exposure as at the date of the Statements of Financial Position.

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

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

The following table is a summary of the Fund's debt instruments by credit rating, as at June 30, 2026 and December 31, 2025:

Debt instruments*	% of NAV	
by credit rating	June 30, 2026	December 31, 2025
AAA rated	1	–
AA rated	41	24
A rated	54	51
BBB rated	119	117
BB rated	8	7
B rated	–	–
Not rated	1	1

*Excludes due to/from broker.

Balances due from brokers represent margin accounts, cash collateral for borrowed securities and sales transactions awaiting settlement. Credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

7. Financial instruments (continued):

The Fund's cash is held with its prime brokers that were rated as follows as at June 30, 2026 and December 31, 2025:

Standard & Poor's Rating	TDSI	BMO
Short term	A-1+	A-1
Long term	AA-	A+

The Fund has provided the prime broker with a general lien over the financial assets held in custody as security for the custodian's exposures in relation to the provision of custody services to the Fund. The terms under which the general lien is provided are usual and customary for custody agreements.

(ii) Liquidity risk:

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

The Fund's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. To mitigate this risk, the Fund holds sufficient liquid funds to meet redemption requirements. The Fund will not permit redemptions (either in whole or in part) at any time the Manager is of the opinion in its sole discretion that there are insufficient liquid assets in the Fund to fund such redemptions or that the liquidation of assets would be to the detriment of the Fund generally.

All financial liabilities of the Fund are due within 12 months.

(iii) Market risk:

Market 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 factors affecting all securities traded in the market. A factor impacting all securities traded in a market would include geopolitical risk. In addition to exposure to foreign currency risk, interest rate risk, and pricing risk as discussed below, the Fund is exposed to other market risks.

(a) Interest rate risk:

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

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

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

The Fund actively manages interest rate exposure. As at June 30, 2026 and December 31, 2025, the Fund's exposure to debt instruments by maturity and the impact on net assets had the yield curve shifted higher in parallel by 25 basis points, with all other variables held constant ("sensitivity"), are as follows:

Debt Instruments* by Maturity Date	June 30, 2026	December 31, 2025
0 to 1 year	$ (615,073)	$ (610,697)
1 to 3 years	(2,021,006)	(2,449,849)
3 to 5 years	(1,992,272)	(4,598,671)
Greater than 5 years	(2,842,420)	(754,323)
Total	$ (7,470,771)	$ (8,413,540)

*Excludes due to/from broker.

In practice, actual trading results may differ from the above sensitivity analysis and the difference could be material.

(b) Other price risk:

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

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Fund’s investment objective and strategy. The Fund’s overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

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

As at June 30, 2026, the estimated impact of a 1 basis point increase in the credit spreads of instruments held by the Fund, with all other factors remaining constant, was a loss of $376,530 (December 31, 2025 - $314,458). Additionally, as at June 30, 2026, had the prices on the Canadian stock exchanges for equities and preferred shares held by the Fund increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately $169,273 (December 31, 2025 - $166,299). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(c) Currency risk:

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

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

The following table illustrates the effect on net assets attributable to holders of redeemable units as at June 30, 2026 and December 31, 2025, if the respective currency had strengthened by 5% in relation to all other currencies, with all other variables held constant:

	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
Currency	**Monetary**	**Non-Monetary**	**Total**	**Monetary**	**Non-Monetary**	**Total**
June 30, 2026						
U.S. Dollar	$ (109,534)	$ –	$ (109,534)	$ (5,477)	$ –	$ (5,477)
	$ (109,534)	$ –	$ (109,534)	$ (5,477)	$ –	$ (5,477)
% of Net Assets Attributable to Holders of Redeemable Units	(0.01)	–	(0.01)	0.00	–	0.00

7. Financial instruments (continued):

	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
Currency	**Monetary**	**Non-Monetary**	**Total**	**Monetary**	**Non-Monetary**	**Total**
December 31, 2025						
U.S. Dollar	$ 960,886	$ (21,430)	$ 939,456	$ 48,044	$ (1,072)	$ 46,972
	$ 960,886	$ (21,430)	$ 939,456	$ 48,044	$ (1,072)	$ 46,972
% of Net Assets Attributable to Holders of Redeemable Units	0.14	0.00	0.14	0.01	0.00	0.01

The amounts in the above table are based on the fair value of the Fund's financial instruments (including cash and cash equivalents). Other financial assets and financial liabilities do not expose the Fund to significant currency risk.

As at June 30, 2026, if the Canadian dollar had strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately $5,477 (December 31, 2025 - $46,972). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(d) Concentration risk:

Concentration risk arises because of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following table is a summary of the Fund's concentration risk as a percent of total exposure, excluding government securities and cash and cash equivalents, as at June 30, 2026 and December 31, 2025:

7. Financial instruments (continued):

Market Segment	June 30, 2026	December 31, 2025
Financial	48%	36%
Energy	14%	24%
Communications	13%	12%
Consumer, cyclical	7%	11%
Utilities	8%	9%
Consumer, non-cyclical	7%	6%
Industrial	3%	2%
Technology	0%	0%
	100%	100%

(e) Leverage risk:

When the Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on preferred shares, fixed income securities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Fund's aggregate gross exposure to underlying assets is greater than the amount invested. Leverage may increase volatility, may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavorable times.

As prescribed by National Instrument 81-102, Investment Funds, the aggregate gross exposure of the Fund, to be calculated as the sum of the following, must not exceed three times the Fund's NAV: (i) the amount of cash borrowed for investment purposes; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes.

During the period ended June 30, 2026, the Fund's lowest and highest aggregate gross exposure was 170% (December 31, 2025 – 135%) and 232% (December 31, 2025 – 223%) of the Fund's NAV respectively. The primary source of leverage was short positions in fixed income securities and cash borrowing. The low and high end of the range are as a result of our investing activities, and timing of subscriptions and/or redemptions. The Fund's strategy is outlined in the simplified prospectus. The Manager monitors, on a daily basis, to ensure that the Fund's aggregate gross exposure is less than 300% (December 31, 2025 – 300%) of the Fund's NAV.

7. Financial instruments (continued):

(f) Geopolitical Risk

Terrorism, war, military confrontations, and related geopolitical events (and their aftermath) can lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Likewise, natural and environmental disasters, such as, for example, earthquakes, fires, floods, hurricanes, tsunamis and weather-related phenomena generally, as well as wide-spread disease and virus epidemics, can be highly disruptive to economies and markets into the medium term, adversely affecting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors impacting the value of the Fund's investments.

8. Classification of financial instruments - fair value measurements:

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Fund’s investments fall as at June 30, 2026 and December 31, 2025.

	Level 1	Level 2	Level 3	Total
Assets				
Exchange traded fund	$ 1,050,000	$ –	$ –	$ 1,050,000
Fixed Income securities	–	1,588,193,091	–	1,588,193,091
Money market	–	55,411,739	–	55,411,739
Preferred shares	642,730	–	–	642,730
Futures contracts	2,179,062	–	–	2,179,062
	$ 3,871,792	$ 1,643,604,830	$ –	$ 1,647,476,622
Liabilities				
Fixed income securities sold short	$ –	$ 595,714,554	$ –	$ 595,714,554
Foreign exchange forward contracts	–	3,338,913	–	3,338,913
	$ –	$ 599,053,467	$ –	$ 599,053,467

8. Classification of financial instruments - fair value measurements (continued):

	Level 1	Level 2	Level 3	Total
Assets				
Exchange traded fund	$ 1,053,000	$ –	$ –	$ 1,053,000
Fixed income securities	–	1,185,152,876	–	1,185,152,876
Money market	–	122,138,582	–	122,138,582
Preferred shares	631,415	–	–	631,415
Credit default swaps	–	786,692	–	786,692
Foreign exchange forward contracts	–	1,378,240	–	1,378,240
	$ 1,684,415	$ 1,309,456,390	$ –	$ 1,311,140,805
Liabilities				
Fixed income securities sold short	$ –	$ 443,862,718	$ –	$ 443,862,718
Option	–	21,430	–	21,430
Futures contracts	1,661,126	–	–	1,661,126
	$ 1,661,126	$ 443,884,148	$ –	$ 445,545,274

There were no transfers between levels during the six-months ended June 30, 2026 and the year ended December 31, 2025.

9. 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 six-month ended June 30, 2026 and 2025 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 Unit
June 30, 2026			
Series A	$ 440,118	449,727	$ 0.98
Series F	8,018,171	6,490,932	1.24
Series FF	259,663	177,054	1.47
Series I	10,151	9,033	1.12
June 30, 2025			
Series A	$ 588,478	274,563	$ 2.14
Series F	10,624,642	4,231,298	2.51
Series FF	514,294	192,737	2.67
Series I	15,999	8,503	1.88