

Financial Statements of

**ALGONQUIN FIXED INCOME 2.0
FUND**

And Independent Auditor's Report thereon

Year ended December 31, 2025 and 2024



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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Algonquin Fixed Income 2.0 Fund

Opinion

We have audited the financial statements of Algonquin Fixed Income 2.0 Fund (the Fund), which comprise:

- the statements of financial position as at December 31, 2025 and December 31, 2024
- the statements of comprehensive income for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2025 and December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

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

- the information included in the Management Report of Fund Performance.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 24, 2026

ALGONQUIN FIXED INCOME 2.0 FUND

Statements of Financial Position December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Investments owned (Cost:\$1,298,297,671 - 2024:\$770,403,452) (note 8)	\$ 1,308,975,873	\$ 791,506,449
Unrealized gain on foreign exchange forward contracts (note 8)	1,378,240	-
Unrealized gain on futures contracts (note 8)	-	865,220
Unrealized gain on credit default swaps (note 8)	786,692	653,449
Subscriptions receivable	3,380,847	448,773
Due from broker (note 3)	14,631,503	4,405,147
Interest and dividends receivable	11,916,567	7,185,294
Expense reimbursements receivable (note 5)	-	84,343
Prepaid expenses	-	6,838
	<u>1,341,069,722</u>	<u>805,155,513</u>
LIABILITIES		
Current liabilities		
Investments sold short (Proceeds:\$444,424,691 - 2024:\$376,672,728) (note 8)	443,884,148	385,347,028
Unrealized loss on futures contracts (note 8)	1,661,126	-
Unrealized loss on foreign exchange forward contracts (note 8)	-	1,054,526
Due to broker (note 3)	223,967,641	9,542,643
Accounts payable and accrued liabilities	178,300	89,523
Interest and borrowing fees payable on investments sold short	3,215,507	1,999,017
Management fees payable (note 5)	311,075	207,389
Redemptions payable	243,125	90,869
Distributions payable	5,625,591	6,082,926
	<u>679,086,513</u>	<u>404,413,921</u>
Net Assets Attributable to Holders of Redeemable Units	<u>\$ 661,983,209</u>	<u>\$ 400,741,592</u>
Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	\$ 40,996,694	\$ 21,353,912
Series F	602,377,790	359,440,166
Series FF	18,045,004	19,417,400
Series I	563,721	530,114
	<u>\$ 661,983,209</u>	<u>\$ 400,741,592</u>
Number of Redeemable Units Outstanding (note 6)		
Series A	419,066	220,302
Series F	5,971,803	3,584,671
Series FF	183,770	197,377
Series I	9,002	8,469
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A	\$ 97.83	\$ 96.93
Series F	100.87	100.27
Series FF	98.19	98.38
Series I	62.62	62.59

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 Years ended December 31, 2025 and 2024

	2025	2024
Income		
Interest income for distribution purposes	\$ 39,227,095	\$ 35,596,121
Dividend income	529,264	452,384
Net realized gain on sale of investments, including foreign exchange adjustments	4,771,801	4,534,264
Net realized loss on foreign exchange forward contracts	(845,163)	(608,958)
Net realized gain (loss) on futures contracts	5,234,536	(191,088)
Net realized loss on swaps	(18,509)	–
Net change in unrealized gain (loss) on foreign exchange forward contracts	2,432,766	(1,961,591)
Net change in unrealized (depreciation) appreciation in value of investments	(1,209,844)	13,885,458
Net change in unrealized loss on futures contracts	(2,526,346)	(938,301)
Net change in unrealized (loss) gain on swaps	(11,384)	38,963
	<u>47,584,216</u>	<u>50,807,252</u>
Expenses		
Interest and borrowing fees	13,737,386	14,930,022
Management fees (note 5)	5,737,642	3,428,005
Operating costs	672,974	440,825
Audit fees	64,015	69,688
Independent review committee fees	24,229	11,199
Commissions and other portfolio transaction costs	8,426	25,686
	<u>20,244,672</u>	<u>18,905,425</u>
Increase in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 27,339,544</u>	<u>\$ 31,901,827</u>
Increase in Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	\$ 1,405,329	\$ 1,502,008
Series F	24,841,480	28,432,621
Series FF	1,059,128	1,948,067
Series I	33,607	19,131
	<u>\$ 27,339,544</u>	<u>\$ 31,901,827</u>
Increase in Net Assets Attributable to Holders of Redeemable Units per Unit (note 9)		
Series A	\$ 4.42	\$ 8.98
Series F	5.17	9.89
Series FF	5.60	9.94
Series I	3.92	0.31

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

ALGONQUIN FIXED INCOME 2.0 FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units Years ended December 31, 2025 and 2024

	Net assets attributable to holders of redeemable units, beginning of year	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 year
December 31, 2025								
Series A	\$ 21,353,912	\$ 26,716,231	\$ (6,937,642)	\$ (1,158,935)	\$ (1,348,727)	\$ 966,526	\$ 1,405,329	\$ 40,996,694
Series F	359,440,166	340,545,104	(116,113,399)	1,101,115	(25,007,035)	17,570,359	24,841,480	602,377,790
Series FF	19,417,400	–	(2,213,588)	57,820	(1,054,430)	778,674	1,059,128	18,045,004
Series I	530,114	–	–	–	(33,571)	33,571	33,607	563,721
	<u>\$ 400,741,592</u>	<u>\$ 367,261,335</u>	<u>\$ (125,264,629)</u>	<u>\$ –</u>	<u>\$ (27,443,763)</u>	<u>\$ 19,349,130</u>	<u>\$ 27,339,544</u>	<u>\$ 661,983,209</u>

	Net assets attributable to holders of redeemable units, beginning of year	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 year
December 31, 2024								
Series A	\$ 15,680,859	\$ 12,827,226	\$ (2,216,775)	\$ (5,967,509)	\$ (1,474,292)	\$ 1,002,395	\$ 1,502,008	\$ 21,353,912
Series F	222,115,002	186,697,483	(76,238,825)	5,967,509	(28,331,197)	20,797,573	28,432,621	359,440,166
Series FF	20,284,182	–	(2,300,084)	–	(1,925,671)	1,410,906	1,948,067	19,417,400
Series I	41,808,732	–	(41,297,749)	–	(223,972)	223,972	19,131	530,114
	<u>\$ 299,888,775</u>	<u>\$ 199,524,709</u>	<u>\$ (122,053,433)</u>	<u>\$ –</u>	<u>\$ (31,955,132)</u>	<u>\$ 23,434,846</u>	<u>\$ 31,901,827</u>	<u>\$ 400,741,592</u>

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

ALGONQUIN FIXED INCOME 2.0 FUND

Statements of Cash Flows

Years ended December 31, 2025 and 2024

	2025	2024
Cash provided by (used in):		
Operating Activities		
Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 27,339,544	\$ 31,901,827
Adjustments for non-cash items		
Net realized gain on sale of investments, including foreign exchange adjustments	(4,771,801)	(4,534,264)
Net realized loss on foreign exchange forward contracts	845,163	608,958
Net realized (gain) loss on futures contracts	(5,234,536)	191,088
Net realized loss on swaps	18,509	–
Net change in unrealized (gain) loss on foreign exchange forward contracts	(2,432,766)	1,961,591
Net change in unrealized depreciation (appreciation) in value of investments	1,209,844	(13,885,458)
Net change in unrealized loss on futures contracts	2,526,346	938,301
Net change in unrealized loss (gain) on swaps	11,384	(38,963)
Change in non-cash balances		
Increase in interest and dividends receivable	(4,731,273)	(803,969)
Decrease (increase) in prepaid expenses	6,838	(6,838)
Decrease in expense reimbursements receivable	84,343	–
Increase (decrease) in accounts payable and accrued liabilities	88,777	(957)
Increase in interest and borrowing fees payable on investments sold short	1,216,490	6,128
Increase in management fees payable	103,686	31,009
Proceeds from sale of investments	3,223,554,737	2,611,919,412
Purchase of investments	(3,674,329,291)	(2,589,403,607)
Cash (used in) provided by operating activities	<u>(434,494,006)</u>	<u>38,884,258</u>
Financing Activities		
Proceeds from redeemable units issued	364,329,261	199,279,040
Amount paid on redemption of redeemable units	(125,112,373)	(122,100,395)
Distributions paid to holders of redeemable units, net of reinvestments	(8,551,968)	(4,174,084)
Cash provided by financing activities	<u>230,664,920</u>	<u>73,004,561</u>
(Decrease) increase in due from broker during the year	(203,829,086)	111,888,819
Foreign exchange (loss) gain on cash and cash equivalents	(369,556)	244,154
Cash and cash equivalents, beginning of year	<u>(5,137,496)</u>	<u>(117,270,469)</u>
Cash and cash equivalents, end of year	<u>\$ (209,336,138)</u>	<u>\$ (5,137,496)</u>
Cash and cash equivalents represented by:		
Due from broker	\$ 14,631,503	\$ 4,405,147
Due to broker	<u>(223,967,641)</u>	<u>(9,542,643)</u>
	<u>\$ (209,336,138)</u>	<u>\$ (5,137,496)</u>
Supplemental information*		
Interest paid	\$ 10,955,598	\$ 12,823,603
Interest received	34,494,697	34,775,608
Dividends received, net of withholding taxes	530,389	468,929

*Included as a part of cash flows from operating activities

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

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio As at December 31, 2025

Number of shares/units/par value	Investments owned	Average cost	Fair value	% of net asset value
75,000	Canadian equity BMO Short Corporate Bond Index ETF	\$ 991,653	\$ 1,053,000	0.16
	Canadian fixed income			
4,000,000	Allied Properties Real Estate Investment Trust 3.095% 06FEB32	3,653,040	3,647,120	0.55
3,500,000	Allied Properties Real Estate Investment Trust 3.113% 08APR27	3,523,850	3,492,545	0.53
3,500,000	Allied Properties Real Estate Investment Trust 3.394% 15AUG29	3,449,505	3,407,285	0.51
5,875,000	Allied Properties Real Estate Investment Trust 4.148294% 07APR27	5,875,000	5,918,240	0.89
3,750,000	Allied Properties Real Estate Investment Trust 4.667% 25SEP31	3,751,473	3,729,675	0.56
3,500,000	Allied Properties Real Estate Investment Trust 4.808% 24FEB29	3,500,000	3,574,130	0.54
1,000,000	AltaGas Canada Inc. 3.13% 07APR27	1,000,000	1,000,970	0.15
5,489,000	AltaGas Canada Inc. 3.15% 06APR26	5,390,600	5,490,647	0.83
2,000,000	AltaGas Canada Inc. 4.26% 05DEC28	2,043,900	2,048,480	0.31
13,500,000	AltaGas Ltd. 4.12% 07APR26	13,377,280	13,502,430	2.04
8,771,000	ARC Resources Ltd. 2.354% 10MAR26	8,460,114	8,766,965	1.32
2,000,000	Atco Ltd. 3.878% 27MAY30	2,000,000	2,023,180	0.31
9,800,000	Bell Canada Inc. 2.90% 12AUG26	9,775,409	9,804,312	1.48
2,000,000	Bell Canada Inc. 3.60% 29SEP27	1,923,800	2,015,480	0.30
3,000,000	Bell Telephone Co of Canada or Bell Canada 3.65% 14AUG29	2,998,680	3,013,920	0.46
5,000,000	Bell Telephone Co of Canada or Bell Canada 4.30% 14MAR33	5,035,967	5,030,700	0.76
1,500,000	BPC Generation Infrastructure Trust 3.795% 29SEP30	1,500,000	1,498,245	0.23
1,500,000	BPC Generation Infrastructure Trust 4.162% 29SEP32	1,500,000	1,495,680	0.23
2,000,000	BPC Generation Infrastructure Trust 4.613% 29SEP35	2,000,000	1,996,900	0.30
2,500,000	Brookfield Infrastructure Finance ULC 3.70% 06JAN31	2,500,000	2,481,700	0.37
6,000,000	Bruce Power LP 4% 21DEC32	5,996,640	5,961,900	0.90
1,000,000	Bruce Power LP 4.27% 21DEC34	999,750	996,730	0.15
8,973,000	Bruce Power LP 4.70% 21DEC27	8,971,115	9,235,999	1.40
5,000,000	Bruce Power LP 4.70% 21JUN31	4,993,590	5,209,700	0.79
585,000	Canadian Government Bond 1% 01SEP26	579,159	579,998	0.09
9,200,000	Canadian Imperial Bank of Commerce 3.035973% 28JAN28	9,200,000	9,212,512	1.39
10,000,000	Canadian Imperial Bank of Commerce 3.29835% 30JUN29	10,000,000	10,041,100	1.52
5,000,000	Canadian Imperial Bank of Commerce 3.90% 20JUN31	4,996,400	5,062,850	0.76
6,000,000	Canadian Imperial Bank of Commerce 4.20% 07APR32	6,056,820	6,082,080	0.92
5,000,000	Canadian Imperial Bank of Commerce 4.90% 12JUN34	5,165,050	5,196,300	0.78
4,000,000	Canadian Imperial Bank of Commerce 5.33% 20JAN33	4,182,880	4,158,040	0.63
2,500,000	Canadian Imperial Bank of Commerce 5.898% 28JAN86	2,500,000	2,509,250	0.38
1,000,000	Canadian Imperial Bank of Commerce 6.987% 28JUL84	1,000,000	1,059,280	0.16

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2025

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
	Canadian fixed income (continued)			
1,000,000	Canadian Imperial Bank of Commerce 7.365%	\$ 1,000,000	\$ 1,053,850	0.16
6,000,000	Canadian Natural Resources Ltd. 3.30% 08DEC28	5,993,220	5,987,220	0.90
2,500,000	Canadian Natural Resources Ltd. 3.75% 08FEB31	2,494,525	2,490,900	0.38
3,000,000	Canadian Natural Resources Ltd. 4.15% 15DEC31	2,995,080	3,027,600	0.46
3,500,000	Canadian Natural Resources Ltd. 4.55% 08FEB36	3,489,500	3,483,095	0.53
2,000,000	Capital Power Corp. 3.147% 01OCT32	1,641,460	1,872,000	0.28
3,750,000	Capital Power Corp. 4.231% 14JAN33	3,749,625	3,718,800	0.56
9,700,000	Capital Power Corp. 5.378% 25JAN27	9,846,357	9,944,343	1.50
3,000,000	Capital Power Corp. 8.125% 05JUN54	3,000,000	3,380,430	0.51
5,000,000	Cenovus Energy Inc. 4.25% 20MAR33	4,996,200	4,991,100	0.75
3,500,000	Central 1 Credit Union 3.05625% 20AUG27	3,500,000	3,506,650	0.53
1,500,000	CES Energy Solutions Corp. 6.875% 24MAY29	1,546,875	1,539,855	0.23
4,500,000	Chartwell Retirement Residences 3.65% 06MAY28	4,493,115	4,522,185	0.68
6,250,000	Chartwell Retirement Residences 4.40% 05NOV29	6,265,147	6,375,063	0.96
4,500,000	Chartwell Retirement Residences 4.50% 06MAR32	4,499,460	4,526,730	0.68
12,147,000	Chartwell Retirement Residences 6% 08DEC26	12,405,315	12,481,528	1.89
7,189,000	Choice Properties Real Estate Investment Trust 2.456% 30NOV26	7,160,532	7,174,047	1.08
3,000,000	Choice Properties Real Estate Investment Trust 5.03% 28FEB31	2,999,880	3,153,480	0.48
7,000,000	Citigroup Inc. 5.07% 29APR28	7,076,550	7,184,240	1.09
1,000,000	CNH Capital Canada Receivables Trust II 3.492% 15DEC32	999,709	999,709	0.15
5,000,000	CNH Industrial Capital Canada Ltd. 3.75% 05JUN29	5,000,000	5,018,300	0.76
2,500,000	CNH Industrial Capital Canada Ltd. 4% 11APR28	2,499,100	2,534,825	0.38
8,413,000	CNH Industrial Capital Canada Ltd. 4.80% 25MAR27	8,537,315	8,584,878	1.30
5,000,000	CNH Industrial Capital Canada Ltd. 5.50% 11AUG26	5,101,000	5,083,900	0.77
2,000,000	Cogeco Communications Inc. 2.991% 22SEP31	1,696,664	1,897,560	0.29
2,300,000	Cogeco Communications Inc. 4.743% 06FEB35	2,300,000	2,316,192	0.35
2,000,000	Cogeco Communications Inc. 6.125% 27FEB29	2,000,000	2,072,060	0.31
5,000,000	Credit Agricole SA 4.186% 15OCT35	5,000,000	4,978,700	0.75
6,780,000	Crombie Real Estate Investment Trust 3.133% 12AUG31	6,556,822	6,402,218	0.97
1,000,000	Crombie Real Estate Investment Trust 3.211% 09OCT30	1,001,885	967,010	0.15
2,295,000	Crombie Real Estate Investment Trust 3.677% 26AUG26	2,412,434	2,303,675	0.35
4,000,000	Crombie Real Estate Investment Trust 4.732% 15JAN32	3,999,160	4,076,800	0.62
6,300,000	Crombie Real Estate Investment Trust 5.139% 29MAR30	6,316,042	6,579,153	0.99
2,000,000	Crombie Real Estate Investment Trust 5.244% 28SEP29	2,001,405	2,093,980	0.32
10,000,000	Dream Industrial Real Estate Investment Trust 2.539% 07DEC26	9,950,600	9,965,700	1.51
10,672,000	Dream Summit Industrial LP 2.25% 12JAN27	10,579,367	10,584,810	1.60
10,500,000	Dream Summit Industrial LP 3.466325% 04MAR28	10,557,930	10,553,340	1.59
700,000	Enbridge Inc. 3.10% 21SEP33	567,364	654,416	0.10
29,000,000	Enbridge Inc. 3.140406% 25FEB28	29,042,350	29,066,410	4.39
5,000,000	Enbridge Inc. 3.90% 25FEB30	5,047,200	5,056,600	0.76
3,300,000	Enbridge Inc. 4.73% 22AUG34	3,367,881	3,387,153	0.51
1,000,000	Enbridge Inc. 4.90% 26MAY28	999,870	1,035,980	0.16

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2025

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
Canadian fixed income (continued)				
2,000,000	Enbridge Pipelines Inc. 6.05% 12FEB29	\$ 2,131,380	\$ 2,132,920	0.32
11,250,000	Equitable Bank 3.185% 03AUG27	11,250,000	11,261,925	1.70
1,500,000	Equitable Bank 3.87% 12APR29	1,499,685	1,507,155	0.23
5,000,000	Equitable Bank 3.92% 24SEP26	5,000,000	5,032,950	0.76
10,000,000	Equitable Bank 5.16% 11JAN27	10,218,000	10,208,400	1.54
10,750,000	Federation des Caisses Desjardins du Quebec 4.264% 24JAN35	10,750,000	10,926,515	1.65
4,500,000	Federation des Caisses Desjardins du Quebec 5.035% 23AUG32	4,524,267	4,634,010	0.70
8,000,000	Federation des Caisses Desjardins du Quebec 5.279% 15MAY34	8,000,000	8,405,760	1.27
2,500,000	First Capital Real Estate Investment Trust 4.461% 15FEB34	2,499,550	2,463,125	0.37
3,500,000	First Capital Real Estate Investment Trust 4.76% 15FEB35	3,499,510	3,476,760	0.53
3,000,000	First Capital Real Estate Investment Trust 4.832% 13JUN33	3,000,000	3,051,240	0.46
9,000,000	Ford Credit Canada Co. 4.613% 13SEP27	9,029,000	9,112,770	1.38
1,000,000	Ford Credit Canada Co. 4.819% 11SEP28	1,000,000	1,013,690	0.15
4,500,000	Ford Credit Canada Co. 5.242% 23MAY28	4,620,180	4,608,090	0.70
4,500,000	Ford Credit Canada Co. 5.441% 09FEB29	4,580,185	4,631,265	0.70
8,500,000	Ford Credit Canada Co. 6.326% 10NOV26	8,704,375	8,712,500	1.32
27,800,000	Ford Credit Canada Co. 7% 10FEB26	28,276,139	27,906,474	4.22
11,250,000	Ford Credit Canada Co. 7.375% 12MAY26	11,534,400	11,420,438	1.73
3,300,000	Fortis Inc. 4.09% 26MAR32	3,300,000	3,332,406	0.50
3,000,000	Fortis Inc. 4.171% 09SEP31	3,000,000	3,074,490	0.46
3,500,000	General Motors Financial of Canada Ltd. 3.80% 07NOV30	3,494,890	3,473,435	0.52
1,516,000	George Weston Ltd. 6.69% 01MAR33	1,707,259	1,710,670	0.26
1,142,000	George Weston Ltd. 7.10% 05FEB32	1,301,149	1,297,894	0.20
1,500,000	Gibson Energy Inc. 2.85% 14JUL27	1,361,985	1,492,620	0.23
7,000,000	Gibson Energy Inc. 3.60% 17SEP29	6,753,538	6,989,080	1.06
7,000,000	Gibson Energy Inc. 4.45% 12NOV31	7,118,972	7,112,700	1.07
10,000,000	Gibson Energy Inc. 4.45% 20AUG32	10,125,095	10,081,200	1.52
400,000	Gibson Energy Inc. 5.25% 22DEC80	400,000	401,900	0.06
1,650,000	Gibson Energy Inc. 5.75% 12JUL33	1,649,373	1,782,132	0.27
6,750,000	Gildan Activewear Inc. 3.561576% 13MAR28	6,750,000	6,799,343	1.03
14,000,000	Granite REIT Holdings LP 3.071017% 11DEC26	14,009,700	14,016,940	2.12
4,500,000	Honda Canada Finance Inc. 3.126325% 04JUN27	4,500,000	4,514,355	0.68
8,000,000	Honda Canada Finance Inc. 3.539% 23SEP30	8,011,862	7,968,720	1.20
1,250,000	HOOPP Realty Finance Trust 3.568% 27NOV30	1,250,000	1,247,275	0.19
1,250,000	HOOPP Realty Finance Trust 3.922% 27NOV32	1,250,000	1,246,675	0.19
3,000,000	Hyundai Capital Canada Inc. 4.489% 26JUL27	3,000,000	3,067,650	0.46
1,000,000	Hyundai Capital Canada Inc. 4.813% 01FEB27	1,000,000	1,020,710	0.15
2,000,000	iA Financial Corp Inc. 5.685% 20JUN33	2,004,229	2,107,820	0.32
1,643,000	Inter Pipeline Ltd. 4.232% 01JUN27	1,666,452	1,661,007	0.25
1,500,000	Inter Pipeline Ltd. 6.59% 09FEB34	1,499,415	1,694,430	0.26
5,000,000	Keyera Corp. 3.702% 15OCT30	4,999,900	4,972,950	0.75

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2025

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
Canadian fixed income (continued)				
2,150,000	Keyera Corp. 4.204% 15APR33	\$ 2,151,373	\$ 2,134,671	0.32
2,000,000	Keyera Corp. 5.022% 28MAR32	2,087,980	2,095,560	0.32
1,500,000	Keyera Corp. 6% 15OCT55	1,499,940	1,504,695	0.23
1,000,000	Keyera Corp. 6.875% 13JUN79	1,043,750	1,066,160	0.16
2,000,000	Loblaw Cos Ltd. 4.387% 16JUN35	2,000,000	2,017,500	0.30
5,000,000	Manulife Bank of Canada 2.988819% 21AUG28	5,000,000	5,015,350	0.76
5,700,000	Manulife Bank of Canada 3.022536% 27AUG27	5,700,000	5,722,800	0.86
1,500,000	Manulife Bank of Canada 3.689% 19AUG30	1,500,000	1,509,105	0.23
3,500,000	Manulife Financial Corp. 3.983% 23MAY35	3,500,000	3,528,840	0.53
3,500,000	Manulife Financial Corp. 4.064% 06DEC34	3,500,000	3,548,790	0.54
1,000,000	Manulife Financial Corp. 7.117% 19JUN82	1,000,000	1,041,350	0.16
3,000,000	Mondelez International Inc. 4.625% 03JUL31	3,085,200	3,110,970	0.47
4,000,000	National Bank of Canada 3.308% 15AUG28	3,999,720	4,013,960	0.61
5,000,000	National Bank of Canada 3.522% 17JUL29	5,000,000	5,033,750	0.76
4,000,000	National Bank of Canada 3.637% 07OCT27	4,024,480	4,023,880	0.61
8,300,000	National Bank of Canada 4.333% 15AUG35	8,496,660	8,441,017	1.28
22,000,000	National Bank of Canada 4.982% 18MAR27	22,251,020	22,107,580	3.34
4,000,000	National Bank of Canada 5.426% 16AUG32	3,945,965	4,141,520	0.63
10,000,000	North West Redwater Partnership / NWR Financing Co., Ltd. 2% 01DEC26	9,920,200	9,938,000	1.50
577,000	NorthWest Healthcare Properties Real Estate Investment Trust 6.25% 31AUG27	571,487	579,371	0.09
246,000	NOVA Gas Transmission Ltd. 6.30% 27MAY30	316,110	266,184	0.04
2,500,000	Noverco Inc. 4.568% 28JAN35	2,500,000	2,545,075	0.38
5,000,000	Oxford Properties Group Trust 3.602% 13NOV30	5,000,000	4,974,450	0.75
2,500,000	Oxford Properties Group Trust 4.386% 04JUN32	2,500,000	2,552,425	0.39
14,296,000	Pembina Pipeline Corp. 3.71% 11AUG26	14,319,739	14,340,318	2.17
3,100,000	Pembina Pipeline Corp. 4.24% 15JUN27	3,004,971	3,142,904	0.47
5,000,000	Pembina Pipeline Corp. 5.02% 12JAN32	5,176,200	5,256,550	0.79
4,000,000	Pembina Pipeline Corp. 5.22% 28JUN33	3,998,280	4,239,760	0.64
2,350,000	Primaris Real Estate Investment Trust 4.468% 01MAR31	2,349,977	2,385,791	0.36
500,000	Primaris Real Estate Investment Trust 4.727% 30MAR27	467,926	509,060	0.08
3,000,000	Primaris Real Estate Investment Trust 4.998% 15MAR30	2,999,790	3,125,760	0.47
1,000,000	Primaris Real Estate Investment Trust 6.374% 30JUN29	999,880	1,082,670	0.16
3,500,000	Prologis LP 3.60% 15FEB32	3,489,570	3,430,175	0.52
5,000,000	Reliance LP 2.67% 01AUG28	4,551,447	4,911,050	0.74
2,500,000	Reliance LP 2.68% 01DEC27	2,280,383	2,477,650	0.37
9,500,000	Reliance LP 4.39% 16APR32	9,586,375	9,570,490	1.45
6,000,000	RioCan Real Estate Investment Trust 3.143635% 01MAR27	6,000,000	6,012,600	0.91
2,000,000	RioCan Real Estate Investment Trust 4.004% 01MAR28	2,000,000	2,026,240	0.31
2,500,000	RioCan Real Estate Investment Trust 4.417% 01OCT32	2,500,000	2,483,575	0.38
159,000	Rogers Communications Inc. 3.25% 01MAY29	154,162	158,124	0.02
14,100,000	Rogers Communications Inc. 3.65% 31MAR27	13,691,077	14,188,407	2.14
18,880,000	Rogers Communications Inc. 5% 17DEC81	18,920,394	19,109,958	2.89
6,750,000	Rogers Communications Inc. 5.65% 21SEP26	6,840,352	6,883,583	1.04

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2025

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
Canadian fixed income (continued)				
1,300,000	Rogers Communications Inc. 6.75% 09NOV39	\$ 1,461,811	\$ 1,517,867	0.23
5,000,000	Royal Bank of Canada 3.572% 09DEC31	5,000,000	4,980,400	0.75
3,500,000	Royal Bank of Canada 3.985% 22JUL31	3,500,000	3,559,185	0.54
4,500,000	Royal Bank of Canada 4.279% 04FEB35	4,499,955	4,581,855	0.69
4,000,000	Royal Bank of Canada 4.829% 08AUG34	3,999,920	4,154,440	0.63
1,500,000	Royal Bank of Canada 6.698%	1,500,000	1,577,445	0.24
1,300,000	Royal Bank of Canada 7.408%	1,300,000	1,404,936	0.21
1,000,000	Sienna Senior Living Inc. 2.82% 31MAR27	1,003,290	997,110	0.15
5,000,000	Sienna Senior Living Inc. 3.524% 18DEC28	5,000,000	5,009,400	0.76
4,000,000	Sienna Senior Living Inc. 4.112% 21AUG30	4,000,000	4,030,920	0.61
4,500,000	Sienna Senior Living Inc. 4.436% 17OCT29	4,509,266	4,613,175	0.70
3,500,000	SmartCentres Real Estate Investment Trust 3.599% 12JUN29	3,499,895	3,480,750	0.53
2,500,000	SmartCentres Real Estate Investment Trust 4.318% 12JUN32	2,499,900	2,471,200	0.37
3,000,000	SmartCentres Real Estate Investment Trust 5.162% 01AUG30	3,000,054	3,133,260	0.47
5,000,000	Sobeys Inc. 3.10% 30OCT28	5,000,000	4,974,200	0.75
2,000,000	South Bow Canadian Infrastructure Holdings Ltd. 4.933% 01FEB35	1,999,920	2,051,160	0.31
3,000,000	Stella-Jones Inc. 4.312% 01OCT31	3,019,950	3,027,660	0.46
3,750,000	Sun Life Financial Inc. 4.56% 03DEC40	3,747,300	3,736,500	0.56
2,250,000	Suncor Energy Inc. 3.55% 14NOV30	2,247,143	2,227,860	0.34
1,000,000	Suncor Energy Inc. 5.40% 17NOV26	1,026,284	1,022,340	0.15
3,000,000	TELUS Corp. 2.75% 08JUL26	2,816,430	3,000,360	0.45
1,000,000	TELUS Corp. 3.30% 02MAY29	945,075	999,510	0.15
1,500,000	TELUS Corp. 4.65% 13AUG31	1,498,665	1,556,220	0.24
7,300,000	TELUS Corp. 4.95% 18FEB31	7,436,391	7,676,023	1.16
9,500,000	TELUS Corp. 5% 13SEP29	9,893,120	9,962,460	1.50
3,000,000	TELUS Corp. 5.25% 15NOV32	2,922,000	3,191,910	0.48
3,500,000	TELUS Corp. 6.25% 21JUL55	3,528,080	3,677,380	0.56
12,500,000	The Bank of Nova Scotia 2.95% 08MAR27	12,495,625	12,509,875	1.89
7,500,000	The Bank of Nova Scotia 3.616% 30JAN32	7,500,000	7,471,575	1.13
5,000,000	The Bank of Nova Scotia 3.807% 15NOV28	5,053,650	5,061,950	0.76
4,000,000	The Bank of Nova Scotia 3.934% 03MAY32	3,761,320	4,043,840	0.61
800,000	The Bank of Nova Scotia 7.023% 27JUL82	800,000	834,624	0.13
1,300,000	The Bell Telephone Co of Canada or Bell Canada 5.15% 14NOV28	1,298,921	1,358,500	0.21
17,000,000	The Empire Life Insurance Co. 5.503% 13JAN33	17,595,530	17,679,660	2.67
5,000,000	The Toronto-Dominion Bank 3.06% 26JAN32	4,998,700	5,005,050	0.76
10,800,000	The Toronto-Dominion Bank 3.842% 29MAY31	10,812,837	10,924,956	1.65
5,000,000	The Toronto-Dominion Bank 4.002% 31OCT30	5,000,000	5,095,000	0.77
12,000,000	Toyota Credit Canada Inc. 2.9863% 20NOV28	12,000,000	12,035,400	1.82
2,000,000	TransAlta Corp. 5.625% 24MAR32	1,999,692	2,072,760	0.31
500,000	TransAlta Corp. 7.30% 22OCT29	570,000	548,880	0.08
14,595,000	TransCanada PipeLines Ltd. 4.35% 12MAY26	14,651,821	14,660,969	2.21

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2025

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
Canadian fixed income (continued)				
4,500,000	TransCanada PipeLines Ltd. 4.575% 20FEB35	\$ 4,500,000	\$ 4,555,845	0.69
10,000,000	TransCanada PipeLines Ltd. 5.33% 12MAY32	10,763,300	10,714,900	1.62
4,700,000	TransCanada PipeLines Ltd. 5.65% 20JUN29	5,063,592	5,000,518	0.76
688,000	TransCanada PipeLines Ltd. 6.89% 07AUG28	754,440	744,870	0.11
2,395,000	TransCanada PipeLines Ltd. 8.29% 05FEB26	2,450,205	2,405,993	0.36
4,000,000	TransCanada Trust 4.65% 18MAY77	3,683,376	4,040,120	0.61
6,000,000	Transcontinental Inc. 2.28% 13JUL26	5,996,829	5,977,260	0.90
4,000,000	TriSummit Utilities Inc. 3.71% 14FEB31	3,999,600	3,973,720	0.60
2,000,000	TriSummit Utilities Inc. 4.40% 14NOV35	1,999,040	1,976,340	0.30
1,000,000	TriSummit Utilities Inc. 4.48% 24APR32	999,580	1,023,150	0.15
2,700,000	Ventas Canada Finance Ltd. 5.10% 05MAR29	2,697,759	2,820,879	0.43
500,000	Videotron Ltd. 3.125% 15JAN31	502,813	484,490	0.07
3,000,000	Videotron Ltd. 3.625% 15JUN28	2,918,271	3,004,380	0.45
12,000,000	Videotron Ltd. 3.95% 15OCT32	11,876,670	11,844,000	1.79
30,369,000	Videotron Ltd. 4.50% 15JAN30	30,677,420	30,844,579	4.66
15,000,000	Videotron Ltd. 4.65% 15JUL29	15,238,206	15,574,350	2.35
10,000,000	VW Credit Canada Inc. 3.288109% 20NOV28	10,000,000	10,040,600	1.52
5,000,000	VW Credit Canada Inc. 3.356356% 19FEB27	5,000,000	5,022,900	0.76
2,500,000	VW Credit Canada Inc. 3.81% 19NOV30	2,499,200	2,490,275	0.38
14,218,000	VW Credit Canada Inc. 5.75% 21SEP26	14,556,478	14,516,862	2.19
2,000,000	Wolf Midstream Canada LP 6.40% 18JUL29	2,052,500	2,088,980	0.32
		<u>1,114,403,683</u>	<u>1,124,754,461</u>	<u>169.93</u>
Canadian money market				
10,000,000	Enbridge Inc CP 03FEB2026	9,974,460	9,974,460	1.51
10,000,000	Enbridge Inc CP 08JAN2026	9,994,152	9,994,152	1.51
7,000,000	Enbridge Inc CP 29JAN2026	6,984,846	6,984,846	1.06
25,000,000	Enbridge Inc. CP 02FEB2026	24,938,025	24,938,025	3.77
5,000,000	Enbridge Inc. CP 02JAN2026	4,999,266	4,999,266	0.76
7,000,000	Enbridge Inc. CP 13JAN2026	6,993,327	6,993,327	1.06
5,000,000	Enbridge Inc. CP 28JAN2026	4,989,574	4,989,574	0.75
6,500,000	Nova Scotia Power Inc CP 03FEB2026	6,483,835	6,483,835	0.98
2,000,000	Nova Scotia Power Inc CP 05JAN2026	1,999,268	1,999,268	0.30
6,000,000	Nova Scotia Power Inc CP 09JAN2026	5,996,049	5,996,049	0.91
2,000,000	Nova Scotia Power Inc CP 28JAN2026	1,995,914	1,995,914	0.30
3,000,000	Nova Scotia Power Inc. CP 30JAN2026	2,993,427	2,993,427	0.45
16,350,000	Tourmaline Oil Corp CP 20JAN2026	16,325,897	16,325,897	2.47
2,500,000	Tourmaline Oil Corp CP 27JAN2026	2,495,039	2,495,039	0.38
2,500,000	Tourmaline Oil Corp CP 28JAN2026	2,494,852	2,494,852	0.38
12,500,000	Tourmaline Oil Corp. CP 21JAN2026	12,480,651	12,480,651	1.89
		<u>122,138,582</u>	<u>122,138,582</u>	<u>18.48</u>

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2025

Number of shares/units/par value	Investments owned (continued)	Average cost	Fair value	% of net asset value
Canadian preferred shares				
10,000	Enbridge Inc. Preferred Shares 4.376%	\$ 156,200	\$ 231,700	0.04
8,500	Enbridge Inc. Preferred Shares 4.40%	117,283	193,715	0.03
10,000	Power Financial Corp. Preferred Shares 4.50%	250,000	206,000	0.03
		<u>523,483</u>	<u>631,415</u>	<u>0.10</u>
U.S. fixed income				
2,000,000	Bank of Montreal 4.35% 22SEP31	2,782,085	2,740,614	0.41
3,000,000	Canadian Imperial Bank of Commerce 4.58% 08SEP31	4,245,935	4,148,198	0.63
1,500,000	Element Fleet Management Corp. 6.271% 26JUN26	1,977,225	2,075,662	0.31
8,000,000	Emera Inc. 6.75% 15JUN76	11,212,992	11,043,318	1.67
700,000	Expedia Group Inc. 2.95% 15MAR31	880,518	893,317	0.13
1,000,000	Gildan Activewear Inc. 4.70% 07OCT30	1,383,445	1,366,713	0.21
3,000,000	JPMorgan Chase & Co. 1.578% 22APR27	3,724,436	4,082,530	0.62
5,000,000	Morgan Stanley 2.239% 21JUL32	6,138,728	6,093,163	0.92
2,000,000	Morgan Stanley 4.133% 18OCT29	2,809,600	2,741,683	0.41
2,000,000	Morgan Stanley 4.356% 22OCT31	2,809,600	2,735,402	0.41
3,000,000	Morgan Stanley 5.449% 20JUL29	4,094,892	4,247,028	0.64
1,000,000	Morgan Stanley Bank NA 4.952% 14JAN28	1,347,300	1,384,228	0.21
500,000	MSCI Inc. 4% 15NOV29	685,248	671,973	0.10
1,000,000	Oracle Corp. 1.65% 25MAR26	1,241,243	1,363,161	0.21
1,000,000	Performance Food Group Inc. 4.25% 01AUG29	1,245,650	1,346,072	0.20
2,000,000	Royalty Pharma PLC 2.15% 02SEP31	2,469,259	2,414,745	0.36
3,000,000	South Bow USA Infrastructure Holdings LLC 5.026% 01OCT29	4,208,136	4,177,658	0.63
2,000,000	The Bank of Nova Scotia 4.338% 15SEP31	2,785,191	2,735,457	0.41
2,500,000	The Toronto-Dominion Bank 4.109% 13OCT28	3,487,000	3,437,322	0.52
500,000	The Toronto-Dominion Bank 4.808% 03JUN30	711,787	700,171	0.11
		<u>60,240,270</u>	<u>60,398,415</u>	<u>9.11</u>
	Total investments owned	1,298,297,671	1,308,975,873	197.78
Investments sold short				
Number of shares/units/par value	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
Canadian fixed income				
(51,800,000)	Canadian Government Bond 0.25% 01MAR26	\$ (51,566,296)	(51,639,937)	(7.80)
(30,590,000)	Canadian Government Bond 0.50% 01DEC30	(27,184,625)	(27,139,142)	(4.10)
(5,000,000)	Canadian Government Bond 1.25% 01JUN30	(4,677,593)	(4,655,150)	(0.70)
(36,130,000)	Canadian Government Bond 1.50% 01DEC31	(33,140,163)	(33,024,627)	(4.99)
(16,350,000)	Canadian Government Bond 1.50% 01JUN31	(15,083,698)	(15,097,917)	(2.28)
(15,976,000)	Canadian Government Bond 2% 01JUN28	(15,054,531)	(15,737,159)	(2.38)
(19,184,000)	Canadian Government Bond 2% 01JUN32	(18,005,222)	(17,911,142)	(2.71)

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2025

Number of shares/units/par value	Investments sold short (continued)	Proceeds on short sale	Fair value	% of net asset value
	Canadian fixed income (continued)			
(36,355,000)	Canadian Government Bond 2.50% 01DEC32	\$ (35,073,592)	\$ (34,815,002)	(5.26)
(25,000)	Canadian Government Bond 2.75% 01DEC55	(20,062)	(20,158)	0.00
(4,262,000)	Canadian Government Bond 2.75% 01JUN33	(4,119,845)	(4,128,599)	(0.62)
(13,952,000)	Canadian Government Bond 2.75% 01MAR30	(13,895,417)	(13,871,916)	(2.10)
(65,946,000)	Canadian Government Bond 2.75% 01SEP27	(65,934,321)	(66,145,157)	(9.99)
(32,617,000)	Canadian Government Bond 2.75% 01SEP30	(32,611,342)	(32,319,207)	(4.88)
(2,400,000)	Canadian Government Bond 3.25% 01DEC33	(2,438,160)	(2,397,168)	(0.36)
(6,962,000)	Canadian Government Bond 3.25% 01DEC34	(7,077,532)	(6,911,317)	(1.04)
(8,690,000)	Canadian Government Bond 3.25% 01DEC35	(8,639,331)	(8,566,341)	(1.29)
(4,165,000)	Canadian Government Bond 3.25% 01JUN35	(4,147,556)	(4,121,268)	(0.62)
(21,298,000)	Canadian Government Bond 3.25% 01SEP28	(21,668,575)	(21,594,255)	(3.26)
(7,481,000)	Canadian Government Bond 3.50% 01MAR28	(7,636,530)	(7,614,685)	(1.15)
(49,018,000)	Canadian Government Bond 3.50% 01SEP29	(50,304,949)	(50,150,806)	(7.58)
(9,820,000)	Canadian Government Bond 4% 01AUG26	(9,982,363)	(9,913,486)	(1.50)
(15,515,000)	Canadian Government Bond 4% 01MAR29	(16,006,800)	(16,088,279)	(2.43)
		<u>(444,268,503)</u>	<u>(443,862,718)</u>	<u>(67.04)</u>
	U.S. option			
(20,000,000)	US 5YR FUTR OPTN Feb26C 110	(156,188)	(21,430)	0.00
	Total investments sold short	(444,424,691)	(443,884,148)	(67.04)
	Commissions and other portfolio transaction costs	(8,505)	—	—
	Net investments owned	\$ 853,864,475	865,091,725	130.74
	U.S. Swap			
	CDX.NA.IG.45, Notional USD 25,000,000, Maturity Dec 20, 2030		786,692	0.12
	Unrealized gain, foreign exchange forward contracts (Schedule 1)		1,378,240	0.21
	Unrealized loss, futures contracts (Schedule 2)		(1,661,126)	(0.25)
	Other liabilities, net		<u>(202,825,630)</u>	<u>(30.70)</u>
	Net Assets Attributable to Holders of Redeemable Units		\$ 661,983,209	100.00

ALGONQUIN FIXED INCOME 2.0 FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2025

Schedule 1 - Foreign Exchange Forward Contracts

Settlement Date	Currency Sold	Currency Bought	Forward Rates	Contract Price	Fair Value	Unrealized Gain (Loss)
January 30, 2026	USD	CAD	1.369755	\$ (71,058,716)	\$ (69,673,392)	\$ 1,385,324
January 30, 2026	CAD	USD	1.369755	3,542,227	3,535,143	(7,084)
Derivative asset						1,378,240
Total unrealized gain on foreign exchange forward contracts						\$ 1,378,240

Schedule 2 - Futures contracts

Futures contracts	Settlement Date	Position	Number of Contracts	Contract Price	Notional Amount	Unrealized Loss
CAN 2YR BOND FUT	March 2026	Long	3,351	\$ 105.61	\$ 354,569,310	\$ (686,955)
CAN 5YR BOND FUT	March 2026	Long	1,861	113.29	211,431,984	(599,294)
US 2YR NOTE (CBT)	March 2026	Long	330	104.41	68,910,453	(13,801)
US 5YR NOTE (CBT)	March 2026	Long	719	109.30	78,853,342	(361,076)
Total unrealized loss on futures contracts						\$ (1,661,126)

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements

Years ended December 31, 2025 and 2024

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 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 Financial Statements (continued)

Years ended December 31, 2025 and 2024

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 annual financial statements have been prepared in compliance with IFRS Accounting Standards. These financial statements were approved for issuance by the Trustee on March 24, 2026.

(b) Basis of measurement:

These annual 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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 year. 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 (depreciation) appreciation 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 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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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, interest and dividends receivable and expense reimbursements receivable 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.

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

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, 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 year.

(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 year.

(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 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.

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

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.

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 year end, but for which the consideration was not received by the Fund at the end of the year.

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

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

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

2. Material accounting policy information (continued):

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 statement of cash flows and the additional disclosures required for MPM. The Fund is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

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

The IASB 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 instrument 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 will be effective from January 1, 2026. Management is currently assessing the impact of the new standard, but it is not expected to have a significant 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.

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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 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.

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 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 Year ended December 31, 2025 and 2024, management fees paid to the Manager amounted to \$5,737,642 (2024 - \$3,428,005). As at December 31, 2025, management fees payable to the Manager amounted to \$311,075 (2024 - \$207,389).

(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 Year ended December 31, 2025 and 2024, expenses reimbursed by the Manager amounted to \$nil (2024 - \$nil). As at December 31, 2025, expense reimbursement receivable from the Manager amounted to \$nil (2024 - \$84,343).

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

5. Related party transactions (continued):

(c) Related party unit holdings:

As at December 31, 2025, directors and key management personnel of the Manager, directly or indirectly held 9,002 Series I units in the Fund (2024 – 7,916 Series I units) and 2,597 Series F units (2024 – 2,034 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 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 year 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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 years ended December 31, 2025 and 2024 is as follows:

	Redeemable Units, beginning of year	Redeemable Units Issued	Redemptions of Redeemable Units	Transfers	Reinvestments of Units	Redeemable Units, end of year
December 31, 2025						
Series A	220,302	271,035	(70,377)	(11,756)	9,862	419,066
Series F	3,584,671	3,343,528	(1,140,805)	10,784	173,625	5,971,803
Series FF	197,377	–	(22,069)	579	7,883	183,770
Series I	8,469	–	–	–	533	9,002
December 31, 2024						
Series A	163,605	130,300	(22,371)	(61,545)	10,313	220,302
Series F	2,234,612	1,831,639	(747,503)	59,283	206,640	3,584,671
Series FF	205,963	–	(22,829)	–	14,243	197,377
Series I	436,688	–	(431,699)	–	3,480	8,469

(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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 December 31, 2025 and 2024:

Debt instruments* by credit rating	% of NAV	
	2025	2024
AAA rated	–	–
AA rated	24	20
A rated	51	60
BBB rated	117	121
BB rated	7	5
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.

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

7. Financial instruments (continued):

The Fund's cash is held with its prime brokers that were rated as follows as at December 31, 2025 and 2024

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 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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 December 31, 2025 and 2024, 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	2025	2024
0 to 1 year	\$ (610,697)	\$ (68,304)
1 to 3 years	(2,449,849)	(1,572,071)
3 to 5 years	(4,598,671)	(783,526)
Greater than 5 years	(754,323)	(484,943)
Total	\$ (8,413,540)	\$ (2,908,844)

*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 Financial Statements (continued)

Year ended December 31, 2025 and 2024

7. Financial instruments (continued):

As at December 31, 2025, 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 \$314,458 (2024 - \$209,577). Additionally, as at December 31, 2025, 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 \$166,299 (2024 - \$670,848). 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 December 31, 2025 and 2024, 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
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

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

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
December 31, 2024						
U.S. Dollar	\$ (26,196,915)	\$ 24,911,263	\$ (1,285,652)	\$ (1,309,846)	\$ 1,245,563	\$ (64,283)
	\$ (26,196,915)	\$ 24,911,263	\$ (1,285,652)	\$ (1,309,846)	\$ 1,245,563	\$ (64,283)
%						
of Net Assets						
Attributable to Holders						
of Redeemable Units	(6.54)	6.22	(0.32)	(0.33)	0.31	(0.02)

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 December 31, 2025, 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 \$46,972 (2024 - \$(64,283)). 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 December 31, 2025 and 2024:

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

7. Financial instruments (continued):

Market Segment	2025	2024
Financial	36%	36%
Energy	24%	23%
Communications	12%	11%
Consumer, cyclical	11%	5%
Utilities	9%	14%
Consumer, non-cyclical	6%	7%
Industrial	2%	3%
Technology	0%	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 Year ended December 31, 2025 and 2024, the Fund's lowest and highest aggregate gross exposure was 135% (2024 – 178%) and 223% (2024 – 266%) 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% (2024 – 300%) of the Fund's NAV.

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

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 December 31, 2025 and 2024.

	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

ALGONQUIN FIXED INCOME 2.0 FUND

Notes to Financial Statements (continued)

Year ended December 31, 2025 and 2024

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

There were no

	Level 1	Level 2	Level 3	Total
Assets				
Credit default swaps	\$ –	\$ 653,449	\$ –	\$ 653,449
Exchange Traded Fund	1,045,500	–	–	1,045,500
Fixed income securities	–	717,394,738	–	717,394,738
Money market	–	67,403,231	–	67,403,231
Preferred shares	5,662,980	–	–	5,662,980
Futures contracts	865,220	–	–	865,220
	\$ 7,573,700	\$ 785,451,418	\$ –	\$ 793,025,118
Liabilities				
Fixed income securities	\$ –	\$ 385,347,028	\$ –	\$ 385,347,028
Foreign exchange forward contracts	–	1,054,526	–	1,054,526
	\$ –	\$ 386,401,554	\$ –	\$ 386,401,554

transfers between levels during the years ended December 31, 2025 and 2024.

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 years ended December 31, 2025 and 2024 is calculated as follows:

	Increase in Net Assets Attributable to Holders of Redeemable Units per Series	Weighted Average of Redeemable Units Outstanding During the Year	Increase in Net Assets Attributable to Holders of Redeemable Units per Unit
December 31, 2025			
Series A	\$ 1,405,329	318,118 \$	4.42
Series F	24,841,480	4,803,105	5.17
Series FF	1,059,128	189,068	5.60
Series I	33,607	8,568	3.92
December 31, 2024			
Series A	\$ 1,502,008	167,249 \$	8.98
Series F	28,432,621	2,874,610	9.89
Series FF	1,948,067	195,997	9.94
Series I	19,131	61,015	0.31