

Interim Financial Statements of

**ALGONQUIN FIXED INCOME 2.0  
FUND**

June 30, 2024 (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 significant accounting policies which the Trustee believes are appropriate for the Fund are described in Note 2 to the unaudited interim financial statements.

A handwritten signature in black ink, consisting of stylized initials and a long horizontal stroke.

**On behalf of the Trustee and Manager**

August 8, 2024

# ALGONQUIN FIXED INCOME 2.0 FUND

## Statements of Financial Position

As at June 30, 2024 (Unaudited) and December 31, 2023

	June 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Investments owned (Cost:\$885,841,433 - 2023:\$843,245,265) (note 8)	\$ 893,503,742	\$ 849,138,188
Unrealized gain on foreign exchange forward contracts (note 8)	98,607	907,064
Unrealized gain on futures contracts (note 8)	1,413,273	1,803,521
Subscriptions receivable	1,439,758	203,104
Due from broker (note 3)	4,401,113	6,859,219
Receivable for investments sold	2,682,542	–
Interest and dividends receivable	7,920,420	6,381,325
Expense reimbursements receivable (note 5)	84,343	84,343
	<u>911,543,798</u>	<u>865,376,764</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Investments sold short (Proceeds:\$528,925,381 - 2023:\$429,875,215) (note 8)	533,620,378	437,223,997
Due to broker (note 3)	39,498,775	124,129,688
Payable for investments purchased	13,068,944	–
Accounts payable and accrued liabilities	73,636	90,480
Interest and borrowing fees payable on investments sold short	3,558,709	1,992,889
Management fees payable (note 5)	177,048	176,380
Redemptions payable	371,617	137,831
Distributions payable	794,937	1,736,724
	<u>591,164,044</u>	<u>565,487,989</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<b>\$ 320,379,754</b>	<b>\$ 299,888,775</b>
<b>Net Assets Attributable to Holders of Redeemable Units per Series</b>		
Series A	\$ 15,236,711	\$ 15,680,859
Series F	285,254,558	222,115,002
Series FF	19,393,861	20,284,182
Series I	494,624	41,808,732
	<u>\$ 320,379,754</u>	<u>\$ 299,888,775</u>
<b>Number of Redeemable Units Outstanding (note 6)</b>		
Series A	157,445	163,605
Series F	2,840,187	2,234,612
Series FF	194,780	205,963
Series I	5,107	436,688
<b>Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Series A	\$ 96.77	\$ 95.85
Series F	100.44	99.40
Series FF	99.57	98.48
Series I	96.85	95.74

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



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

# ALGONQUIN FIXED INCOME 2.0 FUND

## Statements of Comprehensive Income

For the six-months ended June 30, 2024 and 2023 (Unaudited)

	2024	2023
<b>Income</b>		
Interest income for distribution purposes	\$ 16,431,128	\$ 9,220,250
Dividend income	317,917	74,814
Net realized gain on sale of investments, including foreign exchange adjustments	1,123,783	86,164
Net realized (loss) gain on foreign exchange forward contracts	(182,684)	109,563
Net realized (loss) gain on futures contracts	(2,835,332)	198,705
Net change in unrealized (loss) gain on foreign exchange forward contracts	(808,458)	126,129
Net change in unrealized appreciation in value of investments	4,426,170	1,361,426
Net change in unrealized loss on futures contracts	(390,249)	(975,166)
Other income	–	17,950
	<u>18,082,275</u>	<u>10,219,835</u>
<b>Expenses</b>		
Interest and borrowing fees	7,481,912	3,022,277
Management fees (note 5)	1,506,119	847,091
Operating costs	199,812	145,772
Audit and accounting fees	27,589	21,787
Commissions and other portfolio transaction costs	15,283	5,997
Independent review committee fees	320	9,131
Legal fees	–	7,119
	<u>9,231,035</u>	<u>4,059,174</u>
Expenses reimbursed by the Manager (note 5)	–	(29,338)
	<u>9,231,035</u>	<u>4,029,836</u>
<b>Increase in Net Assets Attributable to Holders of Redeemable Units</b>	<u>\$ 8,851,240</u>	<u>\$ 6,189,999</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series</b>		
Series A	\$ 421,006	\$ 113,438
Series F	7,811,965	4,222,933
Series FF	634,628	920,817
Series I	(16,359)	932,811
	<u>\$ 8,851,240</u>	<u>\$ 6,189,999</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit (note 9)</b>		
Series A	\$ 2.78	\$ 2.06
Series F	3.03	2.91
Series FF	3.17	3.76
Series I	(0.14)	2.73

# 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, 2024 and 2023 (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 (decrease) 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 A	\$ 15,680,859	\$ 5,832,250	\$ (737,018)	\$ (5,874,764)	\$ (242,577)	\$ 156,955	\$ 421,006	\$ 15,236,711
Series F	222,115,002	91,228,224	(40,402,376)	5,874,764	(5,300,172)	3,927,151	7,811,965	285,254,558
Series FF	20,284,182	–	(1,413,088)	–	(417,484)	305,623	634,628	19,393,861
Series I	41,808,732	–	(41,297,748)	–	(11,392)	11,391	(16,359)	494,624
	<u>\$ 299,888,775</u>	<u>\$ 97,060,474</u>	<u>\$ (83,850,230)</u>	<u>\$ –</u>	<u>\$ (5,971,625)</u>	<u>\$ 4,401,120</u>	<u>\$ 8,851,240</u>	<u>\$ 320,379,754</u>

	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
<b>June 30, 2023</b>								
Series A	\$ 3,261,036	\$ 4,374,943	\$ (234,831)	\$ (34,667)	\$ (126,171)	\$ 76,972	\$ 113,438	\$ 7,430,720
Series F	112,089,527	59,973,768	(13,360,861)	34,667	(3,403,001)	2,637,902	4,222,933	162,194,935
Series FF	24,369,816	–	(3,776,188)	–	(540,571)	409,805	920,817	21,383,679
Series I	3,489,404	38,025,684	(3,211,461)	–	(963,467)	963,467	932,811	39,236,438
	<u>\$ 143,209,783</u>	<u>\$ 102,374,395</u>	<u>\$ (20,583,341)</u>	<u>\$ –</u>	<u>\$ (5,033,210)</u>	<u>\$ 4,088,146</u>	<u>\$ 6,189,999</u>	<u>\$ 230,245,772</u>

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

# ALGONQUIN FIXED INCOME 2.0 FUND

## Statements of Cash Flows

For the six-months ended June 30, 2024 and 2023 (Unaudited)

	2024	2023
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 8,851,240	\$ 6,189,999
Adjustments for non-cash items		
Net realized gain on sale of investments, including foreign exchange adjustments	(1,123,783)	(86,164)
Net realized loss (gain) on foreign exchange forward contracts	182,684	(109,563)
Net realized loss (gain) on futures contracts	2,835,332	(198,705)
Net change in unrealized loss (gain) on foreign exchange forward contracts	808,458	(126,129)
Net change in unrealized appreciation in value of investments	(4,426,170)	(1,361,426)
Net change in unrealized loss on futures contracts	390,249	975,166
Change in non-cash balances		
Increase in due from related fund	–	(9,677)
Increase in receivable for investments sold	(2,682,542)	–
Increase in interest and dividends receivable	(1,539,095)	(1,242,708)
Increase in expense reimbursements receivable	–	(29,338)
Decrease in prepaid expenses	–	18,775
Increase in payable for investments purchased	13,068,944	16,615,790
(Decrease) increase in accounts payable and accrued liabilities	(16,844)	16,262
Increase in interest and borrowing fees payable on investments sold short	1,565,820	440,365
Increase in management fees payable	668	16,090
Proceeds from sale of investments	1,266,656,932	724,161,576
Purchase of investments	(1,212,214,379)	(834,877,570)
Cash provided by (used in) operating activities	<u>72,357,514</u>	<u>(89,607,257)</u>
<b>Financing Activities</b>		
Proceeds from redeemable units issued	95,823,820	102,422,559
Amount paid on redemption of redeemable units	(83,616,444)	(20,689,916)
Distributions paid to holders of redeemable units, net of reinvestments	(2,512,292)	(1,407,234)
Cash provided by financing activities	<u>9,695,084</u>	<u>80,325,409</u>
Increase (decrease) in cash and cash equivalents during the period	82,052,598	(9,281,848)
Foreign exchange (loss) gain on cash and cash equivalents	120,209	(72,892)
Cash and cash equivalents, beginning of period	(117,270,469)	2,711,778
<b>Cash and cash equivalents, end of period</b>	<u>\$ (35,097,662)</u>	<u>\$ (6,642,962)</u>
<b>Cash and cash equivalents represented by:</b>		
Due from broker	\$ 4,401,113	\$ 5,245,631
Due to broker	(39,498,775)	(11,888,593)
	<u>\$ (35,097,662)</u>	<u>\$ (6,642,962)</u>
<b>Supplemental information*</b>		
Interest paid	\$ 4,971,102	\$ 2,050,617
Interest received	14,885,858	7,985,124
Dividends received, net of withholding taxes	324,092	67,231

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

# ALGONQUIN FIXED INCOME 2.0 FUND

## Schedule of Investment Portfolio As at June 30, 2024 (Unaudited)

Number of shares/units /par value	Investments owned	Average cost	Fair value	% of net asset value
	<b>Canadian equity</b>			
75,000	BMO Short Corporate Bond Index ETF	\$ 987,666	\$ 1,011,000	0.32
	<b>Canadian fixed income</b>			
2,000,000	AIMCo Realty Investors LP 4.64% 15FEB30	1,999,940	2,009,859	0.63
2,000,000	AIMCo Realty Investors LP 4.97% 23MAY34	2,000,000	2,008,719	0.63
500,000	Algonquin Power & Utilities Corp. 5.25% 18JAN82	500,000	452,939	0.14
4,500,000	Alimentation Couche-Tard Inc. 4.603% 25JAN29	4,500,000	4,507,469	1.41
2,000,000	Allied Properties Real Estate Investment Trust 1.726% 12FEB26	1,882,286	1,865,540	0.58
1,000,000	Allied Properties Real Estate Investment Trust 3.113% 08APR27	1,034,450	921,210	0.29
500,000	Allied Properties Real Estate Investment Trust 3.394% 15AUG29	534,015	431,085	0.13
5,500,000	Allied Properties Real Estate Investment Trust 3.636% 21APR25	5,421,887	5,406,940	1.69
1,000,000	AltaGas Canada Inc. 3.13% 07APR27	1,000,000	956,720	0.30
2,250,000	AltaGas Canada Inc. 3.15% 06APR26	2,161,123	2,185,133	0.68
2,000,000	AltaGas Canada Inc. 4.26% 05DEC28	2,043,900	1,956,020	0.61
5,000,000	AltaGas Ltd. 4.12% 07APR26	4,827,300	4,935,900	1.54
1,500,000	AltaGas Ltd. 4.638% 15MAY26	1,500,000	1,494,600	0.47
500,000	AltaGas Ltd. 5.25% 11JAN82	500,000	443,245	0.14
300,000	AltaGas Ltd. 7.35% 17AUG82	300,000	305,529	0.10
500,000	AltaGas Ltd. 8.90% 10NOV83	500,000	537,765	0.17
7,677,000	ARC Resources Ltd. 2.354% 10MAR26	7,278,640	7,380,668	2.30
3,000,000	AT&T Inc. 4% 25NOV25	2,893,890	2,960,640	0.92
5,000,000	Bank of Montreal 1.928% 22JUL31	4,453,850	4,714,800	1.47
8,000,000	Bank of Montreal 2.077% 17JUN30	7,556,300	7,779,360	2.43
1,000,000	Bank of Montreal 4.30% 26NOV80	941,250	971,330	0.30
5,000,000	Bank of Montreal 4.309% 01JUN27	4,841,400	4,968,750	1.55
1,500,000	Bank of Montreal 4.537% 18DEC28	1,500,000	1,496,340	0.47
6,000,000	Bank of Montreal 4.976% 03JUL34	6,000,000	5,980,380	1.87
2,000,000	Bank of Montreal 5.039% 29MAY28	2,000,000	2,033,240	0.63
7,000,000	Bank of Montreal 6.034% 07SEP33	7,118,535	7,281,820	2.27
750,000	Bank of Montreal 7.057%	750,000	760,148	0.24
3,000,000	Bell Canada Inc. 2.50% 14MAY30	2,539,470	2,663,790	0.83
5,100,000	Bell Canada Inc. 2.90% 10SEP29	4,554,849	4,686,543	1.46
2,000,000	Bell Canada Inc. 3.60% 29SEP27	1,923,800	1,941,460	0.61
3,000,000	Bell Telephone Co of Canada or Bell Canada 5.15% 24AUG34	2,989,380	3,008,850	0.94
4,000,000	Bell Telephone Co of Canada or Bell Canada 5.25% 15MAR29	4,053,449	4,092,480	1.28
2,500,000	BMW Canada Inc. 4.66% 05APR28	2,499,450	2,516,075	0.79
8,973,000	Bruce Power LP 4.70% 21DEC27	8,971,115	9,021,723	2.82
5,000,000	Bruce Power LP 4.70% 21JUN31	4,993,590	4,992,600	1.56
1,000,000	Cameco Corp. 4.94% 24MAY31	999,880	1,007,010	0.31
3,000,000	Canadian Imperial Bank of Commerce 2.01% 21JUL30	2,785,470	2,908,530	0.91
9,000,000	Canadian Imperial Bank of Commerce 2.25% 07JAN27	8,396,880	8,511,480	2.66
500,000	Canadian Imperial Bank of Commerce 4% 28JAN82	500,000	440,890	0.14
4,000,000	Canadian Imperial Bank of Commerce 4.90% 02APR27	3,997,520	4,007,680	1.25
5,000,000	Canadian Imperial Bank of Commerce 4.90% 12JUN34	4,992,550	4,986,400	1.56
3,000,000	Canadian Imperial Bank of Commerce 4.95% 29JUN27	3,047,520	3,032,790	0.95

# ALGONQUIN FIXED INCOME 2.0 FUND

## Schedule of Investment Portfolio (continued)

As at June 30, 2024 (Unaudited)

Number of shares/units /par value	Investments owned (continued)		Average cost	Fair value	% of net asset value
<b>Canadian fixed income (continued)</b>					
7,000,000	Canadian Imperial Bank of Commerce 5.30% 16JAN34	\$	7,003,560	\$ 7,090,020	2.21
4,000,000	Canadian Imperial Bank of Commerce 5.33% 20JAN33		3,917,080	4,049,840	1.26
3,000,000	Canadian Imperial Bank of Commerce 5.50% 14JAN28		3,003,540	3,088,080	0.96
1,000,000	Canadian Imperial Bank of Commerce 6.987% 28JUL84		1,000,000	999,670	0.31
1,000,000	Canadian Imperial Bank of Commerce 7.15% 28JUL82		998,130	1,010,840	0.32
1,700,000	Canadian Imperial Bank of Commerce 7.337%		1,700,000	1,732,113	0.54
1,000,000	Canadian Imperial Bank of Commerce 7.365%		1,000,000	1,017,270	0.32
1,500,000	Canadian Tire Corp Ltd. 6.043058% 14SEP26		1,500,000	1,500,810	0.47
2,500,000	Canadian Western Bank 5.261% 20DEC25		2,500,000	2,516,300	0.79
400,000	Canadian Western Bank 6% 30APR81		400,000	396,912	0.12
2,000,000	Capital Power Corp. 3.147% 01OCT32		1,641,460	1,706,980	0.53
1,500,000	Capital Power Corp. 4.284% 18SEP24		1,621,365	1,496,445	0.47
4,700,000	Capital Power Corp. 5.378% 25JAN27		4,720,857	4,756,541	1.48
750,000	Capital Power Corp. 5.816% 15SEP28		750,000	774,023	0.24
3,000,000	Capital Power Corp. 8.125% 05JUN54		3,000,000	3,065,130	0.96
800,000	Central 1 Credit Union 4.648% 07FEB28		800,000	791,360	0.25
3,250,000	Chartwell Retirement Residences 4.211% 28APR25		3,468,474	3,218,995	1.00
3,000,000	Chartwell Retirement Residences 6% 08DEC26		2,997,720	3,034,050	0.95
3,000,000	Choice Properties Real Estate Investment Trust 5.03% 28FEB31		2,999,880	3,019,380	0.94
2,000,000	Citigroup Inc. 5.07% 29APR28		2,000,000	2,022,860	0.63
7,000,000	CNH Industrial Capital Canada Ltd. 4.80% 25MAR27		6,998,940	7,021,630	2.19
2,000,000	Coastal Gaslink Pipeline LP 4.673% 30JUN27		1,999,940	2,015,180	0.63
1,000,000	Coastal Gaslink Pipeline LP 4.691% 30SEP29		999,970	1,009,380	0.32
1,000,000	Coastal Gaslink Pipeline LP 4.907% 30JUN31		999,970	1,013,300	0.32
1,000,000	Coastal Gaslink Pipeline LP 5.187% 30SEP34		1,000,000	1,019,260	0.32
500,000	Coastal Gaslink Pipeline LP 5.395% 30SEP36		500,000	515,715	0.16
3,000,000	Cogeco Communications Inc. 2.991% 22SEP31		2,544,996	2,626,380	0.82
2,000,000	Cogeco Communications Inc. 6.125% 27FEB29		2,000,000	2,017,440	0.63
2,000,000	Crombie Real Estate Investment Trust 3.133% 12AUG31		2,000,000	1,749,240	0.55
1,000,000	Crombie Real Estate Investment Trust 3.211% 09OCT30		1,001,885	898,010	0.28
2,295,000	Crombie Real Estate Investment Trust 3.677% 26AUG26		2,412,434	2,240,448	0.70
258,000	Crombie Real Estate Investment Trust 4.80% 31JAN25		285,271	257,520	0.08
6,300,000	Crombie Real Estate Investment Trust 5.139% 29MAR30		6,316,042	6,320,853	1.97
2,000,000	Crombie Real Estate Investment Trust 5.244% 28SEP29		2,001,405	2,021,640	0.63
3,000,000	Daimler Truck Finance Canada Inc. 4.46% 27SEP27		2,989,430	2,985,810	0.93
4,000,000	Dream Summit Industrial LP 1.82% 01APR26		3,715,865	3,795,000	1.18
1,500,000	Dream Summit Industrial LP 2.15% 17SEP25		1,383,765	1,450,560	0.45
2,690,000	Enbridge Inc. 2.44% 02JUN25		2,603,861	2,630,228	0.82
2,000,000	Enbridge Inc. 2.99% 03OCT29		1,805,640	1,848,420	0.58
700,000	Enbridge Inc. 3.10% 21SEP33		567,364	604,177	0.19
1,000,000	Enbridge Inc. 4.10% 21SEP51		986,150	807,600	0.25
1,000,000	Enbridge Inc. 4.90% 26MAY28		999,870	1,011,260	0.32
3,300,000	Enbridge Inc. 5.36% 26MAY33		3,348,733	3,388,143	1.06
982,000	Enbridge Pipelines Inc. 3% 10AUG26		933,479	951,391	0.30
1,050,000	Equitable Bank 1.939% 10MAR25		1,050,000	1,027,593	0.32
500,000	Exchange Income Corp. 5.25% 31JUL28		500,000	493,645	0.15



# ALGONQUIN FIXED INCOME 2.0 FUND

## Schedule of Investment Portfolio (continued)

As at June 30, 2024 (Unaudited)

Number of shares/units /par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
<b>Canadian fixed income (continued)</b>				
3,000,000	Federated Co-Operatives Ltd. 3.917% 17JUN25	\$ 2,904,270	\$ 2,962,650	0.92
5,000,000	Federation des Caisses Desjardins du Quebec 2.856% 26MAY30	4,724,300	4,902,750	1.53
1,000,000	Federation des Caisses Desjardins du Quebec 5.035% 23AUG32	990,667	1,003,560	0.31
4,000,000	Federation des Caisses Desjardins du Quebec 5.20% 01OCT25	3,979,400	4,015,920	1.25
8,000,000	Federation des Caisses Desjardins du Quebec 5.279% 15MAY34	8,000,000	8,091,440	2.53
8,000,000	Federation des Caisses Desjardins du Quebec 5.467% 17NOV28	8,047,524	8,272,480	2.58
4,900,000	Federation des Caisses Desjardins du Quebec 5.475% 16AUG28	5,077,723	5,066,698	1.58
2,400,000	First Capital Real Estate Investment Trust 5.455% 12JUN32	2,400,000	2,402,256	0.75
5,600,000	Ford Credit Canada Co. 2.961% 16SEP26	5,326,700	5,360,600	1.67
2,500,000	Ford Credit Canada Co. 5.242% 23MAY28	2,500,000	2,511,600	0.78
2,000,000	Ford Credit Canada Co. 5.441% 09FEB29	1,999,860	2,022,200	0.63
2,500,000	Ford Credit Canada Co. 5.582% 23MAY31	2,500,000	2,517,525	0.79
2,650,000	Ford Credit Canada Co. 5.668% 20FEB30	2,650,000	2,702,550	0.84
1,000,000	Ford Credit Canada Co. 6.326% 10NOV26	1,000,000	1,026,400	0.32
500,000	Ford Credit Canada Co. 6.382% 10NOV28	500,000	524,045	0.16
5,000,000	Ford Credit Canada Co. 6.777% 15SEP25	5,087,100	5,094,200	1.59
2,800,000	Ford Credit Canada Co. 7% 10FEB26	2,878,764	2,876,692	0.90
8,000,000	General Motors Financial of Canada Ltd. 5.10% 14JUL28	7,991,660	8,067,520	2.52
3,025,000	Gibson Energy Inc. 2.45% 14JUL25	2,941,834	2,950,494	0.92
1,500,000	Gibson Energy Inc. 2.85% 14JUL27	1,361,985	1,421,970	0.44
3,500,000	Gibson Energy Inc. 3.60% 17SEP29	3,226,238	3,317,755	1.04
400,000	Gibson Energy Inc. 5.25% 22DEC80	400,000	368,772	0.12
1,650,000	Gibson Energy Inc. 5.75% 12JUL33	1,649,373	1,721,660	0.54
4,250,000	Gibson Energy Inc. 5.80% 12JUL26	4,248,258	4,250,850	1.33
2,500,000	H&R Real Estate Investment Trust 5.457% 28FEB29	2,500,000	2,520,425	0.79
1,700,000	Honda Canada Finance Inc. 4.899% 21FEB29	1,700,000	1,722,474	0.54
3,000,000	Honda Canada Finance Inc. 4.90% 04JUN29	3,000,000	3,039,330	0.95
2,500,000	Honda Canada Finance Inc. 5.73% 28SEP28	2,500,000	2,611,025	0.81
2,000,000	Honda Canada Finance Inc. 5.872786% 04JUN27	2,000,000	2,004,860	0.63
6,000,000	Honda Canada Finance Inc. 5.942329% 29JUN26	6,000,000	6,031,260	1.88
1,000,000	Hyundai Capital Canada Inc. 4.813% 01FEB27	1,000,000	1,001,990	0.31
500,000	Hyundai Capital Canada Inc. 5.565% 08MAR28	500,000	514,230	0.16
2,000,000	iA Financial Corp Inc. 5.685% 20JUN33	2,004,229	2,057,100	0.64
1,700,000	Inter Pipeline Ltd. 3.983% 25NOV31	1,700,000	1,537,089	0.48
2,000,000	Inter Pipeline Ltd. 4.232% 01JUN27	2,028,548	1,956,360	0.61
1,500,000	Inter Pipeline Ltd. 6.59% 09FEB34	1,499,415	1,569,345	0.49
554,000	Inter Pipeline Ltd. 6.625% 19NOV79	575,086	539,430	0.17
6,000,000	John Deere Financial Inc. 4.63% 04APR29	5,996,240	6,047,100	1.89
250,000	Keyera Corp. 5.95% 10MAR81	250,000	236,490	0.07
4,000,000	Magna International Inc. 4.80% 30MAY29	3,999,640	4,027,680	1.26
5,000,000	Manulife Bank of Canada 1.536% 14SEP26	4,709,000	4,703,750	1.47
5,000,000	Manulife Bank of Canada 2.864% 16FEB27	4,631,125	4,805,450	1.50
6,000,000	Manulife Bank of Canada 4.546% 08MAR29	6,000,000	6,008,700	1.88
3,500,000	Manulife Financial Corp. 5.054% 23FEB34	3,500,000	3,530,520	1.10
1,000,000	Manulife Financial Corp. 7.117% 19JUN82	1,000,000	1,011,180	0.32
5,000,000	McDonald's Corp. 4.857% 21MAY31	5,020,200	5,065,250	1.58

# ALGONQUIN FIXED INCOME 2.0 FUND

## Schedule of Investment Portfolio (continued)

As at June 30, 2024 (Unaudited)

Number of shares/units /par value	Investments owned (continued)		Average cost	Fair value	% of net asset value
<b>Canadian fixed income (continued)</b>					
1,000,000	Mercedes-Benz Finance Canada Inc. 5.14% 29JUN26	\$	999,890	\$ 1,009,690	0.32
4,000,000	Metropolitan Life Global Funding I 6.120951% 15JUN26		4,000,000	4,029,840	1.26
2,500,000	Mondelez International Inc. 3.25% 07MAR25		2,417,675	2,471,700	0.77
4,000,000	National Bank of Canada 2.237% 04NOV26		3,809,569	3,796,000	1.18
3,750,000	National Bank of Canada 2.58% 03FEB25		3,628,854	3,698,438	1.15
7,700,000	National Bank of Canada 5.023% 01FEB29		7,768,946	7,830,669	2.44
5,000,000	National Bank of Canada 5.219% 14JUN28		4,990,764	5,116,400	1.60
1,000,000	National Bank of Canada 5.296% 03NOV25		1,000,000	1,006,120	0.31
4,000,000	National Bank of Canada 5.426% 16AUG32		3,945,965	4,057,800	1.27
4,000,000	North West Redwater Partnership / NWR Financing Co., Ltd. 2% 01DEC26		3,605,260	3,776,000	1.18
4,000,000	North West Redwater Partnership / NWR Financing Co., Ltd. 2.80% 01JUN31		3,408,560	3,566,440	1.11
5,000,000	North West Redwater Partnership / NWR Financing Co., Ltd. 4.15% 01JUN33		4,666,600	4,788,000	1.49
3,000,000	North West Redwater Partnership / NWR Financing Co., Ltd. 4.25% 01JUN29		2,949,270	2,980,620	0.93
2,000,000	North West Redwater Partnership / NWR Financing Co., Ltd. 4.35% 10JAN39		1,830,600	1,863,780	0.58
4,000,000	North West Redwater Partnership / NWR Financing Co., Ltd. 4.85% 01JUN34		3,997,240	4,003,720	1.25
1,500,000	North West Redwater Partnership / NWR Financing Co., Ltd. 5.08% 01JUN54		1,498,650	1,511,175	0.47
246,000	NOVA Gas Transmission Ltd. 6.30% 27MAY30		316,110	258,330	0.08
6,420,000	Pembina Pipeline Corp. 3.54% 03FEB25		6,299,130	6,365,237	1.99
500,000	Pembina Pipeline Corp. 3.71% 11AUG26		476,089	490,670	0.15
3,100,000	Pembina Pipeline Corp. 4.24% 15JUN27		3,004,971	3,066,365	0.96
4,000,000	Pembina Pipeline Corp. 5.22% 28JUN33		3,998,280	4,003,560	1.25
900,000	Primaris Real Estate Investment Trust 4.267% 30MAR25		900,000	894,294	0.28
500,000	Primaris Real Estate Investment Trust 4.727% 30MAR27		467,926	494,740	0.15
1,000,000	Primaris Real Estate Investment Trust 6.374% 30JUN29		999,880	1,047,070	0.33
7,000,000	Reliance LP 2.67% 01AUG28		6,372,026	6,416,690	2.00
2,500,000	Reliance LP 2.68% 01DEC27		2,280,383	2,332,250	0.73
8,000,000	Reliance LP 5.25% 15MAY31		8,009,200	8,067,680	2.52
700,000	RioCan Real Estate Investment Trust 5.47% 01MAR30		699,972	706,510	0.22
1,000,000	RioCan Real Estate Investment Trust 5.47% 01MAR30		1,004,741	1,009,150	0.31
4,000,000	Rogers Communications Inc. 2.90% 09DEC30		3,643,773	3,577,680	1.12
4,000,000	Rogers Communications Inc. 3.30% 10DEC29		3,670,840	3,723,560	1.16
9,100,000	Rogers Communications Inc. 3.65% 31MAR27		8,668,327	8,861,671	2.77
2,000,000	Rogers Communications Inc. 3.75% 15APR29		1,838,540	1,918,180	0.60
3,000,000	Rogers Communications Inc. 3.80% 01MAR27		3,242,328	2,934,480	0.92
2,000,000	Rogers Communications Inc. 4.40% 02NOV28		1,953,680	1,977,460	0.62
6,700,000	Rogers Communications Inc. 5% 17DEC81		6,547,125	6,494,042	2.03
3,000,000	Rogers Communications Inc. 5.65% 21SEP26		2,995,590	3,056,100	0.95
4,000,000	Rogers Communications Inc. 5.70% 21SEP28		3,994,840	4,150,760	1.30

# ALGONQUIN FIXED INCOME 2.0 FUND

## Schedule of Investment Portfolio (continued)

As at June 30, 2024 (Unaudited)

Number of shares/units /par value	Investments owned (continued)		Average cost	Fair value	% of net asset value
<b>Canadian fixed income (continued)</b>					
5,000,000	Rogers Communications Inc. 5.90% 21SEP33	\$	5,210,950	\$ 5,284,600	1.65
1,300,000	Rogers Communications Inc. 6.75% 09NOV39		1,461,811	1,458,691	0.46
4,000,000	Royal Bank of Canada 2.088% 30JUN30		3,714,880	3,886,520	1.21
6,500,000	Royal Bank of Canada 3.369% 29SEP25		6,281,044	6,386,445	1.99
5,000,000	Royal Bank of Canada 4.612% 26JUL27		4,883,650	5,019,250	1.57
7,000,000	Royal Bank of Canada 5.096% 03APR34		7,000,000	7,042,910	2.20
4,000,000	Royal Bank of Canada 5.235% 02NOV26		4,036,240	4,056,240	1.27
1,300,000	Royal Bank of Canada 7.408%		1,300,000	1,340,755	0.42
2,000,000	Russel Metals Inc. 5.75% 27OCT25		1,995,000	2,005,100	0.63
3,000,000	Saputo Inc. 1.415% 19JUN26		2,695,620	2,821,650	0.88
5,000,000	Saputo Inc. 2.242% 16JUN27		4,491,035	4,687,150	1.46
1,615,000	Saputo Inc. 3.603% 14AUG25		1,603,911	1,591,792	0.50
2,500,000	Saputo Inc. 5.25% 29NOV29		2,565,480	2,568,375	0.80
5,375,000	Saputo Inc. 5.492% 20NOV30		5,519,708	5,572,155	1.74
1,000,000	Sienna Senior Living Inc. 2.82% 31MAR27		1,003,290	937,640	0.29
840,000	Sienna Senior Living Inc. 3.109% 04NOV24		858,999	833,011	0.26
2,724,000	Sienna Senior Living Inc. 3.45% 27FEB26		2,815,101	2,640,618	0.82
327,000	Smart Real Estate Investment Trust 3.444% 28AUG26		346,090	316,693	0.10
4,000,000	Smart Real Estate Investment Trust 3.556% 06FEB25		4,263,120	3,963,080	1.24
1,400,000	SmartCentres Real Estate Investment Trust 1.74% 16DEC25		1,400,000	1,335,348	0.42
1,500,000	Stantec Inc. 5.393% 27JUN30		1,500,000	1,531,455	0.48
4,000,000	Sun Life Financial Inc. 5.12% 15MAY36		4,000,000	4,041,200	1.26
4,200,000	Suncor Energy Inc. 5.60% 17NOV25		4,194,372	4,237,170	1.32
243,000	TELUS Communications Inc. 8.80% 22SEP25		321,572	252,460	0.08
3,000,000	TELUS Corp. 2.75% 08JUL26		2,816,430	2,892,090	0.90
1,000,000	TELUS Corp. 3.15% 19FEB30		898,467	922,770	0.29
1,000,000	TELUS Corp. 3.30% 02MAY29		945,075	942,290	0.29
2,000,000	TELUS Corp. 4.80% 15DEC28		1,997,900	2,012,800	0.63
4,300,000	TELUS Corp. 4.95% 18FEB31		4,312,641	4,324,467	1.35
1,000,000	TELUS Corp. 5.10% 15FEB34		996,440	999,440	0.31
3,000,000	TELUS Corp. 5.25% 15NOV32		2,922,000	3,048,180	0.95
3,400,000	TELUS Corp. 5.60% 09SEP30		3,421,386	3,542,120	1.11
3,000,000	TELUS Corp. 5.75% 08SEP33		3,005,520	3,145,860	0.98
4,000,000	The Bank of Nova Scotia 3.934% 03MAY32		3,761,320	3,899,080	1.22
5,000,000	The Bank of Nova Scotia 4.68% 01FEB29		4,998,450	5,015,100	1.57
10,000,000	The Bank of Nova Scotia 4.95% 01AUG34		9,981,200	9,967,200	3.11
5,000,000	The Bank of Nova Scotia 5.50% 29DEC25		5,040,500	5,052,100	1.58
800,000	The Bank of Nova Scotia 7.023% 27JUL82		800,000	805,848	0.25
6,000,000	The Bell Telephone Co of Canada or Bell Canada 4.55% 09FEB30		5,827,100	5,945,940	1.86
1,300,000	The Bell Telephone Co of Canada or Bell Canada 5.15% 14NOV28		1,298,921	1,324,505	0.41
1,000,000	The Empire Life Insurance Co. 3.625% 17APR81		1,005,385	841,570	0.26
4,000,000	The Empire Life Insurance Co. 5.503% 13JAN33		4,000,000	4,045,080	1.26
10,000,000	The Goldman Sachs Group Inc. 2.599% 30NOV27		9,281,100	9,531,700	2.98
1,495,000	The Toronto-Dominion Bank 3.105% 22APR30		1,421,102	1,470,751	0.46
1,000,000	The Toronto-Dominion Bank 3.60% 31OCT81		782,500	834,250	0.26
5,000,000	The Toronto-Dominion Bank 4.21% 01JUN27		4,917,195	4,954,500	1.55

# ALGONQUIN FIXED INCOME 2.0 FUND

## Schedule of Investment Portfolio (continued) As at June 30, 2024 (Unaudited)

Number of shares/units /par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
<b>Canadian fixed income (continued)</b>				
2,000,000	The Toronto-Dominion Bank 4.68% 08JAN29	\$ 2,000,000	\$ 2,008,620	0.63
9,000,000	The Toronto-Dominion Bank 5.177% 09APR34	9,000,000	9,074,520	2.83
2,500,000	The Toronto-Dominion Bank 5.423% 10JUL26	2,500,000	2,536,075	0.79
3,000,000	The Toronto-Dominion Bank 5.491% 08SEP28	3,103,170	3,104,970	0.97
1,700,000	TMX Group Ltd. 4.836% 18FEB32	1,700,000	1,718,309	0.54
1,000,000	TMX Group Ltd. 4.97% 16FEB34	1,000,000	1,018,660	0.32
4,000,000	Toyota Credit Canada Inc. 4.42% 28JUN27	3,999,320	3,991,800	1.25
3,000,000	Toyota Credit Canada Inc. 4.44% 27JUN29	3,000,000	2,983,920	0.93
1,800,000	Toyota Credit Canada Inc. 4.52% 19MAR27	1,799,748	1,801,908	0.56
600,000	Toyota Credit Canada Inc. 5.29% 13JUL26	599,850	608,202	0.19
500,000	TransAlta Corp. 7.30% 22OCT29	570,000	532,670	0.17
2,000,000	TransCanada PipeLines Ltd. 2.97% 09JUN31	1,736,200	1,816,380	0.57
4,000,000	TransCanada PipeLines Ltd. 3.30% 17JUL25	3,857,400	3,938,640	1.23
3,500,000	TransCanada PipeLines Ltd. 3.39% 15MAR28	3,348,695	3,369,240	1.05
500,000	TransCanada PipeLines Ltd. 4.34% 15OCT49	547,560	428,910	0.13
2,000,000	TransCanada PipeLines Ltd. 4.35% 12MAY26	1,957,320	1,989,620	0.62
3,000,000	TransCanada PipeLines Ltd. 5.277% 15JUL30	2,998,800	3,094,200	0.97
5,000,000	TransCanada PipeLines Ltd. 5.419% 10MAR26	4,992,150	5,000,200	1.56
5,000,000	TransCanada PipeLines Ltd. 6.45784% 10MAR26	5,006,660	5,003,950	1.56
5,000,000	Transcanada Trust 4.65% 18MAY77	4,604,220	4,795,000	1.50
4,000,000	Transcontinental Inc. 2.28% 13JUL26	4,031,450	3,784,600	1.18
2,000,000	Transcontinental Inc. 2.667% 03FEB25	1,919,990	1,966,160	0.61
2,700,000	Ventas Canada Finance Ltd. 5.10% 05MAR29	2,697,759	2,721,411	0.85
5,000,000	Verizon Communications Inc. 2.50% 16MAY30	4,216,140	4,454,750	1.39
500,000	Videotron Ltd. 3.125% 15JAN31	502,813	449,675	0.14
2,000,000	Videotron Ltd. 3.625% 15JUN28	1,860,000	1,919,360	0.60
6,000,000	Videotron Ltd. 4.50% 15JAN30	5,849,190	5,889,060	1.84
9,000,000	Videotron Ltd. 4.65% 15JUL29	9,000,006	8,925,300	2.79
2,800,000	Videotron Ltd. 5% 15JUL34	2,790,900	2,747,052	0.86
1,000,000	Videotron Ltd. 5.625% 15JUN25	1,120,000	1,003,010	0.31
1,500,000	VW Credit Canada Inc. 5.75% 21SEP26	1,499,670	1,530,735	0.48
5,000,000	Waste Connections Inc. 4.50% 14JUN29	4,996,650	4,994,050	1.56
10,000,000	Wells Fargo & Co. 2.568% 01MAY26	9,543,350	9,800,400	3.06
5,000,000	Wells Fargo & Co. 3.874% 21MAY25	4,847,750	4,945,900	1.54
2,500,000	Wells Fargo & Co. 5.083% 26APR28	2,500,000	2,527,525	0.79
5,000,000	Westcoast Energy Inc. 3.43% 12SEP24	4,870,850	4,983,100	1.56
		<u>771,111,614</u>	<u>777,704,219</u>	<u>242.81</u>
<b>Canadian Money Market</b>				
4,000,000	Enbridge Inc CP 02JUL2024	3,980,720	3,998,832	1.25
10,000,000	Enbridge Inc CP 03JUL2024	9,954,800	9,995,626	3.12
10,000,000	Enbridge Inc CP 10JUL2024	9,962,400	9,986,074	3.12
10,000,000	Enbridge Inc CP 11JUL2024	9,965,300	9,984,732	3.12

# ALGONQUIN FIXED INCOME 2.0 FUND

## Schedule of Investment Portfolio (continued)

As at June 30, 2024 (Unaudited)

Number of shares/units /par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
<b>Canadian Money Market (continued)</b>				
5,000,000	Enbridge Inc. CP 12JUL2024	\$ 4,982,650	\$ 4,991,672	1.56
2,000,000	ENMAX Corp CP 02JUL2024	1,991,120	1,999,388	0.62
2,000,000	ENMAX Corp CP 04JUL2024	1,991,080	1,998,811	0.62
5,000,000	ENMAX Corp CP 08JUL2024	4,976,300	4,994,075	1.56
3,000,000	ENMAX Corp CP 09JUL2024	2,986,680	2,996,004	0.94
4,000,000	ENMAX Corp CP 19JUL2024	3,982,920	3,988,810	1.25
4,000,000	ENMAX Corp CP 24JUL2024	3,982,920	3,985,865	1.24
7,000,000	ENMAX Corp CP 26JUL2024	6,968,990	6,973,125	2.18
4,000,000	ENMAX Corp CP 31JUL2024	3,979,840	3,981,619	1.24
7,000,000	Nova Scotia Power Inc CP 19JUL2024	6,972,070	6,981,701	2.18
		<u>76,677,790</u>	<u>76,856,334</u>	<u>24.00</u>
<b>Canadian Preferred shares</b>				
12,500	Bank of Montreal Preferred Shares 3.90%	306,625	311,000	0.10
15,000	Canadian Imperial Bank of Commerce Preferred Shares 3.75%	251,726	362,250	0.11
36,000	Canadian Imperial Bank of Commerce Preferred Shares 3.90%	792,706	897,840	0.28
100,000	Element Fleet Management Corp. Preferred Shares 5.903%	2,491,858	2,499,000	0.78
229,500	Element Fleet Management Corp. Preferred Shares 6.21%	5,765,409	5,737,500	1.79
10,000	Enbridge Inc. Preferred Shares 4.376%	156,200	190,000	0.06
8,500	Enbridge Inc. Preferred Shares 4.40%	117,283	147,730	0.05
12,500	Manulife Financial Corp. Preferred Shares 3.90%	209,343	270,750	0.08
17,500	Pembina Pipeline Corp. Preferred Shares 4.573%	305,781	377,825	0.12
10,000	Power Financial Corp. Preferred Shares 4.50%	250,000	177,500	0.06
22,700	TC Energy Corp. Preferred Shares 3.762%	345,721	414,729	0.13
12,500	TC Energy Corp. Preferred Shares 5.985%	195,098	243,125	0.08
15,000	The Toronto-Dominion Bank Preferred Shares 3.80%	250,032	377,400	0.12
60,000	The Toronto-Dominion Bank Preferred Shares 5.10%	1,497,600	1,515,000	0.47
		<u>12,935,382</u>	<u>13,521,649</u>	<u>4.23</u>
<b>U.S. fixed income</b>				
1,500,000	Element Fleet Management Corp. 6.271% 26JUN26	1,977,225	2,076,401	0.65
700,000	Expedia Group Inc. 2.95% 15MAR31	880,518	830,092	0.26
5,000,000	JPMorgan Chase & Co. 0.768% 09AUG25	6,463,210	6,806,769	2.12
3,000,000	JPMorgan Chase & Co. 1.578% 22APR27	3,724,436	3,834,967	1.20
3,000,000	Morgan Stanley 5.449% 20JUL29	4,094,892	4,132,147	1.29
1,000,000	Morgan Stanley Bank NA 4.952% 14JAN28	1,347,300	1,359,095	0.42
500,000	MSCI Inc. 4% 15NOV29	685,248	638,785	0.20
1,000,000	Oracle Corp. 1.65% 25MAR26	1,241,243	1,283,332	0.40
1,000,000	Performance Food Group Inc. 4.25% 01AUG29	1,245,650	1,246,717	0.39
2,000,000	Royalty Pharma PLC 2.15% 02SEP31	2,469,259	2,202,235	0.69
		<u>24,128,981</u>	<u>24,410,540</u>	<u>7.62</u>
	<b>Total investments owned</b>	<b>885,841,433</b>	<b>893,503,742</b>	<b>278.98</b>

# ALGONQUIN FIXED INCOME 2.0 FUND

## Schedule of Investment Portfolio (continued) As at June 30, 2024 (Unaudited)

Number of shares/units /par value	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
<b>Canadian fixed income</b>				
(2,236,000)	Canadian Government Bond 0.25% 01MAR26	\$ (2,053,745)	\$ (2,102,936)	(0.66)
(9,775,000)	Canadian Government Bond 0.50% 01DEC30	(8,049,147)	(8,136,026)	(2.54)
(30,649,000)	Canadian Government Bond 0.50% 01SEP25	(28,595,246)	(29,374,001)	(9.17)
(50,030,000)	Canadian Government Bond 1% 01JUN27	(45,973,251)	(46,495,881)	(14.51)
(56,859,000)	Canadian Government Bond 1% 01SEP26	(52,632,843)	(53,561,178)	(16.72)
(12,460,000)	Canadian Government Bond 1.25% 01JUN30	(10,921,456)	(11,014,640)	(3.44)
(5,003,000)	Canadian Government Bond 1.25% 01MAR25	(4,779,533)	(4,900,038)	(1.53)
(18,639,000)	Canadian Government Bond 1.25% 01MAR27	(17,333,167)	(17,503,885)	(5.46)
(17,820,000)	Canadian Government Bond 1.50% 01APR25	(17,014,037)	(17,433,306)	(5.44)
(1,725,000)	Canadian Government Bond 1.50% 01DEC31	(1,490,918)	(1,503,096)	(0.47)
(5,199,000)	Canadian Government Bond 1.50% 01JUN26	(4,944,954)	(4,974,039)	(1.55)
(31,670,000)	Canadian Government Bond 1.50% 01JUN31	(27,601,932)	(27,870,550)	(8.70)
(142,000)	Canadian Government Bond 1.75% 01DEC53	(97,278)	(98,990)	(0.03)
(272,000)	Canadian Government Bond 2% 01DEC51	(212,968)	(204,427)	(0.06)
(17,976,000)	Canadian Government Bond 2% 01JUN28	(16,939,174)	(17,010,150)	(5.31)
(2,190,000)	Canadian Government Bond 2% 01JUN32	(1,962,393)	(1,966,686)	(0.61)
(28,205,000)	Canadian Government Bond 2.25% 01JUN25	(27,473,433)	(27,681,233)	(8.64)
(25,562,000)	Canadian Government Bond 2.25% 01JUN29	(23,999,025)	(24,262,939)	(7.57)
(1,312,000)	Canadian Government Bond 2.75% 01DEC55	(1,146,688)	(1,154,626)	(0.36)
(10,390,000)	Canadian Government Bond 2.75% 01JUN33	(9,699,514)	(9,807,433)	(3.06)
(18,449,000)	Canadian Government Bond 2.75% 01SEP27	(17,866,510)	(17,979,657)	(5.61)
(12,820,000)	Canadian Government Bond 3% 01JUN34	(12,313,416)	(12,304,764)	(3.84)
(5,590,000)	Canadian Government Bond 3% 01OCT25	(5,468,697)	(5,507,659)	(1.72)
(600,000)	Canadian Government Bond 3.25% 01DEC33	(586,058)	(588,654)	(0.18)
(71,735,000)	Canadian Government Bond 3.25% 01SEP28	(70,654,128)	(70,986,087)	(22.16)
(14,156,000)	Canadian Government Bond 3.50% 01MAR28	(14,028,671)	(14,125,423)	(4.41)
(1,000,000)	Canadian Government Bond 3.50% 01SEP29	(1,000,100)	(1,001,140)	(0.31)
(2,775,000)	Canadian Government Bond 3.75% 01FEB25	(2,764,945)	(2,762,624)	(0.86)
(87,285,000)	Canadian Government Bond 4% 01MAR29	(89,058,109)	(89,174,720)	(27.83)
(4,150,000)	Canadian Government Bond 4.50% 01FEB26	(4,172,243)	(4,175,232)	(1.30)
(6,800,000)	Canadian Government Bond 4.50% 01NOV25	(6,811,650)	(6,825,636)	(2.13)
(35,000)	Canadian Government Bond 5.75% 01JUN33	(51,272)	(40,928)	(0.01)
		<u>(527,696,501)</u>	<u>(532,528,584)</u>	<u>(166.19)</u>
<b>U.S. fixed income</b>				
(950,000)	United States Treasury Note/Bond 1.625% 15MAY31	\$ (1,228,880)	\$ (1,091,794)	(0.34)

# ALGONQUIN FIXED INCOME 2.0 FUND

## Schedule of Investment Portfolio (continued) As at June 30, 2024 (Unaudited)

Number of shares/units /par value	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
	<b>Total investments sold short</b>	\$ (528,925,381)	\$ (533,620,378)	(166.53)
	Commissions and other portfolio transaction costs	(10,490)	—	—
	<b>Net investments owned</b>	<b>\$ 356,905,562</b>	359,883,364	112.45
	Unrealized gain, foreign exchange forward contracts (Schedule 1)		98,607	0.03
	Unrealized gain, futures contracts (Schedule 2)		1,413,273	0.44
	<b>Other liabilities, net</b>		<b>(41,015,490)</b>	<b>(12.92)</b>
	<b>Net Assets Attributable to Holders of Redeemable Units</b>		<b>\$ 320,379,754</b>	<b>100.00</b>

### Schedule 1 - Foreign Exchange Forward Contracts

Settlement Date	Currency Sold	Currency Bought	Forward Rates	Contract Price	Fair Value	Unrealized Gain
July 31, 2024	USD	CAD	1.367984	\$ (26,723,803)	\$ (26,625,196)	\$ 98,607
						98,607
<b>Total unrealized gain on foreign exchange forward contracts</b>						<b>\$ 98,607</b>

### Schedule 2 - Futures contracts

Futures contracts	Settlement Date	Position	Number of Contracts	Contract Price	Notional Amount	Unrealized Gain
CAN 2YR BOND FUT	September 2024	Long	475	\$ 103.38	\$ 48,886,316	\$ 219,184
CAN 5YR BOND FUT	September 2024	Long	534	110.88	58,638,326	571,594
US 10YR NOTE (CBT)	September 2024	Long	70	109.98	7,578,592	164,686
US 2YR NOTE (CBT)	September 2024	Long	86	102.11	17,498,317	88,282
US 5YR NOTE (CBT)	September 2024	Long	261	106.58	27,529,393	393,527
CAN 10YR BOND FUT	September 2024	Short	100	120.07	(11,983,000)	(24,000)
<b>Total unrealized gain on futures contracts</b>						<b>\$ 1,413,273</b>

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements

For the six months ended June 30, 2024 (Unaudited)

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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 40 King Street West, Suite 3402, Toronto, Ontario, M5H 3Y2.

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 supernational 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.



# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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## 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:

- (a) 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
- (b) 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"). These interim financial statements were approved for issuance by the Trustee on August 8, 2024.

- (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.

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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## 2. Material accounting policy information:

The following summarizes the material accounting policies of the Fund:

### (a) 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 (losses) on assets held by the Fund and the Fund's liabilities are included in the net change in unrealized appreciation in value of investments in the statements of comprehensive income.

### (b) 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 are 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.

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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## 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 they expired.

### (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 (i.e. Bloomberg), 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.

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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## 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.

### (c) 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.

### (d) 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.

### (e) Cash and cash equivalents (overdraft):

Cash and cash equivalents (overdraft) is comprised of cash on deposit and is classified to be held for trading and carried at fair value.

### (f) Other financial assets and liabilities:

Subscriptions receivable, due from broker, receivable for investments sold, interest and dividends receivable and expense reimbursements receivable are classified as and measured at amortized cost. Due to broker, payable for investments purchased, 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.

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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## 2. Material accounting policy information (continued):

- (g) 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, NAVs 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 is 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.

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

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

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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## 2. Material accounting policy information (continued):

### (i) 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 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.

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.

### (j) 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, 2023 and 2022, the Fund has no capital loss carry-forwards balances. As at December 31, 2023, the Fund has \$nil (2022 - \$6,415,049) of non-capital loss carryforwards balance.

### (k) 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.

## **ALGONQUIN FIXED INCOME 2.0 FUND**

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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### **2. Material accounting policy information (continued):**

#### **(l) 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.

#### **(m) 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.

### **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.

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.

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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## 4. Critical accounting estimates and judgments:

### (a) Use of estimates and assumptions:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the 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.

### (b) 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 the most significant accounting judgments and estimates in the determination of the fair value of these instruments.

### (c) 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) 1/12<sup>th</sup> of 1.45% of the aggregate NAV of Series A for Series A units; (ii) 1/12<sup>th</sup> of 0.50% of the aggregate NAV of Series F Founders for Series Founders units; and (iii) 1/12<sup>th</sup> 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.



## ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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### 5. Related party transactions (continued):

#### (a) Management fees (continued):

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, 2024, management fees paid to the Manager amounted to \$1,506,119 (2023 - \$847,091). As at June 30, 2024, management fees payable to the Manager amounted to \$177,048 (December 31, 2023 - \$176,380).

#### (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, 2024, expenses reimbursed by the Manager amounted to \$nil (2023 - \$29,338). As at June 30, 2024, expense reimbursement receivable from the Manager amounted to \$84,343 (December 31, 2023 - \$84,343).

## **ALGONQUIN FIXED INCOME 2.0 FUND**

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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### **5. Related party transactions (continued):**

#### (c) Related party unit holdings:

As at June 30, 2024, directors and key management personnel of the Manager, directly or indirectly held 4,424 Series I units in the Fund (December 31, 2023 – 4,171 Series I units) and 1,149 Series F units (December 31, 2023 – 1,127 Series F units).

#### (d) Due to Manager and due to related fund:

As at June 30, 2024, \$nil (December 31, 2023 - \$nil) is due to related fund and \$nil (December 31, 2023 - \$nil) is due from related fund, related by virtue of the fund being managed by the Manager.

### **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 each other 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.

## ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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### 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 incur 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 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.

## ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

### 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, 2024 and 2023 is as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Transfers	Reinvestments of Units	Redeemable Units, end of period
<b>June 30, 2024</b>						
Series A	163,605	60,480	(7,649)	(60,617)	1,626	157,445
Series F	2,234,612	910,759	(402,779)	58,391	39,204	2,840,187
Series FF	205,963	–	(14,262)	–	3,079	194,780
Series I	436,688	–	(431,699)	–	118	5,107
<b>June 30, 2023</b>						
Series A	34,543	45,206	(2,417)	(360)	804	77,776
Series F	1,164,588	607,822	(135,703)	352	27,019	1,664,078
Series FF	259,574	–	(39,083)	–	4,301	224,792
Series I	37,136	397,717	(33,160)	–	10,099	411,792

#### (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 that the series of units is denominated.

## ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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### 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.

## **ALGONQUIN FIXED INCOME 2.0 FUND**

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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### **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 threshold 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:

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

## 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 broker. 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, 2024 and December 31, 2023:

Debt instruments* by credit rating	% of NAV	
	June 30, 2024	December 31, 2023
AAA rated	2	2
AA rated	65	69
A rated	58	62
BBB rated	135	144
BB rated	5	5
B rated	1	1
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.

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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## 7. Financial instruments (continued):

The Fund's cash is held with the Prime Broker that was rated as follows as at June 30, 2024 and December 31, 2023

S&P Global rating	TDSI
Short term	A-1+
Long term	AA-

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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 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.



## ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

### 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, 2024 and December 31, 2023, 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, 2024	December 31, 2023
0 to 1 year	\$ (47,240)	\$ (200,383)
1 to 3 years	(774,527)	(332,629)
3 to 5 years	(1,543,730)	(1,000,964)
Greater than 5 years	(808,702)	(1,533,536)
Total	\$ (3,174,198)	\$ (3,067,512)

\*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.

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

## 7. Financial instruments (continued):

As at June 30, 2024, 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 \$268,717 (December 31, 2023 - \$204,719). Additionally, as at June 30, 2024, 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 \$1,453,265 (December 31, 2023 - \$697,147). 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, 2024 and December 31, 2023, if the respective currency had strengthened by 5% in relation to all other currencies, with all other variables held constant:

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, 2024</b>						
U.S. Dollar	\$ (22,410,587)	\$ 23,318,746	\$ 908,159	\$ (1,120,529)	\$ 1,165,937	\$ 45,408
	\$ (22,410,587)	\$ 23,318,746	\$ 908,159	\$ (1,120,529)	\$ 1,165,937	\$ 45,408
% of Net Assets						
Attributable to Holders						
of Redeemable Units	(7.00)	7.28	0.28	(0.35)	0.36	0.01

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

## 7. Financial instruments (continued):

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, 2023</b>						
U.S. Dollar	\$ (19,145,372)	\$ 18,467,436	\$ (677,936)	\$ (957,269)	\$ 923,372	\$ (33,897)
	\$ (19,145,372)	\$ 18,467,436	\$ (677,936)	\$ (957,269)	\$ 923,372	\$ (33,897)
% of Net Assets						
Attributable to Holders						
of Redeemable Units	(6.38)	6.15	(0.23)	(0.32)	0.31	(0.01)

The amounts in the above table is 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, 2024, if the U.S. 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 \$45,408 (December 31, 2023 - \$(33,897)). 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, 2024 and December 31, 2023:

## ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

### 7. Financial instruments (continued):

Market Segment	June 30, 2024	December 31, 2023
Financial	42%	45%
Energy	17%	16%
Utilities	9%	12%
Communications	14%	12%
Consumer, non-cyclical	7%	7%
Consumer, cyclical	6%	4%
Industrial	3%	2%
Basic Materials	1%	1%
Technology	1%	1%
	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, 2024, the Fund's lowest and highest aggregate gross exposure was 199% (December 31, 2023 – 187%) and 266% (December 31, 2023 – 267%) 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, that the Fund's aggregate gross exposure is less than 300% (December 31, 2023 - 300%) of the Fund's NAV.

# ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

## 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, 2024 and December 31, 2023

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equity	\$ 1,011,000	\$ –	\$ –	\$ 1,011,000
Fixed income securities	–	802,114,759	–	802,114,759
Money market	–	76,856,334	–	76,856,334
Preferred shares	13,521,649	–	–	13,521,649
Foreign exchange forward contracts	–	98,607	–	98,607
Futures contracts	1,413,273	–	–	1,413,273
	\$ 15,945,922	\$ 879,069,700	\$ –	\$ 895,015,622
<b>Liabilities</b>				
Fixed income securities sold short	\$ –	\$ 533,620,378	\$ –	\$ 533,620,378
	\$ –	\$ 533,620,378	\$ –	\$ 533,620,378

## ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Interim Financial Statements (continued)

For the six-months ended June 30, 2024 (Unaudited)

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

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equity	\$ 1,006,500	\$ –	\$ –	1,006,500
Fixed income securities	–	739,547,298	–	739,547,298
Money market	–	102,619,417	–	102,619,417
Preferred shares	5,964,973	–	–	5,964,973
Foreign exchange forward contracts	–	907,064	–	907,064
Futures contracts	1,803,521	–	–	1,803,521
	\$ 8,774,994	\$ 843,073,779	\$ –	\$ 851,848,773
<b>Liabilities</b>				
Fixed income securities sold short	\$ –	\$ 437,106,395	\$ –	\$ 437,106,395
Options on futures	117,602	–	–	117,602
	\$ 117,602	\$ 437,106,395	\$ –	\$ 437,223,997

There were no transfers between levels during the six-months ended June 30, 2024 and the year ended December 31, 2023.

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

The increase (decrease) in net assets attributable to holders of redeemable units per series per unit for the six-months ended June 30, 2024 and 2023 is calculated as follows:

	Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series	Weighted Average of Redeemable Units Outstanding During the Period	Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit
<b>June 30, 2024</b>			
Series A	\$ 421,006	151,688	\$ 2.78
Series F	7,811,965	2,580,692	3.03
Series FF	634,628	200,077	3.17
Series I	(16,359)	117,510	(0.14)
<b>June 30, 2023</b>			
Series A	\$ 113,438	54,988	\$ 2.06
Series F	4,222,933	1,449,192	2.91
Series FF	920,817	244,974	3.76
Series I	932,811	342,117	2.73